



THE CITY OF

HOMESTEAD

FLORIDA

2019

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2019



CITY OF HOMESTEAD, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2019

PREPARED BY

THE FINANCE DEPARTMENT



(This page intentionally left blank)

CITY OF HOMESTEAD, FLORIDA

TABLE OF CONTENTS

PAGE

I. INTRODUCTORY SECTION

Letter of Transmittal.....	i-xiv
City Officials.....	xv
Organization Chart.....	xvi
Certificate of Achievement for Excellence in Financial Reporting.....	xvii

II. FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT.....	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS (Required Supplementary information)	4-24
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position.....	25-26
Statement of Activities.....	27
Fund Financial Statements:	
Governmental Funds Financial Statements:	
Balance Sheet.....	28
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	29
Statement of Revenues, Expenditures and Changes in Fund Balances	30
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	31
Proprietary Funds Financial Statements:	
Statement of Net Position.....	32
Statement of Revenues, Expenses and Changes in Net Position	33
Statement of Cash Flows.....	34
Fiduciary Funds Financial Statements:	
Statement of Fiduciary Net Position – Pension Trust Funds.....	35
Statement of Changes in Fiduciary Net Position – Pension Trust Funds.....	36
Notes to Basic Financial Statements	37-133
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund.....	134-135
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Homestead Community Redevelopment Agency.....	136
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Impact Fees Fund	137
Note to Budgetary Comparison Schedules.....	138

CITY OF HOMESTEAD, FLORIDA

TABLE OF CONTENTS

(Continued)

PAGE

II. FINANCIAL SECTION (Continued)

REQUIRED SUPPLEMENTARY INFORMATION (continued):

Schedule of Changes in Net Pension Liability and Related Ratios - General Employees' Retirement Plan	139
Schedule of Changes in Net Pension Liability and Related Ratios - Police Officers' Retirement Plan	140
Schedule of Changes in Net Pension Liability and Related Ratios - Elected Officials' Retirement Plan	141
Schedule of Changes in Net Pension Liability and Related Ratios - New Elected Officials' and Senior Management Retirement System	142
Schedule of Changes in Net Pension Liability and Related Ratios - Firefighters' Retirement System	143
Schedule of Changes in Total OPEB Liability and Related Ratios	144
Schedule of Employer Contribution – General Employees' & Police Officers' Retirement Plans.....	145
Schedule of Employer Contribution – Elected Officials' Retirement Plan & New Elected Officials and Senior Management	146
Schedule of Employer Contribution – Firefighters' Retirement Systems.....	147

COMBINING AND INDIVIDUAL FUNDS STATEMENTS AND SCHEDULES

(Supplementary Information)

Major Governmental Funds:

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Multimodal Transit Center Fund	148
---------------------------------------------------------------------------------------------------------------------------	-----

Non-major Governmental Funds:

Combining Balance Sheet	149-151
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	152-154
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	155-160

Non-major Proprietary Funds:

Combining Statement of Net Position.....	161
Combining Statement of Revenues, Expenses and Changes in Net Position.....	162
Combining Statement of Cash Flows.....	163

Internal service Funds:

Combining Statement of Net Position.....	164
Combining Statement of Revenues, Expenses and Changes in Net Position.....	165
Combining Statement of Cash Flows.....	166

Fiduciary Funds:

Combining Statement of Fiduciary Net Position.....	167
Combining Statement of Changes in Fiduciary Net Position.....	168

CITY OF HOMESTEAD, FLORIDA

TABLE OF CONTENTS

(Continued)

PAGE

III. STATISTICAL SECTION

Financial Trends

Net Position by Component.....	169
Changes in Net Position.....	170-171
Fund Balances of Governmental Funds.....	172
Changes in Fund Balances of Governmental Funds.....	173

Revenue Capacity

Assessed Value and Estimated Actual Value of Taxable Property	174
Property Tax Rates Direct and Overlapping Governments.....	175
Principal Property Taxpayers.....	176
Property Tax Levies and Collection.....	177
Electric Utility Revenues.....	178

Debt Capacity

Ratios of Outstanding Debt by Type.....	179
Ratios of General Obligation Bonds Debt Outstanding.....	180
Direct and Overlapping Governmental Activities Debt.....	181
Pledged-Revenue Bond Coverage–Governmental Activities.....	182
Pledged-Revenue Bond Coverage–Business-Type Activities.....	183

Demographic and Economic Information

Demographic and Economic Statistics.....	184
Principal Employers.....	185

Operating Information

City Government Full-Time Employees by Department/Division.....	186
Operating Indicators by Function/Program.....	187
Capital Asset Statistics by Function/Program.....	188

IV. REPORTING SECTION

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	189-190
Independent Auditors' Report on Compliance for the Major Federal Program and Report on Internal Control over Compliance Required by Uniform Guidance.....	191-192
Schedule of Expenditures of Federal Awards.....	193
Notes to Schedule of Expenditures of Federal Awards.....	194
Summary Schedule of Prior Audit Findings.....	195
Schedule of Findings and Questioned Costs.....	196-197
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida.....	198-200
Independent Accountants' Report on Compliance Pursuant to Section 218.415 Florida Statutes.....	201



(This page intentionally left blank)

INTRODUCTORY SECTION



May 20, 2020

To the Honorable Mayor, Members of the City Council, and Residents of the City of Homestead.

City Council

Steven D. Losner
Mayor

Patricia D. Fairclough-Staggers, Ed.S
Vice Mayor

Erica G. Ávila
Councilwoman

Jenifer N. Bailey
Councilwoman

Sean L. Fletcher
Councilman

Larry Roth
Councilman

Stephen R. Shelley
Councilman

Cate McCaffrey
City Manager

City Hall

100 Civic Court
Homestead, FL 33030
305-224-4400
www.cityofhomestead.com

State law requires that all general purpose local governments publish, within nine months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards and government auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, the Comprehensive Annual Financial Report (CAFR) of the City of Homestead for the fiscal year ended September 30, 2019 is hereby transmitted.

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

Marcum LLP, a licensed, certified public accounting firm has audited the City of Homestead's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Homestead for the fiscal year ended September 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Homestead's financial statements for the fiscal year ended September 30, 2019, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Homestead was part of a broader, federally mandated “Single Audit” designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. This reporting is available in the City of Homestead’s Reporting Section issued as part of the Comprehensive Annual Financial Report. The entire report is available on the City’s website at www.cityofhomestead.com.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Homestead’s MD&A can be found immediately following the independent auditors’ report.

Profile of the Government

The City of Homestead was incorporated in 1913, making the second oldest city in Miami-Dade County. The City is located in the southern part of Florida, and currently occupies a land area of 16 square miles and serves a population of approximately 76,200. The City of Homestead is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, with concurrent approval from Miami-Dade County, which occurs periodically when recommended by the City Manager and approved by the City Council.

The City of Homestead operates under the Council-Manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the Mayor and six other members. The Council is elected on a non-partisan basis. Council members serve staggered four year terms, and although the council seats include a geographical residency requirement for a specific area of the City, the Council members are elected at-large. The Mayor is elected to serve a two-year term and is elected at-large. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and boards, and hiring the City Manager, City Clerk, City Attorney and Council Auditor (a.k.a. “Internal Auditor”). The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the City, and appointing the heads of the various departments.

The City of Homestead provides its residents with a full range of services, including general government, police protection, public works and street maintenance, parks and recreational activities, planning and zoning regulation, community development, and utilities, including electric, sanitation, stormwater, and water and sewer. The City also provides local trolley services. Fire protection is provided by Miami-Dade County.

The financial statements were prepared in accordance with GAAP, which establishes standards for defining and reporting on the financial reporting entity. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered financially accountable if it appoints a voting majority of an organization’s governing body and is either able to impose its will on that organization, or has a financial benefit/burden relationship with the organization. Blended component units, although legally separate entities, are, in substance, part of the government’s operations. Other than the operations of the

primary government, the accompanying statements include the Homestead Community Redevelopment Agency (CRA), and the Homestead Station QALICB as a blended components.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City of Homestead are required to submit requests for appropriation to the City Manager each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to Council for review. The Council is required to hold two public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund (e.g., general fund), department (e.g., police), and division (e.g., community service). No department may legally expend in excess of amounts appropriated for that department within an individual fund. Department heads may make transfers of appropriations within a department. However, transfers of appropriations between departments require the approval of the City Council. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is at the fund level, except for the General Fund which is at the department level. The City adopts an annual budget for all its funds except the Sundries Grant Fund, the Community Development Block Grant Fund, and its fiduciary funds. The City also maintains an encumbrance accounting system for budgetary control. Unencumbered appropriations in the annual operating budget will lapse at the end of the fiscal year. Unencumbered appropriations for capital items are evaluated on a case by case basis. Budget-to-actual comparisons are provided for the general, special revenue and capital project funds. These comparisons are presented on pages 134-138 as part of the basic financial statements and on pages 148 and 155-160 as part of the combining fund statements for the governmental funds.

Local Economy

Until the last quarter of 2008, the City of Homestead had experienced unprecedented economic growth in commercial and residential development. The City's population nearly doubled between 2004 and 2008. With the downturn in the housing market and the malaise in the general economy, the growth rate had declined considerably in 2009 and 2010. By 2011, the growth rate had rebounded, and the City's population reached 61,503, and in 2019 it is estimated at 76,200.

Under Florida's Constitution, residential properties are owner-occupied and have a homestead exemption limited to the Consumer Price Index increase or 3% whichever is less. The effect of this limitation burdens the City's tax base by exempting from taxation large portions of residential property value. The City has the ability to tax property up to 10 mills, or \$1 for each \$1,000 of taxable value. It is not anticipated the City will reach the tax rate cap anytime soon. In January 2008, Amendment One to the State Constitution, also known as "Portability of Save Our Homes", was passed through a statewide referendum. This amendment provided an additional \$25,000 homestead exemption, a \$25,000 tax exemption for tangible personal property, and portability whenever the property is sold. The new exemption negatively impacted the City by reducing its property tax base. Moreover, effective with the City's FY 2008 budget, the Florida Legislature had modified its roll-back requirement. This change will require the City to "roll-back" its tax rate each year to a rate that will produce the same property tax revenue as for the prior year plus the change in per capita personal income. The City Council can vote with a super majority to increase that amount, but ultimately the legislation will limit the ability of the City to increase its revenues from property taxes.

The impact of the economic decline on the real estate market resulted in a decline of the City's property values; between 2009 and 2014, property values had declined by over 51% for a total decline of \$2.0 billion. After years of declining property values, values indicate that the bottom of the market may have been reached as values began to show signs of a recovery. For FY 2020 the City's assessed valuation is estimated at \$3.144 billion, representing a 10.02% increase from the prior year. Despite the multi-year decrease in property values, the City has maintained its commitment to provide a high level of municipal services while

maintaining or reducing its property tax operating millage rate. Between 2010 and 2012 the rate was maintained at 6.2917 mills, reducing it in 2013 to 6.2435 mills, and then again to 5.9215 mills for 2014 through 2019. For FY 2020, the City is again maintaining the rate at 5.9215 mills. The debt millage rate was reduced from .5300 to .4800 mills in FY 2020. The City has been able to manage the economic downturn, and the road ahead looks very promising. However, we must remain cautious but diligent in our efforts to prioritize projects, identify funding, and manage our personnel costs in an effort to avoid returning to a dependency on budget stabilization support received from our utilities, and the use of reserves.

Homestead Hospital, built in 2007, remains the largest employer in the City. The 307,000 square-foot hospital is located on a 60-acre site just east of the Florida Turnpike on the north side of Campbell Drive. The \$135 million facility is the first new hospital to be built in Miami-Dade County in more than 30 years, and is three times the size of the old hospital. It includes a medical office building, 150 private patient rooms, an emergency room twice the size of the one at the old facility, ample clinical space for outpatient diagnostic services and minimally invasive surgery.

The City owns the Homestead-Miami Speedway, a world-class motorsports facility featuring a state-of-the-art 1.5-mile variable banked oval and a 2.3-mile road course. The Homestead-Miami Speedway has hosted many of the premier North American motorsports championships. These major spectator events attract tourists from all over the world and stimulate not only the City economy, but the Miami-Dade County economy as well.

Another integral part of the Homestead community is the Homestead Air Reserve Base which is maintained and operated by the 482nd Fighter Wing, a fully combat-ready unit capable of providing F-16C Fighting Falcon fighter aircraft, along with mission ready pilots and support personnel for short-notice worldwide deployment. The base's economic impact on South Miami-Dade County is estimated at approximately over \$331 million per year. In addition, the 482nd Fighter Wing supports several "tenant units" on Homestead Air Reserve Base. A Florida Air National Guard Detachment from the 125th Fighter Wing, Jacksonville, Fla., operates the North American Aerospace Defense Command (NORAD) alert facility providing F-15 fighter jets capable of intercepting, identifying, and if necessary, destroying unknown aircraft that penetrate U.S. airspace. Other tenant units include the U.S. Coast Guard's Maritime Safety and Security Team Miami; and the U.S. Special Operations Command South – a subordinate command of U.S. Southern Command located in the City of Doral, Florida.

In addition to all the public schools operated by the Miami-Dade County School Board, the City has several private parochial schools, charter schools and a Medical Academy for Science and Technology (MAST). Founded in 2010, MAST has established its place by achieving notable national recognition as a Merit School of Excellence from Magnet Schools of America for several years. Miami-Dade College's Homestead Campus provides higher education opportunities to residents in the area. Offering associate in arts degrees, associate in science degrees and vocational and college credit certificates programs, Homestead Campus is home to hundreds of educational options that include in-demand fields, such as nursing, aviation, education and more. For Homestead citizens seeking higher education beyond the limits of Miami-Dade College, Florida International University, a member of the State University System and the largest public university in South Florida is located 20 miles from the City. There are also several private colleges and universities located in the area including the University of Miami and Barry University.

In the past couple of years, the City has continued its progress on the revitalization of its downtown with the completion of several significant projects that represent a \$49.5 million investment in its downtown area in an effort to attract private investors, and stimulate the local economy. The projects include the following:

- *New City Hall* (\$26.5 million; completed in April 2016)
- *New Police Building* (\$18 million; completed in February 2017)

- *Seminole Theatre* refurbished into a Community Cultural Arts Center (\$5 million; Gala Grand Opening held in December 2015). Since reopening, it has been the host to many events and performances.

For FY 2020, the City will continue focusing on the following projects that represent another \$65.2 million investment in its downtown:

- *Homestead Station*: A Multimodal Transit Station (estimated at \$33.3 million). In March 2017, the City Council approved a development agreement for the construction of a project that will include a seven-story parking garage with at least 1,038 parking spaces, and 30,500 square feet of street-level retail liner (“the public facility”). The agreement also provides for the simultaneous construction of a 65,000 square foot multilevel structure that will house a 10-screen movie theater, 14 bowling lanes, video arcade, food service and restrooms (“the private facility”). The public facility project will be primarily funded with transportation surtax monies (through a bond issue, and currently available surtax monies on hand), while the private facility will be privately funded by the developer. During 2018, the City successfully closed on a New Market Tax Credit (“NMTC”) transaction that generated additional funding towards this project. The project will serve not only a public purpose, but it is expected to provide a fiscal and economic benefit to the City. A grand opening celebration was held in October 2019 to mark the opening of the private facility, and the substantial completion of the public facility.
- *Homestead Cybrarium* (estimated at \$36 million), that will provide for a new state-of-the-art facility in the downtown area. Primary funding for the project is from a HUD loan, to be repaid from the City’s annual CDBG Entitlement allocation. Additional funding for the initial phase (estimated at \$18.2 million) was made available from the CRA, grants, available funds on hand, and other financing sources. Future funding through a NMTC transaction, Opportunity Zone funding, and from private investors is expected to be approximately \$18 million.
- *Losner Park Expansion* (estimated at \$15 million; currently in the final design phase of the project and being funded with parks and recreation impact fees; grants and other financing sources will also be sought for the development of the project).

Other future projects under consideration could include an Iconic Tourist Attraction (estimated at \$30 million, but with no cost to the City.)

The City has been given the distinguished designation of *Gateway to the Everglades & Biscayne National Parks*. As a result of this designation, the City has expanded its Trolley service to provide transportation and entry to the Everglades and Biscayne National Parks. The initial reaction has surpassed expectations, with hundreds of people participating in the weekend services. Participants include locals as well as out-of-towners, which get an opportunity to visit Homestead.

Long-Term Financial Planning

At fiscal year end, the City’s general fund balance remains adequate to buffer additional severe economic blows without being excessive. The City is committed to a sound fiscal policy; it is maintaining financial stability with fiscal management controls by constantly reviewing and monitoring staff levels, and by comparing budget appropriations to actual expenditures, and estimated revenues to actual revenues.

Financial planning continues to be of significant importance to the City as we meet the challenges of the immediate and foreseeable future. Major projects undertaken by the City have long term financial implications for existing as well as future resources. The planning and decisions undertaken by the City are also weighed in the context of the financial burden that will be placed on both current and prospective residents, as well as the potential economic and environmental impacts. As the City grows and develops, the

long-term strategy has to be targeted on the health, welfare, safety and quality of life of our residents, balanced against the fiscal health of the City.

The City's primary focus related to economic growth is the sale or lease of existing assets, the expansion of transportation systems, and the enhancement of residential and commercial values through revitalization of the downtown and southwest sections of the City.

In May 2014 the City voters approved a \$26 million bond referendum. On September 11, 2014, the City issued \$26 million in general obligation bonds: \$21 million in bond proceeds were used to fund the construction of a new police building (\$18 million), and to refurbish and renovate an existing facility into a temporary site for police operations (\$3 million). The old police building was built in 1910, but was found to be unsafe; the remaining \$5 million was used to renovate the historical Seminole Theatre transforming it into a Community Cultural Arts Center. The New Police Building was completed in 2017, and the Seminole Theatre reopened in 2015. The repayment of the bonds is funded through increased property tax revenues through the implementation of a debt millage rate of 0.5300 mills for FY 2019.

In 2016, the City completed the construction of a New City Hall located in the downtown area. The project's construction cost was \$26.5 million, and the building was completed on time and under budget in April 2016. The project was funded from \$16.6 million available in funds set aside for this project; the funds were realized from the sale of the Park of Commerce parcels several years ago. The gap between the project cost and the available funds was made possible through a \$10 million line of credit that was converted to a bank loan in August 2016. The City has always considered that the sale of the old City Hall site would generate the ultimate gap financing for the project.

The New City Hall, the New Police Building, and the Seminole Theatre are all located in the City's downtown.

The City approved a development agreement for the construction of a parking garage with a retail liner (Homestead Station: a multimodal transit center), and the simultaneous construction of a family entertainment center at the site of the old police station in the heart of the downtown. The cost of this endeavor is \$33.3 million, and is funded with transportation surtax monies (including a bond issue being repaid primarily with transportation surtax monies). The project is substantially complete.

The City approved a \$10.4 million construction contract for the Cybrarium project for the shell, outer core of and partial buildout of the facility. Additional agreements for the furnishing and technological aspects of the project, as well as an operating management agreement have been secured. The City and the County are coordinating an effort to access and reprogram the property taxes paid to the County's library special taxing district, as a revenue source for the Cybrarium's operations. The cost of the entire project was estimated at \$36 million. The City's funding of \$18.2 million (phase one) includes a \$3.85 million HUD Section 108 Loan (to be repaid from CDBG annual entitlement funds), additional CDBG funds, funds on hand from the sale of an old bowling alley parcel, CRA funding, grants, and other financing sources. Enhancements to the project (phase two) could include NMTC transactions, Opportunity Zone funding, and equity from private investors estimated at another \$18 million.

In addition to these projects, the City's 5-year Capital Improvement Plan (CIP) identifies over \$47.5 million in projects to be undertaken in FY 2020- FY 2024, and funded by various sources.

The General Fund's spendable fund balance (including committed, assigned, and unassigned balances) at September 30, 2019 of \$6,573,477 represents 14% of General Fund expenditures (which excludes a one-time

NMTC debt repayment). This ensures that the City will have sufficient funds for future unexpected events. At year end, the General Fund had still not been able to recognize \$5.21 million expended in the aftermath of Hurricane Irma, as obligations of these funds have been delayed at the State and Federal levels. If these funds had been obligated at year end, the General Fund's spendable fund balance would be at \$11.78 million or 25% of General Fund expenditures. The City continues to exercise cost stabilization measures, and seeks additional sources of recurring revenues whenever the opportunities arise.

Relevant Financial Policies

Over the past several years, the State of Florida has passed statutory legislation regarding the manner in which local governments may assess ad valorem taxes along with special voting requirements. Among the provisions of the legislation are special tax exemptions and maximum millage rate calculations based on the state's rate of growth. Further impairment of tax proceeds occurred with the housing crisis when the assessed value of property located within the City had declined from a peak of nearly \$4 billion at January 1, 2008 to just \$3.143 billion by the valuation date of January 1, 2019.

In response to the City's commitment to long-term sustainability, an ordinance was adopted beginning with fiscal year 2005 which requires a fund balance commitment equal to 10% of general fund budgeted revenues. These financial statements reflect this required reserve in the Governmental Funds Balance Sheet.

The City maintains an investment policy with the primary focus of capital protection while seeking investment earnings and providing for daily cash requirements. The City's investment portfolio at September 30, 2019 was \$33.7 million excluding investments of the fiduciary funds, and invested proceeds from a bond issue.

The City of Homestead has a combination of insurance policies and self-insured programs to address the City's risks as a municipality. The City is self-insured for public liability and workers' compensation. Insurance policies have been purchased to cover employee health insurance, damage to City property, including windstorm and acts of terrorism.

Major Initiatives

With the population growth, there is a growing demand for access to entertainment and recreational activities, quality health care and educational opportunities. There are several projects and endeavors underway or recently completed to provide citizens with the means to fulfill these needs within the City's limits or just a short ride away. The expansion of the South Miami-Dade County Busway was completed during 2008 and provides the citizens of Homestead improved access to other areas in the county north of the City via a connection to Metrorail. Conversely, it makes the City of Homestead more accessible to other residents of Miami-Dade County.

The City-Wide Transportation and Transit Master Plan serves to create a vision for the development of the roadway, pedestrian, bicycle and transit infrastructure in the City of Homestead to provide safe and efficient mobility within the City. The plan establishes parameters that provide guidance for all privately funded development within the City limits. The plan also sets priorities and timeframes for completion of several projects to build and improve roadways and right-of-ways. During 2019, projects completed by the streets division included:

- 6,040 square yards of asphalt repair/replaced
- 8.9 miles of street repaved
- 429 pot holes and 14 trash holes filled/repair

- 36,338 square feet of sidewalk repair/installed
- 766 linear feet of curb and gutter were installed
- 14 handicap pedestrian ramps were repaired/installed

Additionally, the construction of Homestead Station in the downtown area is substantially complete. The facility will serve as a transportation hub where one can park and either take a trolley to nearby locations, or ride the busway to other parts of South Florida. During 2019, City is also constructed of two temporary bus shelters allowing for bus service closer to the City's facility, and in anticipation of the County's Bus Rapid Transit.

Homestead has been designated the *Gateway to Everglades & Biscayne National Parks*, and to many it is also known as the gateway to the Florida Keys. The City provides a free guided trolley ride from Historic Downtown Homestead to the Everglades and Biscayne National Parks, allowing residents, neighbors, and visitors to explore the parks. This ground-breaking project is the first of its kind to offer public transportation to two national parks. It is an expansion of the City's already successful local trolley service that experienced the following ridership in 2019:

- 41,065 riders on its downtown route
- 43,498 riders on its East/West route
- 4,916 riders on the National Park program

The City has continued its commitment to providing safe, attractive and enjoyable park facilities for its citizens to engage in active and passive recreational pursuits by implementing the City's Parks Master Plan. During 2019, the Parks Department upgraded the parking lot lights at Harris Field Park, and the ballfield lights at JD Redd Park, upgraded the dog parks at Roscoe Warren Park and James Archer Smith Park, renovated the playground at James Archer Smith Park, and installed two new soccer fields at the Homestead Sports Complex. Additionally, the Losner Park expansion project is in its final design phase.

During 2018, one of the major projects underway in the CRA is the redevelopment of Historic Downtown Homestead. Homestead Historic Downtown is listed on the National Register of Historic Places, and once served as the city center of the Homestead community. The CRA is committed to bringing back the energy, activity, development and prosperity of the downtown's early life, and is working to bring catalytic projects to the area. The three major projects in the Downtown that the CRA is heavily involved in are: the Homestead Station, a multimodal transit center, the Homestead Cybrarium, a 22nd century library that merges modern technology with traditional library services, and the Losner Park Expansion that will transform a quaint pocket park into a world-class destination. As part of Special Events sponsorship, once again the CRA joined the City of Homestead in honoring our troops partnering for the annual Homestead Military Appreciation Day. The event gave citizens the opportunity to express appreciation to men and women from all military branches that put their lives on the line for our country. Downtown Homestead hosted military displays, an obstacle course competition, and an all day party with live music and food trucks. The CRA also sponsored the Annual Martin Luther King, Jr. celebrations which included a traditional parade, and it also continued with its annual unique display of Holiday lights and decorations along SW 4th Avenue. During 2019, the CRA hosted a Small Business Matchmaker event, and a Construction Job Fair at the Phichol Williams Community Center. Respectively, the events provided an opportunity for small business owners to connect with lenders and business marketing experts, and for attendees to meet with multiple companies representing various trades that will help build the Cybrarium.

In addition to these projects, the CRA provided grant funding as follows:

- \$150,000 in total funding assistance to six Not-for-Profit organizations.

- The CRA supported Homestead's local theater through its not-for-profit grant program. Two performances were provided for free to not-for-profit organizations from the area as part of their Summer Programs which were funded in part by the CRA.

Funding for the CRA is expected to continue from the Tax Increment Funds provided by the City and Miami-Dade County.

In FY 2019, the Development Services Department welcomed and supported many new and expanding businesses. The Business Services Division licensed over 2,000 businesses including over 378 businesses that were new to the City of Homestead. The Division also provided consultation associated to process and procedures for opening a business, to an approximate 1,700 walk-in customers. The Planning and Zoning Division guided new businesses and developments through the review and approval process effectively and efficiently. During 2019, it administered 100 public hearing applications and numerous administrative applications, issued 122 zoning letters to customers and completed hundreds of zoning inquiries. The Building Safety Division provided support to residential and commercial customers. In FY 2019, the Division processed approximately 5,447 permits, reviewed 6,996 construction plans, conducted 26,954 inspections, and issued 397 Certificates of Occupancy. The Division also processed 40/10-year structural and electrical certifications for 56 existing commercial buildings. Assistance was provided to 14,674 walk-in customers at the Permit Service Center. The Department continues to review and refine aspects of the City's Land Development Code, and to assure that regulations are responsive to the current development climate of the community.

The Police Department accomplished a number of projects and initiatives during 2019. Highlights of these accomplishments included:

Administrative Division:

- Processed 16,031 incident/offense reports and crash reports
- Purchase and implementation of 175 multi band handheld and 15 truck mounted radios
- Continued efforts on court overtime reduction program, and successfully reduced overtime for pre-file affidavits and juvenile court trials.
- Promotions included 1 Captain, 2 Lieutenants, and 4 Sergeants
- Added new and updated several standard operating procedures

Community Services Division:

- Impounded 625 guns (e-traces processed for each)
- Impounded 3,593 property items
- Processed 13,525 reports
- Police Athletic League (PAL) has continued with various youth programming
- PAL held basketball practices for youth ages 6-14 old; participating in 4 leagues and 7 tournaments
- Attended an educational leadership trip to Houston, Texas with 4 Police Explorers
- Police Explorers volunteered at over 40 community events
- Police Explorers; the Explorer Academy graduated 34 cadets
- Community Policing Program
 - Participated in 56 community events
 - Attended 45 community meetings
 - Attended 45 presentations
 - Participated in 41 saturation details

Special Patrol Division:

- 1,253 total crash investigations
- 5,319 citations and made 127 arrests

Investigative Services Division:

- SIU: the unit's proactive and aggressive policing of the street level narcotics problem has resulted in arrests that have forced street level dealers to move out of the City. During 2019, detectives made 139 drug-related arrests.
- GIU: received 13,524 reports/cases from Patrol, with 2,940 cases assigned to detectives and 366 cases cleared by arrest

Operations Division:

- Responded to approximately 126,055 calls for service
- 7 reserve officers were hired; 22 total reserve officers worked 5,632 hours
- Numerous officers successfully completed various forms of training
- 2,539 new cases were initiated
- 2,904 lien searches were processed
- 179 code liens were recorded

Additionally, the Police Department continued to provide needed social services to the community through the Start Off Smart (SOS) Program. Throughout the years, SOS has been successful in obtaining various forms of funding for various programs that serve children and families. In 2019, some of the services provided through SOS on an annual basis include the following:

- SOS annually provides support to over 1,500 families
- Continued support services in order to address family violence, domestic violence, children's exposure to violence in their community, and lack of basic needs and homelessness
- Provides the community education and awareness through various community based events
- SOS, the EDGE Foundation, the City of Homestead, and the Community Policing Unit along with several local partners provided a fun day and toys to over 1,700 children

Other projects and events undertaken through the Police Department included the following:

- Under the City's new initiative, SOS will assist the City as part of Team Homestead to address chronic homelessness and healthcare for residents

Reaching a population of 50,000 in 2007 was a milestone that affords the City automatic appointment to the Board of the Metropolitan Planning Organization for the Miami Urbanized Area, (MPO). The MPO is responsible for guiding the transportation planning process and approving transportation projects for Miami-Dade County. The achievement also entitles the City to the Community Development Block Grant (CDBG) Entitlement Program. The CDBG Program is administered under the Finance Department. This funding source has provided the City over \$8.6 million between 2009 and 2019. Funding has provided assistance to not-for-profit organizations, and funded several City facility improvements that have benefited low income communities as well as stormwater, and wastewater infrastructure projects. The most significant CDBG project undertaken by the City was the construction of Wittkop Park. The project consisted of the installation of basketball courts, bathrooms, playground equipment, as well as trees and landscaping. The park opened in FY 2012. In 2013, the City was able to expand its assistance to non-for-profit agencies by providing public service grants. To date, 17 non-profit agencies have been funded which have introduced various programs in the community that have benefited low-income families. The projects ranged from emergency preparedness for senior citizens to swimming programs for children with disabilities. In 2014, the City once again expanded its services to the community by providing Housing Rehabilitation grant to low-income families. Grants of up to \$15,000 were made available to eligible low-income homeowners for home improvements. Over \$400,000 has been allocated towards this effort from its inception. The City expects to rehabilitate a total of 24 homes by the end of fiscal year 2021. Recently, the Finance Department successfully obtained a

\$3.865 million HUD Section 108 Loan to provide funding for the Cybrarium project. The loan will be repaid from the annual CDBG entitlement funds received and administered by the department. Along with the loan, the City is also providing approximately \$910,000 in CDBG entitlement monies as partial funding for the Cybrarium project.

The Neighborhood Stabilization Program (NSP) was established for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. Through the purchase and redevelopment of foreclosed and abandoned homes, the goal of the program is being realized. The City used approximately \$2.6 million of the funds awarded through the program to purchase 15 foreclosed/abandoned homes and established financing mechanisms for potential homebuyers. Ten of the fifteen homes were sold to low income individuals and families. The five remaining homes will be rehabilitated and sold to very low-income families by providing subsidies to eligible applicants. A request for proposals (RFP) will be issued in FY2020 to seek out developers and others who will assist in this project. This program is also administered through the Finance Department.

In addition to the aforementioned programs administered by the Finance Department, the department received the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for its FY 2019 Budget, and the Certificate of Excellence in Financial Reporting for its FY 2018 Comprehensive Annual Financial Report (CAFR). Throughout the year, the department participates in several seminars and webinars to insure staff are educated on the latest reporting requirements, and that anyone who is certified is able to maintain their required continuing professional education credits. Cross-training of staff is an ongoing process throughout the year, and serves to make the department more efficient. During 2017, the Finance Department was instrumental in the City's ability to issue the \$31.4 million Taxable Transportation System Revenue Bonds, Series 2017 to partially fund the construction of a parking garage/retail facility as part of the Homestead Station project. During 2019, the department successfully issued a \$2.4 million revenue bond for the Electric Utility to provide funding for the expansion of an existing substation, and for the purchase of land for a future substation.

During the year, the Electric Utility installed 485 new residential services, and 12 new commercial businesses. It installed or relocated over three miles of underground cable, it repaired 336 street lights, it received certification for the back-up electrical control center constructed to handle electrical control of the City should a catastrophic event take out the main control center, it purchased a new motor control center to upgrade the city's largest engine-generator sets (Unit #20), relocated several miles of electrical infrastructure facilities to allow for the widening of both Krome Avenue and Campbell Drive. The Utility also completed the installation of a new large power transformer on the growing east side of town providing further reliability gains through redundancy of the electrical grid and by providing sufficiency capacity for future electrical growth. The installation of the transformer's auxiliary components is currently in progress with the transformer scheduled to be energized in 2020. In 2018, it monitored the pilot program which installed "smart" meters and a meter collection system. After eight months of successful operation, it was decided to fully implement the system to streamline the collection of data and provide the functionality to afford customers the ability to remotely view their usage. Data collection infrastructure installations continued in 2019, with full deployment is planned to start in 2020. The Utility continued its commitment to energy efficiency by conducting 374 free residential energy surveys and 7 commercial surveys. It processed 23 rebates to customers who installed energy efficient systems. It signed up 29 customers to its surge blocker program, and it entered into net metering contracts with 41 residential customers who have installed solar power systems that feed back into the electrical grid. The Utility, in a continued effort to help keep prices low, manages day to day purchases of power under several purchase power agreements (PPAs). In 2019, the Utility terminated a higher cost PPA and entered into three new PPAs with significantly lower cost energy products. The Utility also brought extremely cost effective participation in a large scale utility solar project to

the City. The solar projects are currently in progress and planned to go online in 2023. During the year, the Utility responded to 474 incidents where customers reported electrical concerns.

During 2019, the Electric Utility maintained their RP3 (Reliable Public Power Provider) Diamond designation that was upgraded from Platinum to Diamond in 2017.

The Water and Wastewater Utility completed many projects during 2019; the most notable included the following:

- Completed Pump Station 1 on April 5, 2019
- Televised 7,304 linear feet of pipe
- Cleaned 24,274 linear feet of sewer main lines
- Changed out 1,819 meters for ten year old meter programs
- Installed 458 new meters for new water service accounts
- Rehabilitation of Trench #3
- Inspected Water Towers at Wittkop, Harris Field and the Race Track
- Treated 1.7 billion gallons of wastewater
- Produced 3.7 billion gallons of water
- Replaced booster pumps at
 - Well #5 (Tennessee Pump Station Facility)
 - Well #6 (Harris Field Water Treatment Facility)
- Completed several capital improvement projects including:
 - Repaired/refurbished several pumps throughout the system
 - Annual lift station upgrades project

During 2019, the Solid Waste Department's most significant accomplishments included:

- Commercial Garbage – 23,343 tons collected
- Residential Garbage – 21,472 tons collected
- Bulk Trash – 10,334 tons collected
- Industrial Trash/Garbage roll-off and compactor – 9,152 tons collected

During FY 2019, the General Services Department's three divisions accomplished several projects. The Procurement Division continues to pursue Certified Public Purchasing Officer (CPPO) and Certified Professional Public Buyer (CPPB) certifications for their staff members, they continue to plan for the implementation of electronic bidding or e-procurement which will increase efficiency, improve quality and reduce costs, and plans also include the acquisition of a contract management software to replace the existing in-house program with enhanced features. Additionally, plans to update the procurement administrative policies and procedures are currently underway. And finally, during 2019, the procurement warehouse roof was successfully replaced. The Fleet Management Division successfully managed the refurbishing of several solid waste trucks including one front end loader, one rear loader, a trash truck and a pickup truck. The Information Technology Services Division (ITS) Department continues to provide additional courses throughout the year to include topics that will enhance staff skills to work with existing systems in an efficient and effective manner.

The City Clerk's office continues to pursue their goal for staff certifications as Certified Municipal Clerks, and, it continues to collaborate with Miami-Dade County Elections to improve citizen participation in the voting process. During the 2019 it also accomplished the following:

- Processed 3,166 lien searches
- Provided responses to 721 public record requests
- Prepared 177 resolutions, ordinances and final orders for execution and recording

The Public Information Office (PIO) continued an impressive seven-year winning streak at the 2018 City-County Communications & Marketing Association's Savvy Awards Competition. The annual competition recognizes cities and counties across the country for excellence in government transparency, information flow, and public outreach.

The PIO also garnered international attention at the 40th annual Telly Awards. This year, the Telly Awards received more than 18,000 entries and Homestead beat out the likes of 60 Minutes and CNN in its categories. Below are the entries for which the City was recognized:

- *Together, We Rise State of the City Video Address* is the Silver Telly Winner in Non-Broadcast: Government Relations
- *Inside Homestead Explores the Homestead National Parks Trolley* is the Silver Telly Winner in Online: Travel/Tourism
- *Hurricane Irma Live Emergency Updates* is the Bronze Telly Winner in Social Video: Use of Live Video
- *Andrew and the Phoenix Tribute to City Staff* is the Bronze Telly Winner in Non-Broadcast: Low Budget
- *Hitting the Road Traffic Information* is the Bronze Telly Winner in Online: Education
- *Inside Homestead Interviews* is the Bronze Telly Winner in Online: Talk Show/Interview

Additionally, the Public Information Office took home the inaugural Florida Municipal Communicators Association (FMCA) Outstanding Award for Inside Homestead, a monthly news program produced by the City that provides residents with updates on local events as well as other developments throughout the region.

Recent Events Impacting the City

On September 10, 2017, the City was impacted by Hurricane Irma, a powerful Category 4 hurricane. While the center of the hurricane did not pass through the City, significant wind and rain were experienced. There were downed trees, fences and signage throughout the City including tree debris blocking the roadways. Many residents and businesses lost electricity throughout the City. The City has completed all power restoration efforts debris clearance and removal, and the minor damages to a few facilities have been mostly repaired. The City has filed all pertinent documentation for federal and state funding, and is currently addressing any subsequent requests for information. As of September 30, 2019, hurricane-related costs were approximately \$12.1 million, while obligated funds for reimbursements were \$1.5 million. Staff is confident that most of the costs will be reimbursed from the Federal Emergency Management Agency (FEMA), with any ultimate costs to the City being paid from the City's hurricane fee reserves.

As a result of the COVID-19 global pandemic, the City issued a declaration of emergency in March 2020. In an effort to combat and respond to this health emergency, the City has incurred certain expenditures that it anticipates getting reimbursed through various grants and public assistance programs.

As the City responds to the situation, it continues to provide uninterrupted essential services to its residents while keeping their safety and well-being, as well as that of its employees as a top priority. It is anticipated that the national, state and local Stay at Home orders may have an impact on some of the City's revenues. However at this time it is too early to determine what that impact will be, so the City is closely monitoring its revenues and expenditures for any early indications of variances that would require attention.

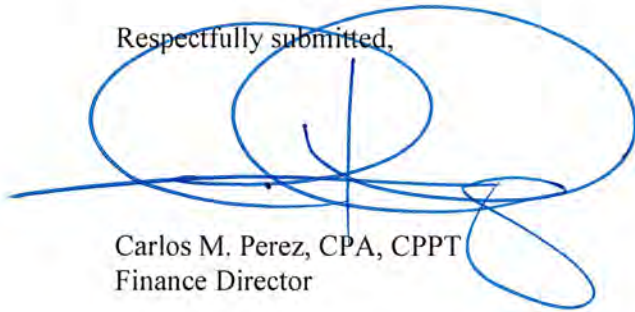
Other Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Homestead for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2018. This was the sixteenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. A special note of thanks and appreciation is also extended to our auditors, Marcum LLP, for their professional approach and high standards in the conduct of their independent audit of the City's financial records and transactions. Acknowledgements are also given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Homestead's finances. Their guidance and cooperation in planning and conducting the financial affairs of the City in a responsible and progressive manner is greatly appreciated.

Respectfully submitted,

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke, positioned above the printed name.

Carlos M. Perez, CPA, CPPT
Finance Director



CITY OF HOMESTEAD, FLORIDA

CITY OFFICIALS

SEPTEMBER 30, 2019

COUNCIL – MANAGER FORM OF GOVERNMENT

**CITY COUNCIL
2019**

Stephen R. Shelley, Mayor

Jon Burgess, Vice Mayor

Jenifer N. Bailey

Patricia Fairclough

Julio Guzman

Elvis R. Maldonado

Larry Roth

CITY MANAGER

George Gretsas

CITY CLERK

Elizabeth Sewell, MPA, MMC

CITY ATTORNEY

Weiss Serota Helfman Cole & Bierman P.L.

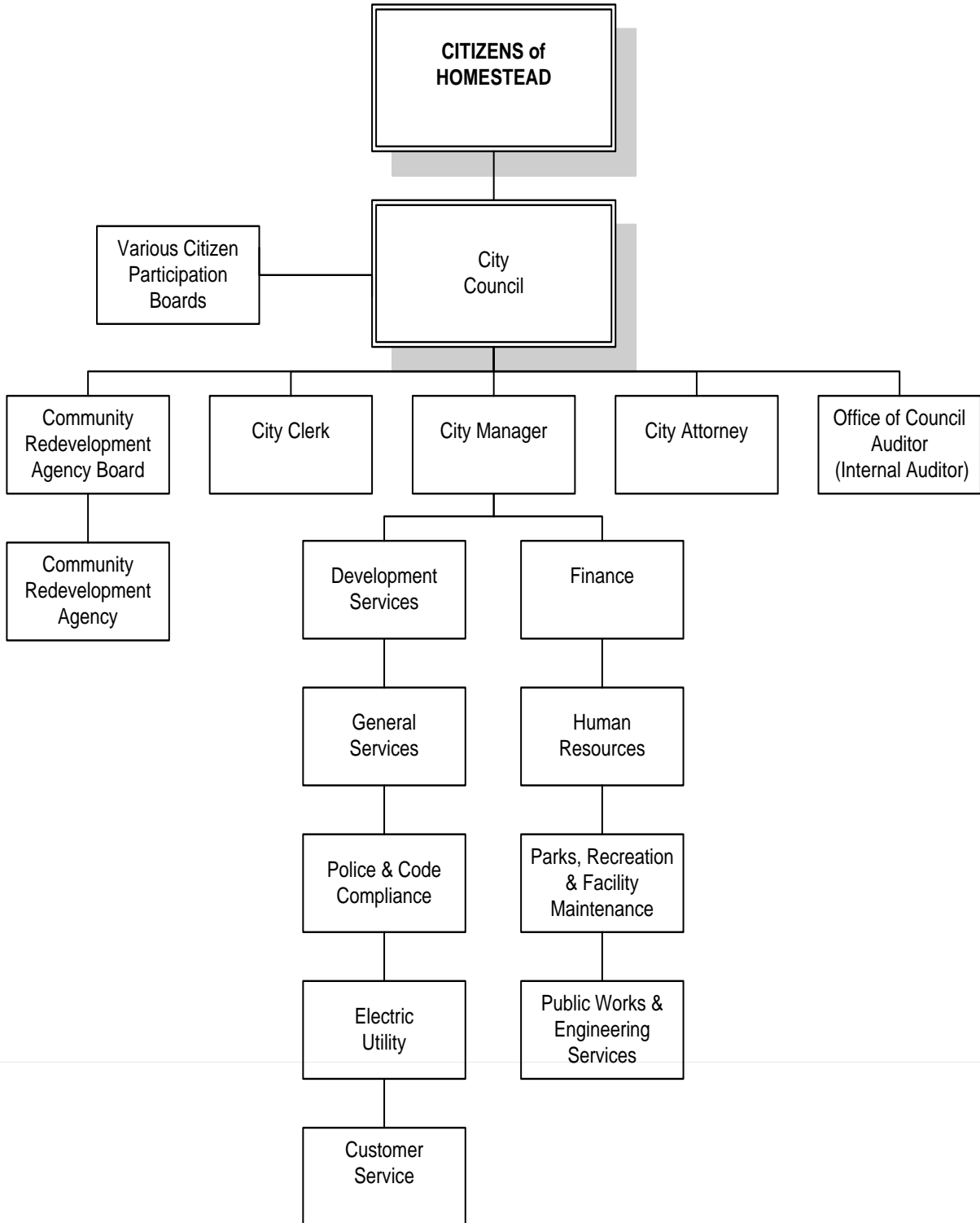
FINANCE DIRECTOR

Carlos M. Perez, CPA, CPPT

INDEPENDENT AUDITORS

Marcum LLP

City of Homestead Organization Chart





Government Finance Officers
Association

**Certificate of
Achievement
for
Excellence in
Financial
Reporting**

Presented to

**City of Homestead
Florida**

For its Comprehensive
Annual Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morvill

Executive Director/CEO



(This page intentionally left blank)

FINANCIAL SECTION

**INDEPENDENT
AUDITORS' REPORT**

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, City Council and City Manager
City of Homestead, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Homestead, Florida, (the City), as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Pension Trust Funds, which represent 88%, 93% and 28%, respectively, of the assets, net position/fund balance and revenues/additions of the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Pension Trust Funds are based solely upon the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of changes in total OPEB liability and related ratios, changes in net pension liability and related ratios, contributions and the budgetary comparison schedules on pages 4-24 and 134-147 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules and the schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the introductory and statistical sections are presented for additional purposes and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Marcum LLP

Miami, FL
May 20, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Homestead (the City), we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019. Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, we encourage readers to read it in conjunction with the Letter of Transmittal, beginning on page i and the City's financial statements, beginning on page 25 of this report. In this MD&A, all amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- At September 30, 2019, the government-wide assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$219,073 (*net position*), a decrease of \$1,200 or 1% from prior year.
- The City's *total assets and deferred outflows of resources* of \$407,726 reflect a net increase of \$2,670 from prior year. Current assets decreased by \$22,108 while non-current assets increased by \$26,549. The decrease in current assets and increase in non-current assets resulted mostly from cash and investments being spent for the construction of capital projects for governmental activities and purchases of capital assets for business-type activities.
- The City's *total liabilities and deferred inflows of resources* reflect a net increase of \$3,870 from \$184,783 in FY 2018 to \$188,653 in FY 2019. Current liabilities increased by \$9,286 or 38% while noncurrent liabilities decreased by \$5,986 or 4%.
- At September 30, 2019, the City's governmental funds reported a combined ending fund balance of \$58,665, a decrease of \$14,961 from the prior year. The decrease is mainly from the reduction of cash and investments being spent on construction of the parking garage/retail facility (Multimodal Transit Center). Of the total fund balance, \$651 or 1% represents the *unassigned* fund balance, which is available for spending at the City's discretion.
- The City's enterprise funds reported combined ending net position of \$32,741, an increase of \$1,518 from the prior year, \$38,895 was *net investments in capital assets*, \$477 was *restricted* and (\$6,631) was *unrestricted*.
- At fiscal year end, the General Fund total fund balance increased by \$7,931 from \$27,319 in FY 2018 to \$35,251 in FY 2019, which represents approximately 58% of total General Fund expenditures. Of this total fund balance, \$28,272 was *nonspendable* and represents prepaid costs and long-term notes receivable, \$100 has been *restricted* for fiber optic security, \$306 *restricted* for HUD section 108 loan security, \$4,792 has been *committed* for a required reserve, \$1,130 was *assigned* for subsequent year's budget and \$651 was *unassigned*.

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components:

- 1) Government-wide financial statements,
- 2) Fund financial statements,
- 3) Notes to the financial statements.

This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The focus of the *government-wide financial statements* is on the overall financial position and activities of the City. Two government-wide statements are presented: *the statement of net position* and *the statement of activities*. These statements are designed to provide readers with a broad overview of the City's finances using the accrual basis of accounting in a manner similar to a private-sector business. The accrual basis of accounting recognizes increases or decreases in economic resources as soon as the underlying transaction takes place. Therefore, all of the current year's revenues and expenses are reported regardless of the timing of the related cash flows to acquire these assets or liquidate such liabilities.

The *Statement of Net Position* presents information on all of the City's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Although the purpose of the City is not to accumulate net position, in general, as this amount increases it indicates that the financial position of the City is improving over time.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works and services, and parks and recreation. The business-type activities of the City include electric, water and sewer, solid waste, stormwater services and Homestead Station QALICB.

The government-wide financial statements include not only the City of Homestead (known as the *primary government*), but also legally separate entities (known as *component units*) for which the City is financially accountable. These blended *component units* are the Homestead Community Redevelopment Agency and the Homestead Station QALICB. In addition to the inclusion in the government-wide financial statements, more detailed information for the Homestead Station QALICB may be obtained from its separately issued financial statements.

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The government-wide financial statements can be found on pages 25-27 of this report.

Fund Financial Statements

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. Government fund financial statements consist of a balance sheet and statement of revenues, expenditures, and changes in fund balances. However, unlike the government-wide financial statements, governmental fund financial statements are prepared using the modified accrual basis of accounting, which focuses on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. The statements provide a short-term view of the City's ability to finance its programs and near-term financing requirements, in contrast to the long-term view provided by the government-wide statements.

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

The governmental fund financial statements are presented on pages 28-31 of this report.

The City maintains seventeen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Homestead Community Redevelopment Agency Fund, the Impact Fees Fund, and the Multimodal Transit Center Fund, all of which are considered to be major funds. Data for the other thirteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is presented in the form of *combining* statements elsewhere in this report.

The City adopts an annual budget for its General Fund, the Homestead Community Redevelopment Agency Fund, the Impact Fees Fund, the Multimodal Transit Center Fund and eleven of the non-major governmental funds: Confiscated Property, Disaster Relief, Homestead Miami Speedway, Taxable Transportation System Revenue Bonds, HERO Tax Increment Financing, General Obligation Bonds, People's Transportation Plan, Capital Improvement, New City Hall, New Police Building, and Cybrarium Fund. Schedules of revenues, expenditures and changes in fund balance - budget and actual have been provided for these funds to demonstrate budgetary compliance. These schedules for the major

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

governmental funds can be found on pages 134-137 and page 148 and the schedules of revenues, expenditures and changes in fund balance - budget and actual for the eleven non-major governmental funds can be found on pages 155-160 of this report.

The Sundries Grant Fund and the Community Development Block Grant Fund do not have an annual adopted budget.

Proprietary funds. *Proprietary funds* are those funds where the City charges fees to customers for the use of specific goods or services. Proprietary fund financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in net position and a statement of cash flows. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The City maintains two different types of proprietary funds:

Enterprise funds are used to account for *business-type activities* that charge fees to customers for the use of specific goods or services. These funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City has six individual enterprise funds. The proprietary fund financial statements provide separate information for each of the four major funds, the Water and Sewer Utilities, the Electric Utility, the Solid Waste and Homestead Station QALICB ("QALICB"). Data for the other two enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is presented in the form of *combining statements* elsewhere in this report.

Internal service funds are used to accumulate and allocate costs for goods and services provided internally among the City's various funds and functions. Any net increase or deficiency in net position in the internal service funds are allocated back to the different participating funds and functions. The City has five internal service funds, four of which are used to account for its fleet maintenance and self-insurance services. Because these services predominantly benefit governmental rather than business-type functions, they have been included as part of the governmental activities in the government-wide financial statements. The remaining internal service fund, the Customer Service Fund, predominantly serves enterprise funds; therefore, it has been included as part of the business-type activities in the government-wide financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The proprietary fund financial statements can be found on pages 32-34 of this report.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. The City uses Fiduciary funds to account for its five pension plans. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own activities. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 35-36 of this report.

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 37-133 of this report.

Other Information

In addition to the basic financial statements and the accompanying notes, this report also presents certain *required supplementary information* such as budgetary comparison schedules between the City adopted and final budget and actual financial results for the General Fund, the Homestead Community Redevelopment Agency fund and the Impact Fee fund. Schedule of changes in net pension liability and related ratios, schedule of changes in total OPEB liability as well as schedule of City contributions for the City's five pension plans are also presented in this section.

Required supplementary information can be found on pages 134-147 of this report.

The combining and individual funds statements and schedules referred to earlier in connection with major and non-major governmental, enterprise, internal service and fiduciary funds are presented immediately following the required supplementary information.

Combining and individual funds statements and schedules can be found on pages 148-168 of this report.

Government-wide Financial Analysis

Summary of Net Position

The difference between a government's assets and deferred outflows of resources and its liabilities and deferred inflows of resources is its *net position*. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$219,073 at the close of fiscal year 2019 of which 85% was for governmental activities and 15% was for business-type activities.

A summary of government-wide net position and comparative balances between the current and last fiscal year is provided on the next page:

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Homestead Summary of Net Position September 30, 2019 and 2018

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
	<u>Assets and Deferred Outflows of Resources:</u>					
Current assets	\$ 73,504	\$ 85,114	\$ 29,563	\$ 40,061	\$ 103,067	\$ 125,175
Other assets, non current	807	995	-	-	807	995
Capital assets, net	221,140	223,019	67,388	38,772	288,528	261,791
Total assets	295,451	309,128	96,951	78,833	392,402	387,961
Total deferred outflows of resources	12,618	13,761	2,706	3,334	15,324	17,095
<u>Liabilities and Deferred Inflows of Resources:</u>						
Current and other liabilities	12,054	8,722	21,732	15,778	33,786	24,500
Noncurrent liabilities	102,658	117,753	41,701	32,592	144,359	150,345
Total liabilities	114,712	126,475	63,433	48,370	178,145	174,845
Total deferred inflows of resources	7,025	7,364	3,483	2,574	10,508	9,938
<u>Net position:</u>						
Net investment in capital assets	171,874	177,339	38,895	34,074	210,769	211,413
Restricted	14,980	17,404	477	716	15,457	18,120
Unrestricted	(522)	(5,693)	(6,631)	(3,567)	(7,153)	(9,260)
Total net position	\$ 186,332	\$ 189,050	\$ 32,741	\$ 31,223	\$ 219,073	\$ 220,273

By far, the largest portion of the City's net position reflects its *net investment in capital assets* (e.g., land, buildings, infrastructure, and utility plant and systems), net of accumulated depreciation, less any outstanding related debt and deferred inflows/outflows used to acquire the assets. The City uses those capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's net investment in capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The City's net investment in capital assets for fiscal year 2019 had a balance of \$210,769 (96% of total net position.)

An additional portion of the City's net position is the *restricted net position* which represents resources that are subject to external restrictions on how they may be used. These resources have been set aside for capital projects, debt service payments and other contractual obligations. The City's restricted net position as of the end of fiscal year 2019 had a balance of \$15,457 (7% of total net position).

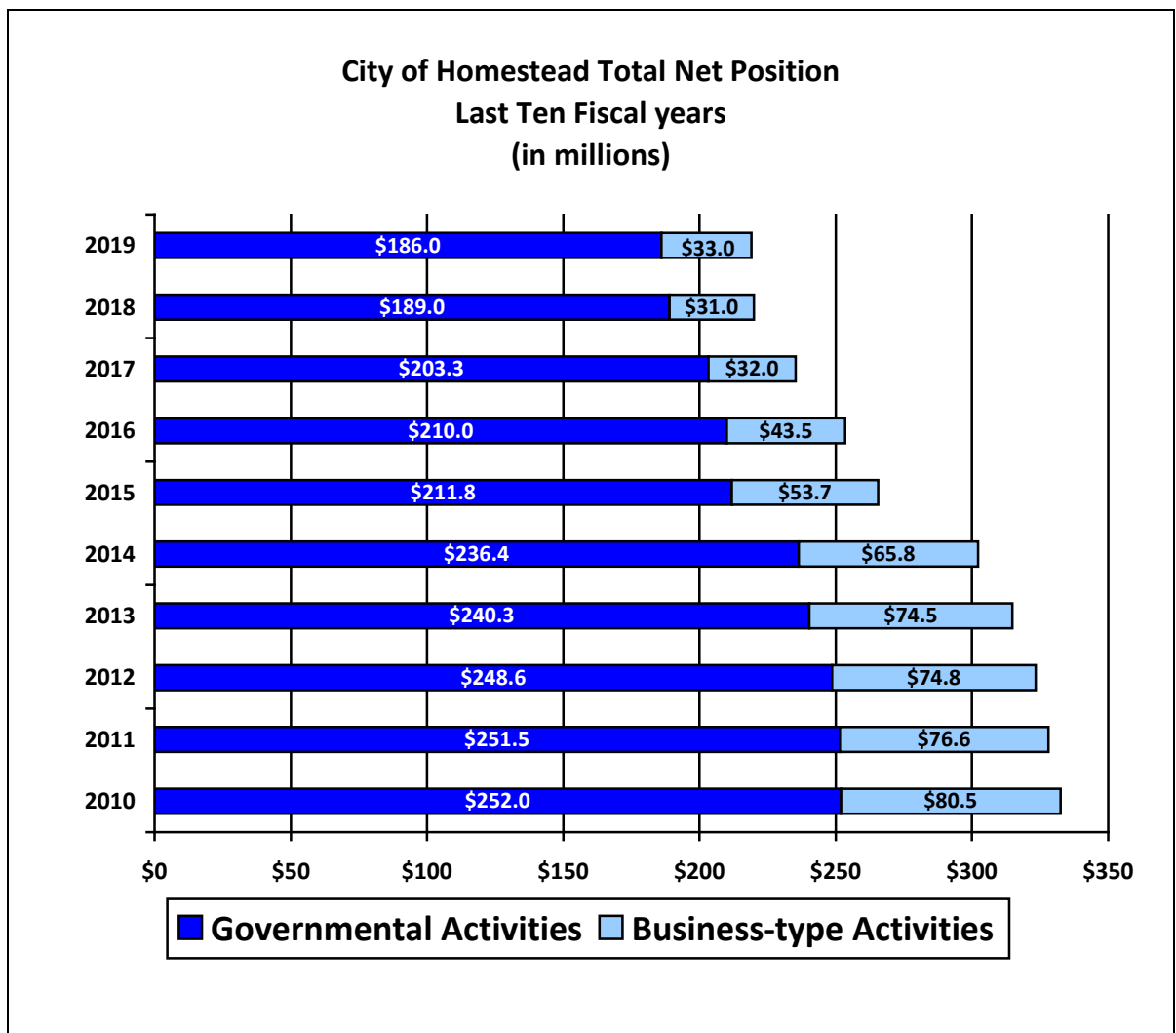
Unrestricted net position represents assets that may be used to meet the City's ongoing obligations to citizens and creditors. For FY 2019 the City reported a total negative unrestricted net position of \$7,153.

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Unrestricted net position for governmental activities showed a (\$522) deficit and business-type activities showed a (\$6,631) deficit at the end of the fiscal year. This deficit does not mean that the City does not have the resources to pay its obligations next year. Rather, it is the result of having long-term commitments that are greater than the currently available resources. Unfunded long-term commitments include long-term debt (bonds and loans), equipment financing obligations, accrued liabilities for compensated absences, net pension liability, total OPEB liability and an estimated liability for claims and judgements.

The following chart displays the City's total net position over the last ten fiscal years.



CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Summary of Activities

The following table provides a comparative summary of the government-wide statement of activities for the current and prior fiscal year.

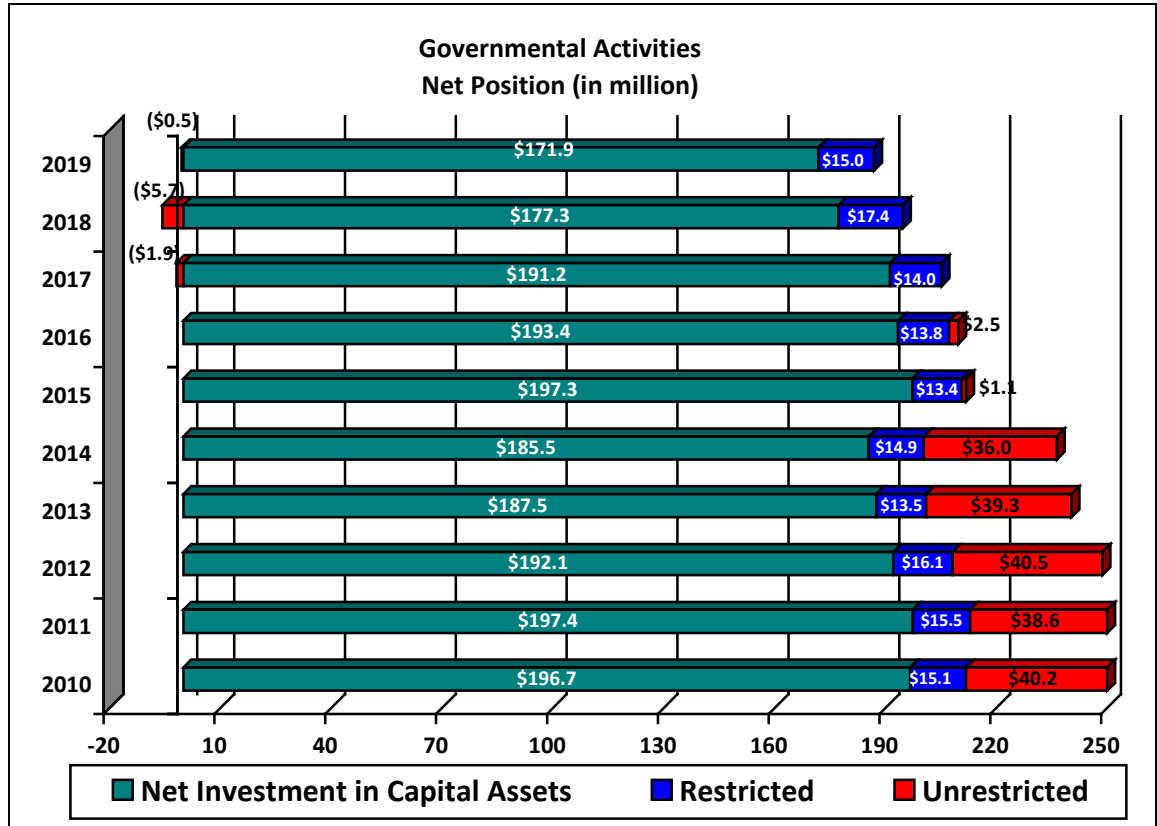
City of Homestead						
Summary of Changes in Net Position						
Fiscal years ended September 30, 2019 and 2018						
	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>		<u>Activities</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program revenues:						
Charges for services	\$ 15,546	\$ 17,084	\$ 94,897	\$ 89,639	\$ 110,443	\$ 106,723
Operating grants and contributions	4,266	3,851	-	-	4,266	3,851
Capital grants and contributions	5,779	4,675	2,428	3,936	8,207	8,611
General revenues:						
Property taxes	18,836	17,284	-	-	18,836	17,284
Fuel taxes	1,305	1,309	-	-	1,305	1,309
Franchise fees on gross receipts	4,383	4,116	-	-	4,383	4,116
Utility taxes	1,558	1,492	-	-	1,558	1,492
Communication service taxes	1,344	1,518	-	-	1,344	1,518
Half cent sales taxes	5,845	5,632	-	-	5,845	5,632
Unrestricted intergovernmental	3,392	3,328	-	-	3,392	3,328
Payment in lieu of taxes	1,849	1,705	-	-	1,849	1,705
Other revenues	2,549	2,227	2,449	2,917	4,998	5,144
Unrestricted investment earnings	<u>1,102</u>	<u>629</u>	<u>108</u>	<u>38</u>	<u>1,210</u>	<u>667</u>
Total revenues	<u>67,754</u>	<u>64,850</u>	<u>99,882</u>	<u>96,530</u>	<u>167,636</u>	<u>161,380</u>
Expenses:						
General government	19,120	21,003	-	-	19,120	21,003
Public safety	31,313	31,399	-	-	31,313	31,399
Public works and services	4,973	5,082	-	-	4,973	5,082
Parks and recreation	8,605	8,832	-	-	8,605	8,832
Disaster relief	1,495	4,775	-	-	1,495	4,775
Interest on long-term debt	2,566	2,534	-	-	2,566	2,534
Unallocated depreciation	2,538	2,605	-	-	2,538	2,605
Water / Sewer utilities	-	-	18,630	18,328	18,630	18,328
Electric utility	-	-	65,512	63,632	65,512	63,632
Solid waste	-	-	12,444	12,619	12,444	12,619
Other enterprise	-	-	1,590	1,646	1,590	1,646
Homestead Station QALICB	-	-	50	950	50	950
Total expenses	<u>70,610</u>	<u>76,230</u>	<u>98,226</u>	<u>97,175</u>	<u>168,836</u>	<u>173,405</u>
Increase/(Decrease) in net position before transfers	(2,856)	(11,380)	1,656	(645)	(1,200)	(12,025)
Transfers	<u>138</u>	<u>(746)</u>	<u>(138)</u>	<u>746</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in net position	(2,718)	(12,126)	1,518	101	(1,200)	(12,025)
Net position – beginning, as previously reported	189,050	203,257	31,223	31,964	220,273	235,221
Prior period adjustment	<u>-</u>	<u>(2,081)</u>	<u>-</u>	<u>(842)</u>	<u>-</u>	<u>(2,923)</u>
Net position – beginning as restated	<u>189,050</u>	<u>201,176</u>	<u>31,223</u>	<u>31,122</u>	<u>220,273</u>	<u>232,298</u>
Net position – ending	<u>\$ 186,332</u>	<u>\$ 189,050</u>	<u>\$ 32,741</u>	<u>\$ 31,223</u>	<u>\$ 219,073</u>	<u>\$ 220,273</u>

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT’S DISCUSSION AND ANALYSIS

Governmental activities

Total net position of the City’s governmental activities decreased by \$2,718 from \$189,050 in FY 2018 to \$186,332 in FY 2019, or 1.4%. Net investment in capital assets decreased by \$5,465 mostly from depreciation of new facilities. Restricted net position decreased \$2,424 while unrestricted net position increased \$5,171.



Key elements of the City’s governmental activities are as follows:

- Total charges for services decreased by \$1,538 primarily due to decrease in fines and forfeitures, permit fees and impact fees.
- Gross property taxable value for the City increased for a sixth straight year, from \$2.609 billion in 2018 to \$2.858 billion in FY 2019. The City chose to maintain its property tax millage rate at 5.9215 mills which is 0.3715 mills higher than the FY 2019 rolled back rate of 5.500 mills. Total property tax revenues increased by \$1,552 from the increase in assessed property taxable value.
- Debt millage rate decreased from 0.5575 mills in FY 2018 to 0.5300 mills in FY 2019 due to increase in assessed property taxable value.

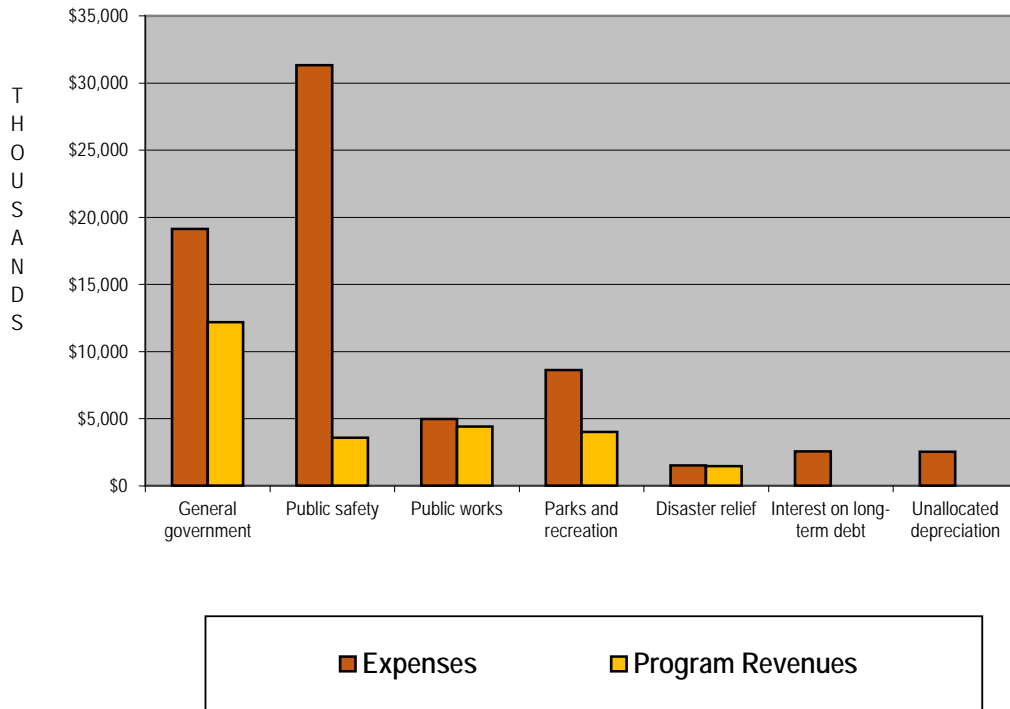
CITY OF HOMESTEAD, FLORIDA

MANAGEMENT’S DISCUSSION AND ANALYSIS

- In FY2019, the City received \$1,457 from FEMA and \$921 from insurance company for the reimbursement for Hurricane IRMA, resulting in the increase in both grants and contributions and other revenues.
- Unrestricted investment earnings increased \$473 due to increase in interest rate and wisely managed investment portfolio.
- Total governmental activities expenses decreased by \$5,620 from prior year mostly from the decrease in hurricane IRMA related expenses and also the decrease in NMTC expenses.

The following charts compare expenses and program revenues and revenue by sources for governmental activities for fiscal year 2019:

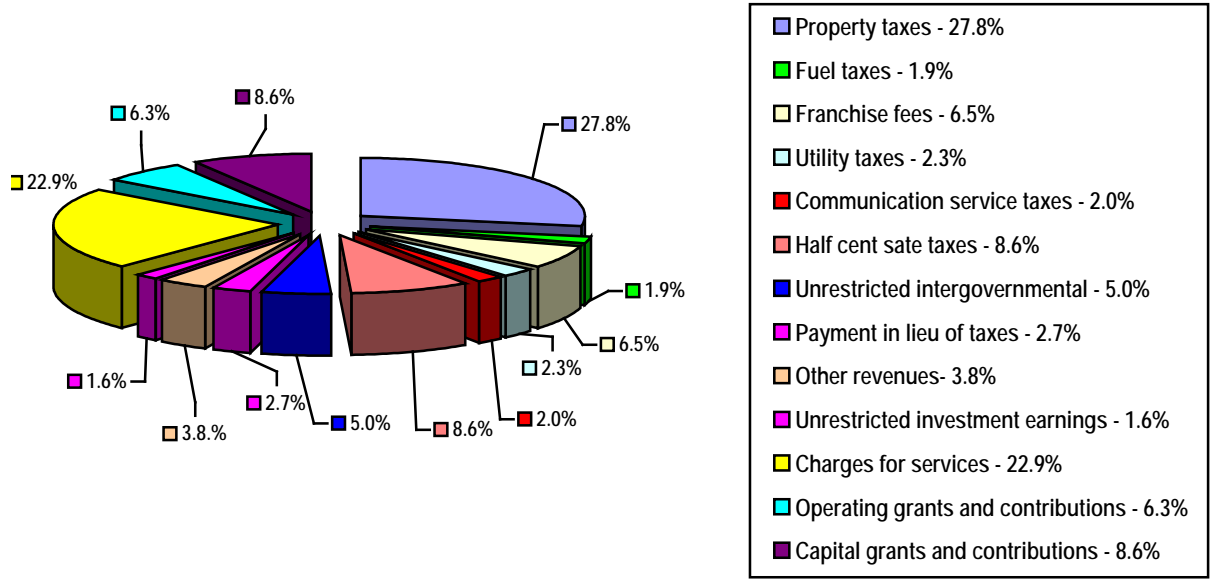
Governmental Activities - Expenses and Program Revenues



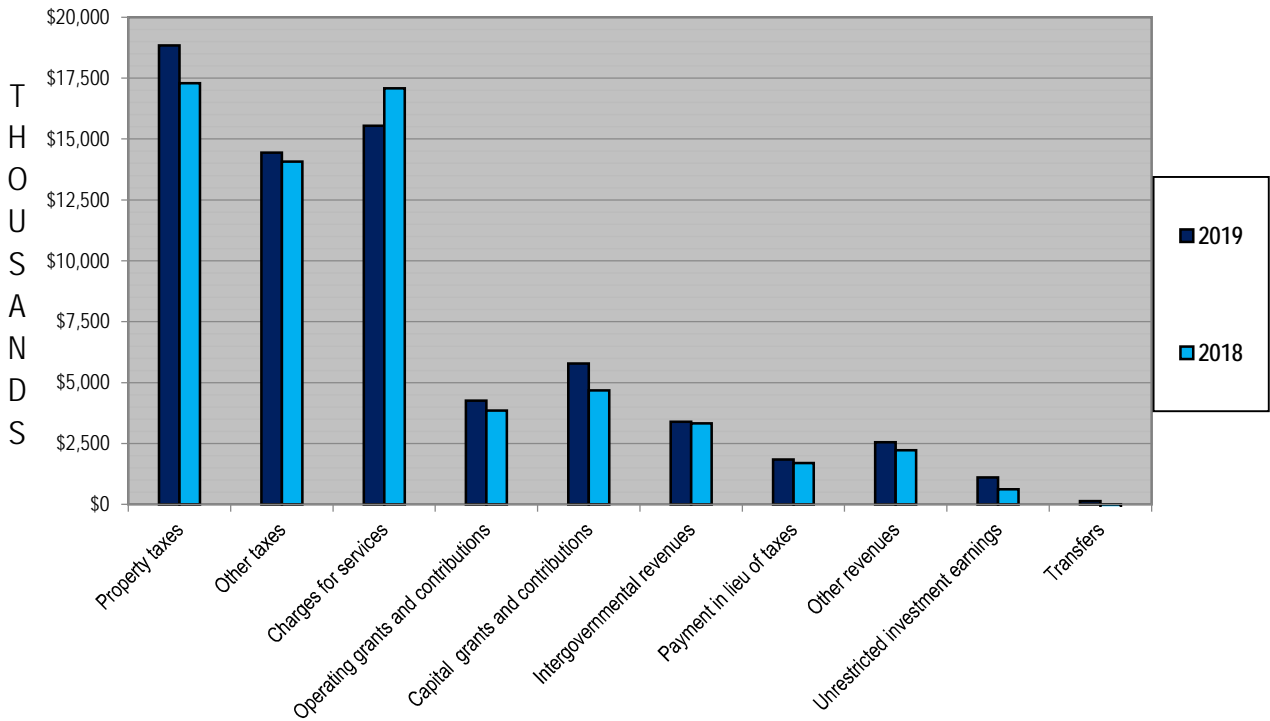
CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities – Revenues by Source



Governmental Activities – Current Year Revenues vs. Prior Year Revenues

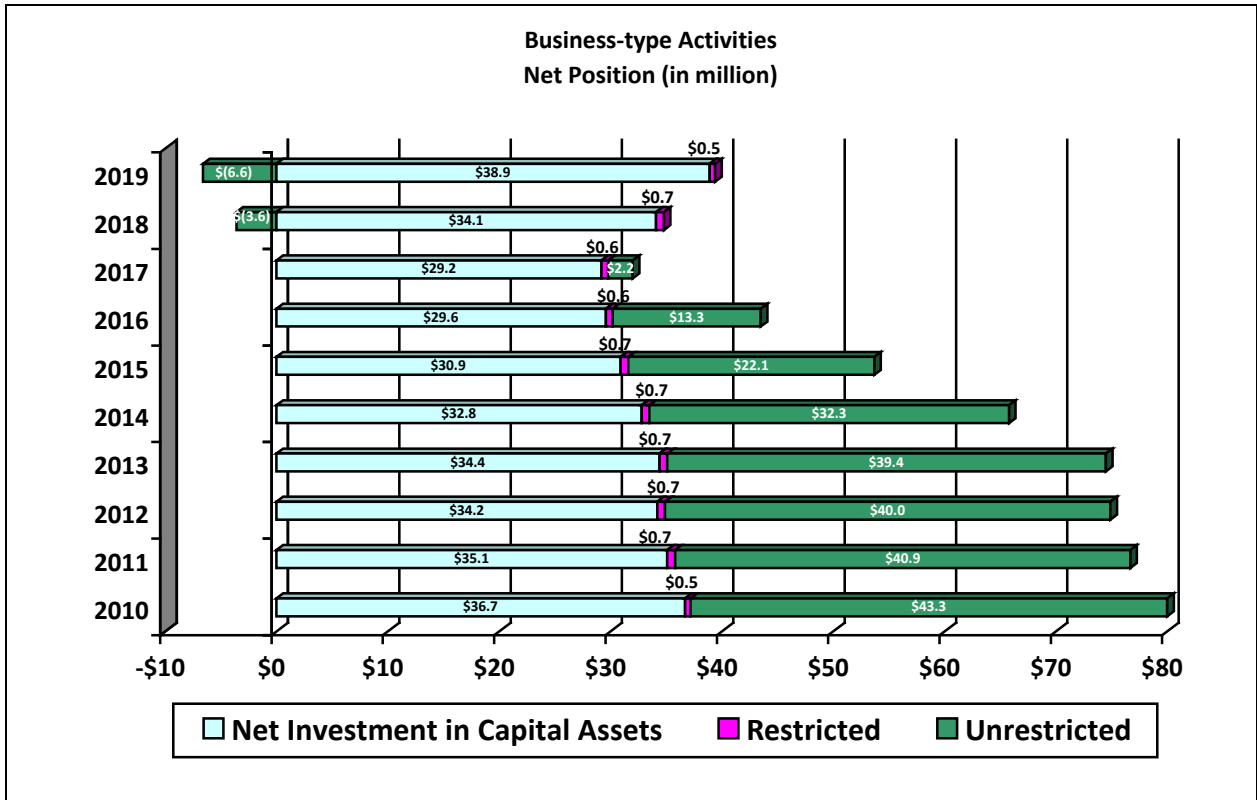


CITY OF HOMESTEAD, FLORIDA

MANAGEMENT’S DISCUSSION AND ANALYSIS

Business-type activities

The City’s net position of the business-type activities, which includes the customer service internal service fund and Homestead Station QALICB, increased by \$1,518 from \$31,223 to \$32,741, or 5% from the prior year.



Key elements of the City’s business-type activities for fiscal year 2019 are as follows:

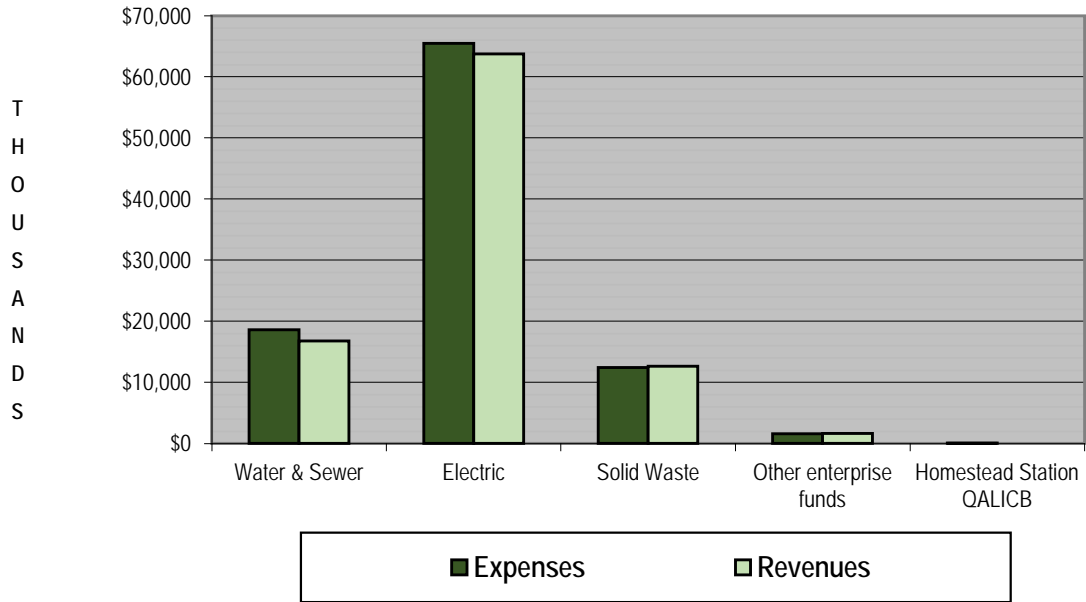
- Overall charges for services increased by \$5,258 or 6% from the prior year. Electric Utility charge for services increased by \$1,055. Water and Sewer had an increase in charge for services of \$2,878 mostly from water rate increase which went into effect in January 2019. Stormwater charge for services increased by \$751 in FY2019 since in FY2018 Stormwater had a one-time adjustment for a collection issue with a county agency which decreased the revenues in FY2018 by approximately \$765.
- Capital grants and contributions of \$2,428 was for capital contributions from governmental activities to water & sewer utilities.
- Other revenues decreased by \$468. In FY2018 Solid waste recognized \$300 in hurricane fees (used to offset disaster related expenses due to Hurricane Irma) from an escrow account, but none in FY2019. Electric utility received a \$150 refund from FMPA in FY2018 and none in FY 2019.

CITY OF HOMESTEAD, FLORIDA

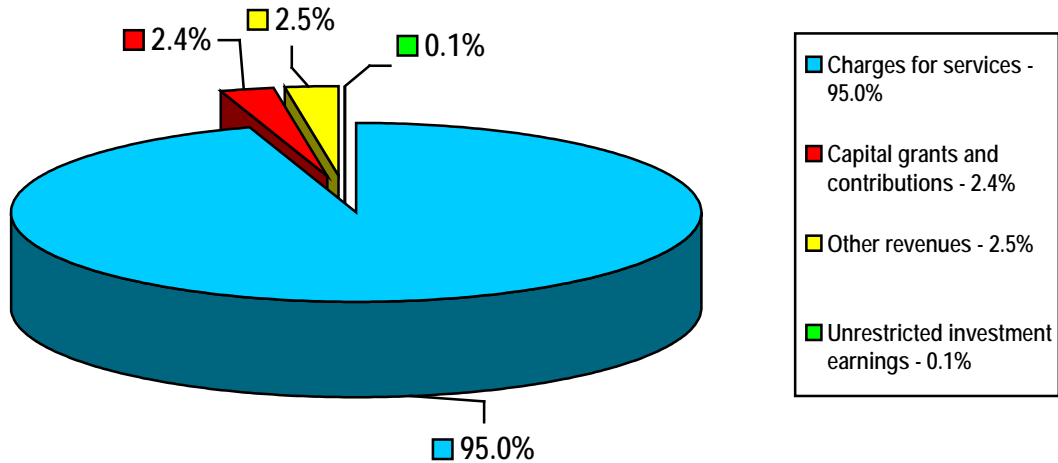
MANAGEMENT'S DISCUSSION AND ANALYSIS

- Electric Utility expenses increased by \$1,842 primarily from the increase of \$2,260 in purchased power supply. The expenses for other utilities remained consistently stable.

Business-type Activities – Expenses and Revenues



Business-type Activities – Revenues by Source



CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the City of Homestead's Funds

As noted earlier, the City uses fund accounting to help ensure as well as demonstrate compliance with finance related legal requirements. The focus of the fund financial statements is on major funds, rather fund types.

Governmental funds.

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

As of the end of fiscal year 2019, the City's governmental funds reported a total fund balance of \$58,665, a \$14,961 decrease from prior year primarily from the cash and investments being spent on the parking garage/retail facility (Multimodal Transit Center) project. Out of this amount, \$28,272 or 48% was in *nonspendable* which represents prepaid costs and the long-term note receivable. \$15,653 for 27% is *restricted* by third parties such as grantors, creditors, state statute or other governmental entities for specific type of expenditures. The City, through ordinances, has \$6,834, or 12%, in *committed* fund balance which includes: 1) *committed* fund balance in the amount of 10% of the amount of originally budgeted revenues of the general fund of \$4,792, and 2) *committed* fund balance to be used for specific purposes such as public art and transportation of \$2,042.

The City also has *assigned* \$7,255 or 12% of the fund balance to be used for parks and recreation, capital projects and expenditures for next fiscal year. *Unassigned* fund balance is the portion of fund balance that is available for spending at the City's discretion. \$651 or 1% of the governmental fund balance constitutes *unassigned* fund balance.

The General Fund is the chief operating fund of the City. All revenues, other receipts, expenses, fixed charges and capital improvement costs that are not required by law or contractual agreement to be accounted for in another fund are accounted for in the General Fund.

At the end of the current fiscal year, the General Fund reported a total fund balance of \$35,251, an increase of \$7,931 from prior year, mainly from the increase in the long term note receivable from QALICB. The unassigned fund balance of \$651 constitutes 2% of the total fund balance which represents a decrease of \$9,009 from prior year. This decrease was primarily from the transfer out of \$7,071 to the Cybrarium Fund to help fund the capital project. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 1% of total General Fund expenditures, while total fund balance represents 58% of that same amount.

Besides the General Fund, major governmental funds include the Homestead Community Redevelopment Agency, the Impact Fee Fund, and the Multimodal Transit Center Fund. The Homestead Community Redevelopment Agency's fund balance increased \$502, from \$1,624 in 2018 to \$2,127 in 2019, primarily due to the unspent monies earmarked for a major capital project. Impact Fees' fund balance decreased by \$1,504 due to parks impact fees that are being spent on a major park expansion. Multimodal Transit

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Center's fund balance decreased by \$23,857 since the parking garage/retail center project is nearly completed as mentioned earlier.

As for other non-major governmental funds, The Homestead Miami Speedway and People's Transportation Plan's fund balance decreased by \$1,591 and \$877, respectively, due to the transfer out of \$1,458 and \$1,000 to the Multimodal Transit Center to help fund the parking garage/retail center project. The Cybrarium's fund balance increased by \$4,724 mainly from the transfer in of \$7,071 from the General Fund as mentioned earlier.

Blended component unit - Homestead Community Redevelopment Agency (CRA): During fiscal year 2019 the CRA completed projects/activities included partial funding for the construction of the Homestead Cybrarium, support for four not-for-profit organizations, sponsored a construction job fair, and held one small business loan matchmaker event and two community events within the CRA area.

Activities/projects planned for fiscal year 2020 include continued support of the development of the Homestead Cybrarium, blight removal projects, land/building acquisitions, Losner Park community events, not-for-profit grant programs and commercial and residential enhancement grant programs.

Proprietary funds.

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail. Proprietary funds account for services that are generally supported by user fees charged to customers. Proprietary fund statements, like government-wide statements, provide both short and long term financial information.

- In January 2019, the City increased the Water & Sewer rate for the first time since FY 2008. This increase was the first of a multi-faceted action plan rate increase implemented during FY 2018 for the Water & Sewer Utility, to increase operating revenues. For fiscal year 2019, Water & Sewer Utility is reporting an operating loss of \$756 which was an improvement from the operating loss in FY 2018 of \$3,340. Even with an operating loss, *total net position* increased by \$1,625 due to contribution of capital assets from governmental activities of \$2,428. *Investment in capital assets* increased by \$1,954 primarily from completion of a major capital project. *Unrestricted net position* has a negative balance of \$6,625; the effect of multiple years of operating losses. While the ultimate goal of the rate increase is to eliminate the operating losses and negative unrestricted net position, the results to net position will not be met in one year, but will instead be expected to take approximately 3-5 years to reach that goal.
- For FY 2019, the Electric Utility reported an operating loss of \$274. Revenues went up by \$1,055 while expenses went up by \$1,842 mainly from the unexpected increase in purchased power supply of \$2,260. *Total net position* decreased by \$414 while *net investments in capital assets* increased by \$975. *Unrestricted net position* decreased by \$1,150, from a positive balance of \$309 in FY 2018 to a negative balance of \$841.
- Solid waste and other enterprise funds, both of which had operating losses of \$162 and \$745 in FY 2018, were able to report operating income of \$322 and \$63 respectively.

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

- In summary, total net position for all proprietary funds increased by \$1,518 from \$31,223 in fiscal year 2018 to \$32,741 in fiscal year 2019. Although the City implemented a rate increase for the Water & Sewer Utility that helped improve its operations, the increase in total net position for the proprietary funds was from a \$2.4 million contribution of capital assets.

Blended component unit - Homestead Station QALICB: In FY 2018, the City formed Homestead Station QALICB ("QALICB"), Inc. a Florida nonprofit corporation, in connection with the purchase and development of the parking garage project. The formation of the QALICB resulted from the City engaging in a new market tax credit (NMTC) transaction. QALICB is considered to be a special-purpose governmental entity engaged only in business-type activities with a fiscal year ended of June 30.

In FY 2019, the City's proprietary financial statements include QALICB's financial statements for the period from July 1, 2018 to June 30, 2019. QALICB reported a net position as of June 30, 2019 of \$150. More detail information for the Homestead Station QALICB may be obtained from its separately issued financial statements.

General Fund Budgetary Highlights

During fiscal year 2019, the City Council approved the total of \$20,629 in budget amendments to the General Fund to increase its projected revenues and expenditures to fund the following items:

- \$595 was for the demolition of the Sports Complex;
- \$6,953 was to provide funding for the Cybrarium capital project;
- \$13,081 was for NMTC transactions.

The General Fund budgetary comparison schedules can be found on pages 134-135 of this report.

Budgeted revenues compared to actual revenues. Actual General Fund revenues before transfers were \$1,134 higher than the final budgeted amount.

- Property taxes were \$111 higher than the budgeted amount due to delinquent taxes collected within the current fiscal year.
- Half cent sales taxes and intergovernmental revenues were \$309 and \$231 higher than the budgeted amount, indicating improvements in general economic conditions.
- Investment income was \$311 higher than budgeted amount due to higher interest rate and wisely managed investment portfolio.

Budgeted expenditures compared to actual expenditures. The General Fund's expenditures before transfers were \$753 lower than budgeted.

- General government showed a positive variance of \$1,152. All of the departments under general government reported positive variances. General administration had an \$858 positive variance mostly from unused contingency & unused management & consulting fees.
- Public works and services had a negative variance of \$34 since the department's positive variances are being reported under a separate line item under capital outlay.
- Capital Outlays showed a negative variance of \$383 primarily from items purchased under equipment financing which is offset by the proceeds received from the financing of \$647.

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Transfers in had a positive variance of \$14,160 resulting from transfers in from Multimodal Transit Center to the General Fund for NMTC-related transactions.

Capital Asset and Debt Administration

Capital Assets

The City's capital assets for its governmental and business-type activities as of September 30, 2019 amounted to \$288,528 (net of accumulated depreciation). Capital assets include land, buildings, improvements other than buildings, furniture & fixtures & equipment, artworks, intangible assets, machinery and equipment and infrastructures. The City's investment in capital assets for FY 2019 increased by \$26,737 or 10% from previous year. Major capital asset events that occurred during the fiscal year include the following:

- During FY 2019, the City finished the major improvements to the Orange Bowl at Harris Field Park for \$1,734; \$628 was funded by park impact fees and the remaining was a contribution from the Orange Bowl Legacy Gift in the amount of \$1,106.
- Demolition of baseball stadium sports complex in the amount of \$521, funded by the General Fund.
- Finished pump station one project totaling \$5,669, funded by grants and water & sewer fund.
- Street and sidewalk replacements and improvements totaling \$1,224 were funded by the General Fund, and People's Transportation Plan Fund.
- Completed baseball field light upgrades at JD Reed Park for \$320, funded by parks impact fees.
- Completed the expansion of James Archer Park playground for \$208, funded by parks impact fees.
- Completed soccer field improvements at sports complex for \$301, funded by parks impact fees and General Fund.
- Purchased 175 radio interop for the police for \$472, funded by police impact fees.
- Public works purchased a sub-compact sweeper for \$115 and two bobcat track loader for \$118, funded by public works impact fees.
- Parks purchased two Ford F-150 and a bucket truck for \$175, funded by parks impact fees.
- Governmental items funded through equipment financings during FY 2019 include: 15 Dodge Chargers, 1 Dodge Caravan and 1 Ford F-150 for the police, totaling \$ 660.
- Governmental citywide construction-in-progress projects at fiscal year- end 2019 totaled \$8,076. These included projects such as Losner Park expansion, the downtown Multimodal Transit Center project, Biscayne Everglades Greenway project and Cybrarium project. Most of the projects are funded by grants, impact fees, CDBG and People's Transportation Plan fund except for the Multimodal Transit Center construction which is funded by the proceeds from the Taxable Transportation System Revenue Bonds, series 2017.
- Electric completed several new underground and overhead projects for \$1,736, upgrade of several generators for \$197 and finished the meter data collection system project for \$531. Major construction-in-progress at year end included various underground constructions for \$2,441, Renaissance substation expansion for \$389, power plant generator improvements of \$1,083 and relocation of infrastructure lines for \$684.
- Water and Sewer completed the construction of pump station one as mentioned earlier and also completed several annual capital projects such as upgrades of various pump stations and trench rehabs for \$490. Construction-in-progress at fiscal year-end included the telemetry for \$780 and mechanical bars for \$80.

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Construction-in-progress at fiscal year-end for Homestead Station QALICB amounted to \$28,063.
- Business-Type items funded through equipment financings during FY 2019 included: two Mack side loader garbage trucks for \$545 for Solid Waste and a crane truck for Electric Utility for \$257.
- Depreciation expense totaled \$11,358 and \$5,280 for governmental activities and business-type activities, respectively.
- During the year, governmental activities contributed \$2,428 to business-type activities, primarily as part of the funding for pump station one.

The following chart provides a condensed schedule of government-wide capital assets with comparative balances between the current and last fiscal year.

**City of Homestead
Capital Assets (Net of Accumulated Depreciation)
September 30, 2019 and 2018**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	Land	\$ 47,759	\$ 47,212	\$ 1,267	\$ 1,267	\$ 49,026
Land improvements	491	208	-	-	491	208
Buildings and improvements	105,582	109,471	-	-	105,582	109,471
Other improvements	14,062	13,066	-	-	14,062	13,066
Furniture, fixtures and equipment	6,347	6,639	-	-	6,347	6,639
Artworks	3	3	-	-	3	3
Infrastructure	38,820	41,358	-	-	38,820	41,358
Utility plant and systems	-	-	32,037	27,028	32,037	27,028
Construction in progress	8,076	5,062	34,084	10,477	42,160	15,539
Total capital assets	<u>\$ 221,140</u>	<u>\$ 223,019</u>	<u>\$ 67,388</u>	<u>\$ 38,772</u>	<u>\$ 288,528</u>	<u>\$ 261,791</u>

Additional information on capital assets can be found in Note 7 on pages 62-63 of this report.

Long-term Debt

At the end of the current fiscal year, the City had total bonded debt and loans outstanding of \$89,986. The City's bonded debt represents bonds secured by specific revenue sources. Total governmental bonded debt and loan payable amounted to \$62,528. Of this amount \$23,540 was for General Obligation Bonds, Series 2014 and \$29,930 was for Taxable Transportation System Revenue Bonds, Series 2017. Business-type activities bonded debt and loan payable amounted to \$ 27,458. Electric Utility Bonds Series 2004 accounted for \$420 and Series 2019 (issued on July 24, 2019) accounted for \$2,400.

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City's total debt decreased \$4,575 during the current fiscal year. Governmental activities debt decreased by \$15,316 since the City paid off the NMTC bridge loan of \$12,829 during the fiscal year. Business-type activities' debt increased by \$10,741. QALICB notes payable increased from \$15,615 in FY 2018 to \$24,638 in FY 2019. Electric Utility also issued a \$2,400 bonds on July 29, 2019 for the purchased of land and the expansion of a substation. The remaining difference was due to principal payments made during FY 2019 on other debts.

Under Florida Statutes, no debt limit margin is placed on local governments. In December 2018, S&P affirmed an A+ rating on the City's general obligation bonds and increased the rating for the City's taxable transportation system revenue bonds from A to A+. The City also received an affirmed Aa3 rating on its general obligation bonds and A1 on its taxable transportation system revenue bonds from Moody's on September 13, 2019.

The following chart provides information on the City's outstanding long-term debt with comparative balances between the current and last fiscal year.

**City of Homestead
Bonded Debt and Loan payable
September 30, 2019 and 2018**

	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General Obligation Bonds, Series 2014	\$ 22,090	\$ 22,575	\$ -	\$ -	\$ 22,090	\$ 22,575
Plus: Unamortized Bonds Premium	1,450	1,508	-	-	1,450	1,508
Total General Obligation Bonds	<u>23,540</u>	<u>24,083</u>	-	-	<u>23,540</u>	<u>24,083</u>
Taxable Transportation System Revenue Bonds, Series 2017	29,930	30,575	-	-	29,930	30,575
Taxable Special Obligation Refunding Bonds, Series 2003	-	600	-	-	-	600
HERO Tax Increment Revenue Refunding Bonds, 2003	284	568	-	-	284	568
Derivative instrument - Interest rate swap	4	9	-	-	4	9
New City Hall \$10M Loan	8,770	9,180	-	-	8,770	9,180
New Market Tax Credit (NMTC) Bridge Loan	-	12,829	-	-	-	12,829
Electric Utility Bond, Series 2004	-	-	420	1,102	420	1,102
Electric Utility Bond, Series 2019	-	-	2,400	-	2,400	-
Homestead Station QALICB Notes payable	-	-	24,638	15,615	24,638	15,615
	<u>\$ 62,528</u>	<u>\$ 77,844</u>	<u>\$ 27,458</u>	<u>\$ 16,717</u>	<u>\$ 89,986</u>	<u>\$ 94,561</u>

Additional information on long-term debt and long-term liabilities can be found in Note 8 on pages 64-79 of this report.

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Next Year's Budgets and Rates

The City's budget philosophy which was established by the City Council included: no operating millage rate increase, no reduction in City services, no layoffs and no use of reserves. This budget philosophy was used as a guide for the City's 2020 Budget.

- The City's FY 2020 original adopted budget reflects anticipated revenues and expenditures of \$194,534.
- The FY 2019 budget provides funding for all capital improvement projects estimated at \$13,292.
- For FY 2020, the General Fund required reserve is \$5,042 or 10% of the 2020 adopted budgeted amount of General Fund revenues of \$50,419.
- The City's taxable property values increased for a seventh consecutive year after four prior years of decline. Values increased from \$2.858 billion for fiscal year 2019 to \$3.144 billion for fiscal year 2020, an increase of 10.02%; an indication that the housing market is still strong.
- For fiscal 2020, the City chose to maintain its operating millage rate at 5.9215 mills, which is 0.3974 higher than its 2020 rolled back rate of 5.5241 mills. The millage rate has remained the same since fiscal year 2014.
- The City lowered its debt millage rate for the general obligation bonds for fiscal 2020 to 0.4800 mills from 0.5300 mills in FY 2019.
- For fiscal year 2020, the General Fund balanced the budget without the use of reserves for the second consecutive year since FY 2009 when the City's property value was at an all-time high at \$3.96 billion. The City was able to balance the General Fund budget without using fund balance or budget stabilization transfers from the enterprise funds while maintaining the same operating millage rate.
- Due to recurring annual operating losses for the Water & Sewer utilities, mostly from the increased pass thru charges from the County, annual adjustments to the rates based on the CPI are anticipated to be approved.
- The City did not increase the electric, stormwater, or solid waste utility rates for the 2020 fiscal year.
- According to U.S. Department of Labor, Bureau of Labor Statistics, the City's total population increased from 73,863 in 2018 to 76,236 in 2019. The unemployment rate for the City decreased slightly from 4.1% in 2018 to 4.0% in 2019.
- General economic conditions both globally and in our state have required the City to closely monitor revenue and expenditure trends during the current year. Economic conditions can reflect a declining, stable or growing environment and has a substantial impact on property assessments, sales, gas, or other tax revenues as well as consumer spending habits for building permits, user fees and consumption. Like many local governments across the country, the City is working to strike the delicate balance of maintaining service levels to its citizens while keeping taxes and service charges as low as possible.
- Overall, the City's adopted budget is an economical and prudent financial plan that will ensure quality public services and needed capital improvements for all residents, both today and in the future. As preparation begins on the 2021 budget, the City's focus will be on revenue enhancements and expenditure containment as well as carefully monitoring the Florida legislature's initiatives and their future impact on the City's ability to function at its present level.

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability. Additional information is also available on the City's website at www.cityofhomestead.com. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Carlos M. Perez, CPA, CPPT
Finance Director
City of Homestead
100 Civic Court
Homestead, Florida 33030



(This page intentionally left blank)

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF HOMESTEAD, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2019

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 1,013,739	\$ 1,836,729	\$ 2,850,468
Investments	23,336,418	2,392,709	25,729,127
Receivables, net	6,610,501	18,945,942	25,556,443
Internal balances	8,710,000	(8,710,000)	-
Prepaid costs	7,977	165,627	173,604
Note receivable	28,264,033	-	28,264,033
Inventories	202,694	3,555,250	3,757,944
Deferred power cost adjustment	-	1,926,119	1,926,119
Restricted assets:			
Cash and cash equivalents	3,260,683	5,783,290	9,043,973
Investments	<u>2,098,022</u>	<u>3,667,300</u>	<u>5,765,322</u>
Total current assets	<u>73,504,067</u>	<u>29,562,966</u>	<u>103,067,033</u>
Non-current Assets:			
Capital assets not being depreciated	55,837,903	35,350,909	91,188,812
Capital assets being depreciated, net	<u>165,301,665</u>	<u>32,037,144</u>	<u>197,338,809</u>
Sub-total capital assets	221,139,568	67,388,053	288,527,621
Asset available for sale	<u>807,346</u>	-	<u>807,346</u>
Total non-current assets	<u>221,946,914</u>	<u>67,388,053</u>	<u>289,334,967</u>
TOTAL ASSETS	<u>295,450,981</u>	<u>96,951,019</u>	<u>392,402,000</u>
DEFERRED OUTFLOWS OF RESOURCES			
Fair value of derivative instruments	3,592	-	3,592
Deferred outflows for pensions	12,564,220	2,674,434	15,238,654
Deferred outflows for OPEB	<u>50,487</u>	<u>31,707</u>	<u>82,194</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>12,618,299</u>	<u>2,706,141</u>	<u>15,324,440</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	8,381,317	16,129,191	24,510,508
Unearned revenue	2,326,676	333,999	2,660,675
Other liabilities	801,053	-	801,053
Liabilities payable from restricted assets:			
Customer deposits	-	5,246,165	5,246,165
Current accrued interest payable	<u>545,511</u>	<u>23,057</u>	<u>568,568</u>
Total current liabilities	<u>\$ 12,054,557</u>	<u>\$ 21,732,412</u>	<u>\$ 33,786,969</u>

(Continued)

CITY OF HOMESTEAD, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2019

(Continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
LIABILITIES (continued):			
Non-current liabilities:			
Due within one year :			
Compensated absences	\$ 786,922	\$ 454,543	\$ 1,241,465
Equipment financing	844,921	361,970	1,206,891
Other long-term liabilities	-	490,000	490,000
Bonds and loans	1,927,384	874,453	2,801,837
Claims and judgements	732,192	-	732,192
Due in more than one year:			
Compensated absences	1,836,153	1,060,601	2,896,754
Equipment financing	2,117,903	1,549,248	3,667,151
Bonds and loans	60,600,363	26,583,540	87,183,903
Net pension liability	24,312,779	6,149,236	30,462,015
Total OPEB liability	6,652,165	4,177,560	10,829,725
Claims and judgements	2,846,929	-	2,846,929
Total non-current liabilities	<u>102,657,711</u>	<u>41,701,151</u>	<u>144,358,862</u>
TOTAL LIABILITIES	<u>114,712,268</u>	<u>63,433,563</u>	<u>178,145,831</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows for pensions	4,053,608	1,616,893	5,670,501
Deferred inflows for OPEB	2,971,385	1,866,030	4,837,415
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>7,024,993</u>	<u>3,482,923</u>	<u>10,507,916</u>
NET POSITION			
Net investment in capital assets	171,873,549	38,895,085	210,768,634
Restricted :			
Community redevelopment	2,126,663	-	2,126,663
Fiber optic security	100,000	-	100,000
HUD section 108 loan security	306,000	-	306,000
Grants	563,977	-	563,977
Community development	792,546	-	792,546
Diasater relief	6,999	-	6,999
Parks and recreation	6,743,389	-	6,743,389
Law enforcement	1,801,972	-	1,801,972
Road improvements	464,842	-	464,842
Debt service	988,278	476,460	1,464,738
Transit & Transportation	1,085,602	-	1,085,602
Unrestricted	<u>(521,798)</u>	<u>(6,630,871)</u>	<u>(7,152,669)</u>
TOTAL NET POSITION	<u>\$ 186,332,019</u>	<u>\$ 32,740,674</u>	<u>\$ 219,072,693</u>

See notes to basic financial statements.

CITY OF HOMESTEAD, FLORIDA

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 19,120,054	\$ 11,129,438	\$ -	\$ 1,040,512	\$ (6,950,104)	\$ -	\$ (6,950,104)
Public safety	31,313,525	1,544,241	2,015,207	-	(27,754,077)	-	(27,754,077)
Public works and services	4,972,723	106,176	657,651	3,628,427	(580,469)	-	(580,469)
Parks and recreation	8,605,167	2,765,675	136,250	1,110,585	(4,592,657)	-	(4,592,657)
Disaster relief	1,494,954	-	1,457,293	-	(37,661)	-	(37,661)
Interest on long-term debt	2,566,298	-	-	-	(2,566,298)	-	(2,566,298)
Unallocated depreciation	2,537,794	-	-	-	(2,537,794)	-	(2,537,794)
Total governmental activities	<u>70,610,515</u>	<u>15,545,530</u>	<u>4,266,401</u>	<u>5,779,524</u>	<u>(45,019,060)</u>	<u>-</u>	<u>(45,019,060)</u>
Business-type activities:							
Water & sewer	18,630,219	16,815,050	-	2,428,044	-	612,875	612,875
Electric utility	65,511,531	63,749,905	-	-	-	(1,761,626)	(1,761,626)
Solid waste	12,444,373	12,679,156	-	-	-	234,783	234,783
Stormwater utility	1,590,250	1,653,240	-	-	-	62,990	62,990
Homestead station QALICB	50,000	-	-	-	-	(50,000)	(50,000)
Total business-type activities	<u>98,226,373</u>	<u>94,897,351</u>	<u>-</u>	<u>2,428,044</u>	<u>-</u>	<u>(900,978)</u>	<u>(900,978)</u>
Total	<u>\$ 168,836,888</u>	<u>\$ 110,442,881</u>	<u>\$ 4,266,401</u>	<u>\$ 8,207,568</u>	<u>(45,019,060)</u>	<u>(900,978)</u>	<u>(45,920,038)</u>
General revenues:							
Property taxes					18,835,686	-	18,835,686
Fuel taxes					1,304,847	-	1,304,847
Franchise fees					4,383,291	-	4,383,291
Utility taxes					1,558,004	-	1,558,004
Communication service taxes					1,343,577	-	1,343,577
Half cent sales taxes					5,845,264	-	5,845,264
Unrestricted intergovernmental revenue					3,391,630	-	3,391,630
Payment in lieu of taxes					1,849,088	-	1,849,088
Other revenues					2,549,135	2,449,147	4,998,282
Unrestricted investment earnings					1,101,826	108,013	1,209,839
Transfers					138,189	(138,189)	-
Total general revenues and transfers					<u>42,300,537</u>	<u>2,418,971</u>	<u>44,719,508</u>
Change in net position					(2,718,523)	1,517,993	(1,200,530)
Net position, beginning					189,050,542	31,222,681	220,273,223
Net position, ending					<u>\$ 186,332,019</u>	<u>\$ 32,740,674</u>	<u>\$ 219,072,693</u>

See notes to basic financial statements.

CITY OF HOMESTEAD, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

		Special Revenue		Capital Project		
		Homestead			Other	Total
	General	Redevelopment	Impact Fees	Multimodal	Governmental	Governmental
		Agency		Transit Center	Funds	Funds
ASSETS						
Cash and cash equivalents	\$ 31,679	\$ 35,101	\$ 32,535	\$ -	\$ 877,343	\$ 976,658
Investments	9,867,165	2,145,627	10,520,877	-	802,749	23,336,418
Interest receivable on investments	44,675	3,879	41,768	-	6,007	96,329
Account receivables, net	2,659,876	462	-	-	3,848,588	6,508,926
Due from other funds	1,500,000	-	-	-	8,040,000	9,540,000
Prepaid costs	7,179	-	-	-	798	7,977
Notes receivable	28,264,033	-	-	-	-	28,264,033
Restricted assets:						
Cash and cash equivalents	253,842	-	-	2,103,044	903,797	3,260,683
Investments	100,000	-	-	1,145,519	852,503	2,098,022
Asset available for sale	-	-	-	-	807,346	807,346
Total Assets	<u>\$ 42,728,449</u>	<u>\$ 2,185,069</u>	<u>\$ 10,595,180</u>	<u>\$ 3,248,563</u>	<u>\$ 16,139,131</u>	<u>\$ 74,896,392</u>
LIABILITIES:						
Accounts payable and accrued liabilities	\$ 2,583,011	\$ 58,406	\$ 507,194	\$ 3,150,694	\$ 1,764,262	\$ 8,063,567
Due to other funds	3,800,000	-	-	-	1,240,000	5,040,000
Unearned revenue	449,946	-	-	-	1,876,730	2,326,676
Other liabilities	644,803	-	-	-	156,250	801,053
Total liabilities	<u>7,477,760</u>	<u>58,406</u>	<u>507,194</u>	<u>3,150,694</u>	<u>5,037,242</u>	<u>16,231,296</u>
FUND BALANCES						
<i>Nonspendable :</i>						
Prepaid costs	7,179	-	-	-	798	7,977
Long-term notes receivable	28,264,033	-	-	-	-	28,264,033
<i>Restricted :</i>						
Community redevelopment	-	2,126,663	-	-	-	2,126,663
Fiber optic security	100,000	-	-	-	-	100,000
HUD section 108 loan security	306,000	-	-	-	-	306,000
Grants	-	-	-	-	563,977	563,977
Community development	-	-	-	-	792,546	792,546
Disaster relief	-	-	-	-	6,999	6,999
Parks and recreation	-	-	6,743,389	-	-	6,743,389
Law enforcement	-	-	837,352	-	964,620	1,801,972
Road improvements	-	-	464,842	-	-	464,842
General obligation bonds debt service	-	-	-	-	108,942	108,942
HERO tax increment revenue refunding bonds debt service	-	-	-	-	428,858	428,858
Taxable transportation system revenue bonds debt service	-	-	-	-	450,478	450,478
Multimodal transit center construction	-	-	-	97,869	-	97,869
New police building construction	-	-	-	-	708	708
Cybrarium construction from HUD section 108 loan	-	-	-	-	573,763	573,763
Transit and transportation	-	-	-	-	1,085,602	1,085,602
<i>Committed :</i>						
Required reserve	4,791,848	-	-	-	-	4,791,848
Public Art	-	-	1,752,057	-	-	1,752,057
Transportation	-	-	290,346	-	-	290,346
<i>Assigned :</i>						
Parks and recreation	-	-	-	-	91,482	91,482
Capital projects	-	-	-	-	6,033,116	6,033,116
Appropriation of subsequent year's budget	1,130,300	-	-	-	-	1,130,300
<i>Unassigned :</i>						
General fund	651,329	-	-	-	-	651,329
Total fund balances	<u>35,250,689</u>	<u>2,126,663</u>	<u>10,087,986</u>	<u>97,869</u>	<u>11,101,889</u>	<u>58,665,096</u>
Total liabilities and fund balances	<u>\$ 42,728,449</u>	<u>\$ 2,185,069</u>	<u>\$ 10,595,180</u>	<u>\$ 3,248,563</u>	<u>\$ 16,139,131</u>	<u>\$ 74,896,392</u>

See notes to basic financial statements.

CITY OF HOMESTEAD, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

Fund balance - total governmental funds (Page 28)		\$ 58,665,096
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets (excluding internal service funds) used in governmental activities are not financial resources and, therefore, are not reported in the funds.		221,030,840
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds (excluding internal service funds).		
Derivative instruments Interest rate swaps	3,592	
Accrued interest payable on long-term debt	(545,511)	
Bonds and loan payable	(62,527,747)	
Compensated absences	(2,538,298)	
Equipment financing	(2,962,824)	
Net pension liability	(23,998,246)	
Total OPEB liability	<u>(6,428,652)</u>	
Total long-term liabilities		(98,997,686)
Deferred outflows / inflows of resources related to pensions (excluding internal service funds):		
Deferred outflows for OPEB	48,792	
Deferred outflows for pensions	12,427,424	
Deferred inflows for OPEB	(2,871,546)	
Deferred inflows for pensions	<u>(3,970,901)</u>	
Total deferred outflows/inflows of resources		<u>5,633,769</u>
Net position of governmental activities (Page 26)		<u>\$ 186,332,019</u>

CITY OF HOMESTEAD, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue			Capital Project	Other Governmental Funds	Total Governmental Funds
	General	Homestead Community Redevelopment	Impact Fees	Multimodal		
		Agency		Transit Center		
Revenues:						
Property taxes	\$ 14,645,607	\$ -	\$ -	\$ -	\$ 1,449,097	\$ 16,094,704
Fuel taxes	1,304,847	-	-	-	-	1,304,847
Franchise fees	4,383,291	-	-	-	-	4,383,291
Utility taxes	1,558,004	-	-	-	-	1,558,004
Communication service taxes	1,343,577	-	-	-	-	1,343,577
Half cent sales taxes	5,845,264	-	-	-	-	5,845,264
Licenses and permits	2,670,656	-	-	-	-	2,670,656
Intergovernmental	4,198,600	2,740,982	2,187,030	-	8,132,703	17,259,315
Charges for services	1,195,603	-	-	-	-	1,195,603
Fines and forfeitures	566,330	-	-	-	458,052	1,024,382
Interest income	585,751	38,509	373,876	36,217	67,473	1,101,826
Payments in lieu of taxes	1,849,088	-	-	-	-	1,849,088
Rentals and other revenues	8,886,238	75,791	-	-	2,076,549	11,038,578
Total revenues	<u>49,032,856</u>	<u>2,855,282</u>	<u>2,560,906</u>	<u>36,217</u>	<u>12,183,874</u>	<u>66,669,135</u>
Expenditures:						
Current:						
General government	12,387,685	1,811,398	-	-	473,910	14,672,993
Public safety	27,133,407	256,513	172,049	-	1,374,331	28,936,300
Public works and services	1,252,733	260,296	-	109,597	1,033,049	2,655,675
Parks and recreation	4,324,929	-	104,817	-	737,349	5,167,095
Diaster relief	-	-	-	-	1,494,954	1,494,954
Capital outlay	2,052,499	25,000	3,787,604	-	5,709,613	11,574,716
Debt service:						
Principal	13,238,619	-	-	-	2,208,203	15,446,822
Interest and fiscal charges	481,408	-	-	-	2,179,844	2,661,252
Total expenditures	<u>60,871,280</u>	<u>2,353,207</u>	<u>4,064,470</u>	<u>109,597</u>	<u>15,211,253</u>	<u>82,609,807</u>
Excess (deficiency) of revenues over expenditures	<u>(11,838,424)</u>	<u>502,075</u>	<u>(1,503,564)</u>	<u>(73,380)</u>	<u>(3,027,379)</u>	<u>(15,940,672)</u>
Other financing sources (uses):						
Issuance of debt (HUD section 108 loan)	-	-	-	-	194,000	194,000
Issuance of debt (equipment financing)	647,275	-	-	-	-	647,275
Transfers in	27,241,409	-	-	2,567,800	9,652,842	39,462,051
Transfers out	(8,118,976)	-	-	(26,351,409)	(4,853,477)	(39,323,862)
Total other financing sources (uses)	<u>19,769,708</u>	<u>-</u>	<u>-</u>	<u>(23,783,609)</u>	<u>4,993,365</u>	<u>979,464</u>
Net change in fund balances	7,931,284	502,075	(1,503,564)	(23,856,989)	1,965,986	(14,961,208)
Fund balances, beginning	<u>27,319,405</u>	<u>1,624,588</u>	<u>11,591,550</u>	<u>23,954,858</u>	<u>9,135,903</u>	<u>73,626,304</u>
Fund balances, ending	<u>\$ 35,250,689</u>	<u>\$ 2,126,663</u>	<u>\$ 10,087,986</u>	<u>\$ 97,869</u>	<u>\$ 11,101,889</u>	<u>\$ 58,665,096</u>

See notes to basic financial statements.

CITY OF HOMESTEAD, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2019

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

Net change in fund balances - total governmental funds (Page 30)	\$	(14,961,208)
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
The details of the difference are as follows:		
Capital outlay	11,218,365	
Depreciation expense (excluding depreciation on internal service funds)	<u>(11,335,193)</u>	
Net adjustment		(116,828)
The effect of various miscellaneous transactions increased (decreased) net position:		
Removal of capital assets	(436,401)	
Donation of capital assets	<u>1,106,252</u>	
Net effect		669,851
Transfer of capital assets to business-type activities from governmental activities decreased net position of governmental activities in the statement of activities, but are not reported in the governmental funds because they are not financial resources.		(2,428,044)
The net effect of pension deferred outflows/ inflows and retirement contribution expenses		1,636,248
The net effect of OPEB deferred outflows/ inflows		(2,351,468)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
The details of the differences are as follows:		
HUD section 108 loan	(194,000)	
Equipment financing obligation	(647,275)	
Principal payments:		
General obligation bonds	485,000	
Taxable transportation system revenue bonds, series 2017	645,000	
Special refinancing bonds	600,000	
HERO Increment revenue bonds	284,203	
HUD section 108 loan	194,000	
New Market Tax Credit (NMTC) bridge loan	12,829,100	
\$10M New City Hall loan	409,519	
Equipment financing	875,756	
Amortization of bond premium	<u>58,120</u>	
Total Adjustment		15,539,423
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
The details of the difference are as follows:		
Compensated absences	(62,893)	
Change in net pension assets	(187,005)	
Changes in net pension liability	(2,411,658)	
Change in total OPEB liability	1,939,809	
Effect of accrued interest on long-term debt (difference between amount that would have been accrued in prior year and current year accrual)	<u>36,834</u>	
Total Adjustment		(684,913)
The internal service funds are used by management to charge the costs of fleet management and other self-insurance funds to other funds. The net revenue of certain internal service funds is reported with governmental activities.		<u>(21,584)</u>
Change in net position of governmental activities (Page 27)	\$	<u><u>(2,718,523)</u></u>

See notes to basic financial statements.

CITY OF HOMESTEAD, FLORIDA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2019

	Business-type Activities						
	Enterprise Funds						
	Water and Sewer	Electric Utility	Solid Waste	Other Enterprise Funds	Homestead Station QALICB (1)	Total Enterprise Funds	Internal Service Funds
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 58,597	\$ 44,138	\$ 48,196	\$ 41,387	\$ 1,644,031	\$ 1,836,349	\$ 37,461
Investments	33,153	-	251,476	2,108,080	-	2,392,709	-
Interest receivable	129	8,444	980	8,797	-	18,350	-
Account receivables, net	3,181,658	13,136,929	2,007,261	601,744	-	18,927,592	5,246
Due from other funds	-	-	1,350,000	2,050,000	-	3,400,000	5,740,000
Prepaid costs	1,535	160,724	-	-	3,368	165,627	-
Inventories	-	3,555,250	-	-	-	3,555,250	202,694
Deferred power cost adjustment	-	1,926,119	-	-	-	1,926,119	-
Restricted Assets:							
Cash and cash equivalents	1,392,435	3,659,125	20,725	-	711,005	5,783,290	-
Investments	-	3,667,300	-	-	-	3,667,300	-
Total current assets	4,667,507	26,158,029	3,678,638	4,810,008	2,358,404	41,672,586	5,985,401
Noncurrent assets:							
Capital assets not being depreciated	1,051,472	6,236,140	-	-	28,063,297	35,350,909	-
Capital assets being depreciated, net	12,618,945	17,427,368	1,509,663	352,786	-	31,908,762	237,110
Total noncurrent assets	13,670,417	23,663,508	1,509,663	352,786	28,063,297	67,259,671	237,110
Total assets	18,337,924	49,821,537	5,188,301	5,162,794	30,421,701	108,932,257	6,222,511
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows for pension	488,287	1,285,049	654,926	77,039	-	2,505,301	305,929
Deferred outflows for OPEB	7,069	10,098	6,866	2,221	-	26,254	7,148
Total deferred outflows of resources	495,356	1,295,147	661,792	79,260	-	2,531,555	313,077
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	2,774,662	7,119,808	343,730	62,420	5,625,267	15,925,887	521,054
Due to other funds	4,100,000	9,540,000	-	-	-	13,640,000	-
Compensated absences	79,689	233,100	100,312	11,573	-	424,674	55,301
Unearned revenue	-	-	333,999	-	-	333,999	-
Current portion of equipment financing	135,104	153,879	72,987	-	-	361,970	-
Current portion of other long-term liabilities	490,000	-	-	-	-	490,000	-
Claims and judgements	-	-	-	-	-	-	732,192
Liabilities payable from restricted assets:							
Customer deposits	1,061,417	4,164,023	20,725	-	-	5,246,165	-
Accrued interest payable	-	15,177	-	-	7,880	23,057	-
Current portion of notes payable	-	-	-	-	454,851	454,851	-
Current portion of bonds payable	-	419,602	-	-	-	419,602	-
Total current liabilities	8,640,872	21,645,589	871,753	73,993	6,087,998	37,320,205	1,308,547
Non-current liabilities:							
Compensated absences	185,941	543,896	234,062	27,004	-	990,903	129,043
Equipment financing	573,519	574,168	401,561	-	-	1,549,248	-
Notes payable	-	-	-	-	24,183,540	24,183,540	-
Bonds payable	-	2,400,000	-	-	-	2,400,000	-
Net pension liability	1,122,706	2,954,665	1,505,849	177,134	-	5,760,354	703,415
Total OPEB liability	931,303	1,330,434	904,694	292,695	-	3,459,126	941,947
Claims and judgements	-	-	-	-	-	-	2,846,929
Total non-current liabilities	2,813,469	7,803,163	3,046,166	496,833	24,183,540	38,343,171	4,621,334
Total liabilities	11,454,341	29,448,752	3,917,919	570,826	30,271,538	75,663,376	5,929,881
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows for pensions	295,206	776,906	395,952	46,576	-	1,514,640	184,960
Deferred inflows for OPEB	415,993	594,277	404,110	130,742	-	1,545,122	420,747
Total deferred inflows of resources	711,199	1,371,183	800,062	177,318	-	3,059,762	605,707
NET POSITION							
Net investment in capital assets	13,292,812	20,661,084	1,035,115	352,786	3,424,906	38,766,703	237,110
Restricted :							
Debt service	-	476,460	-	-	-	476,460	-
Unrestricted	(6,625,072)	(840,795)	96,997	4,141,124	(3,274,743)	(6,502,489)	(237,110)
Total Net Position	\$ 6,667,740	\$ 20,296,749	\$ 1,132,112	\$ 4,493,910	\$ 150,163	\$ 32,740,674	\$ -
Net position of business-type activities						\$ 32,740,674	

(1) Homestead Station QALICB fiscal year end is June 30, 2019.

CITY OF HOMESTEAD, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities Enterprise Funds						Internal Service Funds
	Water and Sewer	Electric Utility	Solid Waste	Other Enterprise Funds	Homestead Station QALICB (1)	Total Enterprise Funds	
Operating revenues:							
Charges for services	\$ 16,815,050	\$ 63,778,872	\$ 12,679,156	\$ 1,653,240	\$ -	\$ 94,926,318	\$ 16,554,954
Other revenues	1,031,207	1,347,781	70,159	-	-	2,449,147	63,669
Total operating revenues	<u>17,846,257</u>	<u>65,126,653</u>	<u>12,749,315</u>	<u>1,653,240</u>	<u>-</u>	<u>97,375,465</u>	<u>16,618,623</u>
Operating expenses:							
Personnel services	3,320,657	6,441,038	3,622,626	815,014	-	14,199,335	2,536,226
Administration	-	-	-	-	-	-	1,355,145
Purchased power	-	42,384,078	-	-	-	42,384,078	-
Insurance and claims	-	-	-	-	-	-	7,914,655
Other operating expenses	13,483,145	13,671,044	8,374,541	677,068	50,000	36,255,798	4,792,402
Depreciation	1,798,199	2,905,009	430,642	98,168	-	5,232,018	70,698
Total expenses	<u>18,602,001</u>	<u>65,401,169</u>	<u>12,427,809</u>	<u>1,590,250</u>	<u>50,000</u>	<u>98,071,229</u>	<u>16,669,126</u>
Operating income (loss)	<u>(755,744)</u>	<u>(274,516)</u>	<u>321,506</u>	<u>62,990</u>	<u>(50,000)</u>	<u>(695,764)</u>	<u>(50,503)</u>
Non-operating revenues (expenses):							
Debt issuance costs	-	(44,000)	-	-	-	(44,000)	-
Interest income	2,205	14,967	11,174	79,667	-	108,013	-
Interest expense	(28,218)	(66,362)	(16,564)	-	-	(111,144)	(48)
Total non-operating revenues (expenses)	<u>(26,013)</u>	<u>(95,395)</u>	<u>(5,390)</u>	<u>79,667</u>	<u>-</u>	<u>(47,131)</u>	<u>(48)</u>
Income (loss) before contributions and transfers	<u>(781,757)</u>	<u>(369,911)</u>	<u>316,116</u>	<u>142,657</u>	<u>(50,000)</u>	<u>(742,895)</u>	<u>(50,551)</u>
Contribution of capital assets	2,428,044	-	-	-	-	2,428,044	-
Transfers out	(21,082)	(44,197)	(32,206)	(14,541)	-	(112,026)	(26,163)
Total contribution and transfers	<u>2,406,962</u>	<u>(44,197)</u>	<u>(32,206)</u>	<u>(14,541)</u>	<u>-</u>	<u>2,316,018</u>	<u>(26,163)</u>
Change in net position	1,625,205	(414,108)	283,910	128,116	(50,000)	1,573,123	(76,714)
Net position, beginning	<u>5,042,535</u>	<u>20,710,857</u>	<u>848,202</u>	<u>4,365,794</u>	<u>200,163</u>		<u>76,714</u>
Net position, ending	<u>\$ 6,667,740</u>	<u>\$ 20,296,749</u>	<u>\$ 1,132,112</u>	<u>\$ 4,493,910</u>	<u>\$ 150,163</u>		<u>\$ -</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(55,130)	
Change in net position of business-type activities						<u>\$ 1,517,993</u>	

(1) Homestead Station QALICB fiscal year end is June 30, 2019.

CITY OF HOMESTEAD, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities Enterprise Funds						Internal Service Funds
	Water and Sewer	Electric Utility	Solid Waste	Other Enterprise Funds	Homestead Station QALICB (1)	Total Enterprise Funds	
Cash flows from operating activities:							
Cash received from customers	\$ 17,664,911	\$ 64,830,729	\$ 13,141,994	\$ 1,674,252	\$ -	\$ 97,311,886	\$ -
Cash payments to suppliers	(12,644,190)	(54,446,588)	(8,421,297)	(644,456)	(50,000)	(76,206,531)	(14,148,568)
Cash received from/(to) other funds	236,864	1,838,559	(1,359,511)	(450,000)	-	265,912	16,828,623
Cash payments to employees	(3,342,763)	(6,189,799)	(3,672,072)	(793,684)	-	(13,998,318)	(2,569,502)
Net cash provided by (used in) operating activities	<u>1,914,822</u>	<u>6,032,901</u>	<u>(310,886)</u>	<u>(213,888)</u>	<u>(50,000)</u>	<u>7,372,949</u>	<u>110,553</u>
Cash flows from noncapital financing activities:							
Transfers to other funds	(21,082)	(44,197)	(32,206)	(14,541)	-	(112,026)	(26,163)
Net cash used in noncapital financing activities	<u>(21,082)</u>	<u>(44,197)</u>	<u>(32,206)</u>	<u>(14,541)</u>	<u>-</u>	<u>(112,026)</u>	<u>(26,163)</u>
Cash flows from capital and related financing activities:							
Acquisition and construction of capital assets	(1,700,111)	(5,230,144)	(591,924)	(4,749)	(18,622,949)	(26,149,877)	(82,418)
Cash paid for debt issuance costs	-	(44,000)	-	-	-	(44,000)	-
Proceeds from bonds payable	-	2,400,000	-	-	-	-	-
Proceeds from notes payable	-	-	-	-	9,023,391	9,023,391	-
Principal paid on long term debt	(622,189)	(761,437)	(71,433)	(364)	-	(1,455,423)	(7,560)
Interest paid on long term debt	(28,218)	(66,362)	(16,564)	-	-	(111,144)	(48)
Net cash used in capital and related financing activities	<u>(2,350,518)</u>	<u>(3,701,943)</u>	<u>(679,921)</u>	<u>(5,113)</u>	<u>(9,599,558)</u>	<u>(18,737,053)</u>	<u>(90,026)</u>
Cash flows from investing activities:							
Purchases of investments	(3,602)	(3,654,952)	(9,778)	(287,804)	-	(3,956,136)	-
Proceeds from sales and maturities of investments	366	8,128	1,528	363,729	-	373,751	-
Interest received	2,205	14,967	11,174	79,667	-	108,013	-
Net cash provided by (used in) investing activities	<u>(1,031)</u>	<u>(3,631,857)</u>	<u>2,924</u>	<u>155,592</u>	<u>-</u>	<u>(3,474,372)</u>	<u>-</u>
Net decrease in cash and cash equivalents	<u>(457,809)</u>	<u>(1,345,096)</u>	<u>(1,020,089)</u>	<u>(77,950)</u>	<u>(9,649,558)</u>	<u>(12,550,502)</u>	<u>(5,636)</u>
Cash and cash equivalents, beginning	<u>1,908,841</u>	<u>5,048,359</u>	<u>1,089,010</u>	<u>119,337</u>	<u>12,004,594</u>	<u>20,170,141</u>	<u>43,097</u>
Cash and cash equivalents, ending	<u>\$ 1,451,032</u>	<u>\$ 3,703,263</u>	<u>\$ 68,921</u>	<u>\$ 41,387</u>	<u>\$ 2,355,036</u>	<u>\$ 7,619,639</u>	<u>\$ 37,461</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ (755,744)	\$ (274,516)	\$ 321,506	\$ 62,990	\$ (50,000)	\$ (695,764)	\$ (50,503)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	1,798,199	2,905,009	430,642	98,168	-	5,232,018	70,698
Change in power cost adjustment	-	(1,042,828)	-	-	-	(1,042,828)	-
Net changes in assets, liabilities and deferred inflows/outflows:							
(Increase) decrease in:							
Interest receivable	1,097	(5,395)	(76)	(681)	-	(5,055)	-
Accounts receivables	(184,776)	602,106	85,166	21,693	-	524,189	9,330
Due from other funds	-	-	-	(450,000)	-	(450,000)	210,000
Prepaid costs	(1,535)	(2,087)	-	-	-	(3,622)	-
Inventories	-	(136,576)	-	-	-	(136,576)	(51,252)
Deferred outflows for pensions	120,594	192,038	177,385	17,725	-	507,742	165,846
Deferred outflows for OPEB	(2,222)	(3,175)	(2,158)	(698)	-	(8,253)	(2,302)
Increase (decrease) in:							
Accounts payable and accrued liabilities	277,354	470,756	(56,267)	32,612	-	724,455	(15,218)
Due to other funds	800,000	3,115,000	(1,350,000)	-	-	2,565,000	-
Compensated absences	(52,361)	25,097	(44,603)	5,677	-	(66,190)	53,103
Unearned revenue	-	-	310,689	-	-	310,689	-
Customer deposits	2,333	150,193	(3,100)	-	-	149,426	-
Net pension liability	(28,413)	175,187	(67,673)	(2,022)	-	77,079	(188,498)
Total OPEB liability	(284,033)	(405,763)	(275,920)	(89,268)	-	(1,054,984)	(273,390)
Claims and judgements	-	-	-	-	-	-	(29,226)
Deferred inflows for pensions	(118,374)	(221,721)	(169,390)	(17,792)	-	(527,277)	(135,491)
Deferred inflows for OPEB	342,703	489,576	332,913	107,708	-	1,272,900	347,456
Total adjustments	<u>2,670,566</u>	<u>6,307,417</u>	<u>(632,392)</u>	<u>(276,878)</u>	<u>-</u>	<u>8,068,713</u>	<u>161,056</u>
Net cash provided by (used in) operating activities	<u>\$ 1,914,822</u>	<u>\$ 6,032,901</u>	<u>\$ (310,886)</u>	<u>\$ (213,888)</u>	<u>\$ (50,000)</u>	<u>\$ 7,372,949</u>	<u>\$ 110,553</u>
Non-cash investing, capital and financing activities:							
Borrowing under equipment financing	\$ -	\$ 545,225	\$ -	\$ -	\$ -	\$ 545,225	\$ -
Contribution of capital assets from governmental fund	\$ 2,428,044	\$ -	\$ -	\$ -	\$ -	\$ 2,428,044	\$ -
Change in fair value of investments	\$ 896	\$ (4,026)	\$ 2,550	\$ 22,900	\$ -	\$ 22,320	\$ -

(1) Homestead Station QALICB fiscal year end is June 30, 2019.

CITY OF HOMESTEAD, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2019

	<u>Pension Trust Funds</u>
ASSETS	
Cash and cash equivalent	\$ 11,548,921
Receivables:	
Other receivables	395,540
Contributions	624,208
Accrued investment income	555,759
Total receivables	<u>1,575,507</u>
Other Asset	<u>310,829</u>
Investments:	
U.S. Government Securities	18,766,899
Corporate bonds	42,952,751
Mortgage backed securities	4,955,380
Hedge funds	495,696
Mutual funds - fixed income	2,511,497
Mutual funds - equity	11,471,920
Common stocks	103,146,449
Other	1,967,900
Total investments	<u>186,268,492</u>
Total Assets	<u>199,703,749</u>
LIABILITIES	
DROP Payable	641,200
Accounts payable	293,337
Total Liabilities	<u>934,537</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS	<u>\$ 198,769,212</u>

See notes to basic financial statements.

CITY OF HOMESTEAD, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
City	\$ 7,198,401
Employees	1,052,202
State	786,038
Total contributions	9,036,641
Investment income:	
Investment earnings	6,117,820
Net appreciation in fair value of investments	3,561,349
Less investment expenses	(1,032,648)
Net investment income	8,646,521
Other revenues	18,513
Total additions	17,701,675
DEDUCTIONS	
Pension benefits	15,306,636
Refunds	22,222
Administrative expenses	510,687
Total deductions	15,839,545
Change in net position	1,862,130
NET POSITION RESTRICTED FOR PENSION BENEFITS	
Beginning of year	196,907,082
End of year	\$ 198,769,212

See notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

INDEX

	<u>PAGE</u>
Note 1. Summary of Significant Accounting Policies	37-50
Note 2. Deposits and Investments	50-56
Note 3. Restricted Cash, Cash Equivalents and Investments	57
Note 4. Receivables	58
Note 5. Encumbrances	59
Note 6. Interfund Transactions	60-61
Note 7. Capital Assets	62-63
Note 8. Long-Term Liabilities	64-79
Note 9. Other Liabilities	79
Note 10. Self-Insurance Programs	80-81
Note 11. Municipal Employees Retirement Plans	81-125
Note 12. Other Post-Employment Benefits	126-129
Note 13. Commitments and Contingencies	130-131
Note 14. Homestead Community Redevelopment Agency	132-133
Note 15. Subsequent Event	133



(This page intentionally left blank)

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Homestead, Florida (the City) located in Miami-Dade County is a municipal entity established under the Home Rule Charter in 1913 and provides a full range of services to its citizens. The City operates under a council-manager form of government in which the Council acts as the policy making arm of the City and the City Manager acts as the chief executive. The powers of the City Council include the ability to enact legislation, adopt budgets, determine policies and appoint the City Manager, City Attorney, Council Auditor (Internal Auditor) and City Clerk.

The basic financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The more significant of the City's accounting policies are described below.

A. FINANCIAL REPORTING ENTITY

The financial statements were prepared in accordance with Governmental Accounting Standards Board, which establishes standards for defining and reporting on the financial reporting entity. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The accompanying financial statements present the City and its component units which are entities for which the City is considered to be financially accountable. The City (the primary government) is considered financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City.

Blended component units, although legally separate entities, are, in substance, part of the government's operations. Other than the operations of the primary government, the accompanying statements include:

- 1) *Homestead Community Redevelopment Agency (CRA)* as a blended component unit. The CRA was created under Chapter 163 Florida Statutes, The Community Redevelopment Act. This entity is included as a blended component unit in the financial statements of the City because (1) the CRA's governing body is the same as the governing body of the City and (2) management of the City has operational responsibility for the CRA.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. FINANCIAL REPORTING ENTITY (Continued)

- 2) Homestead Station QALICB, Inc., as a blended component unit. Homestead Station QALICB, a Florida nonprofit corporation, was incorporated on March 1, 2018, and was classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The purpose of the Homestead Station QALICB is to carry out the charitable public purposes of the City of Homestead (the “City”), including more specifically, to support the establishment of a mixed-use facility as a vital piece of economic development in the City. Homestead Station QALICB’S fiscal year end is June 30.

Homestead Station QALICB is considered to be a special-purpose governmental entity engaged only in business-type activities for the purpose of applying accounting and financial reporting standards; that is, the Governmental Accounting Standards Board (“GASB”) has jurisdiction over the organization’s accounting standards.

This organization is included as a blended component unit in the financial statements of the City because 1) the majority of its officials are appointed by the City and 2) the organization is fiscally dependent on the City and there is a potential for the organization either to provide specific financial benefits, or impose specific financial burdens on the City.

For FY 2019, the City’s financial statements include Homestead Station QALICB’s financial statements for the period from July 1, 2018 to June 30, 2019.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The basic financial statements consist of the government-wide financial statements and fund financial statements. Both sets of statements distinguish between the governmental and business-type activities of the City.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. The statement of net position reports all financial and capital resources of the City’s governmental and business-type activities. Governmental activities are those supported by taxes and intergovernmental revenues. Business-type activities rely to a significant extent on fees and charges for services provided.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

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

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)

Property taxes, franchise fees, business taxes, and interest income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period since they are measurable and available. Revenues and receivables for expenditure driven grants are recognized when the qualifying expenditures are incurred. All other revenue items (licenses and permits, charges for services and miscellaneous revenues) are recorded as revenue when cash is received by the City because they are generally not measurable until actually received.

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

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for using a separate set of self-balancing accounts, which comprise its assets and deferred outflows of resources, liabilities and deferred inflows of resources, fund equities, revenues and expenditures or expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Accounting principles generally accepted in the United States of America set forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined), for the determination of major funds. The non-major funds are presented in one column in the basic financial statements.

The City reports the following major governmental funds:

General Fund

The General Fund is the City's primary operating fund. It accounts for all of the financial resources of the general government, except for those required to be accounted for in another fund. Revenue is derived primarily from property taxes, utility taxes, state and federal distributions and other intergovernmental revenue. The general operating expenditures, fixed charges and capital outlay costs that are not paid through other funds are paid from the General Fund.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)

Homestead Community Redevelopment Agency (CRA), formerly known as the Homestead Economic and Rebuilding Organization (HERO)

This special revenue fund is used to account for monies received from Tax Increment Financing (TIF) from the City of Homestead and Miami-Dade County for use in the area designated as the CRA.

Impact Fees Fund

This fund was established to account for the receipt and expenditure of impact fees assessed on residential and non-residential new developments.

Multimodal Transit Center Fund

This capital project fund is used to account for the costs associated with the construction of a parking garage/retail facility (Multimodal Transit Center) .

The City reports the following major proprietary funds:

Water & Sewer Fund

This fund accounts for the operating activities related to the water and sewer utility.

Electric Utility Fund

This fund accounts for the operating activities related to the electric utility.

Solid Waste Fund

This fund accounts for the operating activities related to solid waste operations.

Homestead Station QALICB

This fund accounts for the operating activities related to Homestead Station QALICB operations.

Additionally, the City reports the following fund types:

Internal Service Funds

The internal service funds account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost reimbursement basis. The City maintains three internal service funds classified as governmental activities; Fleet, Health Insurance and Other Self-Insurance which includes Property, Liability and Worker's Compensation insurance funds. The City maintains one internal service fund, Customer Service, which is classified as a business-type activity.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)

Fiduciary Funds

The fiduciary funds are accounted for in the same manner as the proprietary funds, using the same measurement focus and basis of accounting. The fiduciary funds account for the assets and operations of the City's five pension plans. Plan member contributions are recognized in the period in which the contributions are paid. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

D. GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS

The basic financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applies to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following GASB Pronouncements have been implemented during the current fiscal year:

- GASB Statement No. 83, *Certain Asset Retirement Obligations* (ARO) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred for ARO for which there is a legally enforceable liability associated with the retirement of a capital asset. This statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. As of September 30, 2019, the City has no ownership in capital assets that fit the description of capital assets for which there were legally enforceable liabilities associated with the retirement of those assets, therefore this pronouncement had no impact as a result of implementing this standard.
- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* requires that additional essential information related to debt to be disclosed in notes to financial statements, including unused lines of credit, assets pledged as collateral for the debt; and terms specified in the debt agreement related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The implementation of this pronouncement impacted note disclosures but did not result in a financial impact to the City.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION OR FUND BALANCE

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, and all highly liquid investments with maturities of three months or less when purchased. Resources of all funds, except for the Multimodal Transit Center, New Police Building, Cybrarium, Homestead Station QALICB, proceeds from HUD Section 108 loan for the Cybrarium project and proceeds from Electric Utility bond series 2019, have been combined into a pooled cash and investment system for the purpose of maximizing earnings. Pooled cash and cash equivalents are classified as "Cash and Cash Equivalents" in the Statement of Net Position. Interest earned on pooled cash and investments is allocated monthly based upon the month end equity of the respective funds.

2. Investments

State statutes authorize the City to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, commercial paper, corporate bonds, repurchase agreements, State Treasurer's Investment Pool and the Florida Municipal Investment Trust. City investments are recorded in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, which establishes a hierarchy based on the valuation inputs used to measure the fair value of the asset.

The City's government securities and corporate bonds have fair value measurements using level 1 and 2 valuation inputs using pricing models maximizing the use of observable inputs for similar securities. There are no assets valued using non-recurring fair value measurements. Money market mutual funds are reported at amortized cost.

3. Receivables and Payables

All trade and other receivables are shown net of an allowance for estimated uncollectible amounts. Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to other funds" or "due from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". As of September 30, 2019, the internal balances between governmental activities and business-type activities is \$8,710,000.

Transactions to transfer revenue or contributions between funds are recorded as transfers in or transfers out.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION OR FUND BALANCE (Continued)

4. *Prepaid Costs (Continued)*

Prepaid costs are payments for expenditures/expenses that are applicable to future accounting periods and are reported as prepaid costs in both government-wide and fund financial statements. The cost of prepaid costs is recorded using the consumption method whereby expenditures/expenses are recorded when consumed rather than when purchased.

5. *Inventories*

The supplies and merchandise inventories as well as diesel fuel and gasoline are recorded at cost using the weighted average method. Perpetual inventory records are maintained and adjusted annually to physical inventory amounts as of September 30th of each year. Inventory is reported using the consumption method whereby inventories are recorded as expenditures/expenses when used.

6. *Deferred Power Cost Adjustment*

The City's Electric Utility Fund capitalized its power cost adjustment in accordance with accounting standards which in part state that a rate-regulated utility should capitalize a cost if it is probable that, through the ratemaking process, there will be a corresponding increase or decrease in future revenues.

7. *Restricted Assets*

Certain of the City's assets are required to be segregated as to use and are therefore identified as restricted assets. Restricted assets include resources subject to externally imposed restrictions such as creditors, grantors, laws and regulations. Restricted assets are also set aside to make debt service payments and for customer deposits. All applicable assets in the governmental funds and in the enterprise funds have been restricted in amounts sufficient to meet restrictive purposes.

8. *Capital Assets*

Assets, whether tangible or intangible, with an initial, individual cost of \$1,000 or more and an estimated useful life of more than one year are classified as capital assets. Property, plant and equipment, and certain infrastructure assets (e.g., roads, bridges, sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are recorded at actual cost or estimated cost where no historical records exist. Donated capital assets are valued at their acquisition value on the date received.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION OR FUND BALANCE (Continued)

8. *Capital Assets* (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed as incurred.

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

	Estimated Useful Lives (Years)
Buildings and building improvements	10-50
Utility plant and systems	20-50
Furniture, fixtures and equipment and other improvements	3-10
Infrastructure	40-50

9. *Deferred Outflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. Currently, the government has three items that qualify for reporting in this category: the fair value of the interest rate swap agreements for derivative instruments, which is reported only in the government-wide statement of net position, OPEB outflows which is a GASB-75 term for actuarial losses, and pensions outflows which is pension contributions made subsequent to the measurement date, which will be recognized in the following year.

10. *Deferred Inflows of Resources*

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the City has two items that qualify for reporting in this category: OPEB inflows which is a GASB-75 term for actuarial gains, and pension inflows which is the difference between the expected and actual pension expenses which is amortized over the investment terms of the pension assets. These amounts are deferred and will be recognized as revenue in the period that the amounts meet the recognition criteria.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION OR FUND BALANCE (Continued)

11. Unearned Revenues

Inflows that do not meet the criteria for revenue recognition, such as business tax receipts, miscellaneous receivables, grants, hurricane fees and lease payments received in advance are classified as liabilities and recorded as unearned revenue in the government-wide and the fund financial statements.

12. Compensated Absences

Employees earn vacation and sick leave in varying amounts based on length of service. Upon separation from service, employees are paid the value of their accumulated vacation and unused sick leave within certain limits. All vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. In the governmental funds, a liability is recorded only for leave that has matured. The fund in which the employee's payroll expense is recorded, is used to liquidate such amounts, or primarily the General Fund when related to governmental activities.

13. Long-Term Obligations

In the government-wide financial statements and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable bond premium or discount. In the governmental fund financial statements, bond proceeds, premiums, and discounts are recognized during the period in which the bonds are issued. Issue costs are reported as debt service expenditures/expenses in the year incurred.

14. Net Position/Fund Balances

Net Position. Net position is the result of assets and deferred outflows of resources less liabilities and deferred inflows of resources. The net position of the government-wide and proprietary funds are categorized as *net investment in capital assets* (capital assets reduced by the accumulated depreciation and any outstanding debt or deferred outflows/inflows incurred to acquire, construct or improve those assets excluding unexpended debt proceeds), *restricted* or *unrestricted*. The first category represents net investments related to property, plant, equipment and infrastructure. The *restricted* category represents the balance of assets restricted by requirements of revenue bonds and other externally imposed constraints or by enabling legislation in excess of the related liabilities payable from restricted assets. *Unrestricted* net position consists of all net position that does not meet the definition of either of the other two components.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION OR FUND BALANCE (Continued)

14. *Net Position/Fund Balances (Continued)*

Fund Balance. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The City reports the following fund balance classifications:

Nonspendable fund balance. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form—such as inventories or prepaid costs or (b) legally or contractually required to be maintained intact—such as a trust that must be retained in perpetuity.

Restricted fund balance. This classification reflects the constraints on resources either (a) imposed externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision-making authority. The City Council is the highest level of decision-making authority that can, by adoption of a resolution or an ordinance (equally binding), commit fund balance. Once adopted, the limitation remains in place until the City Council removes or revises the limitation by taking the same type of action (the adoption of another resolution or ordinance). This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance. This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. The City’s policy is that the Council and City Manager have the authority to assign amounts to be used for specific purposes. The Council may also assign fund balance as it does when appropriating fund balance to cover the gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. The City Council authorizes assignments to the City Manager by the adoption of an ordinance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

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

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION OR FUND BALANCE (Continued)

15. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

16. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last, unless the City Council has provided otherwise in its commitment or assignment actions by either ordinance or resolution.

17. Fund Balance Policy

Commencing with the fiscal year beginning on October 1, 2004 and thereafter, the City Council adopted an ordinance which required the General Fund to maintain a minimum fund balance in an amount which is at least equal to ten percent (10%) of the general fund budgeted revenues for the fiscal year and report this amount as "required reserve" under committed fund balance. Monies from the committed fund balance may be utilized under circumstances in which unforeseen events prohibit other budgeted funds from being timely available to meet the expenditures of the City and it is determined by the affirmative vote of five (5) members of the City Council to be necessary to temporarily allocate and expend such monies. However, any committed fund balance monies which are so utilized shall be replenished pursuant to the budget for the next ensuing fiscal year so that the committed fund balance is maintained at the percentage level described above. Any action to establish, modify or rescind classifications would be taken through the adoption of either an ordinance or resolution by the City Council.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. OTHER SIGNIFICANT POLICIES

1. Utility Billings

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

2. Rebatable Arbitrage

The City has elected the option of treating rebatable arbitrage as a reduction of investment income. However, for the fiscal year ended September 30, 2019, there was no rebatable arbitrage required to be recorded.

3. Property Taxes

Property taxes (ad valorem taxes) are assessed on January 1 (the lien date) and are billed and payable November 1. They are due March 31 and become delinquent April 1. On June 1, delinquent taxes are offered for sale in the form of tax certificates. Assessed values are established by the Miami-Dade County Property Appraiser for all properties in the County at approximate fair market value. The County bills and collects all property taxes for the City. The assessed value of property at January 1, 2018, upon which the 2018-2019 levy was based was approximately \$2.86 billion.

Under Florida law, the assessment of all properties and the collection of all county, municipal, school district and special district property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The City is permitted by Article 7, Section 8 of the Florida Constitution to levy taxes up to 10 mills (\$10 per \$1,000 of assessed valuation) for general governmental services other than general obligation debt service. To the extent required by voter approved general obligation debt, unlimited amounts may be levied to pay debt service. The millage rate levied to finance general governmental services for the 2018-2019 fiscal year as 5.9215 mills (\$5.9215 per \$1,000 of assessed valuation) and 0.5300 mills for the debt service.

4. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities, deferred inflows/outflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. OTHER SIGNIFICANT POLICIES (Continued)

5. Procurement Authorization Limits

Prior to the execution of any purchase order where the total amount to be expended is greater than \$25,000 but not greater than \$35,000, City Council approval and a minimum of three vendors' quotations must be obtained. Where the sums to be paid for the purchase of such supplies, materials, equipment or improvements or services is in excess of \$35,000, no contract shall be entered into until public invitation to bid shall have been published one (1) time in a newspaper published in Miami-Dade County and of general circulation in the City. The notice shall be published as required by law. In all cases, such bids shall be awarded to the lowest and most responsible bidder, subject to the right of the City to reject any and all bids which shall be specifically reserved in such advertisements, and subject also to the right of the City to award bids and contracts to such bidders as the City Council may desire, notwithstanding that the award is to a bidder other than the low bidder. Notice may also be posted electronically.

6. Encumbrances

Budgets in governmental funds are encumbered upon issuance of purchase orders, contracts or other forms of legal commitments. While appropriations lapse at the end of the fiscal year, the succeeding year's budget amendment ordinance specifically provides for the reappropriation of year-end encumbrances.

NOTE 2. DEPOSITS AND INVESTMENTS

A. DEPOSITS

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

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

B. INVESTMENTS - CITY

The city has adopted an investment policy to establish guidelines for the efficient management of its cash reserves. The City is authorized to invest in those instruments authorized by the Florida Statutes, and the City's investment policy, including obligations of the U.S. Treasury, U.S. Government Agencies and instrumentalities, certificated of deposit, repurchase agreement, corporate notes and bonds, commercial papers and certain money market mutual funds.

At fiscal year end, the City had the following deposits and investments:

<u>Pooled Investments</u>	<u>Maturity</u>	<u>Fair Value or Amortized Cost</u>	<u>Rating (Moody's)</u>
Money Market Mutual Funds	Daily	\$ 7,819,906	
U.S. Government Agencies:			
Federal Home Loan Bks Fixed Rate J2-9020	2/25/2020	1,503,060	Aaa
Federal Home Loan Bks Fixed Rate 1B-2020	9/11/2020	995,450	Aaa
Federal Home Loan Bks Step Up JR-9020	10/27/2020	1,999,520	Aaa
Federal Home Loan MTG Corp Medium Term Notes	2020	3,499,980	Aaa
Federal Home Loan MTG Corp Medium Term Notes	2021	2,996,660	Aaa
Small Business Administration Guaranteed Loan Pool Certificates	10/22/2022	94,563	Aaa
Small Business Administration Guaranteed Loan Pool Certificates	2023	127,579	Aaa
Small Business Administration Guaranteed Loan Pool Certificates	2/25/2024	101,133	Aaa
Small Business Administration Guaranteed Loan Pool Certificates	2026	197,862	Aaa
Small Business Administration Guaranteed Loan Pool Certificates	2027	274,134	Aaa
Small Business Administration Guaranteed Development Participation Debt	11/1/2027	123,137	Aaa
Small Business Administration Guaranteed Development Participation Certificate	9/1/2028	198,626	Aaa
Small Business Administration Guaranteed Development Participation Debt	6/1/2031	331,605	Aaa
Small Business Administration Guaranteed Development Participation Certificate	7/1/2031	350,402	Aaa
Small Business Administration Guaranteed Development Participation Debt	4/1/2033	476,026	Aaa
Municipal Bonds:			
New York St Environmental Facs	7/15/2022	998,310	Aaa
Corporate Bonds:			
Toronto Dominion BK ONT 144A	4/2/2020	999,200	Aaa
Johnson & Johnson Fixed Rate Note	3/1/2021	997,970	Aaa
Bank of Montreal GTD Covered BD Reg S	1/11/2022	2,026,580	Aaa
Commercial Paper:			
Banco De Credito E Inversions Miami	7/8/2020	1,000,000	P1
Certificates of Deposit		<u>492,747</u>	
Total Investments		27,604,450	
Deposits		<u>6,166,954</u>	
Sub-total pooled cash & investments :		<u>\$ 33,771,404</u>	

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

B. INVESTMENTS - CITY (Continued)

Proceeds from a bond issuance on September 11, 2014 for the construction of the New Police Building, proceeds from a bonds issuance on September 14, 2017 for the construction of the Multimodal Transit Center, proceeds from a HUD Section 108 loan for the Cybrarium project, proceeds from Electric Utility bond issuance on 7/29/19 for the acquisition of land and the construction of an expansion to an Electric Utility Substation, escrow accounts for unspent proceeds from equipment financing, as well as Homestead Station QALICB's cash & cash equivalent and restricted cash are not part of the City's pooled cash & investments and their balances as of September 30, 2019 are as follow:

	<u>Maturity</u>	<u>Fair Value or Amortized Cost</u>
Money Market Mutual Funds	Daily	\$ 2,371,471
Certificates of Deposits		30,000
Commercial Paper:		1,488,528
Total Investments		3,889,999
Deposits		4,597,402
Sub-total non-pooled cash & investments :		8,487,401
Equipment financing escrow		1,130,085
Total Cash and Investments for the City		\$ 43,388,890

C. RISKS AND UNCERTAINTIES - CITY

The City invests in various investment securities. Investments are exposed to various risks, such as interest rate, custodial and credit risk. Due to the level of risk associated with investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term would materially affect balances and the amounts reported in the financial statements. The City, through its investment advisor, monitors the investments and the risks associated therewith on a regular basis, which the City believes minimizes these risks.

1. Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The City limits its exposure to fair value losses from rising interest rates by limiting the duration of the securities in which the City invests. The City's investment policy limits the duration of investments to be 10 years or less. There were no investments in the City's portfolio that exceed the maximum durations at September 30, 2019.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

C. RISKS AND UNCERTAINTIES - CITY (Continued)

2. Custodial Credit Risk

Custodian credit risk is the risk that in the event of a failure of counterparty, the City will not be able to recover the value of its investments or collateral securities that are held by the counterparty. The City does not have any investments in the possession of counterparties; all are held by the master custodian under the City's name.

3. Credit Risk

Credit risk exists when there is a possibility the issuer or other counter-party to an investment may be unable to fulfill its obligations. The City's investment policy requires all fixed income investment vehicles to be rated in one of the two highest rating categories by Moody's Investors Service, Inc., Standard and Poor's Corporation or Fitch Investor Services at the time of purchase. All City investments are rated within the policy guidelines.

4. Concentration of Credit Risk

In addition to describing the credit risk of investments in the portfolio, governmental entities need to disclose the concentration of any single investment type or holding per single issuer. The City's investment policy allows investment concentrations in various percentages for different types of investments. The investments held at year end are all within the allowable percentages.

The following summarizes the City's policy on the allowable and the actual concentration in each investment type on September 30, 2019:

<u>Investment Type</u>	<u>Policy Maximum</u>	<u>Actual Investment</u>
Money Market Mutual Funds	100%	23.5%
U.S. Government Agency Securities (Bonds & ABS)	75%	30.6%
Obligations Issued by any State of the U.S. (Municipal Bonds)	50%	2.3%
Collateralized Variable Bonds (Corporate Bonds)	20%	9.3%
Commercial Papers	20%	5.7%
Certificates of Deposit	100%	1.2%
Deposits (includes equipment financing escrow)	100%	27.4%
		<hr style="border-top: 1px solid black;"/> <u>100.0%</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

C. RISKS AND UNCERTAINTIES - CITY (Continued)

4. *Concentration of Credit Risk (Continued)*

GASB Statement 40 requires disclosure when 5% or more of the portfolio is invested in any one issuer. At September 30, 2019, the City held the following concentrations:

<u>Issuer</u>	<u>Percentage of Portfolio</u>
Federal Home Loan MTG Corp Medium Term Notes	15.0%

The concentrations listed are within the City's investment policy limits and the City does not view the concentrations in excess of 5% to be an additional risk.

D. FAIR VALUE MEASUREMENT- CITY

GASB Statement No. 72 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

- Level 1 inputs are quoted prices in active markets;
- Level 2 inputs are based on other significant observable inputs such as indices for fixed income bonds and quoted prices for similar assets in markets that are not active;
- Level 3 inputs are unobservable inputs.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

D. FAIR VALUE MEASUREMENT- CITY (Continued)

The following is a description of fair value techniques for the City's investments:

Short-term investments, which consist of money market mutual funds, are reported at amortized cost.

Debt securities consist primarily of negotiable obligations of the U.S. Government and U.S. Government-sponsored agencies, preferred securities, and bond funds. These securities can typically be valued using the close or last traded price on a specific date (quoted prices in active markets). When quoted prices are not available, fair value is determined based on valuation models that use inputs that include market observable inputs. These inputs included recent trades, yields, price quotes, cash flows, maturity, credit ratings, and other assumptions based upon the specifics of the investment's type.

The City has a central deposit custodian, Bank of New York Pershing. The custodian contracts SIX Financial Company to obtain pricing on most securities.

The following summarizes the fair value hierarchy of the fair value investments for the City as of September 30, 2019:

- U.S. Government bonds of \$10.99 million are valued using observable market prices in active markets (Level 2);
- Asset backed securities of \$2.28 million are valued using multi-dimensional, collateral specific spread/price/prepayment spread tables (Level 2);
- Municipal bonds of \$998K are valued using matrix pricing model (Level 2);
- Corporate bonds of \$4.02 million are valued using quote market prices of similar assets (Level 2).

As of September 30, 2019, the City did not have any Level 1 or Level 3 investments.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

D. FAIR VALUE MEASUREMENT- CITY (Continued)

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
<u>Investments by Fair value level</u>	<u>9/30/2019</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
<u>Debt Securities:</u>				
U.S. Government Bonds	\$ 10,994,670	\$ -	\$ 10,994,670	\$ -
Asset Backed Securities	2,275,067	-	2,275,067	-
Municipal bonds	998,310	-	998,310	-
Corporate bonds	4,023,750	-	4,023,750	-
Total investments measured at fair value level	18,291,797	<u>\$ -</u>	<u>\$ 18,291,797</u>	<u>\$ -</u>
Money markets (exempt)	10,191,377			
Commercial paper (exempt)	2,488,528			
Certificates of deposit (exempt)	522,747			
Total investments	<u>\$ 31,494,449</u>			

Reciliation of Cash and Investments for the City:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Total demand deposits	\$ 2,850,468	\$ 7,913,888	\$ 10,764,356
Total equipment financing escrow	-	1,130,085	1,130,085
Total cash and cash equivalents	<u>2,850,468</u>	<u>9,043,973</u>	<u>11,894,441</u>
Total investments measured at fair value level	16,516,474	1,775,323	18,291,797
Total money market mutual funds	7,819,906	2,371,471	10,191,377
Total commercial paper	1,000,000	1,488,528	2,488,528
Total certificates of deposits	392,747	130,000	522,747
Total investments	<u>25,729,127</u>	<u>5,765,322</u>	<u>31,494,449</u>
Total cash and investments for the City @ 09/30/19	<u>\$ 28,579,595</u>	<u>\$ 14,809,295</u>	<u>\$ 43,388,890</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 3. RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS

Restricted and limited use assets of the City represent monies required or designated for debt service, customer deposits and restricted under the terms of bond covenants, City ordinances or grants.

The City had the following restricted assets at September 30, 2019:

Governmental activities:

Forfeiture	\$	297,678
HERO debt service		292,703
Fiber optic ring security		100,000
NRPA Grant proceeds		30,000
Equipment financing escrow		253,842
General obligation bonds debt service		108,942
General obligation bonds proceeds		2,736
Taxable transportation system revenue bonds debt service		450,478
Taxable transportation system revenue bonds proceeds		3,248,563
HUD Section 108 loan proceeds		573,763
Subtotal governmental activities		<u>5,358,705</u>

Business-type activities:

Customer deposits		5,246,165
Electric utility bonds debt service		476,460
QALICB debt service reserve		711,005
Equipment financing escrow		876,243
Electric Bonds Series 2019 proceeds		2,140,717
Subtotal business-type activities		<u>9,450,590</u>
Total restricted cash, cash equivalents and investments	\$	<u>14,809,295</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 4. RECEIVABLES

Receivables as of September 30, 2019 for the City's major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

<u>Governmental activities receivables:</u>	<u>General</u>	Homestead <u>CRA</u>	Impact <u>Fees</u>	Other <u>Governmental</u>	Internal <u>Service</u>	<u>Total</u>
Utility Billed	\$ 302,063	\$ -	\$ -	\$ -	\$ -	\$ 302,063
Utility Unbilled	106,095	-	-	-	-	106,095
Franchise fees and taxes	2,196,537	-	-	-	-	2,196,537
Grant receivables	-	-	-	1,555,516	-	1,555,516
Intergovernmental receivables	-	-	-	2,107,211	-	2,107,211
Miscellaneous	533,014	462	-	185,861	5,246	724,583
Gross receivables	3,137,709	462	-	3,848,588	5,246	6,992,005
Less allowance for uncollectibles	477,833	-	-	-	-	477,833
Sub-Total:	2,659,876	462	-	3,848,588	5,246	6,514,172
Interest on investments	44,675	3,879	41,768	6,007	-	96,329
Governmental activities receivables, net	<u>\$ 2,704,551</u>	<u>\$ 4,341</u>	<u>\$ 41,768</u>	<u>\$ 3,854,595</u>	<u>\$ 5,246</u>	<u>\$ 6,610,501</u>

<u>Business-type activities receivables:</u>	Water & Sewer <u>Utilities</u>	Electric <u>Utility</u>	Solid <u>Waste</u>	Other <u>Proprietary</u>	<u>Total</u>
Utility Billed	\$ 4,063,542	\$ 15,412,622	\$ 3,227,612	\$ 1,846,442	\$ 24,550,218
Utility Unbilled	835,884	4,721,578	437,520	63,797	6,058,779
Miscellaneous	40,328	192,442	527	-	233,297
Gross receivables	4,939,754	20,326,642	3,665,659	1,910,239	30,842,294
Less allowance for uncollectibles	1,758,096	7,189,713	1,658,398	1,308,495	11,914,702
Sub-Total:	3,181,658	13,136,929	2,007,261	601,744	18,927,592
Interest on investments	129	8,444	980	8,797	18,350
Business-type activities receivables, net	<u>\$ 3,181,787</u>	<u>\$ 13,145,373</u>	<u>\$ 2,008,241</u>	<u>\$ 610,541</u>	<u>\$ 18,945,942</u>
Total government-wide net receivables					<u>\$ 25,556,443</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 5. ENCUMBRANCES

Encumbrances represent commitments related to unperformed contracts and purchase orders issued for good and services. Significant encumbrances as of September 30, 2019 are as follows:

Significant encumbrances:

Major funds:

General Fund	\$ 1,130,000
Impact Fees Fund	706,000
Multimodal Transit Center	3,242,000
Homestead Community Redevelopment Agency	<u>995,000</u>
Total major funds	<u>6,073,000</u>

Other governmental funds:

Grant Fund	2,214,000
Cybrarium Fund	10,258,000
Others governmental funds	<u>2,324,000</u>
Total other governmental funds	<u>14,796,000</u>

Total encumbrances	<u><u>\$ 20,869,000</u></u>
--------------------	-----------------------------

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 6. INTERFUND TRANSACTIONS

Interfund Transfers

	Transfers Out										
	General Fund	Multimodal	Other Governmental Funds	Water & Sewer	Electric Utility	Solid Waste	Other Enterprise Fund	Customer Service Fund	Total		
General Fund	\$ -	\$ -	\$ 890,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 890,000	(1)
General Fund		26,351,409								26,351,409	(2)
Multimodal Transit Center	110,000									110,000	(3)
Multimodal Transit Center			2,457,800							2,457,800	(4)
Other Governmental Funds	201,000									201,000	(5)
Other Governmental Funds	6,952,598		105,677							7,058,275	(6)
Other Governmental Funds	400,000		1,400,000							1,800,000	(7)
Other Governmental Funds	455,378	-	-	21,082	44,197	32,206	14,541	26,163		593,567	(8)
Total	<u>\$ 8,118,976</u>	<u>\$ 26,351,409</u>	<u>\$ 4,853,477</u>	<u>\$ 21,082</u>	<u>\$ 44,197</u>	<u>\$ 32,206</u>	<u>\$ 14,541</u>	<u>\$ 26,163</u>		<u>\$ 39,462,051</u>	

- (1) Transfers of \$890,000 from Disaster Relief Fund to General Fund was to reimburse the General Fund for Hurricane Irma disaster expenditures.
- (2) Transfer of \$26,351,409 from Multimodal to General Fund was to cover costs of capital assets transferred to Homestead Station QALICB.
- (3) Transfer of \$110,000 from General Fund to Multimodal was to fund Multimodal legal fees.
- (4) Transfers of \$2,457,800 from other governmental funds to Multimodal was to fund portions of a capital project.
- (5) Transfer of \$201,000 from General Fund to other governmental funds was to fund cost of legal fees for capital projects.
- (6) Transfers totalling \$7,508,275 from General Fund, Capital Improvement Fund and New City Hall Fund into other governmental funds were to fund costs of a capital project.
- (7) Transfer of \$1,800,000 from General Fund and People's Transportation Plan into other governmental funds was for debt service payments.
- (8) Transfer of \$593,567 from the General Fund, Water & Sewer, Electric, Solid Waste and other enterprise funds into other governmental funds was to fund the cost of different capital projects.

Interfund Payables and Receivables

Interfund payables and receivables are used exclusively to eliminate negative pooled cash balances of individual funds for purposes of financial statement reporting. For government-wide financial statement presentation, the interfund payables and receivables are eliminated as part of interfund activity.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 6. INTERFUND TRANSACTIONS (Continued)

Interfund Payables and Receivables (Continued)

Individual interfund receivable and payable balances at September 30, 2019 are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 1,500,000	\$ 3,800,000
Other Governmental Funds:		
Community Development Block Grant Fund	200,000	
Confiscated Property	1,240,000	
Disaster Relief Fund	-	1,240,000
Capital Improvement Fund	600,000	-
Cybrarium Fund	<u>6,000,000</u>	<u>-</u>
Total Other Governmental Funds	<u>8,040,000</u>	<u>1,240,000</u>
Total Governmental Funds	<u>9,540,000</u>	<u>5,040,000</u>
Major Proprietary Funds:		
Water and Sewer	-	4,100,000
Electric Utility	-	9,540,000
Solid Waste	<u>1,350,000</u>	<u>-</u>
Total Major Proprietary Funds	<u>1,350,000</u>	<u>13,640,000</u>
Other Proprietary Fund:		
Stormwater	450,000	-
Utilities Repair, Replacement and Improvement	<u>1,600,000</u>	<u>-</u>
Total Other Proprietary Fund	<u>2,050,000</u>	<u>-</u>
Total Proprietary Funds	<u>3,400,000</u>	<u>13,640,000</u>
Internal Service Funds:		
Other Self Insurance	3,840,000	-
Customer Services	1,530,000	-
Health insurance Fund	320,000	
Fleet Management	<u>50,000</u>	<u>-</u>
Total Internal Service Funds	<u>5,740,000</u>	<u>-</u>
Total Interfund Balances	<u>\$ 18,680,000</u>	<u>\$ 18,680,000</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 7. CAPITAL ASSETS

Capital assets activity for the fiscal year ended September 30, 2019 was as follows:

<u>Governmental activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 47,212,505	\$ 546,320	\$ -	\$ 47,758,825
Artworks	2,780	-	-	2,780
Construction in Progress	<u>5,061,820</u>	<u>7,613,228</u>	<u>4,598,750</u>	<u>8,076,298</u>
Total capital assets not being depreciated	<u>52,277,105</u>	<u>8,159,548</u>	<u>4,598,750</u>	<u>55,837,903</u>
Capital assets being depreciated:				
Land improvements	232,492	300,533	-	533,025
Buildings and improvements	160,694,990	57,843	-	160,752,833
Other improvements	55,105,879	3,632,878	-	58,738,757
Furniture, fixtures and equipment	41,970,081	1,926,201	-	43,896,282
Infrastructure	<u>118,580,871</u>	<u>-</u>	<u>-</u>	<u>118,580,871</u>
Total capital assets being depreciated	<u>376,584,313</u>	<u>5,917,455</u>	<u>-</u>	<u>382,501,768</u>
Less accumulated depreciation for:				
Land improvements	24,579	17,096	-	41,675
Buildings and improvements	51,223,655	3,947,941	-	55,171,596
Other improvements	42,039,641	2,637,810	-	44,677,451
Furniture, fixtures and equipment	35,331,100	2,217,571	-	37,548,671
Infrastructure	<u>77,222,916</u>	<u>2,537,794</u>	<u>-</u>	<u>79,760,710</u>
Total accumulated depreciation	<u>205,841,891</u>	<u>11,358,212</u>	<u>-</u>	<u>217,200,103</u>
Total capital assets being depreciated, net	<u>170,742,422</u>	<u>(5,440,757)</u>	<u>-</u>	<u>165,301,665</u>
Governmental activities capital assets, net	<u>\$ 223,019,527</u>	<u>\$ 2,718,791</u>	<u>\$ 4,598,750</u>	<u>\$ 221,139,568</u>

(a) Included in the \$7,613,228 additions to Construction in Progress, \$1,106,252 was a contribution of capital asset from the Orange Bowl Legacy Gift.

(b) Of the \$4,598,750 deletions to Construction in Progress, \$1,734,304 was transferred to Other Improvements; \$436,401 was removed and \$2,428,044 was contributed to business-type activities.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 7. CAPITAL ASSETS (Continued)

<u>Business-type activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 1,266,972	\$ -	\$ -	\$ 1,266,972
Construction in Progress	10,476,863	(a) 30,061,155	(b) 6,454,081	34,083,937
Total capital assets not being depreciated	11,743,835	30,061,155	6,454,081	35,350,909
Capital assets being depreciated:				
Utility plant and systems	116,187,442	(b) 10,288,890	-	126,476,332
Total capital assets being depreciated	116,187,442	10,288,890	-	126,476,332
Less accumulated depreciation for:				
Utility plant and systems	89,159,491	5,279,697	-	94,439,188
Total capital assets being depreciated, net	27,027,951	5,009,193	-	32,037,144
Business-type activities capital assets, net	\$ 38,771,786	\$ 35,070,348	\$ 6,454,081	\$ 67,388,053

(a) Addition to construction in progress includes assets contributed from governmental activities of \$2,428,044 and C-I-P for Homestead Station QALICB of \$23,331,431.

(b) Construction in Progress of \$6,454,081 was transferred to Utility, plant and systems.

Depreciation expense for the fiscal year ended September 30, 2019 has been recorded as follows:

	<u>Depreciation Expense</u>
<u>Governmental activities:</u>	
General government	\$ 1,816,206
Public safety	1,697,183
Public works	1,749,017
Parks and recreation	3,534,993
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of assets	23,019
Unallocated	2,537,794
Total depreciation expense - governmental activities	\$ 11,358,212
<u>Business-type activities:</u>	
Water/Sewer	\$ 1,798,199
Electric	2,905,009
Solid waste	430,642
Other enterprise funds	98,168
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of assets	47,679
Total depreciation expense - business-type activities	\$ 5,279,697

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 8. LONG-TERM LIABILITIES

Governmental Activities

The following is a summary of changes in governmental long-term liabilities at September 30, 2019:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due</u> <u>within</u> <u>One Year</u>
Bonds payable:					
General Obligation Bonds, Series 2014	\$ 22,575,000	\$ -	\$ 485,000	\$ 22,090,000	\$ 510,000
Plus: Unamortized Bond Premium	<u>1,507,935</u>	<u>-</u>	<u>58,120</u>	<u>1,449,815</u>	<u>58,120</u>
Total General Obligation Bonds, Series 2014	24,082,935	-	543,120	23,539,815	568,120
Taxable Transportation System Revenue Bonds,					
Sereis 2017	30,575,000	-	645,000	29,930,000	655,000
Special Obligation Refunding Bonds**	600,000	-	600,000	-	-
HERO Increment Revenue Refunding Bonds	<u>568,406</u>	<u>-</u>	<u>284,203</u>	<u>284,203</u>	<u>284,203</u>
Total bonds payable	55,826,341	-	2,072,323	53,754,018	1,507,323
Derivative instrument - Interest rate swap	8,641	-	5,049	3,592	-
Compensated absences	2,549,064	757,263	683,252	2,623,075	786,922
Equipment financing obligation**	3,192,795	647,275	877,246	2,962,824	844,921
HUD section 108 loan**	-	194,000	194,000	-	-
New Market Tax Credit (NMTC) bridge loan**	12,829,100	-	12,829,100	-	-
New City Hall \$10M loan**	9,179,656	-	409,519	8,770,137	420,061
Net pension liability	21,913,159	2,665,384	265,764	24,312,779	-
Total OPEB liability	8,646,252	10,643	2,004,730	6,652,165	-
Claims and judgements	<u>3,608,347</u>	<u>645,615</u>	<u>674,841</u>	<u>3,579,121</u>	<u>732,192</u>
Governmental activities long-term liabilities	<u>\$ 117,753,355</u>	<u>\$ 4,920,180</u>	<u>\$ 20,015,824</u>	<u>\$ 102,657,711</u>	<u>\$ 4,291,419</u>

**Direct Borrowings

Note: Pension liabilities, compensated absences and OPEB liabilities are generally liquidated by the General Fund.

Pension contributions are paid by the General Fund as actuarially determined by the actuaries of the pension plans.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 8. LONG-TERM LIABILITIES (Continued)

Governmental Activities (Continued)

A. *General Obligation Bonds, Series 2014*

On May 13, 2014, the City’s voters approved a bond referendum for the issuance of \$26 million in General Obligation Bonds, Series 2014, (“GO Bonds”). The GO Bonds were approved to be issued in an amount not to exceed \$21 million for the construction of the new police building and related improvements for a temporary police facility, and not to exceed \$5 million for the renovations to the Seminole Theatre to provide a cultural arts center for the City.

The GO Bonds were issued on September 11, 2014. General obligation bonds are direct obligations and pledge the full faith and credit of the City as a whole and not its individual funds. In each year the debt is outstanding, an ad valorem tax will be levied equal to principal and interest due. These bonds are issued as 30-year serial bonds, due in annual installments of \$340,000 to \$1,420,000 from July 1, 2015 to July 1, 2044; interest rates at 3% to 5%.

In the event of any default in payment, the defaulted interest shall be payable by the paying agent to the registered owners of the bonds not less than fifteen (15) days preceding such special record date. During an event of default, the bondholders may enforce and compel the performance of all duties required by the City’s resolution and the bonds or by any applicable statute to be performed by the City or any officer thereof. The City complies with Federal arbitrage regulations and has no rebate liability due as of September 30, 2019.

Debt Service Requirements to Maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2020	\$ 510,000	\$ 973,238	\$ 1,483,238
2021	535,000	947,738	1,482,738
2022	565,000	920,988	1,485,988
2023	590,000	892,738	1,482,738
2024	620,000	863,238	1,483,238
2025-2029	3,520,000	3,902,675	7,422,675
2030-2034	4,155,000	3,267,475	7,422,475
2035-2039	5,110,000	2,308,500	7,418,500
2040-2044	6,485,000	938,500	7,423,500
Sub-Total	22,090,000	15,015,090	37,105,090
Plus: Unamortized Bonds Premium	1,449,815	-	1,449,815
Total	\$ 23,539,815	\$ 15,015,090	\$ 38,554,905

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 8. LONG-TERM LIABILITIES (Continued)

Governmental Activities (Continued)

B. Taxable Transportation System Revenue Bonds, Series 2017

On September 24, 2017, the City issued \$31,440,000 Taxable Transportation System Revenue Bonds to partially finance the cost of land acquisitions and construction for a parking garage/retail facility (Multimodal Transit Center) in the City’s downtown.

The bonds are payable annually through July 1, 2047 in principal amounts ranging from approximately \$655,000 to \$1,725,000. Interest rates on the bonds range from 1.671% to 4.194%. The revenue bond indentures contain significant limitations and restrictions on annual debt service requirements. The City continually monitors compliance with all significant limitations and restrictions. The bonds will be repaid primarily from transportation surtax revenues and other non-ad valorem revenues.

In the event of default of the payment of principal or interest with respect to the insured bonds when all or a portion becomes due, any registered owner of the insured bonds shall have a claim under the bond insurance policy for such payments. Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the bond insurer without appropriate consent. The bond insurer may direct and must consent to any remedies. In the event the bond insurer is unable to make payment of principal and interest as such payments become due under the bond insurance policy, the insured bonds are payable solely from the sources of security described in the bond resolution.

Debt Service Requirements to Maturity

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2020	\$ 655,000	\$ 1,142,566	\$ 1,797,566
2021	670,000	1,128,562	1,798,562
2022	685,000	1,112,984	1,797,984
2023	700,000	1,095,346	1,795,346
2024	720,000	1,076,012	1,796,012
2025-2029	3,965,000	5,023,095	8,988,095
2030-2034	4,755,000	4,237,253	8,992,253
2035-2039	5,765,000	3,219,634	8,984,634
2040-2044	7,045,000	1,944,092	8,989,092
2045-2047	4,970,000	422,546	5,392,546
	<u>\$ 29,930,000</u>	<u>\$ 20,402,090</u>	<u>\$ 50,332,090</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 8. LONG-TERM LIABILITIES (Continued)

Governmental Activities (Continued)

C. Taxable Special Obligation Refunding Bonds-Direct Borrowing

On August 3, 2003, the City issued \$14,075,000 Taxable Special Obligation Refunding Bonds (Homestead Motor Speedway Project to refinance a series of loans to the City from the City of Gulf Breeze's Florida Local Government Loan Program. The loans were made to finance the acquisition, construction and equipping of the Project. The bonds are secured by a Trust Estate as described in the indenture and are payable using lease payments from the motorsports lease contract. Interest accrues at the floating interest rate of LIBOR, (pursuant to the terms of an Interest Rate Swap agreement the City pays a fixed interest rate of 3.62%). The bonds were paid off on November 1, 2018.

D. Homestead Economic and Rebuilding Organization (HERO) Tax Increment Revenue Refunding Bonds, Taxable Series 2003

On June 18, 2003, the City refunded the balance of the Homestead Economic and Rebuilding Organization (HERO) Increment Revenue Bonds, Taxable Series 1995 which had an outstanding balance of \$4,175,000 at the date of refunding, with the issuance of the Homestead Economic and Rebuilding Organization (HERO) Tax Increment Revenue Refunding Bonds, Series 2003. The resources provided to the City were used to defease the Series 1995 bonds, fund a debt service reserve account, pay costs of issuance and enter into an Interest Rate Swap agreement with respect to the Series 2003 bonds. Homestead Economic and Rebuilding Organization (HERO) Tax Increment Revenue Refinancing Bonds, Taxable Series 2003 at the floating interest rate of LIBOR plus 1%, (pursuant to the terms of the Interest Rate Swap agreement the City pays a fixed interest rate of 4.79%) maturing serially through April 30, 2020 in annual amounts of \$284,203, are secured by HERO net trust fund revenues and payable from the HERO/Tax Increment Debt Service Fund. In the event of any default in the payment of interest, such defaulted interest shall be payable to the persons in whose names such bonds are registered at the close of business on a special record date for the payment of such defaulted interest, by the paying agent to the registered owners of such Bonds not less than fifteen (15) days preceding such special record date. Upon the occurrence and during the continuance of an event of default, the bondholders may, declare the principal of the bonds to be immediately due and payable.

E. Interest Rate Swap

Objective: As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance, in 2003 the City entered into an interest rate swap in connection with its Series 2003 HERO Tax Increment Revenue Refunding Bonds (the Bonds). The intention of the swap was to effectively change the City's variable interest rate on the bonds to a fixed rate of 4.79%.

Terms: Based on the swap agreement, the City pays a fixed rate of 4.79% to the counterparty to the swap (SunTrust) and receives variable rate payments based on the interest rate.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 8. LONG-TERM LIABILITIES (Continued)

Governmental Activities (Continued)

E. Interest Rate Swap (Continued)

Fair value: As of September 30, 2019, the City has only one swap left. The HERO Increment Revenue Bonds swap had a negative fair value of (\$3,592). The negative fair value was determined using Mark-to-Market Value and represents mid-market values. Pursuant to GASB Statement 53, the fair value of the swap has been included in the government-wide statement of net position as long-term debt and a corresponding deferred outflow of resources following hedge accounting.

Credit risk: As of September 30, 2019, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the City would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty (SunTrust) was rated A2 by Moody's Investors Service, BBB+ by Standard and Poor's and A- by Fitch Ratings.

Basis risk: Basis risk arises when different indices are used in connection with a derivative. Municipal interest rate swaps are normally based on a fixed payment and an indexed variable receipt instead of the actual variable debt payment. Any difference between the indexed variable receipt and the actual market-determined variable rate paid on the bonds is called "basis risk." The execution of the swap in 2003 with SunTrust (counterparty to the swap) exposed the City to Basis and Termination Risk. Effective March 1, 2008, pursuant to a "market disruption" as set forth in the International Swap Dealers Association (ISDA) Master Agreement, the Floating Rate Index on this transaction was converted from the Taxable Low Floater Rate to the Alternative Floating Index (USD-LIBOR BBA).

Termination risk: The derivative contract uses the International Swap Dealers Association (ISDA) Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreements includes an "additional termination event". That is, the swap agreement may be terminated by the counterparty if (i) the Covered Indenture terminates or ceases to be of full force and effect; or (ii) if the City fails to budget and appropriate from non-ad valorem funds amounts sufficient to satisfy any amounts due the counterparty under the agreement in any fiscal year. If the swap is terminated, the variable-rate bonds would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

Events of Default: Prior to the occurrence or effective designation of an early termination date, a party that defaults in the performance of any payment obligation will, be required to pay interest on the overdue amount to the other party on demand for the period from the original due date for payment to the date of actual payment, at the default rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed. If, prior to the occurrence or effective designation of an early termination date a party defaults in the performance of any obligation required to be settled by delivery, it will compensate the other party on demand.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 8. LONG-TERM LIABILITIES (Continued)

Governmental Activities (Continued)

E. Interest Rate Swap (Continued)

The HERO Increment Revenue Bonds and the related swap agreement matures on April 30, 2020. The swap's notional amount was \$284,203 at September 30, 2019 and the rates were as follows:

<u>HERO Increment Revenue Bonds</u>	<u>Terms</u>	<u>Percentage Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.79000
Variable payment from counterparty	USD-LIBOR BBA plus 1%	<u>(3.04350)</u>
Net interest rate swap payments		1.74650
Variable-rate bond coupon payments		<u>2.82100</u>
Synthetic interest rate on bonds		<u><u>4.56750</u></u>

Swap payments and associated debt: As rates vary, variable-rate bond interest payments and net swap payments will vary. Using rates as of September 30, 2019, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, are as follows:

Homestead Economic and Rebuilding Organization (HERO) Tax Increment Revenue Refunding Bonds, Taxable Series 2003

	Variable Rate Bonds		(1)	
	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Swap, Net</u>	<u>Total</u>
Fiscal year ending September 30:				
2020	\$ 284,203	\$ 4,744	\$ 2,937	\$ 291,884
	<u>\$ 284,203</u>	<u>\$ 4,744</u>	<u>\$ 2,937</u>	<u>\$ 291,884</u>

(1) Computed: Fixed rate (4.79%) less variable payment from counter party (3.04350%) times amount outstanding.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 8. LONG-TERM LIABILITIES (Continued)

Governmental Activities (Continued)

E. Interest Rate Swap (Continued)

Consistent Critical Terms

The City has evaluated the swap agreement using the consistent critical terms method and found that the following swap instrument meet the definition of effective cash flow hedges as follows:

<u><i>HERO Increment Revenue Bonds</i></u>		<u><i>Interest Rate Swaps</i></u>	
Bond principal	\$284,203	Notional	\$284,203
Maturity of bonds	4/30/2020	Termination	4/30/2020
Benchmark interest rate	LIBOR plus 1% (2.821000% @ 9/30/19)	Variable payment	LIBOR plus 1% (3.0435% @ 9/30/19)
Floor or cap	No	Floor of cap	No
Time interval of reference rate	Monthly	Time interval of reference rate	Monthly
Frequency of rate resets	Monthly	Frequency of rate resets	Monthly
Rate reset dates	1st day of each month	Rate reset dates	1st day of each month
Coupon payment date	Last day of each January, April, July and October	Swap payment date	Last day of each January, April, July and October

F. Compensated Absences

Compensated absences represent the portion of the applicable funds' total estimated liability for employees' compensation for future absences. The estimated liability includes an accrual for salary related costs (employer's share of the social security and medicare taxes).

The estimated liability is measured using rates in effect at the balance sheet date; benefits are computed at the current salary rates at the time of payment. Upon separation from the City service, vacation leave is paid at 100% up to 360 hours for regular employees and 380 hours for police. Sick leave is paid at 50% to 100% depending on years of service (for years of services greater than 15 years), up to 800 hours for regular employees and 880 hours for police. The General Fund has primarily been used in prior years to liquidate the liability for compensated absences for governmental activities. At September 30, 2019, the liability for compensated absences was as follows:

Governmental Activities	\$ 2,623,075
Business-type Activities	<u>1,515,144</u>
	<u>\$ 4,138,219</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 8. LONG-TERM LIABILITIES (Continued)

Governmental Activities (Continued)

G. Equipment Financing-Direct Borrowing

The City enters into financing agreements periodically to finance the purchase of City vehicles and other equipment such as computers. The value of capital assets acquired under new equipment financing during fiscal year 2019 for governmental activities totaled \$660,498. The capital assets acquired under the equipment financing remain as collateral for repayment of the outstanding principal obligations. In the event of default, the lender may provide a written notice to declare all amounts then due under the financing agreements, and all remaining payments due during the fiscal year in effect when the default occurs to be immediately due and payable, or request the City promptly deliver the equipment to the lessor. In the event of a default the lender, by written notice to the City, may declare all financing agreements payments and other amounts payable by the City thereunder to the end of the then-current budget year of the City to be due, and such amounts shall thereafter bear interest at the rate of 12% per annum, or the maximum rate permitted by applicable law, whichever is less. The lender may also request that the City promptly deliver the equipment to the lessor. Future minimum payments and the present value of net minimum payments at September 30, 2019 are as follows:

Governmental equipment financing:

Fiscal year ending September 30:

2020	\$ 920,067
2021	790,780
2022	590,793
2023	461,570
2024	<u>389,309</u>
Total minimum payments	3,152,519
Less amount representing interest	<u>189,695</u>
Present value of net minimum payments	<u>\$ 2,962,824</u>

Capital assets acquired through governmental equipment financings above are as follows:

Furniture, fixtures and equipment	\$ 4,802,548
Accumulated depreciation	<u>(2,023,026)</u>
Total	<u>\$ 2,779,522</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 8. LONG-TERM LIABILITIES (Continued)

Governmental Activities (Continued)

H. HUD Section 108 Loan-Direct Borrowing

In 2017, the City entered into an agreement with U.S. Department of Housing and Urban Development (HUD) for a Section 108 loan to provide funding for the new Cybrarium Project. The total amount of the loan is \$3,865,000, which is the maximum allowable amount based on the City’s Community Development Block Grant (CDBG) allocation. The loan is being repaid over 20 years and the payments consist of principal (approximately \$194,000 annually) and interest (approximately \$67,000 annually).

The City began drawing on the loan prior to the commencement of construction, \$194,000 in FY2017, \$194,000 in FY2018 and \$194,000 in FY2019 in order to be in compliance with the loan requirements and to keep the loan active subsequent to the fiscal year end. The drawdown period for the loan was extended from September 30, 2019 to March 31, 2020, at which time the City plans to convert it to a fixed term loan. Since the annual amount drawn is equivalent to the annual principal payment, there is no outstanding balance at year end. The HUD Section 108 Loan contains a provision that in the event of default, an acceleration payment to the fiscal agent or the trustee, as applicable, equal to the unpaid aggregate principal amount of the note, together with accrued and unpaid interest thereon to such acceleration payment date or interest due date, as applicable.

I. \$10 million Loan for New City Hall-Direct Borrowing

On June 18, 2014, the City Council adopted a Resolution accepting the proposal from Capital Bank, N.A. to provide a portion of the financing for the New City Hall in the form of a line of credit in an amount not to exceed ten million dollars at a fixed rate of 1.6%.

The line of credit was fully drawn down upon the completion of the New City Hall. On August 7, 2016, the City converted the line of credit to a five-year bank loan at a fixed rate of 2.55%. The bank loan has the option to be prepaid without penalty. Upon the occurrence of any event of default, the bank may declare all obligations of the City under the loan documents to be immediately due and payable without further action of any kind and upon such declaration the note and the interest accrued thereon shall become immediately due and payable.

Debt Service Requirements to Maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2020	\$ 420,061	\$ 218,749	\$ 638,810
2021	8,350,076	191,009	8,541,085
	<u>\$ 8,770,137</u>	<u>\$ 409,758</u>	<u>\$ 9,179,895</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 8. LONG-TERM LIABILITIES (Continued)

Governmental Activities (Continued)

J. New Market Tax Credit (NMTC) Bridge Loan-Direct Borrowing

In June 2018, the City arranged New Market Tax Credit ("NMTC") financing toward the construction of the parking garage project (the "Project") in downtown Homestead. NMTC is a program of the Community Development Financial Institutions Fund ("CDFI Fund"), a division of the U.S. Department of the Treasury. Under the NMTC program, an investor can receive a federal income tax credit for making a qualified equity investments ("QEI") in a Community Development Entity ("CDEs") that has been certified and granted allocations by the CDFI Fund. The funds provided by these investors are used to provide favorable debt or equity financing to qualified borrowers in connection with qualifying projects located in low-income communities. The NMTC compliance period is for seven years ("Compliance Period") during which time substantially all of the QEI must be invested in qualified low income community investments ("QLICs"), the majority of which take the form of investments in borrowers that must maintain their status as a qualified active low-income community business as specified in the Treasury Regulations.

The City formed Homestead Station QALICB, Inc. (the "QALICB"), a Florida nonprofit corporation, in connection with the purchase and development of the Project. On June 27, 2018, the City obtained a loan from Capital One, National Association, a national banking association, in the principal amount of \$12,829,100 (the "Bridge Loan"). The Bridge Loan is secured by the Collateral as defined in the Pledge and Security Agreement dated June 27, 2018.

The purpose of the Bridge Loan was to make a "Leverage Loan" of \$10,766,000 to COCRF Investor 129, LLC with the remaining funds used for other purposes for the Project. The planned source of funds to pay off the Bridge Loan came from the QALICB as it reimbursed the City for the construction costs. The Bridge Loan was paid off during FY 2019.

As of June 30, 2019 the QALICB reported \$28,063,297 in capital assets consisting of the construction in progress costs related to the Project. Accordingly, the QALICB also reports \$24,638,391 in total loans payable, of which \$9,098,391 is owed to the City, and the balance is owed to the various CDEs. At September 30, 2019 the City reported the note receivable related to the NMTC Project of \$28,264,033; \$10,766,000 from the COCFR Investor 129, LLC and \$17,498,033 from the QALICB. This long-term note receivable is reported as a non-spendable component of the General Fund's fund balance.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 8. LONG-TERM LIABILITIES (Continued)

Business-type Activities

The following is a summary of changes in business-type long-term liabilities at September 30, 2019:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Bonds payable:					
Electric Utility Bond, Series 2004**	\$ 1,102,487	\$ -	\$ 682,885	\$ 419,602	\$ 419,602
Electric Utility Bond, Series 2019**	-	2,400,000	-	2,400,000	-
Total bonds payable	1,102,487	2,400,000	682,885	2,819,602	419,602
Compensated absences	1,539,347	833,024	857,227	1,515,144	454,543
Equipment financing obligation**	1,654,602	545,225	288,609	1,911,218	361,970
Other long-term liabilities	980,000	-	490,000	490,000	490,000
Notes Payable (1)	15,615,000	9,023,391	-	24,638,391	454,851
Net pension liability	6,248,616	175,187	274,567	6,149,236	-
Total OPEB obligation	5,451,656	-	1,274,096	4,177,560	-
Business-type activities long-term liabilities	<u>\$ 32,591,708</u>	<u>\$ 12,976,827</u>	<u>\$ 3,867,384</u>	<u>\$ 41,701,151</u>	<u>\$ 2,180,966</u>

**Direct Borrowings

(1) The \$24,638,391 notes payable is NMTC-related and represents the balance at June 30, 2019 per the QALICB's separately issued financial statements. Please refer to those statements for additional information.

A. *Electric Utility Bonds, Series 2004-Direct Borrowing*

On December 23, 2004, \$8,000,000 of Electric Utility Bonds, Series 2004 were issued for use in the construction of an electric substation. Interest is at 3.85% and the bonds are payable annually through January 1, 2020. Upon the occurrence and continuance of any event of default, the owners of the bonds may accelerate the payment of the bonds or pursue any other available remedy by suit, at law or in equity to enforce the payment of the principal of and interest on the bonds then outstanding.

Debt Service Requirements to Maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2020	\$ 419,602	\$ 2,853	\$ 422,455
Total	<u>\$ 419,602</u>	<u>\$ 2,853</u>	<u>\$ 422,455</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 8. LONG-TERM LIABILITIES (Continued)

Business-type Activities (Continued)

B. Electric Utility Bonds, Series 2019-Direct Borrowing

On July 29, 2019, \$2,400,000 of Electric Utility Bonds, Series 2019 were issued for use in the purchase of the land and in the expansion to an electric substation. Interest is at 2.44% and the bonds are payable annually through January 1, 2030 in principal amounts ranging from approximately \$215,000 to \$267,000.

If an event of default occurs the interest rate on the Bond shall immediately be adjusted to a rate equal to three percent (3.00%) above the interest rate immediately preceding the event of default but in no event shall this default rate be in excess of the maximum rate permitted by law. Upon the occurrence and continuance of any event of default, the bond shall bear interest at the default rate and the owners of the bond may accelerate the payment of the bond or pursue any other available remedy to enforce the payment of the principal of and interest on the bond then outstanding. In addition, while the bond is held by the bank, the bank may collect a late charge of five percent (5.00%) of any payment not received by the bank within ten (10) days after the payment is due and upon an event of default, the Bank may recover from the City all expenses incurred.

Debt Service Requirements to Maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2020	\$ -	\$ 54,005	\$ 54,005
2021	214,812	55,939	270,751
2022	220,053	50,634	270,687
2023	225,422	45,199	270,621
2024	230,922	39,632	270,554
2025-2029	1,241,931	109,775	1,351,706
2030	266,860	3,256	270,116
Total	\$ 2,400,000	\$ 358,440	\$ 2,758,440

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 8. LONG-TERM LIABILITIES (Continued)

Business-type Activities (Continued)

C. Equipment Financing-Direct Borrowing

The value of capital assets acquired under new equipment financing during fiscal year 2019 for business-type activities totaled \$1,423,884. In the event of default, the lender may provide a written notice to declare all amounts then due under the financing agreements, and all remaining payments due during the fiscal year in effect when the default occurs to be immediately due and payable, or request the City promptly deliver the equipment to the lessor. In the event of a default the lender, by written notice to the City, may declare all payments and other amounts payable by the City thereunder to the end of the then-current budget year of the City to be due, and such amounts shall thereafter bear interest at the rate of 12% per annum, or the maximum rate permitted by applicable law, whichever is less. The lender may also request that the City promptly deliver the equipment to the lessor. Future minimum payments and the present value of net minimum payments at September 30, 2019 are as follows:

Business-type equipment financing:

Fiscal year ending September 30:

2020	\$	415,271
2021		415,271
2022		415,271
2023		415,271
2024		224,507
2025-2026		186,899
Total minimum payments		2,072,490
Less amount representing interest		161,272
Present value of net minimum payments	\$	1,911,218

Capital assets acquired through business-type equipment financing above are as follows:

Furniture, fixtures and equipment	\$	1,550,993
Accumulated depreciation		(184,332)
Total	\$	1,366,661

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 8. LONG-TERM LIABILITIES (Continued)

Business-type Activities (Continued)

D. Other Long-Term Liabilities

Settlement Agreement

On July 26, 2011, the City Council approved a settlement agreement between the City and Michael Latterner, as trustee of the Keys Gate Trust, to terminate the 1993 and 1989 Village of Homestead (VOH) Agreements which imposed certain development obligations on the City and Latterner. Under the settlement agreement, the City agreed to pay Latterner the sum of \$4,900,000 in ten installments of \$490,000 each over a period of ten years with the first installment of \$490,000 due within 60 days after the Council approved the agreement. The payments are due annually beginning on January 1, 2012 and on January 1 of each succeeding year until the balance is paid in full. The City's Water and Sewer Fund is used to fund these payments. Below is the schedule of the remaining installment payments.

Fiscal year ending September 30:

2020	\$ 490,000
Total	<u>\$ 490,000</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 8. LONG-TERM LIABILITIES (Continued)

Pledged Revenues

The City issues debt that is secured by a pledge of specific revenues. Total pledged revenue that collateralizes the repayment of principal and interest on the debt as of September 30, 2019 are as follows:

Governmental Activities:

HERO Tax Increment Revenue Refunding Bonds, Taxable Sries 2003

Source of Revenue Pledged	TIF revenue
Description of debt	HERO Tax Increment Revenue Refunding Bonds, Series 2003
Purpose of debt	Financing the acquisition, clearing, rehabilitation and/or construction of public improvements in the Homestead Redevelopment area.
Current revenue pledged	\$2,740,982
Total debt service to maturity (1)	\$291,884
Term of commitment	2003-2020
Current year debt service	\$308,764
Percentage of debt service to pledged revenues (current year)	11%

General Obligation Bonds, Series 2014

Source of Revenue Pledged	Voted debt millage
Description of debt	General Obligation Bonds, Series 2014
Purpose of debt	Construction of New Police Building and the renovation of Seminole Theatre
Current revenue pledged	\$1,482,872
Total debt service to maturity (1)	\$38,554,905
Term of commitment	2015-2034
Current year debt service	\$1,482,872
Percentage of debt service to pledged revenues (current year)	100%

Taxable Transportation System Revenue Bonds, Series 2017

Source of Revenue Pledged	Transportation System Sales Surtax ("Surtax") and Covenant to Budget Appropriation
Description of debt	Taxable Transportation System Revenue Bonds, Series 2017
Purpose of debt	Construction of Multimodal Transit Center
Current revenue pledged	\$3,343,085 (Surtax portion only)
Total debt service to maturity (1)	\$50,332,090
Term of commitment	2018-2047
Current year debt service	\$1,799,363
Percentage of debt service to pledged revenues (current year)	54%

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 8. LONG-TERM LIABILITIES (Continued)

Pledged Revenues (Continued)

Business-Type Activities:

Electric Utility Bonds, Series 2004

Source of Revenue Pledged	Net Electric Utility Revenues
Description of debt	Electric Utility Bonds, Series 2004
Purpose of debt	Substation Construction
Current revenue pledged	\$2,645,460
Total debt service to maturity (1)	\$422,455
Term of commitment	2004-2020
Current year debt service	\$714,617
Percentage of debt service to pledged revenues (current year)	27.01%

Electric Utility Bonds, Series 2019

Source of Revenue Pledged	Net Electric Utility Revenues
Description of debt	Electric Utility Bonds, Series 2019
Purpose of debt	Substation Expansion/ Land Acquisition
Current revenue pledged	\$2,645,460
Total debt service to maturity (1)	\$2,758,440
Term of commitment	2020-2030
Current year debt service (2)	\$10,268
Percentage of debt service to pledged revenues (current year)	0.39%

(1) Total future principal and interest payments.

(2) There was no principal payment due in FY 2019.

NOTE 9. OTHER LIABILITIES

Amounts recorded as other liabilities in the New City Hall Fund of \$156,250 represent amounts from the proceeds from the original sale of land held for estimated obligations related to the New City Hall project.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 10. SELF-INSURANCE PROGRAMS

The City is exposed to various risks of loss including public liability, workers' compensation and property and casualty. The City administers its self-insurance program through two internal service funds, the Workers' Compensation Fund and the Self-Insurance Fund, which are combined for financial statement presentation. All operating departments of the City participate in the program and make payments to the self-insurance funds. The self-insurance funds allocate the cost of providing claims servicing and claims payment by charging these departments a pro rata share of these costs, based on a percentage of each operating departments estimated current year payroll and also by the actual property insurance paid by the Self-Insurance Fund.

The self-insurance fund liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but have not been reported. Because actual claims liabilities depend on a number of factors, the process used in computing claims liability does not result in an exact amount. Claims liabilities are re-evaluated annually to incorporate claims settlements, court decisions and additional information as determined by a self-insurance actuarial review performed by outside consultants.

A claims liability of approximately \$3,579,000 was actuarially determined by an outside actuary at September 30, 2019. Changes in liabilities during the years ended September 30, 2019 and 2018 are presented in the following table:

	Liability at Beginning <u>Year</u>	Current Year <u>Claims</u>	Claim <u>Payments</u>	Liability at End <u>of Year</u>
<u>2019</u>				
Worker's compensation	\$ 1,168,984	\$ 406,232	\$ 515,890	\$ 1,059,326
General and auto liabilities	<u>2,439,363</u>	<u>239,383</u>	<u>158,951</u>	<u>2,519,795</u>
2019 Total	<u>\$ 3,608,347</u>	<u>\$ 645,615</u>	<u>\$ 674,841</u>	<u>\$ 3,579,121</u>
<u>2018</u>				
Worker's compensation	\$ 1,244,563	\$ 351,474	\$ 427,053	\$ 1,168,984
General and auto liabilities	<u>3,283,965</u>	<u>612,570</u>	<u>1,457,172</u>	<u>2,439,363</u>
2018 Total	<u>\$ 4,528,528</u>	<u>\$ 964,044</u>	<u>\$ 1,884,225</u>	<u>\$ 3,608,347</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 10. SELF-INSURANCE PROGRAMS (Continued)

The Self-Insurance Fund accounts for the following lines of coverage:

Workers' Compensation – Since 1985, the City has provided workers' compensation coverage through self-insurance and purchased excess insurance commercially. The City's self-insured retention has been \$250,000 per occurrence since October 2014.

General and Automobile Liabilities – The City's primary policy for its liability risks has a \$6,000,000 general aggregate with a \$100,000 self-insured retention deductible per occurrence. There have been no judgements or settlement of claims during the past three years that have exceeded the City's commercial insurance limits. This self-insurance program was created in 1977 and is subject to the limitations of sovereign immunity.

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS

The City is the sponsor of five single-employer Public Employee Retirement Systems (PERS) that are administered by the City to provide pension benefits to its employees. The City contributes to the General Employees' Retirement Plan (GERP), the Police Officers' Retirement Plan (PORP), the Firefighters' Retirement System (HFRS), the Elected Officials' Retirement Plan (EORP), and the New Elected Officials' and Senior Management Retirement System (NEOSMRS), which are all defined benefit pension plans.

The information reported below is a brief summary of information reported in more detail in the independently published financial statements for each pension plan. Separate financial statements for each of these Plans may be obtained by contacting the Board of Trustees c/o City of Homestead, 100 Civic Court, Homestead, FL 33030.

Basis of Accounting

The financial statements of each Plan are prepared using the accrual basis of accounting. Employee and employer contributions to the Plans are recognized when due rather than when incurred and the employer has made a formal commitment to provide the contributions. Expenditures incurred, benefits and refunds owed are recognized when due and payable in accordance with the terms of the Plans rather than when paid.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

Plan Membership Information

As of the various dates of the latest actuarial evaluation for each of the Plans, the membership consisted of:

	General Employees' Retirement <u>Plan*</u>	Police Officers' Retirement <u>Plan</u>	Elected Officials' Retirement <u>Plan*</u>	New Elected Officials' and Senior Management Retirement <u>System</u>	Firefighters' Retirement <u>System*</u>
Inactive plan members or beneficiaries currently receiving benefits	210	96	5	4	9
Inactive plan members entitled to but not yet receiving benefits	43	3	2	2	-
Active plan members	119	92	1	6	-
Total	372	191	8	12	9

Note: * Plans are closed to new members.

A. GENERAL EMPLOYEES' RETIREMENT PLAN (GERP)

Plan Description

The City maintains a single employer defined benefit pension system established by City Ordinance No. 85-11-107 dated December 3, 1985, as amended, which covers substantially all of the City employees except for elected officials, senior management, and police officers. Membership begins on the date of hire. GERP provides retirement, disability and death benefits to members and beneficiaries. A more detailed description of the Plan and its provisions appear in ordinances constituting the Plan and in the summary Plan description. The Plan year end is September 30, 2019. The Plan issues a publicly available financial statement that includes fiduciary financial statements and required supplementary information. The financial statements may be obtained by writing to: Board of Trustees – General Employees' Retirement Plan, c/o City of Homestead, Finance Department, 100 Civic Court, Homestead, FL 33030.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

A. GENERAL EMPLOYEES' RETIREMENT PLAN (GERP) (Continued)

Eligibility

All regular full-time employees of the City who agree to make employee contributions plus hospital employees who elected to stay in the Plan in 1990 are eligible. Part-time employees are not covered. Participation was mandatory for all employees hired on and after July 1, 2000. The City Council adopted Ordinance no. 2009-04-13 to close membership to new employees hired on or after April 1, 2009.

Service Retirement Benefits

Upon normal retirement, a participant will receive a monthly pension of 3% of the final average earnings (FAE), which is the base salary and longevity during the last sixty (60) months of continuous employment times the number of years and completed months of continuous service as a participant. There is no cap on maximum benefits.

Early Retirement

A member may retire early after attaining age 55 and completing 10 years of service. Benefits are reduced by 1/6% for each month prior to normal retirement date.

Disability Benefits

A participant is eligible for disability benefits after ten (10) or more years of credited service and if totally and permanently disabled. Disability benefits include the accrued benefit or 35% of FAE, whichever is greater, subject to a cap of 100% of FAE on benefits from this Plan including social security, worker's compensation, or other similar benefits.

Funding Policy

The City is required to contribute an actuarially determined amount that, when combined with participants' contributions, will fully provide for all benefits as they become payable. The funding policy can only be amended by authorization of the City Council. Participants are required to contribute 4% of annual earnings. The City's required contribution is based on the actuarial report using the percentage of covered payroll.

Investments

The Board of Trustees has developed certain investment guidelines and has retained investment managers to implement the investment objectives. The investment managers are expected to maximize the return on the investment portfolio and may make transactions consistent with that expectation pursuant to the Board's guidelines.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

A. GENERAL EMPLOYEES' RETIREMENT PLAN (GERP) (Continued)

Investments (Continued)

The investment balances held by the Plan as of September 30, 2019 are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than One Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>More than 10 Years</u>
Cash and short-term investments	\$ 4,630,090	\$ 4,630,090	\$ -	\$ -	\$ -
Treasury securities	1,118,675	1,118,675	-	-	-
Fixed income	26,319,238	-	14,105,410	12,213,828	-
Sub-total	32,068,003	<u>\$ 5,748,765</u>	<u>\$ 14,105,410</u>	<u>\$ 12,213,828</u>	<u>\$ -</u>
Hedge funds	495,696				
Mutual funds-equity	8,741,816				
Common Stocks	46,342,499				
Limited partnerships	1,336,319				
Total cash and investments	<u>\$ 88,984,333</u>				

Interest Rate Risk – Interest rate risk refers to the portfolio’s exposure to fair value losses arising from increasing interest rates. Interest rate risk disclosures are required for all debt investments as well as investments in mutual funds, external investment pools, and other pooled investments that do not meet the definition of a 2a7-like pool. The Plan’s investment policy established benchmarks based on credit quality and duration. The benchmarks are monitored and changed when warranted by the investment market environment. Fixed income portfolios are structured and managed to produce returns based on risk inherent in the selected benchmarks.

The Plan’s investment policy currently does not allow for investments in fixed income securities with a maturity in excess of 30 years. As of September 30, 2019, the weighted average maturity of the fixed income portfolio was 5.68 years.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Plan limits its credit risk by limiting its purchases of investments in fixed income securities to U.S. Government and agency securities or corporate bonds which meet or exceed a credit rating of BBB for Standard & Poor’s or a BAA for Moody’s. However, the investment policy does not force an investment sale in the event that there is a credit rating cut by either of the rating agencies. The investments in the portfolio that are currently rated below BBB or BAA had a rating in compliance with the policy at the time of purchase.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

A. GENERAL EMPLOYEES' RETIREMENT PLAN (GERP) (Continued)

Investments (Continued)

The following table provides a summary of the fixed income investment balances by credit rating.

<u>S&P Rating</u>	Percentage of <u>Portfolio</u>	<u>Fair Value</u>
U.S. Treasury securities**	<u>4.08%</u>	<u>\$ 1,118,675</u>
Fixed income:		
BB+	7.14%	1,960,254
BBB+	10.43%	2,862,608
BBB	41.23%	11,312,202
BBB-	<u>37.12%</u>	<u>10,184,174</u>
Sub-Total Fixed income	<u>95.92%</u>	<u>26,319,238</u>
Total	<u>100.00%</u>	<u>27,437,913</u>

** Obligations of the U.S. government or obligations explicitly or implicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of investments or collateral securities that are held by the counterparty. The Plan has third party custodian arrangements with financial institutions to accept securities on a delivery vs payment basis for direct purchase agreements. All securities purchased by the Plan are designated as an asset of the Plan in the Plan's name and are held in safekeeping by the Plan's custodian bank or a third party custodian institution.

Concentration of Credit Risk – GASB standards require disclosure of investments in any one issuer that represents five percent (5%) or more of the total of the Plan's net position. The Plan's investment policy places investment limitations and provides target allocations to its investment managers to limit credit risk due to concentration. The Plan's investment policy limits investments in any one issuer of common stock or corporate bond to no more than 5% and 10% of the Plan's total assets; respectively. However there are no limitations in government securities. As of September 30, 2019, none of the Plan's investments were held with any single issuer that represents 5% or more of the Plan's net position.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

A. GENERAL EMPLOYEES' RETIREMENT PLAN (GERP) (Continued)

Investments (Continued)

Fair Value measurements – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The following is a description of the valuation methodologies used for the Plan's investments measured at fair value:

- Equity securities traded on national or international exchanges are valued at the last reported sales price or current exchange rates. This includes common stock and equity mutual funds.
- Fixed income securities are valued using pricing inputs that reflect the assumptions market participants would use to price an asset or liability and are developed based on market data obtained from sources independent of the reporting entity. This includes government securities, corporate bonds, and mortgage backed securities.
- Hedge funds are valued based on the net asset value per share, without further adjustment. Net asset value is based upon the fair value of the underlying investment.
- Money market funds are valued at amortized cost.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

A. GENERAL EMPLOYEES' RETIREMENT PLAN (GERP) (Continued)

Investments (Continued)

The Plan has the following recurring fair value measurements as of September 30, 2019:

Investments Type	Value as of 9/30/2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed income	\$ 26,319,238	\$ -	\$ 26,319,238	\$ -
U.S. treasury securities	1,118,675	1,118,675	-	-
Equity mutual funds	8,741,816	8,741,816	-	-
Common stocks	46,342,499	46,342,499	-	-
Total fair value	<u>82,522,228</u>	<u>\$ 56,202,990</u>	<u>\$ 26,319,238</u>	<u>\$ -</u>

Investment measured at net asset value (NAV) (a)

Hedge funds	495,696
Limited partnerships	1,336,319
Total investments @NAV	<u>1,832,015</u>
Total investmentst	<u>\$ 84,354,243</u>

(a) As required by GAAP, certain investments that are measured at net asset value have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value heirarchy to the total investment line item in the Statement of Fiduciary Net Position.

The following table summarizes investments that uses NAV per share to value investments, including unfunded commitments and restrictions:

Investments Type		Net Asset Value Measurement at Reporting Date			
		Value as of 9/30/2019	Unfunded Commitments	Redemption Frequency	Redemption Notice period
Hedge Funds	(1)	\$ 495,696	\$ -	N/A	N/A
Limited Partnerships	(2)	\$ 1,336,319	\$ 1,294,709	Quarterly	75 days

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

A. GENERAL EMPLOYEES' RETIREMENT PLAN (GERP) (Continued)

Investments (Continued)

(1) Investments in private investment companies (the “investee funds”), are valued, as a practical expedient, utilizing the net asset valuations provided by the underlying investee fund without adjustment, when the net asset valuations of the investments are calculated (or adjusted by the fund if necessary) in a manner consistent with GAAP for investment companies. The fund applies the practical expedient to its investments in investee funds on an investment-by-investment basis, and consistently with the fund’s entire position in a particular investment, unless it is probable that the fund will sell a portion of an investment at an amount different from the net asset valuation. If it is probable that the fund will sell an investment at an amount different from the net asset valuation or in other situations where the practical expedient is not available, the fund considers other factors in addition to the net asset valuation, such as features of the investment, including subscription and redemption rights, expected discounted cash flows, transactions in secondary markets, bids received from potential buyers, and overall market conditions in its determination of fair value.

The underlying investee funds value securities and other financial instruments on a mark-to-market or other estimated fair value basis. The estimated fair values of substantially all of the investments of the underlying investee funds, which may include securities for which prices are not readily available, are determined by the general partner or management of the respective underlying investee funds and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair value may differ from the values that would have been used had a ready market existed for these investments.

(2) Portfolio Advisors Private Equity Fund IX, L.P. (the “Domestic Fund”) and Portfolio Advisors Private Equity Fund IX (Offshore), L.P. (the “Offshore Fund”) seek to offer their investors participation in high quality private equity funds and co-investments managed by leading private equity fund managers. The terms of the Domestic Fund and the Offshore Fund are generally the same, except where noted, and references to the “Fund” in this Confidential Private Placement Memorandum (the “Memorandum”) should be understood as referring to the terms of, or other disclosures that relate to, each of the Domestic Fund, the Offshore Fund and Portfolio Advisors Private Equity Fund IX Intermediate, L.P. (the “Intermediate Partnership”), as the context requires. The Fund is sponsored by Portfolio Advisors, LLC (“Portfolio Advisors” or, together with its affiliates, the “Investment Manager”), which may also sponsor and manage certain alternative parallel and/or special purpose feeder vehicles that invest in or alongside the Fund, including, but not limited to a special purpose vehicle organized in Ireland.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

A. GENERAL EMPLOYEES' RETIREMENT PLAN (GERP) (Continued)

Net Pension Liability

The City's net pension liability was measured by the actuarial valuation as of October 1, 2017 and rolled forward to the September 30, 2018 (measurement date). The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Methods and assumption used to determine net pension liability:

Actuarial Cost Method	Entry Age Normal
Salary increase	5.0%
Investment rate of return	6.75%
Retirement Age	Experience-base table of rates that are specific to the type of eligibility condition.
Mortality	RP-2000 Mortality Table with collar adjustments and generational projections using scale BB as used by the Florida Retirement System for the Regular Class members in the July 1, 2016 actuarial valuation.

Long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined using estimates of forward-looking average annual returns across all asset classes. These projections were developed using a 10 year forward-looking time horizon, interest rates, inflation, the equity risk premium, and the relative out performance of certain asset classes. Based on the Monte Carlo simulations, the best estimates of real return for each asset class included in the pension plan's target allocation as of September 30, 2019 are summarized in the following table:

<u>Asset Group</u>	<u>Long-Term Expected Real rate of return</u>
Fixed Income	3.91%
U.S. Large Cap Equity-Growth	5.50%
U.S. Large Cap Equity-Value	5.90%
U.S. Small Cap Equity	6.22%
International Equity	7.55%
Private Real Estate	6.76%
Private Equity	8.66%

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

A. GENERAL EMPLOYEES' RETIREMENT PLAN (GERP) (Continued)

Net Pension Liability (Continued)

Discount rate: A single discount rate of 6.75% was used to measure the total pension liability. This single discount rate was based on the expected rate on pension plan investments of 6.75%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (6.75%) was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Total pension liability - beginning 9/30/2017	\$ 90,666,457	\$ 80,666,994	\$ 9,999,463
Changes for the year:			
Service Cost	1,643,498	-	1,643,498
Interest on the total pension liability	6,090,423	-	6,090,423
Difference between expected and actual experience of the total pension liability	(740,698)	-	(740,698)
Changes of assumptions	-	-	-
Contributions - employer	-	2,794,643	(2,794,643)
Contributions - employee	-	336,745	(336,745)
Net investment income	-	4,307,216	(4,307,216)
Benefit payments	(4,128,538)	(4,128,538)	-
Refunds	(34,398)	(34,398)	-
Pension plan administrative expense	-	(114,953)	114,953
Net change in total pension liability	2,830,287	3,160,715	(330,428)
Total pension liability - ending 9/30/2018	\$ 93,496,744	\$ 83,827,709	\$ 9,669,035

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

A. GENERAL EMPLOYEES' RETIREMENT PLAN (GERP) (Continued)

Net Pension Liability (Continued)

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the City calculated using the current discount rates (6.75%) and the liability using discount rates that are one percentage point lower (5.75%) and one percentage point higher (7.75%) than the current rates:

	General Employees' Retirement Plan		
	1% Decrease	Current	1% Increase
	5.75%	6.75%	7.75%
Net pension liability	\$ 20,660,331	\$ 9,669,035	\$ 536,743

Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Pension

For the fiscal year ended September 30, 2019 but based on a measurement date of September 30, 2018, the City recognized a reduction to GERP pension expense of \$289,879. This amount is included as a reduction to personal services expenses within the functional program activities.

At September 30, 2019, the City reports deferred outflows and inflows of resources related to the GERP as follows:

	General Employees' Retirement Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 26,549	\$ 350,857
Changes in assumptions	93,149	
Contributions subsequent to measurement date	2,613,899	-
Net difference between projected and actual earnings on pension plan investments	-	719,872
Total	\$ 2,733,597	\$ 1,070,729

Deferred outflows of resources related to the GERP, totaling \$2,613,899, resulting from the City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the fiscal year ended September 30, 2020. Net difference between projected and actual earnings on pension plan investments has a deferred outflows of resources of \$1,471,671 and deferred inflows of resources of \$2,191,543, resulting in the net inflows of resources of \$719,872.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

A. GENERAL EMPLOYEES’ RETIREMENT PLAN (GERP) (Continued)

Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Pension
(Continued)

Other amounts reported as deferred outflows of resources and as deferred inflows of resources related to GERP will be recognized as pension expense as follows:

<u>Year Ending</u> <u>September 30,</u>	Net Deferred Outflows of Resources
2020	\$ (331,538)
2021	(692,757)
2022	(146,563)
2023	219,827
	<u>\$ (951,031)</u>

The schedule of changes in the City’s net pension liability and related ratios and the schedule of contributions, are presented as Required Supplementary Information (RSI) following the notes the financial statements, provide additional information about the net pension liability, plan assets and contribution.

B. POLICE OFFICERS’ RETIREMENT PLAN (PORP)

Plan Description

The City maintains a single employer defined benefit pension Plan established by City Ordinance No. 87-06-38 as amended for the police officers of the City. Membership begins on the date of hire. PORP provides retirement, disability and death benefits to police officers of the City. A more detailed description of the Plan and its provisions appear in ordinances constituting the Plan and in the summary Plan description. The Plan year end is September 30, 2019. The Plan issues a publicly available financial statement that includes fiduciary financial statements and required supplementary information. The financial statements may be obtained by writing to: Board of Trustees – Police Officers’ Retirement Plan, c/o City of Homestead, Finance Department., 100 Civic Court, Homestead, FL 33030.

Eligibility

All regular permanent City of Homestead employees classified as police personnel.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

B. POLICE OFFICERS' RETIREMENT PLAN (PORP) (Continued)

Service Retirement Benefits

Upon normal retirement, a participant will receive 3.5% of the average of compensation during the highest 5 years out of the last 10 years of credited service prior to termination or retirement, multiplied by years of credited service to a maximum of 80% of average final compensation. Compensation used for the calculation of benefits under the Plan includes (1) base pay, (2) workers' compensation benefits and supplements, (3) longevity pay, (4) accumulated leave pay not to exceed 5% of an employee's base pay during the highest 5 years of employment prior to retirement, and (5) up to 254 hours for overtime compensation received during the highest 5 years of employment prior to retirement.

Early Retirement

A member may retire early after attaining age 50 and completing 10 years of service. Benefits are reduced by 2 1/3% for each year by which the early retirement date precedes the normal retirement date.

Disability Benefits

A participant with more than 5 years of credited service who becomes totally and permanently disabled in the line of duty and unable to render useful and efficient service as a police officer is eligible for a disability benefit equal to the participant's normal retirement benefits calculated in accordance with section 22.5-68.

Funding Policy

The City is required to contribute an actuarially determined amount that, when combined with participants' contributions and contributions from the State of Florida, will fully provide for all benefits as they become payable. The State of Florida contributions are recorded as revenues and expenditures in the City of Homestead's General Fund. Members of the Plan are required to contribute 7.65% of their base salary and overtime of up to two hundred fifty-four (254) hours.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

B. POLICE OFFICERS' RETIREMENT PLAN (PORP) (Continued)

Investments

The Board of Trustees has developed certain investment guidelines and has retained investment managers to implement the investment objectives. The investment managers are expected to maximize the return on the investment portfolio and may make transactions consistent with that expectation pursuant to the Board's guidelines. The investment balances held by the Plan as of September 30, 2019 are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than One Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>More than 10 Years</u>
Cash equivalents	\$ 6,162,633	\$ 6,162,633	\$ -	\$ -	\$ -
Fixed income	36,690,927	3,004,085	10,651,152	11,552,356	11,483,334
Sub-total	42,853,560	<u>\$ 9,166,718</u>	<u>\$ 10,651,152</u>	<u>\$ 11,552,356</u>	<u>\$ 11,483,334</u>
Common Stocks	51,782,355				
Total cash and investments	<u>\$ 94,635,915</u>				

Interest Rate Risk – Interest rate risk refers to the portfolio’s exposure to fair value losses arising from increasing interest rates. Interest rate risk disclosures are required for all debt investments as well as investments in mutual funds, external investment pools, and other pooled investments that do not meet the definition of a 2a7-like pool. The Plan’s investment policy established benchmarks based on credit quality and duration. The benchmarks are monitored and changed when warranted by the investment market environment. Fixed income portfolios are structured and managed to produce returns based on risk inherent in the selected benchmarks.

The Plan’s investment policy currently does not allow for investments in fixed income securities with a maturity in excess of 30 years. As of September 30, 2019 the weighted average maturity of the fixed income portfolio was 11.66 years.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

B. POLICE OFFICERS' RETIREMENT PLAN (PORP) (Continued)

Investments (Continued)

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Plan limits its credit risk by limiting its investments in fixed income investments to those rated BBB- or higher. The following table provides a summary of the fixed income investment balances by credit rating.

<u>S&P</u> <u>Rating</u>	Percentage <u>of Fixed</u> <u>Income</u>	<u>Fair Value</u>
A	0.73%	\$ 269,555
A-	8.06%	2,955,989
AA+	57.43%	21,071,125
AA	0.71%	259,798
AA-	1.37%	504,210
AAA	2.72%	998,635
B+	0.23%	83,500
B	0.66%	243,125
BB+	0.73%	266,825
BB	0.43%	156,875
BB-	0.68%	250,025
BBB+	6.88%	2,524,485
BBB	9.47%	3,474,716
BBB-	<u>9.90%</u>	<u>3,632,064</u>
	<u>100.0%</u>	<u>\$ 36,690,927</u>

Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event failure of counterparty, the Plan will not be able to recover the value of its investment or collateral securities that are held by the counterparty. The Plan has third party custodian arrangements with financial institutions to accept securities on a delivery vs payment basis for direct purchase agreements. All securities purchased by the Plan are deposited as an asset of the Plan in the Plan's name and held in safekeeping by the Plan's custodian bank or a third party custodian institution.

Concentration of Credit Risk – GASB Standards require disclosure of investments in any one issuer that represents 5% or more of the total of the Plan's net position. The Plan's investment policy places investment limitations and provides target allocations to its investment managers to limit credit risks due to concentration. The Plan's investment policy limits investments in any one issuer of common stock or corporate bond to no more than 5% of the Plan's total assets. However, there are no limitations in government securities. As of September 30, 2019, none of the Plan's investments were held with any single issuer that represents 5% or more of the Plan's net position.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

B. POLICE OFFICERS’ RETIREMENT PLAN (PORP) (Continued)

Investments (Continued)

Fair Value measurements – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The following is a description of the valuation methodologies used for the Plan’s investments measured at fair value.

- Cash equivalents which consist of investments with original maturities of three (3) months or less are reported at cost which approximates fair value.
- Equity securities traded on national or international exchanges are valued at the last reported sales price or current exchange rates. This includes common stock and equity mutual funds.
- Fixed income securities are valued using pricing inputs that reflect the assumptions market participants would use to price an asset or liability and are developed based on market data obtained from sources independent of the reporting entity. This includes government securities, corporate bonds, and mortgage backed securities.

The Plan has the following recurring fair value measurements as of September 30, 2019:

<u>Investments Type</u>	Value as of <u>9/30/2019</u>	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed income	\$ 36,690,927	\$ 14,759,790	\$ 21,931,137	\$ -
Common stocks	<u>51,782,355</u>	<u>51,782,355</u>	<u>-</u>	<u>-</u>
Total investment at fair value	<u>\$ 88,473,282</u>	<u>\$ 66,542,145</u>	<u>\$ 21,931,137</u>	<u>\$ -</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

B. POLICE OFFICERS' RETIREMENT PLAN (PORP) (Continued)

Net Pension Liability

The City's net pension liability was measured by the actuarial valuation as of October 1, 2017 and rolled forward to the September 30, 2018 (measurement date). The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Methods and assumption used to determine net pension liability:

Actuarial Cost Method	Entry Age Normal
Salary increase	5.75% to 9.75% depending on service
Investment rate of return	7.50%
Retirement Age	Upon eligibility
Mortality	RP-2000 Mortality Table with collar adjustments and generational projections using scale BB as used by the Florida Retirement System for the Special Risk Class members in the July 1, 2016 actuarial valuation.

Long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined using the long-term nominal building block data less the long-term inflation assumption of 2.5%. The building block long-term real return projections were developed considering the long-term historic capital market returns, 10-15 year expected capital market return assumptions, as well as, historical, current, and expected inflation data. Best estimates of arithmetic real return for each asset class included in the pension plan's target allocation as of September 30, 2019 are summarized in the following table:

<u>Asset Group</u>	<u>Long-Term Expected Real rate of return</u>
Domestic Equity	7.5%
International Equity	8.5%
Domestic Bonds	2.5%

Discount rate: A single discount rate of 7.50% was used to measure the total pension liability. This single discount rate was based on the expected rate on pension plan investments of 7.50%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (7.50%) was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

B. POLICE OFFICERS' RETIREMENT PLAN (PORP) (Continued)

Net Pension Liability (Continued)

Changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Total pension liability - beginning 9/30/2017	\$ 110,577,942	\$ 92,863,500	\$ 17,714,442
Changes for the year:			
Service Cost	2,555,719	-	2,555,719
Interest on the total pension liability	8,362,811	-	8,362,811
Difference between expected and actual experience of the total pension liability	147,491	-	147,491
Changes of assumptions	1,221,370		1,221,370
Contributions - employer	-	3,233,825	(3,233,825)
Contributions - employer (from state)	-	652,393	(652,393)
Contributions - employee	-	723,982	(723,982)
Net investment income	-	6,130,868	(6,130,868)
Benefit payments	(6,176,595)	(6,176,595)	-
Refunds	(16,764)	(16,764)	-
Pension plan administrative expense	-	(113,859)	113,859
Other (Change in State Contribution Reserve)	-	347,365	(347,365)
Net change in total pension liability	6,094,032	4,781,215	1,312,817
Total pension liability - ending 9/30/2018	\$ 116,671,974	\$ 97,644,715	\$ 19,027,259

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the City calculated using the current discount rate (7.50%) and the liability using discount rates that are one percentage point lower (6.50%) and one percentage point higher (8.50%) than the current rates:

	Police Officers' Retirement Plan		
	Current		
	1% Decrease 6.50%	discount rate 7.50%	1% Increase 8.50%
Net pension liability	\$ 33,061,037	\$ 19,027,259	\$ 7,613,561

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

B. POLICE OFFICERS' RETIREMENT PLAN (PORP) (Continued)

Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Pension

For the fiscal year ended September 30, 2019 but based on a measurement date of September 30, 2018, the City recognized the Plan's pension expense of \$672,686. This amount is included as an increase to personal services expenses within the functional program activities.

At September 30, 2019, the City reports deferred outflows and inflows of resources related to the PORP as follows:

	Police Officers' Retirement Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 230,218	\$ 376,674
Change in assumptions	2,027,666	-
Contributions subsequent to measurement date	4,776,061	-
Net difference between projected and actual earnings on pension plan investments	-	428,386
Total	\$ 7,033,945	\$ 805,060

Deferred outflows of resources related to the PORP, totaling \$4,776,061, resulting from the City and State contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the fiscal year ended September 30, 2020. Net difference between projected and actual earnings on pension plan investments has a deferred outflows of resources of \$1,718,361 and deferred inflows of resources of \$2,146,747, resulting in the net inflows of resources of \$428,386.

Other amounts reported as deferred outflows of resources and as deferred inflows of resources related to PORP will be recognized as pension expenses as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Net Deferred</u> <u>Outflows of</u> <u>Resources</u>
2020	\$ 1,883,966
2021	(95,955)
2022	(491,842)
2023	156,655
	\$ 1,452,824

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

B. POLICE OFFICERS' RETIREMENT PLAN (PORP) (Continued)

The schedule of changes in the City's net pension liability and related ratios and the schedule of contributions, are presented as Required Supplementary Information (RSI) following the notes to the financial statements, provides additional information about the net pension liability, plan assets and contributions.

C. ELECTED OFFICIALS' RETIREMENT PLAN (EORP)

Plan Description

The City maintains a single-employer defined benefit pension Plan established by City Ordinance 98-05-18 dated June 1, 1998 as amended, which was established to provide retirement benefits to elected officials. A more detailed description of the Plan and its provisions appears in the Ordinances constituting the Plan and in the summary Plan description. The Plan year end is December 31, 2018. The Plan issues a publicly available financial statement that includes fiduciary financial statements and required supplementary information. The financial statements may be obtained by writing to: Board of Trustees - Elected Officials' Retirement Plan, c/o City of Homestead, Finance Department, 100 Civic Court, Homestead, FL 33030.

In February 18, 2002, the City established the City of Homestead Elected Officials and Senior Management Retirement Plan (NEW Plan), which included senior management employees effective March 21, 2005 and closed the EORP to new members. The assets of the two plans were segregated to reflect the independence of the two plans.

Eligibility

Elected officials of the City of Homestead elected prior to February 18, 2002. No new participants entered the Plan after February 18, 2002.

Service Retirement Benefits

Upon normal retirement, a participant will receive an annual pension benefit equal to 20% of the annual average compensation paid during the highest three years of service. For any service beyond the four years required to vest in the retirement system, the pension shall be increased by 5% of annual average compensation for each and every year of service to a maximum of twenty years and an annual pension equal to 100% of annual average compensation. Said benefit shall increase by 3% as of January 1 of each year after the elected official has been retired for one year. Retirement age is 55 and 4 years of service.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

C. ELECTED OFFICIALS' RETIREMENT PLAN (EORP) (Continued)

Disability Benefits

Under the Plan, a participant with more than 10 years of credited service who is determined to be totally and permanently disabled and who no longer serves in office shall receive a disability retirement benefit equal to regular retirement benefits or 35% of final average compensation, whichever is greater. In addition there is a death benefit under the Plan that entitles participants' beneficiaries to a lump sum pay-out if the participant was not vested and a monthly benefit if the participant was vested.

Funding Policy

The City is required to contribute an actuarially determined amount that will fully provide for all benefits as they become payable. The funding policy can only be amended by authorization of the City Council. Participants are not required to contribute to the Plan.

Effective May 30, 2012, the Division of Retirement mandated that local governments confer with the Plan's actuary to select and maintain a method (percentage of payroll or fixed dollar contributions) that best fits the funding requirements of the Plan. The Plan determined to use the "percentage of payroll contribution" method for the year ended December 31, 2018. The actual contribution from the City for active members was actuarially determined using the latest actuarial valuation dated January 1, 2018.

Investments

The Board of Trustees has developed certain investment guidelines and has retained investment managers. The investment managers are expected to maximize the return on the investment portfolio and may make transactions consistent with that expectation within the Board's guidelines.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

C. ELECTED OFFICIALS’ RETIREMENT PLAN (EORP) (Continued)

Investments (Continued)

The investment balances held by the Plan as of December 31, 2018 are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>0-12 Months</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>More than 10 years</u>
Fixed income-municipal bonds	\$ 49,640	49,640	-		
Fixed income-corporate bonds	<u>1,011,427</u>	<u>349,877</u>	<u>661,550</u>	-	-
Sub-total Fixed Income	<u>1,061,067</u>	<u>\$ 399,517</u>	<u>\$ 661,550</u>	<u>\$ -</u>	<u>\$ -</u>
Common stocks	1,394,358				
Foreign stocks	154,505				
Mutual fund - ETF	34,052				
ETF fixed income	1,756				
ETF Equity	34,472				
Unit investment trusts	<u>98,814</u>				
Sub-total Equities	<u>1,717,957</u>				
Total Investments	<u>\$ 2,779,024</u>				

Interest Rate Risk – Interest rate risk refers to the portfolio’s exposure to fair value losses arising from increasing interest rates. Interest rate risk disclosures are required for all debt investments as well as investments in mutual funds, external investment pools, and other pooled investments that do not meet the definition of a 2a7-like pool. The Plan’s investment policy currently does not set a parameter on the duration of its fixed income securities. However, as of December 31, 2018 the weighted average maturity of the fixed income portfolio was 2.18 years.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Plan limits its credit risk by limiting its investments in fixed income securities to U.S. Government and agency securities or corporate bonds which meet or exceed a credit rating of BBB for Standard & Poor’s or a Baa for Moody’s.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

C. ELECTED OFFICIALS' RETIREMENT PLAN (EORP) (Continued)

Investments (Continued)

The following table provides a summary of the fixed income investment balances by credit rating.

<u>S&P</u> <u>Rating</u>	<u>Fair Value</u>	Percentage of Fixed <u>Income</u>
A	\$ 25,666	2.42%
A-	287,560	27.10%
AA-	47,412	4.47%
B+	24,750	2.33%
BB	22,417	2.11%
BBB	79,750	7.52%
BBB-	124,286	11.71%
BBB+	366,601	34.55%
D	27,632	2.60%
NR	54,993	5.18%
	<u>\$ 1,061,067</u>	<u>100.0%</u>

The credit ratings for investment purchases must be at least BBB by Standard & Poor's or Baa by Moody's. However, the investment policy does not force an investment sale in the event that there is a credit rating cut by either of the rating agencies. The investments in the portfolio that are currently rated below BBB or Baa, had a credit rating in compliance with the policy at the time of purchase.

Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Plan has a third party custodian agreement with a financial institution to accept securities on a delivery vs payment basis for direct purchase agreement. All securities purchased by the Plan are designated as an asset of the Plan in the Plan's name and are held in safekeeping by the Plan's custodian bank or a third party custodian institution.

Concentration of Credit Risk – GASB Standards require disclosure of investments in any one issuer that represents 5% or more of the total of the Plan's net position. The Plan's investment policy places investment limitations and provides target allocations to its investment managers to limit credit risk due to concentration. The Plan's investment policy limits investments in any issuer of common stock or corporate bonds to no more than 5% and 10% of the Plan's total assets, respectively. However there are no limitations in government securities. As of December 31, 2018 no investment by any one issuer was above the 5% threshold required for disclosure.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

C. ELECTED OFFICIALS' RETIREMENT PLAN (EORP) (Continued)

Investments (Continued)

Fair Value measurements – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Plan does not have any investments that are categorized as Level 3.

The following is a description of the valuation methodologies used for the Plan's investments measured at fair value. Level 1 and Level 2, prices are obtained from various pricing sources by the Plan's custodian.

- Equity securities traded on national or international exchanges are valued at the last reported sales price or current exchange rates (Level 1). This includes common stock, foreign stock, exchange traded funds (ETF's) and REIT's.
- Debt securities are valued using pricing inputs that reflect the assumptions market participants would use to price an asset or liability and are developed based on market data obtained from sources independent of the reporting entity (Level 2). This includes corporate bonds and foreign bonds.

The Plan has the following recurring fair value measurements as of December 31, 2018.

<u>Investments Type</u>	Value as of <u>12/31/2018</u>	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
Debt securities:				
Municipal bonds	\$ 49,640	\$ -	\$ 49,640	\$ -
Corporate bonds	<u>1,011,427</u>	<u>-</u>	<u>1,011,427</u>	<u>-</u>
Total debt securities	1,061,067	-	1,061,067	-
Equity securities:				
Common stock	1,394,358	1,301,331	93,027	-
Foreign stock	154,505	154,505	-	-
ETF	70,280	70,280	-	-
Unit investment trusts	<u>98,814</u>	<u>98,814</u>	<u>-</u>	<u>-</u>
Total equity securities	<u>1,717,957</u>	<u>1,624,930</u>	<u>93,027</u>	<u>-</u>
Total investments at fair value	<u>\$ 2,779,024</u>	<u>\$ 1,624,930</u>	<u>\$ 1,154,094</u>	<u>\$ -</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

C. ELECTED OFFICIALS' RETIREMENT PLAN (EORP) (Continued)

Net Pension Liability

The City's net pension liability was measured by the actuarial valuation as of January 1, 2018 and rolled forward to the December 31, 2018 (measurement date). The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Methods and assumption used to determine net pension liability:

Actuarial Cost Method	Entry Age Normal
Salary increase	7.0%
Investment rate of return	6.75% per year, net investment expenses
Retirement Age	100% when first eligible for retirement
Mortality	RP-2000 Mortality Table with collar adjustments and generational projections using scale BB as used by the Florida Retirement System for the Regular Class members in the July 1, 2016 actuarial valuation.

Long-term expected rate of return: The long-term expected rate of return on pension plan investment was determined for equities using estimates of a *current risk-free* component that is the same for all asset classes and an *asset-class premium* component that varies by each asset class due to the differences in expected risk for each class. The *current risk-free rate* is estimated using a 20-year forward looking time horizon of the yield of 20-year U.S. Treasury bonds. The *asset-class premium component* was estimated considering historical return on large-cap stocks, interest rates and inflation data, adjusted for the historical income return provided by the risk free asset. The long term return for the fixed income securities was determined using the yield-to-maturity on the Barclays U.S. Aggregate Bond Index adjusted for the 15-year horizon premium. The best estimates of arithmetic real return for each asset class included in the pension plan's target allocation as of December 31, 2018 are summarized in the following table:

<u>Asset Group</u>	<u>Long-Term Expected Real rate of return</u>
Equities	6.67%
Fixed Income	3.68%

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

C. ELECTED OFFICIALS' RETIREMENT PLAN (EORP) (Continued)

Net Pension Liability (Continued)

Discount rate: A single discount rate of 6.75% was used to measure the total pension liability. This single discount rate was based on the expected rate on pension plan investments of 6.75%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (6.75%) was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability:

	Elected Officials Retirement Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Total pension liability - beginning 12/31/2017	\$ 3,446,948	\$ 2,999,078	\$ 447,870
Changes for the year:			
Service Cost	32,016	-	32,016
Interest on the total pension liability	229,217	-	229,217
Difference between expected and actual experience of the total pension liability	(150,347)	-	(150,347)
Changes of assumptions	20		20
Contributions - employer	-	259,658	(259,658)
Net investment income	-	(82,743)	82,743
Benefit payments	(166,320)	(166,320)	-
Pension plan administrative expense	-	(62,218)	62,218
Net change in total pension liability	<u>(55,414)</u>	<u>(51,623)</u>	<u>(3,791)</u>
Total pension liability - ending 12/31/2018	<u>\$ 3,391,534</u>	<u>\$ 2,947,455</u>	<u>\$ 444,079</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

C. ELECTED OFFICIALS' RETIREMENT PLAN (EORP) (Continued)

Net Pension Liability (Continued)

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the City calculated using the current discount rates (6.75%) and the liability using discount rates that are one percentage point lower (5.75%) and one percentage point higher (7.75%) than the current rates:

	Elected Officials Retirement Plan		
	1% Decrease	Current	1% Increase
	5.75%	6.75%	7.75%
Net pension liability	\$ 878,885	\$ 444,079	\$ 87,038

Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Pension

For the fiscal year ended September 30, 2019 but based on a measurement date of December 31, 2018, the City recognized a reduction to the Plan's pension expense of \$117,964. This amount is included as a reduction to personal services expenses within the functional program activities.

At September 30, 2019, the City reports deferred outflows and inflows of resources related to the EORP as follows:

	Elected Officials Retirement Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Contributions subsequent to measurement date	259,658	-
Net difference between projected and actual earnings on pension plan investments	302,914	-
Total	\$ 562,572	\$ -

Deferred outflows of resources related to the EORP, totaling \$259,658, resulting from the City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the fiscal year ended September 30, 2020. Net difference between projected and actual earnings on pension plan investments has a deferred outflows of resources of \$314,710 and deferred inflows of resources of \$11,796, resulting in the net outflows of resources of \$302,914.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

C. ELECTED OFFICIALS’ RETIREMENT PLAN (EORP) (Continued)

Other amounts reported as deferred outflows of resources related to EORP will be recognized as a reduction of pension expense as follows:

<u>Year Ending</u> <u>September 30,</u>	Net Deferred Outflows of <u>Resources</u>
2020	\$ 138,963
2021	53,390
2022	53,314
2023	<u>57,247</u>
	<u>\$ 302,914</u>

The schedule of changes in the City’s net pension liability and related ratios and the schedule of contributions, are presented as Required Supplementary Information (RSI) following the notes to the financial statements, provides additional information about the net pension liability, plan assets and contributions.

D. NEW ELECTED OFFICIALS’ AND SENIOR MANAGEMENT RETIREMENT SYSTEM (NEOSMRS)

Plan Description

The City maintains a single-employer defined benefit pension plan established by City Ordinance 2002-02-06 dated February 18, 2002 as amended. The Plan was created to provide retirement benefits to all elected officials of the City of Homestead elected on or after February 18, 2002 and senior management. The Plan is administered by a pension board. The Board has the ability to make recommendations on establishing and amending pension plan provisions which can only be authorized by the City Council. During 2009, a unanimous decision was made to change the Plan year to a calendar year. Therefore, the presentation in these financial statements is as of year ending December 31. A more detailed description of the Plan and its provisions appears in the Ordinances constituting the Plan and in the summary Plan description. The Plan year end is December 31, 2018. The Plan issues a publicly available financial statement that includes fiduciary financial statements and required supplementary information. The financial statements may be obtained by writing to: Board of Trustees – New Elected Officials’ and Senior Management Retirement Plan, c/o City of Homestead, Finance Department, 100 Civic Court, Homestead, FL 33030.

Eligibility

Elected Officials elected on or after February 18, 2002, and the following senior managers if hired prior to April 20, 2009: City Manager, Assistant City Manager or Deputy City Manager.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

D. NEW ELECTED OFFICIALS' AND SENIOR MANAGEMENT RETIREMENT SYSTEM (NEOSMRS) (Continued)

Pension Benefits

Upon normal retirement, a participant will receive a minimum of 20% of the average compensation paid during the highest three years of service subject to a maximum of 80%. Retirement age is 55 and 5 years of service. The benefits are increased by 2% each year on January 1st beginning after the elected official has been retired for at least five years. Under the Plan, a participant with more than 10 years of credited service who is determined to be totally and permanently disabled and who no longer serves in office shall receive a disability retirement benefit equal to regular retirement benefits or 35% of the participant's final average compensation, whichever is greater. In addition, there is a death benefit under the Plan that entitles participants' beneficiaries to a lump sum pay-out if the participant was not vested and a monthly benefit if the participant was vested.

Funding Policy

The City is required to contribute an actuarially determined amount that will fully provide for all benefits as they become payable. The funding policy can only be amended by authorization of the City Council. Participants are not required to contribute to the Plan, while the City is required to contribute an actuarially determined amount necessary to pay the annual normal cost of the Plan plus the additional amount needed to amortize any unfunded accrued liability.

Effective May 30, 2012, the Division of Retirement mandated that local governments confer with the Plan's actuary to select and maintain a method (percentage of payroll or fixed dollar contributions) that best fits the funding requirements of the Plan. The Plan determined to use the "percentage of payroll contribution" method for the year ended December 31, 2018. The actual contribution from the City for active members was actuarially determined using the latest actuarial valuation dated January 1, 2018.

Investments

The Board of Trustees has developed certain investment guidelines and has retained investment managers to implement the investment objectives. The investment managers are expected to maximize the return on the investment portfolio and may make transactions consistent with that expectation pursuant to the Board's guidelines.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

D. NEW ELECTED OFFICIALS’ AND SENIOR MANAGEMENT RETIREMENT SYSTEM (NEOSMRS) (Continued)

Investments (Continued)

The Plan had investment balances as of December 31, 2018:

<u>Investment Type</u>	<u>Fair Value</u>	<u>0-12 Months</u>	<u>1-5 Years</u>	<u>6-15 Years</u>	<u>More than 10 years</u>
Fixed income-Government Bonds	\$ 531	\$ -	\$ 531	\$ -	\$ -
Sub-total : fixed income	531	<u>\$ -</u>	<u>\$ 531</u>	<u>\$ -</u>	<u>\$ -</u>
Mutual funds - fixed income	1,014,687				
Mutual funds - equity	2,695,632				
Real Estate Fund	486,692				
Total Investments at fair value	<u>\$ 4,197,542</u>				

Interest Rate Risk – Interest rate risk refers to the portfolio’s exposure to fair value losses arising from increasing interest rates. Interest rate risk disclosures are required for all debt investments as well as investments in mutual funds, external investment pools, and other pooled investments that do not meet the definition of a 2a7-like pool. The Plan’s investment policy currently does not set a parameter on the duration of its fixed income securities. As of December 31, 2018 the weighted average maturity of the fixed income portfolio was 4.0 years.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Plan limits its credit risk by limiting its purchases of investments in fixed income securities to U.S. Government and agency securities or corporate bonds which meet or exceed a credit rating of BBB for Standard & Poor’s or a Baa for Moody’s.

The following table provides a summary of the fixed income investment balances by credit rating:

<u>S&P Rating</u>	<u>Fair Value</u>	<u>Percentage of Fixed Income</u>
NR	\$ 531	<u>100.0%</u>
	<u>\$ 531</u>	<u>100.0%</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

D. NEW ELECTED OFFICIALS' AND SENIOR MANAGEMENT RETIREMENT SYSTEM (NEOSMRS) (Continued)

Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Plan has third party custodian arrangements with financial institutions to accept securities on a delivery vs payment basis for direct purchase agreements. All securities purchased by the Plan are deposited as an asset of the Plan in the Plan's name and are held in safekeeping by the Plan's custodian bank or a third party custodian institution.

Concentration of Credit Risk – GASB Standards require disclosure of investments in any one issuer that represents 5% or more of the total of the Plan's net position. The Plan's investment policy places investment limitations and provides target allocations to its investment managers to limit credit risk due to concentration. The Plan's investment policy limits investments in any issuer of common stock or corporate bonds to no more than 5% and 10% of the Plan's total assets, respectively. However there are no limitations in government securities. As of December 31, 2018, no investment by any one issuer was above the 5% threshold required for disclosure.

Fair Value measurements – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Plan does not have any investments that are categorized as Level 3.

The following is a description of the valuation methodologies used for the Plan's investments measured at fair value. Level 1 and Level 2 prices are obtained from various pricing sources by the Plan's custodian.

- Equity securities traded on national or international exchanges are valued at the last reported sales price or current exchange rates (Level 1). This includes common stock, foreign stock, exchange traded funds (ETF's) and REIT's.
- Debt securities are valued using pricing inputs that reflect the assumptions market participants would use to price an asset or liability and are developed based on market data obtained from sources independent of the reporting entity (Level 2). This includes corporate bonds and foreign bonds.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

D. NEW ELECTED OFFICIALS' AND SENIOR MANAGEMENT RETIREMENT SYSTEM (NEOSMRS) (Continued)

Investments (Continued)

The Plan has the following fair value measurements as of December 31, 2018:

	Fair Value Measurements Using			
	Value as of 12/31/2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Investments by fair value level:</u>				
Debt securities:				
Mortgage/Asset backed securities	\$ 531	\$ -	\$ 531	\$ -
Total debt securities	531	-	531	-
Equity securities:				
Mutual Funds - fixed income	1,014,687	1,014,687	-	-
Mutual Funds - equity	2,695,632	2,695,632	-	-
Total equity securities	3,710,319	3,710,319	-	-
Total investments at fair value	3,710,850	\$ 3,710,319	\$ 531	\$ -
 <u>Investments measured at the net asset value ("NAV")</u>				
Real estate fund	486,692			
Total investments	\$ 4,197,542			

Net Pension Liability

The City's net pension liability was measured by the actuarial valuation as of January 1, 2018 and rolled forward to the December 31, 2018 (measurement date). The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Methods and assumption used to determine net pension liability:

Actuarial Cost Method	Entry Age Normal
Salary increase	1.0%
Investment rate of return	6.75% per year, net investment expenses
Retirement Age	100% upon eligibility
Mortality	RP-2000 Mortality Table with collar adjustments and generational projections using scale BB as used by the Florida Retirement System for the Regular Class members in the July 1, 2016 actuarial valuation.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

D. NEW ELECTED OFFICIALS' AND SENIOR MANAGEMENT RETIREMENT SYSTEM (NEOSMRS) (Continued)

Net Pension Liability (Continued)

Long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined using the long-term nominal building block data less the long-term assumption of 6.15%. The building block long-term real return projections were developed considering the long-term historic capital market returns, 10-15 year expected capital market return assumptions, as well as, historical, current, and expected inflation data. Best estimates of arithmetic real return for each asset class included in the pension plan's target allocation as of December 31, 2018 are summarized in the following table:

<u>Asset Group</u>	<u>Long-Term Expected Real rate of return</u>
Domestic Equity	7.50%
International Equity	8.50%
Domestic Bonds	2.50%
International Bonds	3.50%
Real Estate	4.50%

Discount rate: A single discount rate of 6.75% was used to measure the total pension liability. This single discount rate was based on the expected rate on pension plan investments of 6.75%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (6.75%) was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

D. NEW ELECTED OFFICIALS' AND SENIOR MANAGEMENT RETIREMENT SYSTEM (NEOSMRS) (Continued)

Net Pension Liability (Continued)

Changes in Net Pension Liability:

	New Elected Officials' and Senior Management Retirement System		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Total pension liability - beginning 12/31/2017	\$ 4,701,090	\$ 4,724,658	\$ (23,568)
Changes for the year:			
Service Cost	62,110	-	62,110
Interest on the total pension liability	311,494	-	311,494
Difference between expected and actual experience of the total pension liability	15,577	-	15,577
Changes of assumptions	(2,652)		(2,652)
Contributions - employer	-	105,641	(105,641)
Net investment income	-	(194,291)	194,291
Benefit payments	(296,941)	(296,941)	-
Pension plan administrative expense	-	(47,118)	47,118
Net change in total pension liability	<u>89,588</u>	<u>(432,709)</u>	<u>522,297</u>
Total pension liability - ending 12/31/2018	<u>\$ 4,790,678</u>	<u>\$ 4,291,949</u>	<u>\$ 498,729</u>

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the City calculated using the current discount rates (6.75%) and the liability using discount rates that are one percentage point lower (5.75%) and one percentage point higher (7.75%) than the current rates:

	New Elected Officials' and Senior Management Retirement System		
	Current		
	1% Decrease	discount rate	1% Increase
	5.75%	6.75%	7.75%
Net pension liability	\$ 1,078,299	\$ 498,729	\$ 20,854

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

D. NEW ELECTED OFFICIALS' AND SENIOR MANAGEMENT RETIREMENT SYSTEM (NEOSMRS) (Continued)

Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Pension

For the fiscal year ended September 30, 2019 but based on a measurement date of December 31, 2018, the City recognized the Plan's pension expense of \$131,335. This amount is included as an addition to personal services expenses within the functional program activities.

At September 30, 2019, the City reports deferred outflows and inflows of resources related to the Plan as follows:

	New Elected Officials' and Senior Management Retirement System	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 23,435	\$ -
Changes in assumptions	52,443	2,122
Contributions subsequent to measurement date	106,700	-
Net difference between projected and actual earnings on pension plan investments	302,290	-
Total	\$ 484,868	\$ 2,122

Deferred outflows of resources related to the NEOSMRS, totaling \$106,700, resulting from the City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the fiscal year ended September 30, 2020. Net difference between projected and actual earnings on pension plan investments has a deferred outflows of resources of \$528,720 and deferred inflows of resources of \$226,430, resulting in the net outflows of resources of \$302,290.

Other amounts reported as deferred outflows of resources related to NEOSMRS will be recognized as a reduction of pension expense as follows:

<u>Year Ending</u> <u>September 30,</u>	Net Deferred Outflows of Resources
2020	\$ 146,855
2021	72,454
2022	47,359
2023	109,378
	\$ 376,046

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

D. NEW ELECTED OFFICIALS' AND SENIOR MANAGEMENT RETIREMENT SYSTEM (NEOSMRS) (Continued)

The schedule of changes in the City's net pension liability and related ratios and the schedule of contributions, are presented as Required Supplementary Information (RSI) following the notes to the financial statements, provides additional information about the net pension liability, plan assets and contributions.

E. FIREFIGHTERS' RETIREMENT SYSTEM (HFRS)

Plan Description

The following description of the City of Homestead Firefighters' Retirement System is provided for general information only. Participants should refer to the Plan agreement for more complete information. The Plan year end is December 31, 2018. The Plan issues a publicly available financial statement that includes fiduciary financial statements and required supplementary information. The financial statements may be obtained by writing to: Board of Trustees – Firefighters' Retirement System, C/O City of Homestead, Finance Department., 100 Civic Court, FL 33030.

Eligibility

The Plan is a single-employer defined benefit pension plan, covering members of the City of Homestead Firefighters. No new participants entered the Plan after 1978.

Pension Benefits

Participants are entitled to monthly pension benefits beginning at normal retirement age (55). Normal retirement benefit is in the form of an annuity equal to the lesser of 3% of average compensation multiplied by the number of years of service or 80% of average compensation.

Disability Benefits

A member who becomes permanently and totally disabled and has at least five years of credited service is entitled to receive a monthly benefit based upon the accrued benefit at date of disability reduced to reflect an early commencement date. Under all circumstances it will not be less than 50% of average compensation.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

E. FIREFIGHTERS' RETIREMENT SYSTEM (HFRS) (Continued)

Termination Benefits

If a vested participant is terminated, the participant is entitled to receive a monthly benefit commencing on the normal retirement date or (b) a reduced early benefit on the date of eligibility for an early retirement benefit.

Death Benefit

The Plan provides a pre-retirement death benefit. The benefit payable for members with 10 or more years of credited service is equal to the amount the member would have received under early or normal retirement. Members with less than 10 years of credited service, the pre-retirement death benefit is payable in a lump sum amount equal to the participants contribution account.

Funding Policy

Contributions to the Plan are provided by the State of Florida and the City. The City is required to contribute an actuarially determined amount. State of Florida contributions are recorded as revenues and expenditures in the City of Homestead's General Fund.

State of Florida Excess Contributions

Florida Statutes outline minimum Plan benefits. Costs associated with making benefit improvements are required only to the extent that additional State contributions (premium tax revenue) are available. Premium tax revenue is determined as the excess of tax revenues earned subsequent to December 31, 1997 over the tax revenue earned for 1997. Excess revenues must be used to fund benefits in addition to or greater than those provided to participants.

Investments

The Board of Trustees has engaged outside investment professionals to manage Plan assets. Firms registered with the Securities and Exchange Commission as investment advisors manage fixed income and equity assets of the Plan. The investment custodian is responsible for the activity and safeguarding of the investment assets. The Board also utilizes an investment consultant to provide advice on manager performance and investment policy amendments and benchmarks.

The plan investments are managed by Highland Capital Management LLC. Plan assets are held in custodial accounts with Salem Trust.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

E. FIREFIGHTERS' RETIREMENT SYSTEM (HFRS) (Continued)

Investments (Continued)

The Plan had investment balances as of December 31, 2018:

<u>Investment Type</u>	<u>Fair Value</u>	<u>0-12 Months</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>More than 10 years</u>
Corporate bonds	\$ 749,319	\$ 34,889	\$ 332,636	\$ 239,121	\$ 142,673
Government securities	658,708	-	89,494	138,547	430,667
Municipal obligations	<u>76,565</u>	<u>-</u>	<u>30,981</u>	<u>20,174</u>	<u>25,410</u>
Sub-total : fixed income	1,484,592	<u>\$ 34,889</u>	<u>\$ 453,111</u>	<u>\$ 397,842</u>	<u>\$ 598,750</u>
Common stocks	3,472,732				
Mutual Funds equity	1,461,002				
Other	<u>46,075</u>				
Total Investments at fair value	<u>\$ 6,464,401</u>				

Interest Rate Risk – Interest rate risk refers to the portfolio’s exposure to fair value losses arising from increasing interest rates. Interest rate risk disclosures are required for all debt investments as well as investments in mutual funds, external investment pools, and other pooled investments that do not meet the definition of a 2a7-like pool. The Plan does not have a written policy that limits investment maturities as a means of managing its exposure to losses arising from interest rate fluctuations. The Plan evaluates its portfolio to determine if based on the interest rate environment, other investment vehicles would provide higher yields that lower the cost of risk.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Plan limits its credit risk by limiting its investments in fixed income securities to U.S. Government and agency securities or corporate bonds which meet or exceed a credit rating of BBB for Standard & Poor’s or Baa for Moody’s. As of December 31, 2018, the Plan’s corporate bonds were rated between A1 and Baa3 by Moody’s Investor Services.

<u>Rating</u>	<u>Corporate Bonds Fair Value</u>	<u>Percentage of Fixed Income</u>
Between A1 and Baa3	<u>\$ 749,319</u>	<u>100.0%</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

E. FIREFIGHTERS' RETIREMENT SYSTEM (HFRS) (Continued)

Investments (Continued)

Custodial Credit Risk – The custodial credit risk for investments is the risk that investment securities are uninsured, are not registered in the name of the Plan and are held by a counterparty or the counterparty's trust department or agent but not in the Plan's name. The custodial risk, is that, in the event of failure of the counterparty to a transaction, the Plan will not be able to recover the value of the investment that is in the possession of an outside party.

Consistent with the Plan's investment policy, the investments are held by a third party custodian. Investments held by the custodian are registered in the custodian's name as nominee. The Plan requires that the custodian insure all Plan investments in accordance with terms of the custodial agreement.

Concentration of Credit Risk – GASB Standards require disclosure of investments in any one issuer that represents 5% or more of its total net position. The Plan's investment policy places investment limitations and provides target allocations to its investment managers to limit credit risk due to concentration.

As of December 31, 2018, investments in the Templeton Global Bond Fund of \$406,871 and Vanguard 500 Index Fund of \$1,054,131 exceeded 5% of the Plan's fiduciary net position.

Fair Value measurements – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Plan does not have any investments that are categorized as Level 3.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

E. FIREFIGHTERS' RETIREMENT SYSTEM (HFRS) (Continued)

Investments (Continued)

The following is a description of the valuation methodologies used for the Plan's investments measured at fair value. Level 1 and 2 prices are obtained from various pricing sources by the Plan's custodian.

- Short-term investments, which consist of money market funds, are reported at cost.
- Equity securities traded on national or international exchanges are valued at the last reported sales price or current exchange rates (Level 1). This includes common stock, and American depository receipts and mutual fund equities.
- Debt securities are valued using pricing inputs that reflect the assumptions market participants would use to price an asset or liability and are developed based on market data obtained from sources independent of the reporting entity (Level 2). This includes U.S. Treasury bonds and notes, inflation-indexed bonds, U.S federal agencies, mortgage-backed and collateralized securities, municipal bonds, mutual bond funds and corporate obligations, including asset-backed, foreign bonds and notes.

The Plan has the following fair value measurements as of September 30, 2018:

<u>Investments Type</u>	<u>Fair Value Measurements Using</u>			
	<u>Value as of</u> 12/31/2018	<u>Quoted Prices in</u> <u>Active Markets</u> <u>for Identical</u> <u>Assets</u> <u>(Level 1)</u>	<u>Significant Other</u> <u>Observable</u> <u>Inputs</u> <u>(Level 2)</u>	<u>Significant</u> <u>Unobservable</u> <u>Inputs</u> <u>(Level 3)</u>
Equity securities	\$ 3,472,732	\$ 3,472,732	\$ -	\$ -
Mutual Funds	1,461,002	1,461,002		-
Corporate bonds	749,319	-	749,319	-
Government securities	658,708	-	658,708	-
Municipal obligations	76,565		76,565	-
Other	46,075	-	46,075	-
Total fair value	<u>\$ 6,464,401</u>	<u>\$ 4,933,734</u>	<u>\$ 1,530,667</u>	<u>\$ -</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

E. FIREFIGHTERS' RETIREMENT SYSTEM (HFRS) (Continued)

Net Pension Liability

The City's net pension liability was measured by the actuarial valuation as of January 1, 2018 and rolled forward to the December 31, 2018 (measurement date). The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Methods and assumption used to determine net pension liability:

Actuarial Cost Method	Entry Age Normal
Inflation	2.5%
Salary increase	N/A
Investment rate of return	6.00%
Retirement Age	N/A
Mortality	RP-2000 Mortality Table for annuitants (for healthy post-retirement mortality), with mortality improvements projected to all future years after 2000 using scale BB. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. For disabled retirees, the mortality table used was 60% of the RP-2000 Mortality Table for Disabled Annuitants with ages set back 4 years for males and set forward 2 years for females, and 40% of the RP-2000 Mortality Table for healthy annuitants with a 100% white collar adjustment, with no provision being made for future mortality improvements. These are the same rates used for Special Risk Class members of the Florida Retirement System (FRS) as required under Florida statutes, Chapter 112.63.

Discount rate: A single discount rate of 6.00% was used to measure the total pension liability. This single discount rate was based on the expected rate on pension plan investments of 6.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (6.00%) was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

E. FIREFIGHTERS' RETIREMENT SYSTEM (HFRS) (Continued)

Net Pension Liability (Continued)

Long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined using the long-term nominal building block data less the long-term inflation assumption of 2.5%. The building block long-term real return projections were developed through a evaluation process overseen by the AndCo Investment Policy Committee. The Committee considered many factors, including but not limited to, the intellectual capital of tenured professionals, long-term historic capital market returns, 10-15 year expected capital market return assumptions, as well as, historical, current, and expected inflation data. The projection of long-term real returns for the plan's target allocation as of December 31, 2018 are summarized in the following table:

<u>Asset Group</u>	<u>Long-Term Expected Real rate of return</u>
Domestic Equity	7.5%
International Equity	8.5%
Domestic Bonds	2.5%
International Bonds	3.5%

Changes in Net Pension Liability:

	Firefighters Retirement system		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Total pension liability - beginning 12/31/2017	\$ 7,547,485	\$ 7,710,922	\$ (163,437)
Changes for the year:			
Interest on the total pension liability	468,435	-	468,435
Difference between expected and actual experience of the total pension liability	109,911	-	109,911
Change of assumptions	307,181	-	307,181
Contributions - employer	-	302,000	(302,000)
Contributions - employer (from state)	-	180,355	(180,355)
Net investment income	-	(367,995)	367,995
Benefit payments	(808,468)	(808,468)	-
Pension plan administrative expense	-	(88,289)	88,289
Other (change in share plan reserve)	126,894	-	126,894
Net change in total pension liability	<u>203,953</u>	<u>(782,397)</u>	<u>986,350</u>
Total pension liability - ending 12/31/2018	<u>\$ 7,751,438</u>	<u>\$ 6,928,525</u>	<u>\$ 822,913</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

E. FIREFIGHTERS' RETIREMENT SYSTEM (HFRS) (Continued)

Net Pension Liability (Continued)

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the City calculated using the current discount rates (6.00%) and the liability using discount rates that are one percentage point lower (5.00%) and one percentage point higher (7.00%) than the current rates:

	Firefighters Retirement System		
	1% Decrease	Current	1% Increase
	5.00%	discount rate 6.00%	7.00%
Net pension liability	\$ 1,518,510	\$ 822,913	\$ 231,831

Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Pension

For the fiscal year ended September 30, 2019 but based on a measurement date of December 31, 2018, the City recognized the Plan's pension expense of \$465,633. This amount is included as an increase to personal services expenses within the functional program activities.

At September 30, 2019, the City reports deferred outflows and inflows of resources related to the Plan as follows:

	Firefighters Retirement System	
	Deferred	Deferred
	Outflows of Resources	Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Contributions subsequent to measurement date	212,646	-
Difference between projected and actual earnings on pension plan investments	418,436	-
Total	\$ 631,082	\$ -

Deferred outflows of resources related to the HFRS, totaling \$212,646, resulting from the State and City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the fiscal year ended September 30, 2020. Net difference between projected and actual earnings on pension plan investments has a deferred outflows of resources of \$782,768 and deferred inflows of resources of \$364,332, resulting in the net outflows of resources of \$418,436.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

E. FIREFIGHTERS' RETIREMENT SYSTEM (HFRS) (Continued)

Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Pension (Continued)

Amounts reported as deferred outflows of resources related to HFRS will be recognized as a reduction of pension expense as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Net Deferred</u> <u>Outflows of</u> <u>Resources</u>
2020	\$ 146,797
2021	48,617
2022	51,873
2023	171,149
	<u>\$ 418,436</u>

The schedule of changes in the City's net pension liability and related ratios and the schedule of contributions, are presented as Required Supplementary Information (RSI) following the notes to the financial statements, provides additional information about the net pension liability, plan assets and contributions.

The following table summarized the aggregate amount for all five pension plans' total net pension liability of the City, deferred outflows, deferred inflows and pension expense (income) for the period as of the indicated measurement date:

	<u>Measurement</u> <u>Date</u>	<u>Net</u> <u>Pension</u> <u>Liability</u>	<u>Deferred</u> <u>Outflows</u> <u>of Resources</u>	<u>Deferred</u> <u>Inflows</u> <u>of Resources</u>	<u>Net Deferred</u> <u>Outflows/(Inflows)</u> <u>of Resources</u>	<u>Pension</u> <u>Expense</u> <u>(income)</u>
General Employees' Retirement Plan	9/30/2018	\$ (9,669,035)	\$ 4,205,268	\$ (2,542,400)	\$ 1,662,868	\$ (289,879)
Police Officers' Retirement Plan	9/30/2018	(19,027,259)	8,752,306	(2,523,421)	6,228,885	672,686
Elected Officials' Retirement Plan	12/31/2018	(444,079)	574,368	(11,796)	562,572	(117,964)
New Elected Officials and Senior Management Retirement System	12/31/2018	(498,729)	711,298	(228,552)	482,746	131,335
Firefighters' Retirement System	12/31/2018	(822,913)	995,414	(364,332)	631,082	465,633
		<u>\$ (30,462,015)</u>	<u>\$ 15,238,654</u>	<u>\$ (5,670,501)</u>	<u>\$ 9,568,153</u>	<u>\$ 861,811</u>
By Activities type:						
Governmental Activities		\$ (24,312,779)	\$ 12,564,220	\$ (4,053,608)	\$ 8,510,612	\$ 951,695
Business-type Activities		(6,149,236)	2,674,434	(1,616,893)	1,057,541	(89,884)
Total:		<u>\$ (30,462,015)</u>	<u>\$ 15,238,654</u>	<u>\$ (5,670,501)</u>	<u>\$ 9,568,153</u>	<u>\$ 861,811</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

F. DEFINED CONTRIBUTION PLAN (Continued)

City Managers' Defined Contribution Plan

The City offers a defined contribution plan for the City Manager created in accordance with Internal Revenue Service Code Section 401(a) and Ordinance Number 97-01-06 dated January 21, 1997. The Plan covers only the City Manager. The City contributes 18% of salary. Plan provisions may be amended by the City Council. The Plan is held in a trust for the exclusive benefit of the participant and the participants' beneficiaries by a third party administrator. Consequently, the City has no fiduciary responsibility, and therefore, the assets of the Plan are not included in the City's financial statements. The City made contributions totaling \$27,909 to the Plan for the fiscal year ended September 30, 2019.

Executive Employees' Defined Contribution Plan

The City offers a defined contribution plan for department directors, assistant directors, and assistant city managers created in accordance with Internal Revenue Service Code Section 401(a) and Ordinance Number 97-03-15 dated April 1, 1997. At September 30, 2019, there were 8 Plan members. Plan members are required to contribute 5% to the Plan and are fully vested after one year of service. The City is required to contribute 13% of the participants' earnings. Plan provisions may be amended by the City Council. The Plan is held in a trust for the exclusive benefit of the participants and the participants' beneficiaries by a third party administrator. Consequently, the City has no fiduciary responsibility, and therefore, the assets of the Plan are not included in the City's financial statements. The City contributed totaling \$166,350 to the Plan for the fiscal year ended September 30, 2019.

General Employees' Defined Contribution Plan

As of April 1, 2009, general employees have the option of participating in the General Employees' defined contribution plan. The Plan was created in accordance with Internal Revenue Service Code Section 401(a) and Resolution Number R2009-03-37. The City will match employee contributions up to 8% of pay. Plan provisions may be amended by the City Council. The Plan is held in a trust for the exclusive benefit of the participants and the participants' beneficiaries by a third party administrator. Consequently, the City has no fiduciary responsibility, and therefore, the assets of the Plan are not included in the City's financial statements. The City contributed \$362,430 to the Plan for the year ended September 30, 2019.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

The City administered a single-employer defined benefit plan (the “OPEB Plan”) that provides medical and life insurance benefits to eligible retired employees and their beneficiaries. The City presently offers retired employees the opportunity to retain post-employment health and life insurance at the same premium charged to regular employees. The Plan is not accounted for as a trust fund since an irrevocable trust has not been established to fund the plan. The Plan has no assets and does not issue a separate financial report.

At September 30, 2019, the OPEB Plan covered 365 active employees and 151 retirees.

Except for elected officials in the EORP Pension Plan, the City does not provide funding for any portion of the premiums after retirement; however, the City recognizes that there is an implicit subsidy arising as a result of the blended rate premium since retiree health care costs, on the average, are higher than active employee health costs.

Funding Policy

The City currently funds this benefit on a pay-as-you-go basis and intends to continue this practice.

Total OPEB Liability

Valuation Date:	10/01/2018
Measurement Date:	10/01/2018
Reporting date:	09/30/2019

At September 30, 2019, the City reported the following:

Total OPEB liability:	\$10,829,725
Total covered payroll:	\$25,697,804
OPEB liability as a percentage of covered payroll:	42%.

Methods and assumption used to determine Total OPEB liability:

Actuarial Cost Method	Entry Age Normal
Discount Rate	3.15%
Healthcare Cost Trend Rates	7.00% for 2019, decreasing 0.5% per year to an ultimate rate of 5.0% in 2023 and later years.
Mortality Rate	RF-2014 mortality table (combined healthy lives)

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Total OPEB Liability (Continued)

Changes in Total OPEB Liability:

		<u>OPEB Liability</u>
Total OPEB liability- beginning 9/30/2017	\$	14,097,908
Changes for the year:		
Service cost		764,962
Interest cost		524,307
Difference between expected and actual experience		(5,045,545)
Change of assumptions		561,410
Benefit payments		(73,317)
Administrative expense		-
Net change in OPEB liability		<u>(3,268,183)</u>
Total OPEB liability- ending 9/30/2018	\$	<u><u>10,829,725</u></u>
By Activities type:		
Governmental Activities	\$	6,652,165
Business-type Activities		<u>4,177,560</u>
Total:	\$	<u><u>10,829,725</u></u>

Sensitivity of OPEB liability to changes in the discount rate: The following presents the OPEB liability of the City, as well as what the City's OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.15%) or 1-percentage-point higher (4.15%) than the current discount rate:

	Sensitivity Testing to change in interest discount assumption		
	1% Decrease 2.15%	Selected discount rate 3.15%	1% Increase 4.15%
Total OPEB liability	\$ 12,369,676	\$ 10,829,725	\$ 9,592,281

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Total OPEB Liability (Continued)

Sensitivity of OPEB liability to changes in medical costs trend rate: The following presents the OPEB liability of the City, as well as what the City’s OPEB liability would be if it were calculated using a medical costs trend rate that is 1-percentage-point lower (7.0%) or 1-percentage-point higher (9.0%) than the current medical costs trend rate rate:

Medical costs trend assumption	<u>Sensitivity Testing to change in medical costs trend assumption</u>		
	1% Decrease	Selected	1% Increase
	starts at 7%	Trend rate starts at 8%	starts at 9%
Total OPEB liability	\$ 9,610,082	\$ 10,829,725	\$ 12,312,353

OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended September 30, 2019 but based on a measurement date of October 1, 2018, the City recognized the Plan’s OPEB expense of \$693,087. This amount is included as an increase to personal services expenses within the functional program activities.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB
(Continued)

At September 30, 2019, the City reports deferred outflows and inflows of resources related to the Plan as follows:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 4,625,084
Changes in assumptions	-	212,331
Expected benefit payments subsequent to the measurement date of 10/1/2018	82,194	-
Total	\$ 82,194	\$ 4,837,415

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Net Deferred</u> <u>Inflows of</u> <u>Resources</u>
2020	\$ (353,090)
2021	(435,284)
2022	(435,284)
2023	(435,284)
2024	(435,284)
2025+	(2,660,995)
	\$ (4,755,221)

The schedule of changes in the City’s total OPEB liability and related ratios presented as Required Supplementary Information (RSI) following the notes to the financial statements, provides additional information about the OPEB liability.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 13. COMMITMENTS AND CONTINGENCIES

a. Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is in the opinion of the City management and counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

b. Compliance Audits

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

c. Florida Petroleum Reprocessors Superfund Site

In the late 1990s, the United States Environmental Protection Agency (EPA) identified the City, together with several hundred other entities, as a potentially responsible party (PRP) with respect to the Florida Petroleum Reprocessors Superfund Site (FPR site). According to the EPA, the City is jointly and severally liable for all necessary costs of response incurred in connection with the cleanup of the FPR site. The PRP group, including the City, have finalized a consent decree with the EPA to share the costs of undertaking the assessment of the FPR site and a cleanup of a portion of the site. The consent decree was entered as a final order by the United States District Court for the Southern District of Florida on January 23, 2006. The City has contributed \$68,475 toward that effort to date. While a part of the cleanup has been completed (the onsite soil and groundwater), a large plume of contaminated groundwater extends offsite. The PRP group is responsible for the cleanup of the plume. The FPR site will remain on the U.S. EPA list of Superfund sites for at least several more years. Cleanup of the offsite groundwater contamination, which is being accomplished through "natural attenuation," is ongoing and no estimated completion date has been identified. Monitoring of the plume occurs only once every three years and the next monitoring will be in fiscal year 2021.

d. Power Sales Contracts

In connection with the City's participation in certain Florida Municipal Power Agency projects and contracts with Duke Energy among others, the City is committed to purchase its entitlement share of capacity and must take energy generation of these projects as defined in the power sales contracts. The City's cost of power purchased under these power sales contracts, which extend through 2039, total approximately \$320 million plus interest imputed at annual rate at 5%. The City intends to meet its obligations under these agreements. Purchased power during fiscal 2019 was sufficient to meet the City's commitment under the power sales contracts.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 13. COMMITMENTS AND CONTINGENCIES (Continued)

d. Power Sales Contracts (Continued)

Required purchase commitments under these contracts for future fiscal years are approximately as follows:

Fiscal year ending September 30:	
2020	\$ 18,733,000
2021	18,516,000
2022	19,017,000
2023	19,507,000
2024	19,830,000
2025 - 2029	87,122,000
2030 - 2034	65,720,000
2035 - 2039	<u>71,694,000</u>
Total	320,139,000
Less amount representing interest	<u>104,614,000</u>
Total present value	<u>\$ 215,525,000</u>

e. Motorsports Complex

The City of Homestead is a party in a long-term lease agreement with Homestead Motorsports Joint Venture to manage and operate the Motorsports Complex. The lease provides for the City to receive annual rental income through its expiration on December 31, 2032. Future lease income is as follows:

Fiscal year ending September 30:	
2020	\$ 1,000,000
2021	1,000,000
2022	1,000,000
2023	1,000,000
2024	1,000,000
2025 - 2029	5,000,000
2030 - 2032	<u>3,000,000</u>
Total	<u>\$ 13,000,000</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 14. HOMESTEAD COMMUNITY REDEVELOPMENT AGENCY

For fiscal year 2019 total property tax revenues for the CRA amounted to \$2,740,982. Of the total amount, \$1,200,948 was from property taxes levied by Miami-Dade County and \$1,540,034 was from property taxes levied by the City.

The following projects were completed, ongoing or planned during fiscal year ending September 30, 2019:

Projects completed in fiscal year 2019:

1. Two (2) Community Events were held and sponsored by CRA.
2. Four (4) Not-for-Profit Organizations were supported.
3. One (1) Small Business Loan Matchmaker was held to assist our local vendors.
4. One (1) Construction Job Fair was sponsored by CRA.
5. Partial funding for the construction of the Homestead Cybrarium.
6. CRA jointed the Friends of the Historic Seminole Theatre to present the Broadway Musical shows “Aida” and “The Little Mermaid”. Two performances were provided for free to Not-for-Profit organizations from the area.
7. New light fixtures were installed at the Homestead Historic Town Hall Museum.
8. The CRA Code Enforcement Officer cited 642 residents.
9. The Community Policing Officer participated in 39 community events, 47 presentations and, contacted 69 businesses. Also, the officers executed 12 arrests, completed 25 incident reports and responded to 895 primary and backup calls.

Projects planned for fiscal year 2020:

10. Continue partial support for construction of the Homestead Cybrarium.
11. Continue blight removal project.
12. Land/building acquisition.
13. Clean-Up of the arsenic contaminated Flagler Avenue lot for future development.
14. Losner Park community events.
15. Down payment assistance program for low to moderate income people.
16. Commercial incentive program to increase economic development.
17. Not-for-profit grant program.
18. Commercial & residential enhancement grant programs.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 14. HOMESTEAD COMMUNITY REDEVELOPMENT AGENCY (Continued)

Expenditures incurred during fiscal year 2019 related to these projects are as follows:

	<u>Expenditures</u>
General government	\$ 1,811,398
Public safety	256,513
Public works	260,296
Capital outlay	<u>25,000</u>
Total Expenditures	<u>\$ 2,353,207</u>

NOTE 15. SUBSEQUENT EVENT

As a result on the COVID-19 global pandemic, the City issued a declaration of emergency in March 2020. In an effort to combat and respond to this health emergency, the City has incurred unbudgeted costs that it anticipates getting reimbursed through various grants and public assistance programs.

As the City responds to the situation, it continues to provide uninterrupted essential services to its residents while keeping their safety and well-being, as well as that of its employees as a top priority. It is anticipated that the national, state and local Stay at Home orders may have an impact on some of the City's revenues. However at this time it is too early to determine what that impact will be, so the City is monitoring its revenues, and at the same time identifying what expenditures could be deferred or reduced during the remaining year in order to mitigate any potential loss of revenues



(This page intentionally left blank)

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HOMESTEAD, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 14,534,624	\$ 14,534,624	\$ 14,645,607	110,983
Fuel taxes	1,229,990	1,229,990	1,304,847	74,857
Franchise fees	4,383,291	4,383,291	4,383,291	-
Utility taxes	1,633,973	1,633,973	1,558,004	(75,969)
Communication service taxes	1,431,408	1,431,408	1,343,577	(87,831)
Half cent sales taxes	5,535,792	5,535,792	5,845,264	309,472
Total taxes	<u>28,749,078</u>	<u>28,749,078</u>	<u>29,080,590</u>	<u>331,512</u>
Licenses and permits	<u>2,607,500</u>	<u>2,607,500</u>	<u>2,670,656</u>	<u>63,156</u>
Intergovernmental:				
State revenue sharing	3,092,462	3,092,462	3,289,683	197,221
State insurance premium taxes	825,599	825,599	806,970	(18,629)
County revenue sharing	<u>50,000</u>	<u>50,000</u>	<u>101,947</u>	<u>51,947</u>
Total intergovernmental	<u>3,968,061</u>	<u>3,968,061</u>	<u>4,198,600</u>	<u>230,539</u>
Charges for services:				
Recreation fees	291,500	291,500	294,410	2,910
Other fees	<u>877,770</u>	<u>877,770</u>	<u>901,193</u>	<u>23,423</u>
Total charges for services	<u>1,169,270</u>	<u>1,169,270</u>	<u>1,195,603</u>	<u>26,333</u>
Fines and forfeitures	413,500	413,500	566,330	152,830
Investment income	275,000	275,000	585,751	310,751
Payments in lieu of taxes	1,849,088	1,849,088	1,849,088	-
Rentals and other revenues	<u>8,867,130</u>	<u>8,867,130</u>	<u>8,886,238</u>	<u>19,108</u>
Total other revenues	<u>11,404,718</u>	<u>11,404,718</u>	<u>11,887,407</u>	<u>482,689</u>
Total revenues	<u>\$ 47,898,627</u>	<u>\$ 47,898,627</u>	<u>\$ 49,032,856</u>	<u>\$ 1,134,229</u>

(Continued)

CITY OF HOMESTEAD, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

GENERAL FUND

(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures:				
General government:				
Mayor and Council	\$ 1,509,123	\$ 1,509,123	\$ 1,303,135	\$ 205,988
City Attorney	1,000,000	1,439,000	1,438,017	983
City Manager	933,493	933,493	919,406	14,087
City Clerk	592,741	590,561	566,890	23,671
Planning & Zoning	1,442,905	1,391,285	1,359,492	31,793
Finance	1,548,967	1,546,942	1,530,722	16,220
General Services	1,813,304	1,579,568	1,578,425	1,143
General Administration	3,942,816	3,884,928	3,026,735	858,193
Human resources	668,346	665,046	664,863	183
Total general government	<u>13,451,695</u>	<u>13,539,946</u>	<u>12,387,685</u>	<u>1,152,261</u>
Public safety:				
Police	25,309,361	25,400,871	25,395,919	4,952
Building department	1,750,029	1,748,029	1,737,488	10,541
Total public safety	<u>27,059,390</u>	<u>27,148,900</u>	<u>27,133,407</u>	<u>15,493</u>
Public works and services:				
Streets	1,332,333	1,218,911	1,252,733	(33,822)
Total public works	<u>1,332,333</u>	<u>1,218,911</u>	<u>1,252,733</u>	<u>(33,822)</u>
Parks, recreation and facility maintenance	4,480,253	4,326,253	4,324,929	1,324
Total parks and recreation	<u>4,480,253</u>	<u>4,326,253</u>	<u>4,324,929</u>	<u>1,324</u>
Capital outlay	1,296,435	1,669,896	2,052,499	(382,603)
Debt service:				
Principal	409,500	13,292,168	13,238,619	53,549
Interest and fiscal charges	229,310	427,860	481,408	(53,548)
Total expenditures	<u>48,258,916</u>	<u>61,623,934</u>	<u>60,871,280</u>	<u>752,654</u>
Excess (deficiency) of revenues over expenditures	<u>(360,289)</u>	<u>(13,725,307)</u>	<u>(11,838,424)</u>	<u>1,886,883</u>
Other financing sources (uses):				
Issuance of debt (equipment financing)	-	-	647,275	647,275
Transfers in	-	13,081,218	27,241,409	14,160,191
Transfers out	(855,378)	(8,118,976)	(8,118,976)	-
Appropriation of prior years' fund balance	1,215,667	8,763,065	-	(8,763,065)
Total other financing sources (uses)	<u>360,289</u>	<u>13,725,307</u>	<u>19,769,708</u>	<u>6,044,401</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>7,931,284</u>	<u>\$ 7,931,284</u>
Fund balance - beginning			<u>27,319,405</u>	
Fund balance - ending			<u>\$ 35,250,689</u>	

See note to budgetary comparison schedule.

CITY OF HOMESTEAD, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

HOMESTEAD COMMUNITY REDEVELOPMENT AGENCY

FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,740,982	\$ 2,740,982	\$ 2,740,982	\$ -
Investment income	18,000	18,000	38,509	20,509
Other revenue	9,000	9,000	75,791	66,791
Total revenues	<u>2,767,982</u>	<u>2,767,982</u>	<u>2,855,282</u>	<u>87,300</u>
Expenditures:				
Current:				
General government	1,867,831	2,300,511	1,811,398	489,113
Public safety	269,424	269,424	256,513	12,911
Public works and services	204,353	355,723	260,296	95,427
Capital outlays	1,566,900	982,850	25,000	957,850
Total expenditures	<u>3,908,508</u>	<u>3,908,508</u>	<u>2,353,207</u>	<u>1,555,301</u>
Excess (deficiency) of revenues over expenditures	<u>(1,140,526)</u>	<u>(1,140,526)</u>	<u>502,075</u>	<u>1,642,601</u>
Other financing sources:				
Appropriation of prior years' fund balance	<u>1,140,526</u>	<u>1,140,526</u>	<u>-</u>	<u>(1,140,526)</u>
Total other financing sources (uses)	<u>1,140,526</u>	<u>1,140,526</u>	<u>-</u>	<u>(1,140,526)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>502,075</u>	<u>\$ 502,075</u>
Fund balance - beginning			<u>1,624,588</u>	
Fund balance - ending			<u>\$ 2,126,663</u>	

See note to budgetary comparison schedule.

CITY OF HOMESTEAD, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

IMPACT FEES

FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,090,000	\$ 2,090,000	\$ 2,187,030	\$ 97,030
Investment income	122,000	122,000	373,876	251,876
Other revenue	-	-	-	-
Total revenues	<u>2,212,000</u>	<u>2,212,000</u>	<u>2,560,906</u>	<u>348,906</u>
Expenditures:				
Current:				
General government	1,608,994	1,608,994	-	1,608,994
Public safety	172,049	172,049	172,049	-
Public works and services	235,000	1,054	-	1,054
Parks & recreation	432,520	104,817	104,817	-
Capital outlays	3,775,148	4,336,797	3,787,604	549,193
Total expenditures	<u>6,223,711</u>	<u>6,223,711</u>	<u>4,064,470</u>	<u>2,159,241</u>
Excess (deficiency) of revenues over expenditures	<u>(4,011,711)</u>	<u>(4,011,711)</u>	<u>(1,503,564)</u>	<u>2,508,147</u>
Other financing sources:				
Appropriation of prior years' fund balance	4,011,711	4,011,711	-	(4,011,711)
Total other financing sources (uses)	<u>4,011,711</u>	<u>4,011,711</u>	<u>-</u>	<u>(4,011,711)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(1,503,564)</u>	<u>\$ (1,503,564)</u>
Fund balance - beginning			<u>11,591,550</u>	
Fund balance - ending			<u>\$ 10,087,986</u>	

See note to budgetary comparison schedule.

CITY OF HOMESTEAD, FLORIDA

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1. BUDGETS AND BUDGETARY INFORMATION

The State of Florida requires that all units of local government prepare, adopt and execute an annual budget for such funds as may be required by law or by sound financial practices and accounting principles generally accepted in the United States. Accordingly, the City has established the following procedures for the budgeting process:

1. During the beginning of September, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means to finance them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to September 30, the budget is legally enacted through the passage of an ordinance.
4. The City Manager is authorized to make budgetary transfers and amendments within any department. Any revisions that alter the total expenditures of a department or fund must be approved by the City Council. The legal level of budgetary control is at the fund level except for General Fund which is at the department level. Unencumbered appropriations in the annual operating budget lapse at fiscal year-end.
5. The City budgets revenues and expenditures for the General Fund, the Homestead Community Redevelopment Agency Fund, and Impact Fees Fund on the basis consistent with accounting principles generally accepted in the United States.

Encumbrances represent commitments related to unperformed contracts and purchase orders issued for goods and services. Encumbrances (primarily for capital items) outstanding at year end are reported as assigned fund balance as appropriations for subsequent year's budget and do not constitute expenditures or liabilities under accounting principles generally accepted in the United States.

6. The General Fund had \$20,628,616 in supplemental appropriations in fiscal year 2019.

\$ 594,800	Sports Complex demolition	Ordinance 2018-12-28
6,952,598	Cybrarium funding	Ordinance 2019-05-07
<u>13,081,218</u>	NMTC	Ordinance 2019-12-16
<u>\$ 20,628,616</u>	Total	

CITY OF HOMESTEAD, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
GENERAL EMPLOYEES' RETIREMENT PLAN

Measurement date September 30,	2018	2017	2016	2015	2014
A. Total pension liability					
Service Cost	\$ 1,643,498	\$ 1,667,916	\$ 1,653,360	\$ 1,693,876	\$ 1,749,000
Interest on the total pension liability	6,090,423	5,674,844	5,618,813	5,415,394	5,207,957
Difference between expected and actual experience of the total pension liability	(740,698)	557,519	(807,532)	57,471	(588,885)
Changes of assumptions	-	1,956,133	-	-	-
Benefit payments	(4,128,538)	(3,157,304)	(3,721,862)	(2,900,572)	(3,626,962)
Refunds	(34,398)	(30,307)	(57,959)	(30,096)	(256,423)
Net change in total pension liability	2,830,287	6,668,801	2,684,820	4,236,073	2,484,687
Total pension liability - beginning	90,666,457	83,997,656	81,312,836	77,076,763	74,592,076
Total pension liability - ending	<u>\$ 93,496,744</u>	<u>\$ 90,666,457</u>	<u>\$ 83,997,656</u>	<u>\$ 81,312,836</u>	<u>\$ 77,076,763</u>
B. Plan fiduciary net position					
Contributions - employer	\$ 2,794,643	\$ 2,505,891	\$ 2,725,022	\$ 2,834,656	\$ 2,874,430
Contributions - employee	336,745	360,501	353,824	360,333	368,500
Net investment income	4,307,216	6,830,581	7,438,130	1,652,437	5,985,552
Benefit payments	(4,128,538)	(3,157,304)	(3,721,862)	(2,900,572)	(3,626,962)
Refunds	(34,398)	(30,307)	(57,959)	(30,096)	(256,423)
Pension plan administrative expense	(114,953)	(114,280)	(121,737)	(94,114)	(115,419)
Net change in plan fiduciary net position	3,160,715	6,395,082	6,615,418	1,822,644	5,229,678
Plan fiduciary net position - beginning	80,666,994	74,271,912	67,656,494	65,833,850	60,604,172
Plan fiduciary net position - ending	<u>\$ 83,827,709</u>	<u>\$ 80,666,994</u>	<u>\$ 74,271,912</u>	<u>\$ 67,656,494</u>	<u>\$ 65,833,850</u>
C. Net pension liability (A-B)	<u>\$ 9,669,035</u>	<u>\$ 9,999,463</u>	<u>\$ 9,725,744</u>	<u>\$ 13,656,342</u>	<u>\$ 11,242,913</u>
D. Plan fiduciary net position as a percentage of the total pension liability	89.66%	88.97%	88.42%	83.21%	85.41%
E. Covered payroll *	\$ 8,403,325	\$ 9,012,525	\$ 8,845,600	\$ 9,008,325	\$ 11,891,551
F. Net pension liability as a percentage of covered payroll	115.06%	110.95%	109.95%	151.60%	94.55%

Note: This schedule is intended to have ten years of data. Additional data to be compiled as information becomes available.

* Covered payroll was calculated by dividing the member contributions (excluding buyback contributions) for the fiscal year by the member contribution rate of 4.0%.

CITY OF HOMESTEAD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

POLICE OFFICERS' RETIREMENT PLAN

Measurement date September 30,	2018	2017	2016	2015	2014
A. Total pension liability					
Service Cost	\$ 2,555,719	\$ 2,457,445	\$ 2,303,862	\$ 2,038,250	\$ 1,867,237
Interest on the total pension liability	8,362,811	7,779,407	7,467,998	6,996,689	6,697,302
Changes of benefit terms	-	-	-	-	(636,892)
Difference between expected and actual experience of the total pension liability	147,491	(1,061,534)	2,137,361	9,760	868,752
Changes of assumptions	1,221,370	3,284,117	994,053	909,574	-
Benefit payments	(6,176,595)	(3,546,301)	(5,950,632)	(5,450,397)	(5,292,181)
Refunds	(16,764)	(23,031)	-	-	(27,559)
Other: excess premium tax money	-	-	208,166	204,003	136,996
Net change in total pension liability	6,094,032	8,890,103	7,160,808	4,707,879	3,613,655
Total pension liability - beginning	110,577,942	101,687,839	94,527,031	89,819,152	86,205,497
Total pension liability - ending	\$ 116,671,974	\$ 110,577,942	\$ 101,687,839	\$ 94,527,031	\$ 89,819,152
B. Plan fiduciary net position					
Contributions - employer	\$ 3,233,825	\$ 3,996,869	\$ 3,726,793	\$ 3,816,076	\$ 4,057,242
Contributions - employer (from state)	652,393	577,817	532,808	528,645	461,638
Contributions - employee	723,982	663,039	665,451	580,028	680,063
Net investment income	6,130,868	9,517,349	6,354,619	498,007	10,520,035
Benefit payments	(6,176,595)	(3,546,301)	(5,950,632)	(5,450,397)	(5,292,181)
Refunds	(16,764)	(23,031)	-	-	(27,559)
Pension plan administrative expense	(113,859)	(103,626)	(108,083)	(84,733)	(82,376)
Other	347,365	-	-	-	-
Net change in plan fiduciary net position	4,781,215	11,082,116	5,220,956	(112,374)	10,316,862
Plan fiduciary net position - beginning	92,863,500	81,781,384	76,560,428	76,672,802	66,355,940
Plan fiduciary net position - ending	\$ 97,644,715	\$ 92,863,500	\$ 81,781,384	\$ 76,560,428	\$ 76,672,802
C. Net pension liability (A-B)	\$ 19,027,259	\$ 17,714,442	\$ 19,906,455	\$ 17,966,603	\$ 13,146,350
D. Plan fiduciary net position as a percentage of the total pension liability	83.69%	83.98%	80.42%	80.99%	85.36%
E. Covered payroll *	\$ 8,151,843	\$ 7,858,654	\$ 7,394,222	\$ 7,145,922	\$ 6,411,046
F. Net pension liability as a percentage of covered payroll	233.41%	225.41%	269.22%	251.42%	205.06%

Note: This schedule is intended to have ten years of data. Additional data to be compiled as information becomes available.

* Covered payroll was calculated by dividing the member contributions (excluding buyback contributions) for the fiscal year by the member contribution rate of 7.65%.

CITY OF HOMESTEAD, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
ELECTED OFFICIALS RETIREMENT PLAN

Measurement date December 31,	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
A. Total pension liability					
Service Cost	\$ 32,016	\$ 33,062	\$ 30,899	\$ 28,777	\$ 28,777
Interest on the total pension liability	229,217	221,813	213,296	205,503	196,249
Difference between expected and actual experience of the total pension liability	(150,347)	-	(147,132)	-	-
Changes of assumptions	20	-	127,575	-	-
Benefit payments	<u>(166,320)</u>	<u>(121,962)</u>	<u>(118,409)</u>	<u>(84,381)</u>	<u>(91,469)</u>
Net change in total pension liability	(55,414)	132,913	106,229	149,899	133,557
Total pension liability - beginning	<u>3,446,948</u>	<u>3,314,035</u>	<u>3,207,806</u>	<u>3,057,907</u>	<u>2,924,350</u>
Total pension liability - ending	<u>\$ 3,391,534</u>	<u>\$ 3,446,948</u>	<u>\$ 3,314,035</u>	<u>\$ 3,207,806</u>	<u>\$ 3,057,907</u>
B. Plan fiduciary net position					
Contributions - employer (from City)	\$ 259,658	\$ 297,864	\$ 297,864	\$ 136,611	\$ 221,576
Net investment income	(82,743)	203,238	162,124	(254,296)	3,474
Benefit payments	(166,320)	(121,962)	(118,409)	(84,381)	(91,469)
Pension plan administrative expense	<u>(62,218)</u>	<u>(23,577)</u>	<u>(31,711)</u>	<u>(19,095)</u>	<u>(33,313)</u>
Net change in plan fiduciary net position	(51,623)	355,563	309,868	(221,161)	100,268
Plan fiduciary net position - beginning	<u>2,999,078</u>	<u>2,643,515</u>	<u>2,333,647</u>	<u>2,554,808</u>	<u>2,454,540</u>
Plan fiduciary net position - ending	<u>\$ 2,947,455</u>	<u>\$ 2,999,078</u>	<u>\$ 2,643,515</u>	<u>\$ 2,333,647</u>	<u>\$ 2,554,808</u>
C. Net pension liability (A-B)	<u>\$ 444,079</u>	<u>\$ 447,870</u>	<u>\$ 670,520</u>	<u>\$ 874,159</u>	<u>\$ 503,099</u>
D. Plan fiduciary net position as a percentage of the total pension liability	86.91%	87.01%	79.77%	72.75%	83.55%
E. Covered payroll	\$ 35,524	\$ 33,200	\$ 34,363	\$ 56,167	\$ 32,100
F. Net pension liability as a percentage of covered payroll	1250.08%	1349.01%	1951.28%	1556.36%	1567.29%

Note: This schedule is intended to have ten years of data. Additional data to be compiled as information becomes available.

CITY OF HOMESTEAD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

NEW ELECTED OFFICIALS AND SENIOR MANAGEMENT RETIREMENT SYSTEM

Measurement date December 31,	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
A. Total pension liability					
Service Cost	\$ 62,110	\$ 58,646	\$ 58,065	\$ 44,342	\$ 43,903
Interest on the total pension liability	311,494	306,336	301,228	288,559	284,923
Difference between expected and actual experience of the total pension liability	15,577	-	20,951	-	-
Changes of assumptions	(2,652)	-	100,119	-	-
Benefit payments	<u>(296,941)</u>	<u>(287,120)</u>	<u>(281,288)</u>	<u>(278,718)</u>	<u>(272,069)</u>
Net change in total pension liability	89,588	77,862	199,075	54,183	56,757
Total pension liability - beginning	<u>4,701,090</u>	<u>4,623,228</u>	<u>4,424,153</u>	<u>4,369,970</u>	<u>4,313,213</u>
Total pension liability - ending	<u>\$ 4,790,678</u>	<u>\$ 4,701,090</u>	<u>\$ 4,623,228</u>	<u>\$ 4,424,153</u>	<u>\$ 4,369,970</u>
B. Plan fiduciary net position					
Contributions - employer	\$ 105,641	\$ 108,151	\$ 107,073	\$ 54,580	\$ 108,622
Net investment income	(194,291)	660,067	162,088	(64,059)	390,121
Benefit payments	(296,941)	(287,120)	(281,288)	(278,718)	(272,069)
Pension plan administrative expense	(47,118)	(66,113)	(47,988)	(29,472)	(31,358)
Other	<u>-</u>	<u>(1,527)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	(432,709)	413,458	(60,115)	(317,669)	195,316
Plan fiduciary net position - beginning	<u>4,724,658</u>	<u>4,311,200</u>	<u>4,371,315</u>	<u>4,688,984</u>	<u>4,493,668</u>
Plan fiduciary net position - ending	<u>\$ 4,291,949</u>	<u>\$ 4,724,658</u>	<u>\$ 4,311,200</u>	<u>\$ 4,371,315</u>	<u>\$ 4,688,984</u>
C. Net pension liability (asset) (A-B)	<u>\$ 498,729</u>	<u>\$ (23,568)</u>	<u>\$ 312,028</u>	<u>\$ 52,838</u>	<u>\$ (319,014)</u>
D. Plan fiduciary net position as a percentage of the total pension liability	89.59%	100.50%	93.25%	98.81%	107.30%
E. Covered payroll	\$ 181,800	\$ 175,611	\$ 181,800	\$ 154,744	\$ 151,500
F. Net pension liability (asset) as a percentage of covered payroll	274.33%	-13.42%	171.63%	34.15%	-210.57%

Note: This schedule is intended to have ten years of data. Additional data to be compiled as information becomes available.

CITY OF HOMESTEAD, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTERS RETIREMENT SYSTEM

Measurement date December 31,	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
A. Total pension liability					
Interest on the total pension liability	\$ 468,435	\$ 477,065	\$ 520,113	\$ 511,447	\$ 500,515
Difference between expected and actual experience of the total pension liability	109,911	113,721	(314,459)	-	87,812
Changes of assumptions	307,181	-	(61,905)	433,681	-
Benefit payments	(808,468)	(888,166)	(993,410)	(1,031,456)	(1,000,057)
Other: excess premium tax money	<u>126,894</u>	<u>122,635</u>	<u>146,910</u>	<u>254,332</u>	<u>302,968</u>
Net change in total pension liability	203,953	(174,745)	(702,751)	168,004	(108,762)
Total pension liability - beginning	<u>7,547,485</u>	<u>7,722,230</u>	<u>8,424,981</u>	<u>8,256,977</u>	<u>8,365,739</u>
Total pension liability - ending	<u>\$ 7,751,438</u>	<u>\$ 7,547,485</u>	<u>\$ 7,722,230</u>	<u>\$ 8,424,981</u>	<u>\$ 8,256,977</u>
B. Plan fiduciary net position					
Contributions - employer	\$ 302,000	\$ 188,587	\$ 181,617	\$ 289,941	\$ 195,529
Contributions - employer (from state)	180,355	215,060	239,335	346,757	395,393
Net investment income	(367,995)	1,047,585	475,187	3,173	381,316
Benefit payments	(808,468)	(888,166)	(993,410)	(1,031,456)	(1,000,057)
Pension plan administrative expense	<u>(88,289)</u>	<u>(72,089)</u>	<u>(58,793)</u>	<u>(61,629)</u>	<u>(54,920)</u>
Net change in plan fiduciary net position	(782,397)	490,977	(156,064)	(453,214)	(82,739)
Plan fiduciary net position - beginning	<u>7,710,922</u>	<u>7,219,945</u>	<u>7,376,009</u>	<u>7,829,223</u>	<u>7,911,962</u>
Plan fiduciary net position - ending	<u>\$ 6,928,525</u>	<u>\$ 7,710,922</u>	<u>\$ 7,219,945</u>	<u>\$ 7,376,009</u>	<u>\$ 7,829,223</u>
C. Net pension liability (asset) (A-B)	<u>\$ 822,913</u>	<u>\$ (163,437)</u>	<u>\$ 502,285</u>	<u>\$ 1,048,972</u>	<u>\$ 427,754</u>
D. Plan fiduciary net position as a percentage of the total pension liability	89.38%	102.17%	93.50%	87.55%	94.82%
E. Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -
F. Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

Note: This schedule is intended to have ten years of data. Additional data to be compiled as information becomes available.

CITY OF HOMESTEAD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

Measurement date October 1,	2018	2017
Total OPEB Liability:		
A. Service cost	\$ 764,952	\$ 1,040,917
B. Interest cost	524,307	421,901
C. Difference due to changes in benefit terms	-	-
D. Difference between actual and expected experience	(5,045,546)	-
E. Total difference due to changes in assumptions to:	561,410	(850,170)
Discount rate	\$626,410	
Trend rate	\$0	
Mortality	\$0	
Age-sex Factor	(\$65,000)	
<u>Adj for Surv. Benefits</u>	<u>\$0</u>	
Total increase/(decrease)	\$561,460	
F. Benefit payments	<u>(73,317)</u>	<u>(52,936)</u>
G. Net change in Total OPEB liability	(3,268,194)	559,712
H. Total OPEB liability - beginning	<u>14,097,908</u>	<u>13,538,196</u>
I. Total OPEB liability - ending	\$ 10,829,714	\$ 14,097,908
J. Assets *	<u>-</u>	<u>-</u>
K. Total OPEB liability - ending	<u>\$ 10,829,714</u>	<u>\$ 14,097,908</u>
 Covered payroll	 \$ 25,697,804	 \$ 24,961,866
 Total OPEB liability as a percentage of covered payroll	 42.14%	 56.48%

Note: This schedule is intended to have ten years of data.
 Implementation of GASB No. 75 occurred in fiscal year 2018.
 Additional data to be compiled as information becomes available.
 * Zero for unfunded plan.

CITY OF HOMESTEAD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

LAST SIX YEARS

City's Fiscal Year Ended	Actuarially Determined Contribution	Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll *	Actual contribution as a % of covered payroll		
General Employees' Retirement Plan							
09/30/19	\$ 2,613,899	\$ 2,613,899	\$ -	\$ 7,790,275	33.55%	Valuation date	10/1/2017
09/30/18	2,794,643	2,794,643	-	8,403,325	33.26%	Actuarial cost method	Entry age normal
09/30/17	2,505,891	2,505,891	-	9,012,525	27.80%	Amortization method	level dollar amount, closed
09/30/16	2,725,022	2,725,022	-	8,845,600	30.81%	Remaining amortization period	14 years
09/30/15	2,834,656	2,834,656	-	9,008,325	31.47%	Asset valuation method	4-year smoothed market
09/30/14	2,874,430	2,874,430	-	9,212,500	31.20%	Salary increases	5.0% including inflation
						Investment rate of return	6.75%
						Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
						Mortality	RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 50% blue collar adjustment and a 50% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. These are the same rates currently in use for Regular Class members of the Florida Retirement System (FRS), as mandated by Chapter 112.63, Florida Statutes
Police Officers' Retirement Plan							
09/30/19	\$ 4,776,061	\$ 4,522,886	\$ 253,175 **	\$ 8,821,373	51.27%	Valuation date	10/1/2017
09/30/18	4,648,788	3,886,218	762,570 **	8,151,843	47.67%	Actuarial cost method	Entry age normal
09/30/17	4,321,511	4,574,686 ***	(253,175)	7,858,654	58.21%	Amortization method	level dollar, closed
09/30/16	4,051,435	4,259,601 ***	(208,166)	7,394,222	57.61%	Remaining amortization period	22 years
09/30/15	4,076,435	4,344,721 ***	(268,286)	7,145,922	60.80%	Asset valuation method	4-year smoothed market
09/30/14	4,381,884	4,518,880 ***	(136,996)	6,411,046	70.49%	Salary increases	5.75% to 9.75% depending on service
						Investment rate of return	7.50%
						Retirement age	Upon eligibility
						Mortality	RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. These are the same rates currently in use for Special Risk Class members of the Florida Retirement System (FRS), as mandated by Chapter 112.63, Florida Statutes.

Notes to the schedule of contributions:

Note 1 Actuarially determined contribution amounts are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported. This schedule is intended to have ten years of data. Additional data to be compiled as information becomes available.

* Covered employee payroll was calculated by dividing total member contributions (excluding buyback contributions) for the fiscal year by the member contribution rate of 4% for the General Employees' Retirement Plan and 7.65% for the Police Officers' Retirement Plan.

** Pursuant to Senate Bill 172, the City and Plan members mutually consented to use of the State contribution reserve of \$765,570 as an offset to the City's contribution requirement for fiscal year ending September 30, 2018 and \$253,175 for the fiscal year ending September 30, 2019.

*** Restated to reflect contributions of excess state insurance tax premium monies previously made but not recognized until mutually consented by the City and the Plan members.

CITY OF HOMESTEAD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

LAST SIX YEARS

Pension Plan	City's Fiscal Year Ended	Actuarially Determined Contribution	Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll **	Actual contribution as a % of covered payroll		
Elected Officials Retirement Plan								
12/31/18	09/30/19	\$ 259,658	\$ 259,658	\$ -	\$ 35,524	730.94%	Valuation date	1/1/2018
12/31/17	09/30/18	297,864	297,864	-	33,200	897.18%	Actuarial cost method	Entry age, normal
12/31/16	09/30/17	297,864	297,864	-	34,363	866.82%	Amortization method	level dollar, closed
12/31/15	09/30/16	136,611	136,611	-	56,167 *	243.22%	Remaining amortization period	4 years
12/31/14	09/30/15	136,611	221,576	(84,965)	32,100	690.27%	Asset valuation method	Market value of assets
12/31/13	09/30/14	221,576	221,576	-	94,267	235.05%	Salary increases	7.00%
							Investment rate of return	6.75%
							Retirement age	100% upon eligibility to retire
							Mortality	The RP-2000 mortality table with collar adjustments and generational projections using scale BB as used by the Florida Retirement System for the Regular Class members in the July 1, 2016 actuarial valuation.
New Elected Officials and Senior Management Retirement System								
12/31/18	09/30/19	\$ 105,641	\$ 105,641	\$ -	\$ 181,800	58.11%	Valuation date	1/1/2018
12/31/17	09/30/18	108,151	108,151	-	175,611	61.59%	Actuarial cost method	Aggregate
12/31/16	09/30/17	107,073	107,073	-	181,800	58.90%	Amortization method	N/A
12/31/15	09/30/16	54,580	54,580	-	154,744	35.27%	Remaining amortization period	N/A
12/31/14	09/30/15	54,042	108,622	(54,580)	151,500	71.70%	Asset valuation method	Market value of assets
12/31/13	09/30/14	129,129	196,245	(67,116)	151,500	129.53%	Salary increases	1% per year for Eleceld Officials
							Investment rate of return	6.75%
							Retirement age	100% when first eligible for normal retirement
							Mortality	The RP-2000 mortality table with collar adjustments and generational projections using scale BB as used by the Florida Retirement System for the Regular Class members in the July 1, 2016 actuarial valuation.

Notes to the schedule of contributions:

- Notes :** Actuarially determined contribution amounts are calculated as of January 1, which is two years prior to the end of the plan year in which contributions are reported. Valuations are performed every other year. This schedule is intended to have ten years of data. Additional data to be compiled as information becomes available.
- * Reflects total pay for a rehired active member and an active member who retired during the plan year.
- ** Covered payroll is estimated to be the covered payroll in the actuarial valuation except where otherwise noted.

CITY OF HOMESTEAD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

LAST SIX YEARS

Pension Plan	City's Fiscal Year Ended	Actuarially Determined Contribution	Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual contribution as a % of covered payroll	Firefighters Retirement System		
							Valuation date	Actuarial cost method	Amortization method
12/31/18	09/30/19	\$ 354,322	\$ 354,322	\$ -	\$ -	N/A	Valuation date	1/1/2018	
12/31/17	09/30/18	281,012	281,012	-	-	N/A	Actuarial cost method	Entry age normal actuarial cost method	
12/31/16	09/30/17	274,042	274,042	-	-	N/A	Amortization method	level dollar, closed	
12/31/15	09/30/16	382,366	382,366	-	-	N/A	Remaining amortization period	5 years	
12/31/14	09/30/15	287,954	287,954	-	-	N/A	Asset valuation method	5-year smoothed market	
12/31/13	09/30/14	329,195	329,195	-	-	N/A	Inflation	2.50%	
							Salary increases	N/A	
							Investment rate of return	6.00%	
							Retirement age	N/A	
							Mortality	RP-2000 Mortality Table for Annuitants (for healthy post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. For disabled retirees, the mortality table used was 60% of the RP-2000 Mortality Table for disabled annuitants with ages set back 4 years for males and set forward 2 years for females, and 40% of the RP2000 Mortality Table for healthy annuitants with a 100% white collar adjustment, with no provision being made for future mortality improvements. These are the same rates currently in use for Special Risk Class members of the Florida Retirement System (FRS), as required under Florida Statutes, Chapter 112.63.	

Notes to the schedule of contributions:

Notes : Actuarially determined contribution amounts are calculated as of January 1, which is one year prior to the end of the plan year in which contributions are reported. This schedule is intended to have ten years of data. Additional data to be compiled as information becomes available.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

MAJOR GOVERNMENTAL FUNDS

MAJOR GOVERNMENTAL FUNDS

Capital Project Funds

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

Multimodal Transit Center Fund – This fund is used to account for the cost associated with the construction of a parking garage/retail facility (Multimodal Transit Center) financed through Taxable Transportation System Revenue Bonds, Series 2017.



(This page intentionally left blank)

CITY OF HOMESTEAD, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Capital Project Funds			
	<u>Multimodal Transit Center</u>			Variance with Final Budget - (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Investment income	\$ -	\$ -	\$ 36,217	\$ 36,217
Total revenues	<u>-</u>	<u>-</u>	<u>36,217</u>	<u>36,217</u>
Expenditures:				
Current:				
Public works	-	110,000	109,597	403
Capital outlay	<u>24,879,241</u>	<u>3,977,643</u>	<u>-</u>	<u>3,977,643</u>
Total expenditures	<u>24,879,241</u>	<u>4,087,643</u>	<u>109,597</u>	<u>3,978,046</u>
Excess (deficiency) of revenues over expenditures	<u>(24,879,241)</u>	<u>(4,087,643)</u>	<u>(73,380)</u>	<u>4,014,263</u>
Other financing sources: (uses):				
Transfer in	-	110,000	2,567,800	2,457,800
Transfer out	-	(25,615,965)	(26,351,409)	(735,444)
Appropriation of prior years' fund balance	<u>24,940,975</u>	<u>29,655,342</u>	<u>-</u>	<u>(29,655,342)</u>
Total other financing sources (uses)	<u>24,940,975</u>	<u>4,149,377</u>	<u>(23,783,609)</u>	<u>(27,932,986)</u>
Change in fund balance	<u>\$ 61,734</u>	<u>\$ 61,734</u>	<u>(23,856,989)</u>	<u>\$ (23,918,723)</u>
Fund balance - beginning			<u>23,954,858</u>	
Fund balance - ending			<u>\$ 97,869</u>	



(This page intentionally left blank)

NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Sundries Grants – This fund is used to account for expenditures and revenues derived from various grants.

Community Development Block Grants – This fund was established to account for expenditures and revenues derived from Community Development Block Grants obtained from the Department of Housing and Urban Development (HUD), and other local agencies.

Confiscated Property Law Enforcement Fund – This fund is used to account for monies received from federal and state confiscated and forfeited property and from county surcharges of traffic violations. The federal and state equitable shared property are to be used in accordance with State of Florida Statutes, Chapter 932, the United States Department of Justice publication, *A Guide to Equitable Sharing of Federally Forfeited Property for State and Local Law Enforcement Agencies*, and the United States Treasury Department publication, *Guide to Equitable Sharing for Foreign Countries and Federal, State, and Local Law Enforcement Agencies*, which govern the use of confiscated and forfeited funds. The county funds are restricted to use on police training activities.

Disaster Relief Fund– This fund is used to account for the expenditures and reimbursements related to natural disasters.

Homestead Miami Speedway – This fund is used to account for the lease rental income and costs related to the bond debt service and taxes for the racetrack facility.

Debt Service Funds

Debt service funds are used to account for the servicing of the governmental debt.

Taxable Transportation System Revenue Bonds Debt Service – This fund is used to account for the accumulation of resources for, and the payment of principal, interest, and related costs of the Taxable Transportation System Revenue Bonds, Series 2017.

HERO/Tax Increment Financing Debt Service – This fund is used to account for the accumulation of resources for, and the payment of principal, interest, and related costs of the Homestead Economic and Rebuilding Organization (HERO) Increment Revenue Bonds.

GOB Debt Service – This fund is used to account for the accumulation of resources for, and the payment of principal, interest, and related costs of the General Obligation Bonds, Series 2014.

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

Capital Projects Funds

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

People's Transportation Plan – This fund is used to account for surtax revenues received from Miami-Dade County based on a one-half of one percent discretionary sales surtax on all transactions occurring in Miami-Dade County per an Interlocal agreement. At least 20% of the surtax revenue must be used for transit purposes such as buses, bus shelters and other transit-related infrastructure and the remainder be used for transportation.

Capital Improvement Fund – This fund is used to account for various capital improvement projects for the General Fund, funded mostly from the capital leases.

New City Hall Fund – This fund is used to account for the cost associated with the construction of the New City Hall Building.

New Police Building Fund – This fund is used to account for the cost associated with the construction of the New Police Building financed through General Obligation Bonds.

Cybrarium Fund – This fund is used to account for most of the costs associated with the construction of a new Cybrarium building, and the various sources of funding, including a HUD Section 108 Loan.

CITY OF HOMESTEAD, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	Special Revenue Funds					Total
	Sundries Grants	Community Development Block Grants	Confiscated Property	Disaster Relief	Homestead Miami Speedway	
ASSETS						
Cash and cash equivalents	\$ 57,739	\$ 130,934	\$ -	\$ 115,640	\$ 8,151	\$ 312,464
Investments	-	-	-	-	83,331	83,331
Interest receivable on investments	-	-	969	-	-	969
Account receivables, net	1,444,422	111,094	1,082	1,289,765	-	2,846,363
Due from other funds	-	200,000	1,240,000	-	-	1,440,000
Prepaid costs	-	-	798	-	-	798
Restricted assets:						
Cash and cash equivalents	-	-	48,938	-	-	48,938
Investments	30,000	-	248,740	-	-	278,740
Asset available for sale	-	807,346	-	-	-	807,346
Total Assets	<u>\$ 1,532,161</u>	<u>\$ 1,249,374</u>	<u>\$ 1,540,527</u>	<u>\$ 1,405,405</u>	<u>\$ 91,482</u>	<u>\$ 5,818,949</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ 331,574	\$ 35,794	\$ 53,918	\$ 158,406	\$ -	\$ 579,692
Due to other funds	-	-	-	1,240,000	-	1,240,000
Unearned revenue	636,610	421,034	521,191	-	-	1,578,835
Total Liabilities	<u>968,184</u>	<u>456,828</u>	<u>575,109</u>	<u>1,398,406</u>	<u>-</u>	<u>3,398,527</u>
FUND BALANCES						
<i>Nonspendable :</i>						
Prepaid costs	-	-	798	-	-	798
<i>Restricted :</i>						
Grants	563,977	-	-	-	-	563,977
Community development	-	792,546	-	-	-	792,546
Disaster relief	-	-	-	6,999	-	6,999
Law enforcement	-	-	964,620	-	-	964,620
<i>Assigned :</i>						
Parks and recreation	-	-	-	-	91,482	91,482
Total fund balances	<u>563,977</u>	<u>792,546</u>	<u>965,418</u>	<u>6,999</u>	<u>91,482</u>	<u>2,420,422</u>
Total liabilities and fund balances	<u>\$ 1,532,161</u>	<u>\$ 1,249,374</u>	<u>\$ 1,540,527</u>	<u>\$ 1,405,405</u>	<u>\$ 91,482</u>	<u>\$ 5,818,949</u>

(Continued)

CITY OF HOMESTEAD, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 (Continued)

SEPTEMBER 30, 2019

	Debt Service Funds			<u>Total</u>
	Taxable Transportation System Revenue <u>Bonds</u>	HERO/Tax Increment <u>Financing</u>	General Obligation <u>Bonds</u>	
ASSETS				
Cash and cash equivalents	\$ -	\$ 136,155	\$ -	\$ 136,155
Restricted assets:				
Cash and cash equivalents	<u>450,478</u>	<u>292,703</u>	<u>108,942</u>	<u>852,123</u>
Total Assets	<u>\$ 450,478</u>	<u>\$ 428,858</u>	<u>\$ 108,942</u>	<u>\$ 988,278</u>
FUND BALANCES				
<i>Restricted :</i>				
Debt service	<u>450,478</u>	<u>428,858</u>	<u>108,942</u>	<u>988,278</u>
Total fund balances	<u>450,478</u>	<u>428,858</u>	<u>108,942</u>	<u>988,278</u>
 Total liabilities and fund balances	 <u>\$ 450,478</u>	 <u>\$ 428,858</u>	 <u>\$ 108,942</u>	 <u>\$ 988,278</u>

(Continued)

CITY OF HOMESTEAD, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)

SEPTEMBER 30, 2019

	Capital Projects Funds						Total Other Governmental Funds
	People's Transportation Plan	Capital Improvement	New City Hall	New Police Building	Cybrarium	Total	
ASSETS							
Cash and cash equivalents	\$ 66,740	\$ 1,756	\$ 43,465	\$ -	\$ 316,763	\$ 428,724	\$ 877,343
Investments	706,248	-	-	-	13,170	719,418	802,749
Interest receivable on investments	2,751	-	-	-	2,287	5,038	6,007
Account receivables, net	817,446	-	184,779	-	-	1,002,225	3,848,588
Due from other funds	-	600,000	-	-	6,000,000	6,600,000	8,040,000
Prepaid costs	-	-	-	-	-	-	798
Restricted assets:							
Cash and cash equivalents	-	-	-	2,736	-	2,736	903,797
Investments	-	-	-	-	573,763	573,763	852,503
Asset available for sale	-	-	-	-	-	-	807,346
Total Assets	<u>\$ 1,593,185</u>	<u>\$ 601,756</u>	<u>\$ 228,244</u>	<u>\$ 2,736</u>	<u>\$ 6,905,983</u>	<u>\$ 9,331,904</u>	<u>\$ 16,139,131</u>
LIABILITIES							
Accounts payable and accrued liabilities	209,688	-	-	2,028	972,854	1,184,570	1,764,262
Due to other funds	-	-	-	-	-	-	1,240,000
Unearned revenue	297,895	-	-	-	-	297,895	1,876,730
Other liabilities	-	-	156,250	-	-	156,250	156,250
Total Liabilities	<u>507,583</u>	<u>-</u>	<u>156,250</u>	<u>2,028</u>	<u>972,854</u>	<u>1,638,715</u>	<u>5,037,242</u>
FUND BALANCES							
<i>Nonspendable :</i>							
Prepaid costs	-	-	-	-	-	-	798
<i>Restricted :</i>							
Grants	-	-	-	-	-	-	563,977
Community development	-	-	-	-	-	-	792,546
Disaster relief	-	-	-	-	-	-	6,999
Law enforcement	-	-	-	-	-	-	964,620
Debt service	-	-	-	-	-	-	988,278
Capital projects	-	-	-	708	573,763	574,471	574,471
Transit and transportation	1,085,602	-	-	-	-	1,085,602	1,085,602
<i>Assigned :</i>							
Parks and recreation	-	-	-	-	-	-	91,482
Capital Project	-	601,756	71,994	-	5,359,366	6,033,116	6,033,116
Total fund balances	<u>1,085,602</u>	<u>601,756</u>	<u>71,994</u>	<u>708</u>	<u>5,933,129</u>	<u>7,693,189</u>	<u>11,101,889</u>
Total liabilities and fund balances	<u>\$ 1,593,185</u>	<u>\$ 601,756</u>	<u>\$ 228,244</u>	<u>\$ 2,736</u>	<u>\$ 6,905,983</u>	<u>\$ 9,331,904</u>	<u>\$ 16,139,131</u>

CITY OF HOMESTEAD, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue Funds					Total
	Sundries Grants	Community Development	Confiscated Property	Disaster Relief	Homestead	
		Block Grants			Miami Speedway	
Revenues:						
Intergovernmental	\$ 2,291,813	\$ 1,040,512	\$ -	\$ 1,457,293	\$ -	\$ 4,789,618
Fines and forfeitures	-	-	458,052	-	-	458,052
Investment income	-	-	11,479	-	-	11,479
Rentals and other revenues	11,735	-	14,215	920,857	1,075,784	2,022,591
Total revenues	<u>2,303,548</u>	<u>1,040,512</u>	<u>483,746</u>	<u>2,378,150</u>	<u>1,075,784</u>	<u>7,281,740</u>
Expenditures:						
Current:						
General government	-	159,646	-	-	-	159,646
Public safety	1,149,442	-	224,413	-	-	1,373,855
Parks and recreation	8,283	-	-	-	606,095	614,378
Disaster relief	-	-	-	1,494,954	-	1,494,954
Capital outlay	1,142,370	632,471	65,030	-	-	1,839,871
Debt service:						
Principal	-	194,000	-	-	600,000	794,000
Interest and fiscal charges	-	394	-	-	2,654	3,048
Total expenditures	<u>2,300,095</u>	<u>986,511</u>	<u>289,443</u>	<u>1,494,954</u>	<u>1,208,749</u>	<u>6,279,752</u>
Excess (deficiency) of revenues over expenditures	<u>3,453</u>	<u>54,001</u>	<u>194,303</u>	<u>883,196</u>	<u>(132,965)</u>	<u>1,001,988</u>
Other financing uses:						
Transfers out	-	-	-	(890,000)	(1,457,800)	(2,347,800)
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>(890,000)</u>	<u>(1,457,800)</u>	<u>(2,347,800)</u>
Change in fund balances	3,453	54,001	194,303	(6,804)	(1,590,765)	(1,345,812)
Fund balances, beginning	<u>560,524</u>	<u>738,545</u>	<u>771,115</u>	<u>13,803</u>	<u>1,682,247</u>	<u>3,766,234</u>
Fund balances, ending	<u>\$ 563,977</u>	<u>\$ 792,546</u>	<u>\$ 965,418</u>	<u>\$ 6,999</u>	<u>\$ 91,482</u>	<u>\$ 2,420,422</u>

(Continued)

CITY OF HOMESTEAD, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Debt Service Funds			<u>Total</u>
	Taxable Transportation System Revenue <u>Bonds</u>	HERO/Tax Increment <u>Financing</u>	General Obligation <u>Bonds</u>	
Revenues:				
Property taxes	\$ -	\$ -	\$ 1,449,097	\$ 1,449,097
Total revenues	<u>-</u>	<u>-</u>	<u>1,449,097</u>	<u>1,449,097</u>
Expenditures:				
Debt service:				
Principal	645,000	284,203	485,000	1,414,203
Interest and fiscal charges	<u>1,154,363</u>	<u>24,561</u>	<u>997,872</u>	<u>2,176,796</u>
Total expenditures	<u>1,799,363</u>	<u>308,764</u>	<u>1,482,872</u>	<u>3,590,999</u>
Excess (deficiency) of revenues over expenditures	<u>(1,799,363)</u>	<u>(308,764)</u>	<u>(33,775)</u>	<u>(2,141,902)</u>
Other financing sources:				
Transfers in	<u>1,800,000</u>	<u>-</u>	<u>-</u>	<u>1,800,000</u>
Total other financing sources	<u>1,800,000</u>	<u>-</u>	<u>-</u>	<u>1,800,000</u>
Change in fund balances	637	(308,764)	(33,775)	(341,902)
Fund balances, beginning	<u>449,841</u>	<u>737,622</u>	<u>142,717</u>	<u>1,330,180</u>
Fund balances, ending	<u>\$ 450,478</u>	<u>\$ 428,858</u>	<u>\$ 108,942</u>	<u>\$ 988,278</u>

(Continued)

CITY OF HOMESTEAD, FLORIDA

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

(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Capital Projects Funds						Total Other Governmental Funds
	People's Transportation Plan	Capital Improvement	New City Hall	New Police Building	Cybrarium	Total	
Revenues:							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,449,097
Intergovernmental	3,343,085	-	-	-	-	3,343,085	8,132,703
Fines and forfeitures	-	-	-	-	-	-	458,052
Investment income	27,062	-	875	638	27,419	55,994	67,473
Rentals and other revenues	511	-	-	53,447	-	53,958	2,076,549
Total revenues	<u>3,370,658</u>	<u>-</u>	<u>875</u>	<u>54,085</u>	<u>27,419</u>	<u>3,453,037</u>	<u>12,183,874</u>
Expenditures:							
Current:							
General government	-	314,264	-	-	-	314,264	473,910
Public safety	-	-	-	476	-	476	1,374,331
Public works	1,033,049	-	-	-	-	1,033,049	1,033,049
Parks and recreation	-	-	-	-	122,971	122,971	737,349
Disaster relief	-	-	-	-	-	-	1,494,954
Capital outlay	897,934	149,590	81,967	190,191	2,550,060	3,869,742	5,709,613
Debt service:							
Principal	-	-	-	-	-	-	2,208,203
Interest and fiscal charges	-	-	-	-	-	-	2,179,844
Total expenditures	<u>1,930,983</u>	<u>463,854</u>	<u>81,967</u>	<u>190,667</u>	<u>2,673,031</u>	<u>5,340,502</u>	<u>15,211,253</u>
Excess (deficiency) of revenues over expenditures	<u>1,439,675</u>	<u>(463,854)</u>	<u>(81,092)</u>	<u>(136,582)</u>	<u>(2,645,612)</u>	<u>(1,887,465)</u>	<u>(3,027,379)</u>
Other financing sources (uses):							
Issuance of debt (HUD section 108 loan)	-	-	-	-	194,000	194,000	194,000
Transfers in	83,000	593,567	-	-	7,176,275	7,852,842	9,652,842
Transfers out	(2,400,000)	(40,250)	(65,427)	-	-	(2,505,677)	(4,853,477)
Total other financing sources	<u>(2,317,000)</u>	<u>553,317</u>	<u>(65,427)</u>	<u>-</u>	<u>7,370,275</u>	<u>5,541,165</u>	<u>4,993,365</u>
Change in fund balances	(877,325)	89,463	(146,519)	(136,582)	4,724,663	3,653,700	1,965,986
Fund balances, beginning	<u>1,962,927</u>	<u>512,293</u>	<u>218,513</u>	<u>137,290</u>	<u>1,208,466</u>	<u>4,039,489</u>	<u>9,135,903</u>
Fund balances, ending	<u>\$ 1,085,602</u>	<u>\$ 601,756</u>	<u>\$ 71,994</u>	<u>\$ 708</u>	<u>\$ 5,933,129</u>	<u>\$ 7,693,189</u>	<u>\$ 11,101,889</u>

CITY OF HOMESTEAD, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue Fund							
	<u>Confiscated Property</u>				<u>Disaster Relief</u>			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
Revenues:								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,570,897	\$ 1,457,293	\$ (113,604)
Fines and forfeitures	-	-	458,052	458,052	-	-	-	-
Investment income	7,000	7,000	11,479	4,479	-	-	-	-
Rentals and other revenues	-	-	14,215	14,215	-	920,856	920,857	1
Total revenues	<u>7,000</u>	<u>7,000</u>	<u>483,746</u>	<u>476,746</u>	<u>-</u>	<u>2,491,753</u>	<u>2,378,150</u>	<u>(113,603)</u>
Expenditures:								
Current:								
Public safety	286,972	679,918	224,413	455,505	-	-	-	-
Disaster relief	-	-	-	-	244,043	1,735,796	1,494,954	240,842
Capital outlay	458,978	66,032	65,030	1,002	-	-	-	-
Total expenditures	<u>745,950</u>	<u>745,950</u>	<u>289,443</u>	<u>456,507</u>	<u>244,043</u>	<u>1,735,796</u>	<u>1,494,954</u>	<u>240,842</u>
Excess (deficiency) of revenues over expenditures	<u>(738,950)</u>	<u>(738,950)</u>	<u>194,303</u>	<u>933,253</u>	<u>(244,043)</u>	<u>755,957</u>	<u>883,196</u>	<u>127,239</u>
Other financing sources (uses):								
Transfers out	-	-	-	-	-	(1,000,000)	(890,000)	110,000
Appropriation of prior years' fund balance	738,950	738,950	-	(738,950)	244,043	244,043	-	(244,043)
Total other financing sources	<u>738,950</u>	<u>738,950</u>	<u>-</u>	<u>(738,950)</u>	<u>244,043</u>	<u>(755,957)</u>	<u>(890,000)</u>	<u>(134,043)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>194,303</u>	<u>\$ 194,303</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(6,804)</u>	<u>\$ (6,804)</u>
Fund balance - beginning			<u>771,115</u>				<u>13,803</u>	
Fund balance - ending			<u>\$ 965,418</u>				<u>\$ 6,999</u>	

(Continued)

CITY OF HOMESTEAD, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue Fund				Debt Service Fund			
	Homestead Miami Speedway				Taxable Transportation System Revenue Bonds			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
Original	Final	Original			Final			
Revenues:								
Rentals and other revenues	\$ 1,074,266	\$ 1,074,266	\$ 1,075,784	\$ 1,518	\$ -	\$ -	\$ -	\$ -
Total revenues	1,074,266	1,074,266	1,075,784	1,518	-	-	-	-
Expenditures:								
Current:								
General government	-	-	-	-	637	637	-	637
Parks and recreation	771,000	771,000	606,095	164,905	-	-	-	-
Debt service:								
Principal	600,000	600,000	600,000	-	645,000	645,000	645,000	-
Interest and fiscal charges	2,338	2,338	2,654	(316)	1,154,363	1,154,363	1,154,363	-
Total expenditures	1,373,338	1,373,338	1,208,749	164,589	1,800,000	1,800,000	1,799,363	637
Excess (deficiency) of revenues over expenditures	(299,072)	(299,072)	(132,965)	166,107	(1,800,000)	(1,800,000)	(1,799,363)	637
Other financing sources (uses):								
Transfers in	-	-	-	-	1,800,000	1,800,000	1,800,000	-
Transfer out	-	(1,457,800)	(1,457,800)	-	-	-	-	-
Appropriation of prior years' fund balance	299,072	1,756,872	-	(1,756,872)	-	-	-	-
Total other financing sources	299,072	299,072	(1,457,800)	(1,756,872)	1,800,000	1,800,000	1,800,000	-
Change in fund balance	\$ -	\$ -	\$ (1,590,765)	\$ (1,590,765)	\$ -	\$ -	\$ 637	637
Fund balance - beginning			1,682,247				449,841	
Fund balance - ending			\$ 91,482				\$ 450,478	

(Continued)

CITY OF HOMESTEAD, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Debt Service Fund							
	<u>HERO/Tax Increment Financing</u>				<u>General Obligation Bonds</u>			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
Original	Final	Original			Final			
Revenues:								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,438,752	\$ 1,438,752	\$ 1,449,097	\$ 10,345
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,438,752</u>	<u>1,438,752</u>	<u>1,449,097</u>	<u>10,345</u>
Expenditures:								
Debt service:								
Principal	284,203	284,203	284,203	-	485,000	485,000	485,000	-
Interest and fiscal charges	23,797	23,797	24,561	(764)	998,988	998,988	997,872	1,116
Total expenditures	<u>308,000</u>	<u>308,000</u>	<u>308,764</u>	<u>(764)</u>	<u>1,483,988</u>	<u>1,483,988</u>	<u>1,482,872</u>	<u>1,116</u>
Excess (deficiency) of revenues over expenditures	<u>(308,000)</u>	<u>(308,000)</u>	<u>(308,764)</u>	<u>(764)</u>	<u>(45,236)</u>	<u>(45,236)</u>	<u>(33,775)</u>	<u>11,461</u>
Other financing sources::								
Appropriation of prior years' fund balance	308,000	308,000	-	(308,000)	45,236	45,236	-	(45,236)
Total other financing sources	<u>308,000</u>	<u>308,000</u>	<u>-</u>	<u>(308,000)</u>	<u>45,236</u>	<u>45,236</u>	<u>-</u>	<u>(45,236)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(308,764)</u>	<u>\$ (308,764)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(33,775)</u>	<u>\$ (33,775)</u>
Fund balance - beginning			737,622				142,717	
Fund balance - ending			<u>\$ 428,858</u>				<u>\$ 108,942</u>	

(Continued)

CITY OF HOMESTEAD, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Capital Project Funds							
	People's Transportation Plan				Capital Improvement			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
Original	Final	Original			Final			
Revenues:								
Intergovernmental	\$ 2,928,639	\$ 2,928,639	\$ 3,343,085	\$ 414,446	\$ -	\$ -	\$ -	\$ -
Investment income	11,000	11,000	27,062	16,062	-	-	-	-
Rentals and other revenues	-	-	511	511	-	-	-	-
Total revenues	<u>2,939,639</u>	<u>2,939,639</u>	<u>3,370,658</u>	<u>431,019</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:								
Current:								
General government	-	-	-	-	627,570	570,576	314,264	256,312
Public works	1,412,494	1,510,265	1,033,049	477,216	-	-	-	-
Capital outlay	2,172,950	1,158,179	897,934	260,245	435,590	455,334	149,590	305,744
Total expenditures	<u>3,585,444</u>	<u>2,668,444</u>	<u>1,930,983</u>	<u>737,461</u>	<u>1,063,160</u>	<u>1,025,910</u>	<u>463,854</u>	<u>562,056</u>
Excess (deficiency) of revenues over expenditures	<u>(645,805)</u>	<u>271,195</u>	<u>1,439,675</u>	<u>1,168,480</u>	<u>(1,063,160)</u>	<u>(1,025,910)</u>	<u>(463,854)</u>	<u>562,056</u>
Other financing sources (uses):								
Transfers in	-	83,000	83,000	-	593,567	593,567	593,567	-
Transfers out	(1,400,000)	(2,400,000)	(2,400,000)	-	-	(37,250)	(40,250)	(3,000)
Appropriation of prior years' fund balance	2,045,805	2,045,805	-	(2,045,805)	469,593	469,593	-	(469,593)
Total other financing sources	<u>645,805</u>	<u>(271,195)</u>	<u>(2,317,000)</u>	<u>(2,045,805)</u>	<u>1,063,160</u>	<u>1,025,910</u>	<u>553,317</u>	<u>(472,593)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(877,325)</u>	<u>\$ (877,325)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>89,463</u>	<u>\$ 89,463</u>
Fund balance - beginning			<u>1,962,927</u>				<u>512,293</u>	
Fund balance - ending			<u>\$ 1,085,602</u>				<u>\$ 601,756</u>	

(Continued)

CITY OF HOMESTEAD, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS
 (Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Capital Project Funds							
	New City Hall				New Police Building			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
Original	Final	Original			Final			
Revenues:								
Investment income	\$ -	\$ -	\$ 875	\$ 875	\$ -	\$ -	\$ 638	\$ 638
Rentals and other revenues	-	-	-	-	-	-	53,447	(53,447)
Total revenues	-	-	875	875	-	-	54,085	(52,809)
Expenditures:								
Current:								
Public safety	-	-	-	-	-	477	476	1
Capital outlay	190,859	125,432	81,967	43,465	192,670	192,193	190,191	2,002
Total expenditures	190,859	125,432	81,967	43,465	192,670	192,670	190,667	2,003
Excess (deficiency) of revenues over expenditures	(190,859)	(125,432)	(81,092)	44,340	(192,670)	(192,670)	(136,582)	(50,806)
Other financing sources (uses):								
Transfers out	-	(65,427)	(65,427)	-	-	-	-	-
Appropriation of prior years' fund balance	190,859	190,859	-	(190,859)	192,670	192,670	-	(192,670)
Total other financing sources	190,859	125,432	(65,427)	(190,859)	192,670	192,670	-	(192,670)
Change in fund balance	\$ -	\$ -	(146,519)	\$ (146,519)	\$ -	\$ -	(136,582)	\$ (243,476)
Fund balance - beginning			218,513				137,290	
Fund balance - ending			\$ 71,994				\$ 708	

(Continued)

CITY OF HOMESTEAD, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Capital Project Funds			
	<u>Cybrarium</u>			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income	\$ -	\$ -	27,419	\$ 27,419
Rentals and other revenues	-	1,000,000	-	(1,000,000)
Total revenues	-	1,000,000	27,419	(972,581)
Expenditures:				
Current:				
Parks and recreation	3,867,866	687,721	122,971	564,750
Capital outlay	817,141	12,173,561	2,550,060	9,623,501
Total expenditures	4,685,007	12,861,282	2,673,031	10,188,251
Excess (deficiency) of revenues over expenditures	(4,685,007)	(11,861,282)	(2,645,612)	9,215,670
Other financing sources:				
Issuance of debt (HUD section 108 loan)	-	-	194,000	194,000
Transfers in	-	7,176,275	7,176,275	-
Appropriation of prior years' fund balance	4,685,007	4,685,007	-	(4,685,007)
Total other financing sources	4,685,007	11,861,282	7,370,275	(4,491,007)
Change in fund balance	\$ -	\$ -	4,724,663	\$ 4,724,663
Fund balance - beginning			1,208,466	
Fund balance - ending			\$ 5,933,129	

NONMAJOR PROPRIETARY FUNDS

NONMAJOR PROPRIETARY FUNDS

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government's Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's Council has decided that periodic determination of net income is appropriate for accountability purposes.

Stormwater Fund - This fund accounts for the daily operating activities related to the Stormwater Utility.

Utilities Repair, Replacement and Improvement Fund – This fund accounts for the accumulation of assets to be utilized for the repair, replacement and improvements of the electric, water, sewer, and solid waste facilities of the City.



(This page intentionally left blank)

CITY OF HOMESTEAD, FLORIDA
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	<u>Stormwater</u>	<u>Utilities Repair Replacement and Improvements</u>	<u>Total Other Enterprise Funds</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 36,043	\$ 5,344	\$ 41,387
Investments	2,108,080	-	2,108,080
Interest receivable on investments	8,797	-	8,797
Account receivables, net	601,744	-	601,744
Due from other funds	450,000	1,600,000	2,050,000
Total current assets	<u>3,204,664</u>	<u>1,605,344</u>	<u>4,810,008</u>
Noncurrent assets:			
Capital assets being depreciated, net	<u>352,786</u>	-	<u>352,786</u>
Total noncurrent assets	<u>352,786</u>	-	<u>352,786</u>
Total assets	<u>3,557,450</u>	<u>1,605,344</u>	<u>5,162,794</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows for pension	77,039	-	77,039
Deferred outflows for OPEB	2,221	-	2,221
Total deferred outflows of resources	<u>79,260</u>	-	<u>79,260</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	62,420	-	62,420
Compensated absences	<u>11,573</u>	-	<u>11,573</u>
Total current liabilities	<u>73,993</u>	-	<u>73,993</u>
Noncurrent liabilities:			
Compensated absences	27,004	-	27,004
Net pension liability	177,134	-	177,134
Total OPEB liability	<u>292,695</u>	-	<u>292,695</u>
Total noncurrent liabilities	<u>496,833</u>	-	<u>496,833</u>
Total liabilities	<u>570,826</u>	-	<u>570,826</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows for pension	46,576	-	46,576
Deferred inflows for OPEB	<u>130,742</u>	-	<u>130,742</u>
Total deferred inflows of resources	<u>177,318</u>	-	<u>177,318</u>
NET POSITION			
Net investment in capital assets	352,786	-	352,786
Unrestricted	<u>2,535,780</u>	<u>1,605,344</u>	<u>4,141,124</u>
Total net position	<u>\$ 2,888,566</u>	<u>\$ 1,605,344</u>	<u>\$ 4,493,910</u>

CITY OF HOMESTEAD, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2019

	<u>Stormwater</u>	<u>Utilities Repair Replacement and Improvements</u>	<u>Total Other Enterprise Funds</u>
Operating revenues:			
Charges for services	\$ 1,653,240	\$ -	\$ 1,653,240
Total operating revenues	<u>1,653,240</u>	<u>-</u>	<u>1,653,240</u>
Operating expenses:			
Personnel services	815,014	-	815,014
Other operating expenses	677,068	-	677,068
Depreciation	98,168	-	98,168
Total expenditures	<u>1,590,250</u>	<u>-</u>	<u>1,590,250</u>
Operating income	<u>62,990</u>	<u>-</u>	<u>62,990</u>
Non-operating income:			
Interest income	<u>79,667</u>	<u>-</u>	<u>79,667</u>
Total non-operating income	<u>79,667</u>	<u>-</u>	<u>79,667</u>
Income before transfers	<u>142,657</u>	<u>-</u>	<u>142,657</u>
Transfers out	<u>(14,541)</u>	<u>-</u>	<u>(14,541)</u>
Total transfers	<u>(14,541)</u>	<u>-</u>	<u>(14,541)</u>
Change in net position	128,116	-	128,116
Net position, beginning	<u>2,760,450</u>	<u>1,605,344</u>	<u>4,365,794</u>
Net position, ending	<u>\$ 2,888,566</u>	<u>\$ 1,605,344</u>	<u>\$ 4,493,910</u>

CITY OF HOMESTEAD, FLORIDA
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR PROPRIETARY FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 2019

	<u>Stormwater</u>	<u>Utilities Repair Replacement and Improvements</u>	<u>Total Other Enterprise Funds</u>
Cash flows from operating activities:			
Cash received from customers	\$ 1,674,252	\$ -	\$ 1,674,252
Cash payments to suppliers	(644,456)	-	(644,456)
Cash received from other funds	(450,000)	-	(450,000)
Cash payments to employees	(793,684)	-	(793,684)
Net cash used in operating activities	<u>(213,888)</u>	<u>-</u>	<u>(213,888)</u>
Cash flows from noncapital financing activities:			
Transfers to other funds	(14,541)	-	(14,541)
Net cash used in noncapital financing activities	<u>(14,541)</u>	<u>-</u>	<u>(14,541)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(4,749)	-	(4,749)
Principal paid on long-term debt	(364)	-	(364)
Interest paid on long term debt	-	-	-
Net cash used in capital and related financing activities	<u>(5,113)</u>	<u>-</u>	<u>(5,113)</u>
Cash flows from investing activities:			
Purchases of investments	(287,804)	-	(287,804)
Proceeds from sale of investments	363,729	-	363,729
Interest received on investments	79,667	-	79,667
Net cash provided by investing activities	<u>155,592</u>	<u>-</u>	<u>155,592</u>
Net decrease in cash and cash equivalents	(77,950)	-	(77,950)
Cash and cash equivalents, beginning	113,993	5,344	119,337
Cash and cash equivalents, ending	\$ 36,043	\$ 5,344	\$ 41,387
Reconciliation of operating income to net cash used in operating activities:			
Operating income	\$ 62,990	\$ -	\$ 62,990
Adjustments to reconcile operating income to net cash used in operating activities:			
Depreciation	98,168	-	98,168
Net changes in assets, liabilities, deferred outflows and deferred inflows:			
(Increase) decrease in:			
Interest receivable	(681)	-	(681)
Accounts receivables	21,693	-	21,693
Due from other funds	(450,000)	-	(450,000)
Deferred outflows for pensions	17,725	-	17,725
Deferred outflows for OPEB	(698)	-	(698)
Increase (decrease) in:			
Accounts payable and accrued liabilities	32,612	-	32,612
Compensated Absences	5,677	-	5,677
Net pension liability	(2,022)	-	(2,022)
Total OPEB liability	(89,268)	-	(89,268)
Deferred inflows for pensions	(17,792)	-	(17,792)
Deferred inflows for OPEB	107,708	-	107,708
Total adjustments	<u>(276,878)</u>	<u>-</u>	<u>(276,878)</u>
Net cash used in operating activities	<u>\$ (213,888)</u>	<u>\$ -</u>	<u>\$ (213,888)</u>
Non-cash investing, capital and financing activities:			
Change in fair value of investments	<u>\$ (25,938)</u>	<u>\$ -</u>	<u>\$ (25,938)</u>



(This page intentionally left blank)

INTERNAL SERVICE FUNDS

CITY OF HOMESTEAD, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2019

	Governmental Activities			Total Governmental Activities	Business- type Activities	Total Internal Service
	Health Self- Insurance	Other Self- Insurance	Fleet Management		Customer Service	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 12,704	\$ 19,167	\$ 5,210	\$ 37,081	\$ 380	\$ 37,461
Account receivables, net	-	-	5,246	5,246	-	5,246
Due from other funds	50,000	3,840,000	320,000	4,210,000	1,530,000	5,740,000
Inventories	-	-	202,694	202,694	-	202,694
Total current assets	<u>62,704</u>	<u>3,859,167</u>	<u>533,150</u>	<u>4,455,021</u>	<u>1,530,380</u>	<u>5,985,401</u>
Noncurrent assets:						
Capital assets being depreciated, net	-	718	108,010	108,728	128,382	237,110
Total assets	<u>62,704</u>	<u>3,859,885</u>	<u>641,160</u>	<u>4,563,749</u>	<u>1,658,762</u>	<u>6,222,511</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows for pension	12,167	36,227	88,402	136,796	169,133	305,929
Deferred outflows for OPEB	81	201	1,413	1,695	5,453	7,148
Total deferred outflows of resources	<u>12,248</u>	<u>36,428</u>	<u>89,815</u>	<u>138,491</u>	<u>174,586</u>	<u>313,077</u>
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	19,138	157,032	141,580	317,750	203,304	521,054
Compensated absences	1,525	4,940	18,967	25,432	29,869	55,301
Claims and judgements	-	732,192	-	732,192	-	732,192
Total current liabilities	<u>20,663</u>	<u>894,164</u>	<u>160,547</u>	<u>1,075,374</u>	<u>233,173</u>	<u>1,308,547</u>
Noncurrent liabilities:						
Compensated absences	3,558	11,526	44,261	59,345	69,698	129,043
Net pension liability	27,976	83,296	203,261	314,533	388,882	703,415
Net OPEB liability	10,643	26,609	186,261	223,513	718,434	941,947
Claims and judgements	-	2,846,929	-	2,846,929	-	2,846,929
Total noncurrent liabilities	<u>42,177</u>	<u>2,968,360</u>	<u>433,783</u>	<u>3,444,320</u>	<u>1,177,014</u>	<u>4,621,334</u>
Total liabilities	<u>62,840</u>	<u>3,862,524</u>	<u>594,330</u>	<u>4,519,694</u>	<u>1,410,187</u>	<u>5,929,881</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows for pension	7,358	21,903	53,446	82,707	102,253	184,960
Deferred inflows for OPEB	4,754	11,886	83,199	99,839	320,908	420,747
Total deferred inflows of resources	<u>12,112</u>	<u>33,789</u>	<u>136,645</u>	<u>182,546</u>	<u>423,161</u>	<u>605,707</u>
NET POSITION						
Net investment in capital assets	-	718	108,010	108,728	128,382	237,110
Unrestricted	-	(718)	(108,010)	(108,728)	(128,382)	(237,110)
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HOMESTEAD, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Governmental Activities			Total Governmental Activities	Business- type Activities	Total Internal Service
	Health Self- Insurance	Other Self- Insurance	Fleet Management		Customer Service	
Operating revenues:						
Charges for services	\$ 5,956,369	\$ 3,543,889	\$ 3,437,503	\$ 12,937,761	\$ 3,617,193	\$ 16,554,954
Other revenues	-	-	63,669	63,669	-	63,669
Total operating revenues	<u>5,956,369</u>	<u>3,543,889</u>	<u>3,501,172</u>	<u>13,001,430</u>	<u>3,617,193</u>	<u>16,618,623</u>
Operating expenses:						
Personnel services	92,286	137,824	596,781	826,891	1,709,335	2,536,226
Administration	40,198	1,314,947	-	1,355,145	-	1,355,145
Insurance and claims	5,820,725	2,093,930	-	7,914,655	-	7,914,655
Other operating expenses	3,160	-	2,900,136	2,903,296	1,889,106	4,792,402
Depreciation	-	494	22,525	23,019	47,679	70,698
Total operating expenses	<u>5,956,369</u>	<u>3,547,195</u>	<u>3,519,442</u>	<u>13,023,006</u>	<u>3,646,120</u>	<u>16,669,126</u>
Operating loss	<u>-</u>	<u>(3,306)</u>	<u>(18,270)</u>	<u>(21,576)</u>	<u>(28,927)</u>	<u>(50,503)</u>
Non-operating expenses:						
Interest expense	-	-	(8)	(8)	(40)	(48)
Total non-operating expenses	<u>-</u>	<u>-</u>	<u>(8)</u>	<u>(8)</u>	<u>(40)</u>	<u>(48)</u>
Other financing uses:						
Transfer out	-	-	-	-	(26,163)	(26,163)
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,163)</u>	<u>(26,163)</u>
Change in net position	-	(3,306)	(18,278)	(21,584)	(55,130)	(76,714)
Net position, beginning	<u>-</u>	<u>3,306</u>	<u>18,278</u>	<u>21,584</u>	<u>55,130</u>	<u>76,714</u>
Net position, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HOMESTEAD, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Governmental Activities			Total Governmental Activities	Business- type Activities	Total Internal Service
	Health Self- Insurance	Other Self- Insurance	Fleet Management		Customer Service	
Cash flows from operating activities:						
Cash received from other funds	\$ 5,906,369	\$ 3,583,889	\$ 3,641,172	\$ 13,131,430	\$ 3,697,193	\$ 16,828,623
Cash payments to suppliers	(5,851,595)	(3,459,244)	(3,006,649)	(12,317,488)	(1,831,080)	(14,148,568)
Cash payments to employees	(48,720)	(132,708)	(616,848)	(798,276)	(1,771,226)	(2,569,502)
Net cash provided by (used in) operating activities	<u>6,054</u>	<u>(8,063)</u>	<u>17,675</u>	<u>15,666</u>	<u>94,887</u>	<u>110,553</u>
Cash flows from noncapital financing activities:						
Transfers to other funds	-	-	-	-	(26,163)	(26,163)
Net cash used in noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,163)</u>	<u>(26,163)</u>
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	-	-	(18,082)	(18,082)	(64,336)	(82,418)
Principal paid on long term debt	-	(215)	(1,274)	(1,489)	(6,071)	(7,560)
Interest paid on long term debt	-	-	(8)	(8)	(40)	(48)
Net cash used in capital and related financing activities	<u>-</u>	<u>(215)</u>	<u>(19,364)</u>	<u>(19,579)</u>	<u>(70,447)</u>	<u>(90,026)</u>
Net increase (decrease) in cash and cash equivalents	<u>6,054</u>	<u>(8,278)</u>	<u>(1,689)</u>	<u>(3,913)</u>	<u>(1,723)</u>	<u>(5,636)</u>
Cash and cash equivalents, beginning	<u>6,650</u>	<u>27,445</u>	<u>6,899</u>	<u>40,994</u>	<u>2,103</u>	<u>43,097</u>
Cash and cash equivalents, ending	<u>\$ 12,704</u>	<u>\$ 19,167</u>	<u>\$ 5,210</u>	<u>\$ 37,081</u>	<u>\$ 380</u>	<u>\$ 37,461</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:						
Operating loss	\$ -	\$ (3,306)	\$ (18,270)	\$ (21,576)	\$ (28,927)	\$ (50,503)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
Depreciation	-	494	22,525	23,019	47,679	70,698
Net changes in assets, liabilities, deferred outflows and deferred inflows:						
(Increase) decrease in:						
Account receivables	-	-	9,330	9,330	-	9,330
Due from other funds	(50,000)	40,000	140,000	130,000	80,000	210,000
Inventories	-	-	(51,252)	(51,252)	-	(51,252)
Deferred outflows for pension	(12,167)	6,272	41,838	35,943	129,903	165,846
Deferred outflows for OPEB	(81)	(63)	(444)	(588)	(1,714)	(2,302)
Increase (decrease) in:						
Accounts payable and accrued liabilities	12,488	(21,141)	(64,591)	(73,244)	58,026	(15,218)
Compensated Absences	5,083	1,245	4,788	11,116	41,987	53,103
Net pension liability	27,976	2,949	(42,964)	(12,039)	(176,459)	(188,498)
Total OPEB liability	10,643	(8,115)	(56,806)	(54,278)	(219,112)	(273,390)
Claims and judgements	-	(29,226)	-	(29,226)	-	(29,226)
Deferred inflows for pension	7,358	(6,964)	(35,019)	(34,625)	(100,866)	(135,491)
Deferred inflows for OPEB	4,754	9,792	68,540	83,086	264,370	347,456
Total adjustments	<u>6,054</u>	<u>(4,757)</u>	<u>35,945</u>	<u>37,242</u>	<u>123,814</u>	<u>161,056</u>
Net cash provided by (used in) operating activities	<u>\$ 6,054</u>	<u>\$ (8,063)</u>	<u>\$ 17,675</u>	<u>\$ 15,666</u>	<u>\$ 94,887</u>	<u>\$ 110,553</u>



(This page intentionally left blank)

FIDUCIARY FUNDS

CITY OF HOMESTEAD, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS

SEPTEMBER 30, 2019

	General Employees' Retirement <u>Plan</u>	Police Officers' Retirement <u>Plan</u>	Elected Officials' Retirement Plan <u>(1)</u>	New Elected Officials' and Senior Management Retirement System <u>(1)</u>	Firefighters' Retirement System <u>(1)</u>	<u>Totals</u>
ASSETS						
Cash and cash equivalents	\$ 4,630,090	\$ 6,162,633	\$ 163,664	\$ 112,299	\$ 480,235	\$ 11,548,921
Receivables:						
Other receivables	5,388	390,152	-	-	-	395,540
Contributions	5,419	618,789	-	-	-	624,208
Accrued investment income	253,729	262,926	19,366	1,906	17,832	555,759
Total receivables	<u>264,536</u>	<u>1,271,867</u>	<u>19,366</u>	<u>1,906</u>	<u>17,832</u>	<u>1,575,507</u>
Other asset	<u>304,921</u>	<u>5,133</u>	<u>775</u>	<u>-</u>	<u>-</u>	<u>310,829</u>
Investments:						
U.S. Government Securities	1,118,675	16,862,780	49,640	531	735,273	18,766,899
Corporate bonds	26,319,238	14,872,767	1,011,427	-	749,319	42,952,751
Mortgage backed securities	-	4,955,380	-	-	-	4,955,380
Hedge funds	495,696	-	-	-	-	495,696
Mutual funds - fixed income	-	-	35,808	1,014,687	1,461,002	2,511,497
Mutual funds - equity	8,741,816	-	34,472	2,695,632	-	11,471,920
Common stocks	46,342,499	51,782,355	1,548,863	-	3,472,732	103,146,449
Other	1,336,319	-	98,814	486,692	46,075	1,967,900
Total investments	<u>84,354,243</u>	<u>88,473,282</u>	<u>2,779,024</u>	<u>4,197,542</u>	<u>6,464,401</u>	<u>186,268,492</u>
TOTAL ASSETS	<u>89,553,790</u>	<u>95,912,915</u>	<u>2,962,829</u>	<u>4,311,747</u>	<u>6,962,468</u>	<u>199,703,749</u>
LIABILITIES						
DROP payable	44,635	596,565	-	-	-	641,200
Accounts payable	144,107	80,115	15,374	19,798	33,943	293,337
TOTAL LIABILITIES	<u>188,742</u>	<u>676,680</u>	<u>15,374</u>	<u>19,798</u>	<u>33,943</u>	<u>934,537</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS	<u>\$ 89,365,048</u>	<u>\$ 95,236,235</u>	<u>\$ 2,947,455</u>	<u>\$ 4,291,949</u>	<u>\$ 6,928,525</u>	<u>\$ 198,769,212</u>

(1) Amounts reflected as of December 31, 2018, the date of the latest plan year.

CITY OF HOMESTEAD, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

	General Employees' Retirement Plan	Police Officers' Retirement Plan	Elected Officials' Retirement Plan (1)	New Elected Officials' and Senior Management Retirement System (1)	Firefighters' Retirement System (1)	Totals
ADDITIONS						
Contributions:						
City	\$ 2,613,899	\$ 3,917,203	\$ 259,658	\$ 105,641	\$ 302,000	\$ 7,198,401
Employees	311,611	740,591	-	-	-	1,052,202
State	-	605,683	-	-	180,355	786,038
Total contributions	<u>2,925,510</u>	<u>5,263,477</u>	<u>259,658</u>	<u>105,641</u>	<u>482,355</u>	<u>9,036,641</u>
Investment income:						
Investment earnings	3,011,652	2,315,178	130,829	236,795	423,366	6,117,820
Net appreciation (depreciation) in fair value of investments	4,402,140	490,659	(187,253)	(403,856)	(740,341)	3,561,349
Less investment expenses	<u>(638,350)</u>	<u>(307,229)</u>	<u>(26,319)</u>	<u>(27,230)</u>	<u>(33,520)</u>	<u>(1,032,648)</u>
Net investment income	<u>6,775,442</u>	<u>2,498,608</u>	<u>(82,743)</u>	<u>(194,291)</u>	<u>(350,495)</u>	<u>8,646,521</u>
Other revenues	<u>15,870</u>	<u>2,643</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,513</u>
Total additions	<u>9,716,822</u>	<u>7,764,728</u>	<u>176,915</u>	<u>(88,650)</u>	<u>131,860</u>	<u>17,701,675</u>
DEDUCTIONS						
Pension benefits	4,037,075	9,997,832	166,320	296,941	808,468	15,306,636
Refunds	7,903	14,319	-	-	-	22,222
Administrative expenses	<u>134,505</u>	<u>161,057</u>	<u>62,218</u>	<u>47,118</u>	<u>105,789</u>	<u>510,687</u>
Total deductions	<u>4,179,483</u>	<u>10,173,208</u>	<u>228,538</u>	<u>344,059</u>	<u>914,257</u>	<u>15,839,545</u>
Change in net position	5,537,339	(2,408,480)	(51,623)	(432,709)	(782,397)	1,862,130
NET POSITION RESTRICTED FOR PENSION BENEFITS						
Beginning of year	<u>83,827,709</u>	<u>97,644,715</u>	<u>2,999,078</u>	<u>4,724,658</u>	<u>7,710,922</u>	<u>196,907,082</u>
End of year	\$ <u>89,365,048</u>	\$ <u>95,236,235</u>	\$ <u>2,947,455</u>	\$ <u>4,291,949</u>	\$ <u>6,928,525</u>	\$ <u>198,769,212</u>

(1) Amounts reflected as of December 31, 2018, the date of the latest plan year.

STATISTICAL SECTION

Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends	169-173
The information presented in this section is intended to assist users in understanding and assessing how a government's financial position has changed over time.	
Revenue Capacity	174-178
These information presented in this section is intended to assist users in understanding and assessing the City’s two most significant local revenue sources, the property tax and the electric utility revenues.	
Debt Capacity	179-183
The information presented in this section is intended to assist users in understanding and assessing the City’s current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	184-185
The information presented in this section is intended to assist users in understanding the socioeconomic environment within which the City operates.	
Operating Information	186-188
The information presented in this section contains service and infrastructure data and is intended to help the reader understand how the information in the City’s financial reports relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant years.



(This page intentionally left blank)

Financial Trends Information

Page

The information presented in this section is intended to assist users in understanding and assessing how a government's financial position has changed over time.

169-173



(This page intentionally left blank)

CITY OF HOMESTEAD, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Governmental activities:										
Net investment in capital assets	\$ 171,873,549	\$ 177,339,023	\$ 191,173,910	\$ 193,677,481	\$ 197,273,126	\$ 185,490,033	\$ 187,470,989	\$ 192,050,485	\$ 197,431,927	\$ 196,684,455
Restricted	14,980,268	17,404,061	13,992,265	13,803,772	13,390,211	14,940,715	13,458,908	16,119,168	15,502,010	15,113,659
Unrestricted	<u>(521,798)</u>	<u>(5,692,542)</u>	<u>(1,908,807)</u>	<u>2,541,761</u>	<u>1,104,887</u>	<u>35,954,594</u>	<u>39,334,231</u>	<u>40,458,833</u>	<u>38,567,081</u>	<u>40,175,312</u>
Total governmental activities net position	<u>\$ 186,332,019</u>	<u>\$ 189,050,542</u>	<u>\$ 203,257,368</u>	<u>\$ 210,023,014</u>	<u>\$ 211,768,224</u>	<u>\$ 236,385,342</u>	<u>\$ 240,264,128</u>	<u>\$ 248,628,486</u>	<u>\$ 251,501,018</u>	<u>\$ 251,973,426</u>
Business-type activities:										
Net investment in capital assets	\$ 38,895,085	\$ 34,074,210	\$ 29,169,365	\$ 29,643,262	\$ 30,874,752	\$ 32,798,643	\$ 34,386,325	\$ 34,166,191	\$ 35,113,091	\$ 36,678,689
Restricted	476,460	715,800	552,719	559,257	716,527	716,755	717,861	718,177	717,401	511,696
Unrestricted	<u>(6,630,871)</u>	<u>(3,567,329)</u>	<u>2,242,034</u>	<u>13,332,705</u>	<u>22,098,736</u>	<u>32,275,597</u>	<u>39,356,664</u>	<u>39,927,556</u>	<u>40,818,398</u>	<u>43,284,925</u>
Total business-type activities net position	<u>\$ 32,740,674</u>	<u>\$ 31,222,681</u>	<u>\$ 31,964,118</u>	<u>\$ 43,535,224</u>	<u>\$ 53,690,015</u>	<u>\$ 65,790,995</u>	<u>\$ 74,460,850</u>	<u>\$ 74,811,924</u>	<u>\$ 76,648,890</u>	<u>\$ 80,475,310</u>
Primary government:										
Net investment in capital assets	\$ 210,768,634	\$ 211,413,233	\$ 220,343,275	\$ 223,320,743	\$ 228,147,878	\$ 218,288,676	\$ 221,857,314	\$ 226,216,676	\$ 232,545,018	\$ 233,363,144
Restricted	15,456,728	18,119,861	14,544,984	14,363,029	14,106,738	15,657,470	14,176,769	16,837,345	16,219,411	15,625,355
Unrestricted	<u>(7,152,669)</u>	<u>(9,259,871)</u>	<u>333,227</u>	<u>15,874,466</u>	<u>23,203,623</u>	<u>68,230,191</u>	<u>78,690,895</u>	<u>80,386,389</u>	<u>79,385,479</u>	<u>83,460,237</u>
Total primary government net position	<u>\$ 219,072,693</u>	<u>\$ 220,273,223</u>	<u>\$ 235,221,486</u>	<u>\$ 253,558,238</u>	<u>\$ 265,458,239</u>	<u>\$ 302,176,337</u>	<u>\$ 314,724,978</u>	<u>\$ 323,440,410</u>	<u>\$ 328,149,908</u>	<u>\$ 332,448,736</u>

Source: City of Homestead CAFR for fiscal years ending September 30, 2010 through September 30, 2019.

CITY OF HOMESTEAD, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses:										
Governmental activities:										
General government	\$ 19,120,054	\$ 21,003,043	\$ 16,344,478	\$ 17,246,402	\$ 17,351,952	\$ 14,561,575	\$ 14,686,466	\$ 14,858,739	\$ 11,465,598	\$ 14,457,314
Public safety	31,313,525	31,399,222	31,277,616	29,168,711	29,690,875	29,019,865	27,353,700	26,979,350	26,885,452	26,800,268
Public works	4,972,723	5,082,373	5,259,020	4,189,826	4,119,974	5,584,695	3,759,122	4,432,773	3,754,854	2,895,371
Parks and recreation	8,605,167	8,831,440	8,626,647	7,931,471	7,594,640	7,559,260	7,572,711	6,052,374	5,931,708	6,415,452
Disaster relief	1,494,954	4,774,725	5,784,058	-	-	-	-	-	-	-
Interest on long-term debt	2,566,298	2,533,914	1,914,467	1,278,725	1,315,178	655,807	396,082	453,302	546,756	559,106
Unallocated depreciation	2,537,794	2,605,333	2,614,783	2,728,555	2,663,535	2,708,565	2,755,105	2,754,564	2,848,017	2,837,120
Total governmental activities expenses	<u>70,610,515</u>	<u>76,230,050</u>	<u>71,821,069</u>	<u>62,543,690</u>	<u>62,736,154</u>	<u>60,089,767</u>	<u>56,523,186</u>	<u>55,531,102</u>	<u>51,432,385</u>	<u>53,964,631</u>
Business-type activities:										
Water & Sewer	18,630,219	18,327,873	19,568,630	20,517,653	16,957,507	17,081,653	15,602,707	13,708,238	19,529,746	13,730,646
Electric	65,511,531	63,631,753	63,978,883	62,909,804	60,464,609	60,900,056	57,702,125	56,466,721	56,905,865	55,499,233
Solid waste	12,444,373	12,618,609	12,151,517	12,433,778	10,933,920	10,656,568	10,216,304	9,360,903	8,960,113	10,011,237
Other enterprise funds	1,590,250	1,646,534	1,533,212	1,561,837	1,525,438	1,623,594	1,418,544	1,394,837	1,606,007	1,385,959
Homestead station QALICB	50,000	949,837	-	-	-	-	-	-	-	-
Total business-type activities expenses	<u>98,226,373</u>	<u>97,174,606</u>	<u>97,232,242</u>	<u>97,423,072</u>	<u>89,881,474</u>	<u>90,261,871</u>	<u>84,939,680</u>	<u>80,930,699</u>	<u>87,001,731</u>	<u>80,627,075</u>
Total primary government expenses	<u>\$ 168,836,888</u>	<u>\$ 173,404,656</u>	<u>\$ 169,053,311</u>	<u>\$ 159,966,762</u>	<u>\$ 152,617,628</u>	<u>\$ 150,351,638</u>	<u>\$ 141,462,866</u>	<u>\$ 136,461,801</u>	<u>\$ 138,434,116</u>	<u>\$ 134,591,706</u>
Program revenue:										
Governmental activities:										
Charge for services:										
General government	\$ 11,129,438	\$ 11,114,484	\$ 10,116,159	\$ 10,605,142	\$ 9,730,932	\$ 9,154,625	\$ 8,234,156	\$ 7,316,643	\$ 6,955,466	\$ 6,854,288
Public safety	1,544,241	2,725,547	1,935,293	1,680,681	1,420,610	1,626,143	1,917,550	4,586,848	1,691,579	2,669,852
Public works	106,176	116,645	103,850	132,364	95,848	63,091	813,609	774,454	485,950	305,052
Parks and recreation	2,765,675	3,127,406	3,393,329	4,163,420	4,090,198	3,740,144	4,267,842	3,230,639	2,821,191	3,312,849
Operating grants and contributions	4,266,401	3,850,681	2,231,928	1,999,080	3,822,973	4,253,120	2,155,406	2,239,710	3,095,570	4,396,722
Capital grants and contributions	5,779,524	4,674,927	4,600,091	3,382,844	4,240,088	3,612,918	3,004,766	4,044,701	6,871,319	5,907,694
Total governmental activities programs revenues	<u>25,591,455</u>	<u>25,609,690</u>	<u>22,380,650</u>	<u>21,963,531</u>	<u>23,400,649</u>	<u>22,450,041</u>	<u>20,393,329</u>	<u>22,192,995</u>	<u>21,921,075</u>	<u>23,446,457</u>
Business-type activities:										
Charge for services:										
Water & sewer	16,815,050	14,001,983	13,574,254	13,139,628	12,869,453	12,125,905	12,098,206	10,950,319	11,187,740	10,643,640
Electric	63,749,905	62,652,734	61,077,521	61,272,008	61,307,335	58,534,274	58,494,058	55,455,597	56,707,781	55,299,856
Solid waste	12,679,156	12,082,839	12,198,899	11,673,675	11,690,965	11,017,194	11,304,868	10,589,790	10,799,353	10,133,024
Other enterprise funds	1,653,240	901,505	1,666,635	1,639,976	1,693,618	1,572,786	1,619,194	1,592,855	1,630,102	1,491,902
Capital grants and contributions	2,428,044	3,936,372	217,088	-	-	-	-	7,650	33,799	-
Total business-type activities programs revenues	<u>97,325,395</u>	<u>93,575,433</u>	<u>88,734,397</u>	<u>87,725,287</u>	<u>87,561,371</u>	<u>83,250,159</u>	<u>83,516,326</u>	<u>78,596,211</u>	<u>80,358,775</u>	<u>77,568,422</u>
Total primary government program revenues	<u>\$ 122,916,850</u>	<u>\$ 119,185,123</u>	<u>\$ 111,115,047</u>	<u>\$ 109,688,818</u>	<u>\$ 110,962,020</u>	<u>\$ 105,700,200</u>	<u>\$ 103,909,655</u>	<u>\$ 100,789,206</u>	<u>\$ 102,279,850</u>	<u>\$ 101,014,879</u>
Net (expense) revenue:										
Governmental activities	\$ (45,019,060)	\$ (50,620,360)	\$ (49,440,419)	\$ (40,580,159)	\$ (39,335,505)	\$ (37,639,726)	\$ (36,129,857)	\$ (33,338,107)	\$ (29,511,310)	\$ (30,518,174)
Business-type activities	(900,978)	(3,599,173)	(8,497,845)	(9,697,785)	(2,320,103)	(7,011,712)	(1,423,354)	(2,334,488)	(6,642,956)	(3,058,653)
Total primary government net (expense) revenue	<u>\$ (45,920,038)</u>	<u>\$ (54,219,533)</u>	<u>\$ (57,938,264)</u>	<u>\$ (50,277,944)</u>	<u>\$ (41,655,608)</u>	<u>\$ (44,651,438)</u>	<u>\$ (37,553,211)</u>	<u>\$ (35,672,595)</u>	<u>\$ (36,154,266)</u>	<u>\$ (33,576,827)</u>

(continued)

CITY OF HOMESTEAD, FLORIDA

CHANGES IN NET POSITION (continued)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	\$ 18,835,686	\$ 17,284,317	\$ 15,571,327	\$ 14,044,980	\$ 13,507,112	\$ 11,057,882	\$ 11,533,264	\$ 12,420,367	\$ 13,666,796	\$ 18,585,187
Fuel taxes	1,304,847	1,309,021	1,222,652	1,178,768	1,188,363	1,123,787	1,101,153	1,065,918	1,172,661	1,031,833
Franchise fees based on gross receipts	4,383,291	4,115,956	4,011,858	3,767,938	3,662,823	3,516,008	3,526,787	3,480,840	3,368,545	3,262,143
Utility taxes	1,558,004	1,491,902	1,532,625	1,614,804	1,608,427	1,593,944	1,455,868	1,539,638	1,520,922	1,584,489
Communication service taxes	1,343,577	1,518,228	1,525,106	2,069,644	1,590,006	1,902,060	1,703,597	1,849,965	1,931,106	1,828,549
Half cent sales taxes	5,845,264	5,631,661	5,280,732	5,143,347	4,853,152	4,556,584	4,245,767	3,940,166	3,861,421	3,247,196
Unrestricted intergovernmental revenue	3,391,630	3,328,071	3,024,983	2,727,254	2,556,091	2,177,574	1,861,245	1,442,294	1,290,724	1,196,197
Payment in lieu of taxes	1,849,088	1,704,671	1,512,374	1,414,284	1,193,843	1,193,843	1,189,468	738,800	738,800	738,800
Other revenues	2,549,135	2,226,906	751,200	844,417	665,798	713,289	752,749	573,881	797,564	1,722,519
Gain on sale of assets	-	-	-	594,715	-	-	-	-	-	-
Unrestricted investment earnings	1,101,826	628,804	237,216	402,984	883,602	1,451,380	(154,744)	1,108,830	1,426,095	1,897,670
Transfers	138,189	(745,500)	8,004,700	5,031,814	5,133,771	4,474,589	782,784	2,304,876	80,493	(290,002)
Total governmental activities	<u>42,300,537</u>	<u>38,494,037</u>	<u>42,674,773</u>	<u>38,834,949</u>	<u>36,842,988</u>	<u>33,760,940</u>	<u>27,997,938</u>	<u>30,465,575</u>	<u>29,855,127</u>	<u>34,804,581</u>
Business-type activities:										
Other revenues	2,449,147	2,916,645	4,898,995	4,355,998	2,067,761	2,074,862	2,674,964	2,164,072	2,148,522	1,982,940
Unrestricted investment earnings	108,013	37,928	32,444	218,810	470,857	741,584	(819,900)	638,326	748,507	978,545
Transfers	(138,189)	745,500	(8,004,700)	(5,031,814)	(5,133,771)	(4,474,589)	(782,784)	(2,304,876)	(80,493)	290,002
Total business-type activities	<u>2,418,971</u>	<u>3,700,073</u>	<u>(3,073,261)</u>	<u>(457,006)</u>	<u>(2,595,153)</u>	<u>(1,658,143)</u>	<u>1,072,280</u>	<u>497,522</u>	<u>2,816,536</u>	<u>3,251,487</u>
Total primary government	<u>\$ 44,719,508</u>	<u>\$ 42,194,110</u>	<u>\$ 39,601,512</u>	<u>\$ 38,377,943</u>	<u>\$ 34,247,835</u>	<u>\$ 32,102,797</u>	<u>\$ 29,070,218</u>	<u>\$ 30,963,097</u>	<u>\$ 32,671,663</u>	<u>\$ 38,056,068</u>
Change in net position:										
Governmental activities	\$ (2,718,523)	\$ (12,126,323)	\$ (6,765,646)	\$ (1,745,210)	\$ (2,492,517)	\$ (3,878,786)	\$ (8,131,919)	\$ (2,872,532)	\$ 343,817	\$ 4,286,407
Business-type activities	1,517,993	100,900	(11,571,106)	(10,154,791)	(4,915,256)	(8,669,855)	(351,074)	(1,836,966)	(3,826,420)	192,834
Total primary government	<u>\$ (1,200,530)</u>	<u>\$ (12,025,423)</u>	<u>\$ (18,336,752)</u>	<u>\$ (11,900,001)</u>	<u>\$ (7,407,773)</u>	<u>\$ (12,548,641)</u>	<u>\$ (8,482,993)</u>	<u>\$ (4,709,498)</u>	<u>\$ (3,482,603)</u>	<u>\$ 4,479,241</u>

Source: City of Homestead CAFR for fiscal years ending September 30, 2010 through September 30, 2019.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General fund:										
<i>Nonspendable :</i>										
Prepaid costs	\$ 7,179	\$ 237,950	\$ 1,824	\$ 198,906	\$ 371,951	\$ 243,657	\$ 251,961	\$ 5,153	\$ 1,605	\$ 1,804
Long-term note receivable	28,264,033	10,841,000	-	-	1,704,572	1,704,572	1,704,572	1,704,572	1,704,572	1,704,572
Long-term interest on notes receivable	-	-	-	-	614,910	562,766	469,014	375,263	281,511	187,760
<i>Restricted for:</i>										
Fiber optic security	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
HUD section 108 loan security	306,000	306,000	-	-	-	-	-	-	-	-
<i>Committed to:</i>										
Required reserve	4,791,848	4,958,948	4,807,159	4,576,236	4,472,930	4,043,243	3,885,681	3,678,189	3,491,434	3,736,674
<i>Assigned to:</i>										
Appropriations of subsequent year's budget	1,130,300	1,215,667	5,540,576	1,506,952	1,345,841	1,773,765	882,599	363,432	379,382	1,376,228
<i>Unassigned :</i>										
General fund	651,329	9,659,840	8,987,795	18,158,247	14,327,306	14,036,703	13,729,048	13,342,637	12,016,353	10,912,179
Total General fund	<u>\$ 35,250,689</u>	<u>\$ 27,319,405</u>	<u>\$ 19,437,354</u>	<u>\$ 24,540,341</u>	<u>\$ 22,937,510</u>	<u>\$ 22,464,706</u>	<u>\$ 21,022,875</u>	<u>\$ 19,569,246</u>	<u>\$ 17,974,857</u>	<u>\$ 18,019,217</u>
All other governmental funds:										
<i>Nonspendable :</i>										
Prepaid costs	\$ 798	\$ 811,129	\$ 813,680	\$ 705	\$ -	\$ -	\$ -	\$ 17,379	\$ 1,673	\$ 1,692
<i>Restricted :</i>										
Community redevelopment	2,126,663	1,617,889	1,232,375	1,514,383	-	454,815	828,044	3,508,305	4,687,494	5,291,604
Grants	1,356,523	1,299,069	1,502,578	1,334,221	1,343,737	541,078	312,397	188,444	203,344	363,218
Disaster relief	6,999	13,803	-	-	-	-	-	-	-	-
Parks and recreation	6,743,389	7,334,454	6,210,608	5,337,151	2,927,388	3,455,413	2,546,385	1,325,705	1,107,090	3,857,647
Public safety	1,801,972	1,816,323	1,391,817	952,647	1,493,258	3,285,707	4,704,393	5,722,480	4,060,735	5,677,802
Public work	464,842	636,262	572,283	528,707	389,159	588,519	1,262,214	1,175,830	1,097,719	1,016,961
Debt service	988,278	2,326,352	1,943,526	2,126,806	3,001,657	2,365,573	2,387,738	2,425,897	2,445,226	2,464,746
Capital projects	672,340	24,470,390	29,205,881	3,819,621	17,089,440	24,026,258	-	-	-	-
Transit and transportation	1,085,602	1,953,909	1,039,078	1,909,857	4,135,012	4,149,610	3,087,461	3,465,047	3,648,817	3,508,998
<i>Committed :</i>										
Public art	1,752,057	1,489,868	1,110,345	734,932	204,000	184,416	184,416	155,666	151,037	-
Transportation	290,346	290,346	290,346	290,346	290,346	290,346	290,346	290,346	290,346	209,346
<i>Assigned :</i>										
Parks and recreation	91,482	686,075	920,288	1,163,674	1,021,878	619,963	252,788	1,140,118	895,002	770,663
Capital projects	6,033,116	1,561,030	1,843,364	844,806	734,178	14,715,076	17,041,770	17,955,005	17,955,005	17,607,652
<i>Unassigned :</i>										
Community redevelopment	-	-	-	-	(471,553)	-	-	-	-	-
Disaster relief	-	-	(784,058)	-	-	-	-	-	(14,025)	(278,354)
Homestead sports complex	-	-	-	-	-	-	-	-	-	(9,134)
Total all other governmental funds	<u>\$ 23,414,407</u>	<u>\$ 46,306,899</u>	<u>\$ 47,292,111</u>	<u>\$ 20,557,856</u>	<u>\$ 32,158,500</u>	<u>\$ 54,676,774</u>	<u>\$ 32,897,952</u>	<u>\$ 37,370,222</u>	<u>\$ 36,529,463</u>	<u>\$ 40,482,841</u>

Note The City implemented GASB Satement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in Fiscal year 2011. Fiscal years 2010 amounts have been restated to conform to the current statement requirements.

CITY OF HOMESTEAD, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Revenues:										
Taxes	\$ 30,529,687	\$ 28,871,775	\$ 26,866,132	\$ 25,743,387	\$ 24,591,361	\$ 21,958,595	\$ 21,240,980	\$ 21,897,052	\$ 22,503,983	\$ 25,397,217
Licenses and permits	2,670,656	2,975,987	2,290,641	2,642,967	2,438,791	2,159,702	2,267,429	1,522,584	1,485,419	1,502,317
Intergovernmental	17,259,315	17,108,962	15,066,338	13,913,307	13,670,286	13,423,399	11,606,248	11,088,150	15,060,007	16,586,732
Charges for services	1,195,603	1,281,639	1,191,516	1,257,738	1,395,902	1,275,963	1,079,626	989,571	687,718	492,969
Fines and forfeitures	1,024,382	2,162,753	1,411,095	1,029,146	943,665	1,290,872	1,472,295	4,352,858	1,241,605	2,449,746
Investment income	1,101,826	628,804	237,216	402,984	883,602	1,451,380	(154,744)	1,108,830	1,426,095	1,897,670
Payment in lieu of taxes	1,849,088	1,704,671	1,512,374	1,414,284	1,193,843	1,193,843	1,189,468	738,800	738,800	738,800
Other revenues	11,038,578	10,085,131	8,423,407	10,949,231	9,959,984	8,851,988	8,762,347	8,445,600	8,552,087	9,475,586
Total revenues	66,669,135	64,819,722	56,998,719	57,353,044	55,077,434	51,605,742	47,463,649	50,143,445	51,695,714	58,541,037
Expenditures:										
General government	14,672,993	15,340,125	14,679,512	14,486,390	13,763,016	12,991,103	12,166,688	11,425,621	11,093,243	12,433,496
Public safety	28,936,300	29,707,966	29,256,336	28,488,480	29,049,243	27,081,896	25,702,013	25,618,812	25,593,407	25,744,339
Public works and services	2,655,675	3,217,709	2,635,509	2,245,038	2,482,943	4,370,948	2,271,098	2,996,406	2,383,529	1,697,207
Parks and recreation	5,167,095	5,208,629	5,029,756	4,662,815	4,410,229	4,370,531	4,278,914	3,279,983	3,271,795	3,943,597
Disaster relief	1,494,954	4,774,725	5,784,058	-	-	-	-	-	-	-
Capital outlay	11,574,716	6,336,098	16,792,046	24,661,517	35,589,749	10,494,941	5,993,674	4,866,556	10,624,788	8,463,578
Debt service:										
Principal	15,446,822	2,757,403	1,862,363	1,856,187	1,734,203	1,394,203	1,394,203	1,394,203	1,444,203	1,644,203
Interest and fiscal charges	2,661,252	2,339,265	1,930,560	1,318,302	1,104,292	599,773	396,082	453,302	546,756	559,104
Total expenditures	82,609,807	69,681,920	77,970,140	77,718,729	88,133,675	61,303,395	52,202,672	50,034,883	54,957,721	54,485,524
Excess of revenues over (under) expenditures	(15,940,672)	(4,862,198)	(20,971,421)	(20,365,685)	(33,056,241)	(9,697,653)	(4,739,023)	108,562	(3,262,007)	4,055,513
Other financing sources (uses):										
Issuance of debt (HUD section 108 loan)	194,000	194,000	194,000	-	-	-	-	-	-	-
Issuance of debt (equipment financing)	647,275	226,008	2,895,000	765,000	447,000	2,361,115	-	-	-	-
General obligation bonds issued	-	-	-	-	-	25,998,600	-	-	-	-
Taxable transportation system revenue bonds issued	-	-	31,440,000	-	-	-	-	-	-	-
Issuance of other long-term debt	-	12,829,100	-	4,570,000	5,430,000	-	-	-	-	-
Transfer in	39,462,051	13,006,895	13,472,571	8,499,473	7,406,773	5,683,086	3,859,747	2,746,587	664,680	662,192
Transfer out	(39,323,862)	(12,602,395)	(5,398,882)	(3,466,601)	(2,273,002)	(1,124,495)	(1,906,926)	(420,000)	(584,187)	(952,194)
Transfer to Homestead Station QALICB (NMTC)	-	(1,150,000)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	979,464	12,503,608	42,602,689	10,367,872	11,010,771	32,918,306	1,952,821	2,326,587	80,493	(290,002)
Net change in fund balances	\$ (14,961,208)	\$ 7,641,410	\$ 21,631,268	\$ (9,997,813)	\$ (22,045,470)	\$ 23,220,653	\$ (2,786,202)	\$ 2,435,149	\$ (3,181,514)	\$ 3,765,511
Debt services as a percentage of noncapital expenditures										
Capital outlay P. 31	25.36%	8.01%	6.19%	5.90%	5.30%	3.91%	3.84%	4.06%	4.45%	4.78%
	11,218,365	6,086,927	16,681,586	23,902,747	34,608,361	10,257,164	5,640,948	4,539,155	10,208,308	8,373,286

Source: City of Homestead CAFR for fiscal years ending September 30, 2010 through September 30, 2019.
Note: FY 2012 expenditures for general government have been restated due to prior year adjustment for grants.



(This page intentionally left blank)

Revenue Capacity Information

Page

The information presented in this section is intended to assist users in understanding and assessing the City's two most significant local revenue sources, the property tax and the electric utility revenues.

174-178



(This page intentionally left blank)

CITY OF HOMESTEAD, FLORIDA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS)

City's Fiscal Year	Real Property Assessed Value	Personal Property Assessed Value	Total Taxable Assessed Value	Valuation Adjustments	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Estimated Value
2010	\$ 2,876,330	\$ 110,037	\$ 2,986,367	\$ (204,545)	6.2917	\$ 2,781,822	93.2%
2011	1,949,572	104,273	2,053,845	(126,949)	6.2917	1,926,896	93.8%
2012	1,764,888	109,630	1,874,518	(77,170)	6.2917	1,797,348	95.9%
2013	1,703,374	99,520	1,802,894	(63,028)	6.2435	1,739,866	96.5%
2014	1,705,252	99,762	1,805,014	(34,245)	5.9215	1,770,769	98.1%
2015	1,847,542	101,259	1,948,801	(40,766)	6.9315	1,908,035	97.9%
2016	2,035,141	103,169	2,138,310	(35,122)	6.5149	2,103,188	98.4%
2017	2,214,915	101,599	2,316,514	(13,593)	6.5149	2,302,921	99.4%
2018	2,500,479	108,154	2,608,633	(19,462)	6.4790	2,589,171	99.3%
2019	2,737,081	120,420	2,857,501	(38,654)	6.4515	2,818,847	98.6%

Source: Miami-Dade County Department of Property Appraiser.

CITY OF HOMESTEAD, FLORIDA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

City's Fiscal Year	Direct Rates			Overlapping Rates								Total Direct and Overlapping Millage
	City of Homestead			Miami-Dade County			Miami-Dade County School Board			Other Taxing Authorities and Special Districts		
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage	State Millage	Special District Millage	
2010	6.2917	N/A	6.2917	4.8379	0.2850	5.1229	7.6980	0.2970	7.9950	0.6585	3.1093	23.1774
2011	6.2917	N/A	6.2917	5.4275	0.4450	5.8725	7.8640	0.3850	8.2490	0.6585	3.3793	24.4510
2012	6.2917	N/A	6.2917	4.8050	0.2850	5.0900	7.7650	0.2400	8.0050	0.4708	3.1422	22.9997
2013	6.2435	N/A	6.2435	4.7035	0.2850	4.9885	7.7650	0.2330	7.9980	0.4634	3.1352	22.8286
2014	5.9215	N/A	5.9215	4.7035	0.4220	5.1255	7.6440	0.3330	7.9770	0.4455	3.1348	22.6043
2015	5.9215	1.0100	6.9315	4.6669	0.4500	5.1169	7.7750	0.1990	7.9740	0.4187	3.2161	23.6572
2016	5.9215	0.5934	6.5149	4.6669	0.4500	5.1169	7.4130	0.1990	7.6120	0.3871	3.2133	22.8442
2017	5.9215	0.5934	6.5149	4.6669	0.4000	5.0669	7.1380	0.1840	7.3220	0.3627	3.2122	22.4787
2018	5.9215	0.5575	6.4790	4.6669	0.4000	5.0669	6.7740	0.2200	6.9940	0.3420	3.1795	22.0614
2019	5.9215	0.5300	6.4515	4.6669	0.4644	5.1313	6.5040	0.2290	6.7330	0.3256	3.1462	21.7876

Source: Miami-Dade County Department of Property Appraiser

Note: All millage rates are based on \$1 for every \$1,000 of assessed value.

State millage includes Florida Inland Navigation District, South Florida Water Management District, Okeechobee Basin and Everglades Construction Project.

Special Districts millage includes Children Trust Authority, Library District, Fire Rescue Operating and Fire Rescue Debt Service.

N/A - Not applicable

CITY OF HOMESTEAD, FLORIDA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO

(DOLLARS IN THOUSANDS)

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2019</u>			<u>2010</u>		
		<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Fifteen Homestead COA Townhome	Residential Real Estate	\$ 61,185	1	2.14%	\$ -		0.00%
Homestead Pavilion Acquistition, LLC	Commercial Shopping Center	37,425	2	1.31%	-		0.00%
City of Homestead	Municipal*	28,987	3	1.01%	28,928	2	1.01%
Florida Power & Light Company	Electric Utility	24,914	4	0.87%	18,054	3	0.63%
Kimco Realty Corp	Commercial Real Estate	18,540	5	0.65%	15,600	4	0.54%
Palace at Homestead, LLC	Health Care	16,828	6	0.59%	-		0.00%
Lowes Home Centers Inc	Retail Outlet	14,690	7	0.51%	13,839	6	0.48%
Venice By Garco LLC	Residential Real Estate	13,347	8	0.47%	-		0.00%
Sarrria Holdings IV Inc	Commercial Real Estate	12,677	9	0.44%	12,390	7	0.43%
Yates Homestead LLC	Residential Real Estate	12,439	10	0.44%	14,288	5	0.50%
DDR Homestead LLC	Retail Outlet / Vacant Land	0		0.00%	47,047	1	1.64%
Poah Campbell Arms LLC	Residential Real Estate	0		0.00%	11,419	8	0.40%
AT&T Bellsouth	Telecommunications	0		0.00%	11,384	9	0.40%
Monterey Pointe Association	Residential Real Estate	0		0.00%	10,500	10	0.37%
Total		\$ 241,032		8.43%	\$ 183,449		6.40%
Total assessed valuation of taxable property:		<u>\$ 2,857,501</u>			<u>\$ 2,876,330</u>		

*Homestead Miami Speedway

Source: Miami-Dade County Department of Property Appraiser

CITY OF HOMESTEAD, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS)

City's Fiscal Year	Tax Year	Total Taxes Levied for the fiscal year	Current Tax Collections		Delinquent Tax Collections		Total Tax Collections		Outstanding Delinquent Amount	Ratio of Delinquent Taxes to Total Taxes Levied
			Amount	% of Levy	Amount	% of Levy	Amount	% of Levy		
2010	2009	\$ 18,789	\$ 16,097	85.7%	\$ 703	3.7%	\$ 16,800	89.4%	\$ 1,372	7.3%
2011	2010	12,922	11,873	91.9%	310	2.4%	12,183	94.3%	558	4.3%
2012	2011	11,794	11,365	96.4%	35	0.3%	11,400	96.7%	163	1.4%
2013	2012	11,256	10,568	93.9%	3	0.0%	10,571	93.9%	680	6.0%
2014	2013	10,688	10,216	95.6%	40	0.4%	10,256	96.0%	139	1.3%
2015	2014	13,508	12,668	93.8%	49	0.4%	12,717	94.1%	233	1.7%
2016	2015	13,931	13,097	94.0%	33	0.2%	13,130	94.3%	756	5.4%
2017	2016	15,092	14,522	96.2%	47	0.3%	14,569	96.5%	N/A	N/A
2018	2017	16,901	15,528	91.9%	667	3.9%	16,195	95.8%	1,256	7.4%
2019	2018	18,435	17,036	92.4%	599	3.2%	17,635	95.7%	2,786	15.1%

Source: Miami-Dade County Department of Property Appraiser

Note: Starting in fiscal year 2015, total tax levied also included tax levied on debt services.

N/A - Not available

CITY OF HOMESTEAD, FLORIDA

ELECTRIC UTILITY REVENUES

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Inter-Departmental</u>	<u>Other Sales</u>	<u>Power Cost Adjustment</u>	<u>Total Sales Revenue</u>	<u>Bad Debt Expense</u>	<u>Net Sales Revenue</u>
2010	\$ 19,130,960	\$ 3,016,656	\$ 11,057,795	\$ 2,992,621	\$ 420,208	\$ 20,975,305	\$ 57,593,545	\$ 2,293,689	\$ 55,299,856
2011	19,172,844	3,132,429	13,781,527	2,763,021	442,525	18,105,273	57,397,619	689,838	56,707,781
2012	19,242,947	3,418,843	11,112,865	2,757,915	449,325	19,389,358	56,371,253	952,720	55,418,533
2013	19,456,060	3,114,385	11,499,816	2,725,817	428,270	18,883,692	56,108,040	(472,547)	56,580,587
2014	21,086,195	2,945,868	12,101,655	2,807,666	461,406	19,971,059	59,373,849	860,026	58,513,823
2015	22,165,199	3,058,967	12,225,119	2,763,561	477,347	20,229,047	60,919,240	(314,916)	61,234,156
2016	23,427,301	3,090,886	12,320,252	2,907,270	455,513	19,183,647	61,384,869	795,484	60,589,385
2017	23,465,509	3,120,780	11,901,987	2,690,980	465,902	19,822,634	61,467,792	427,700	61,040,092
2018	23,830,578	3,106,131	11,919,665	2,911,566	477,011	19,242,248	61,487,199	(1,006,801)	62,494,000
2019	25,301,625	3,442,461	12,025,673	3,016,914	483,986	20,608,491	64,879,150	1,100,278	63,778,872

Sources: City of Homestead CAFR for fiscal years ending September 30, 2010 through September 30, 2019.



(This page intentionally left blank)

Debt Capacity Information

Page

The information presented in this section is intended to assist users in understanding and assessing the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

179-183



(This page intentionally left blank)

CITY OF HOMESTEAD, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS)

Fiscal Year Ended September 30,	Governmental Activities ¹					Business-type Activities ¹					Total Outstanding Debt	Personal Income (Thousands of Dollars) ²	Percentage of debt to Personal Income	Population ²	Debt Per Capita ^{**}
	General Obligation Bonds	Revenue Bonds	Special Obligation Bonds	Long-Term Notes and Loans	Equipment Financing	Electric Bonds	Long-Term Notes and Loans	Equipment Financing	Other Debts*						
2010	\$ -	\$ 2,842	\$ 8,360	\$ 50	\$ 865	\$ 5,719	\$ -	\$ -	\$ 4,900	\$ 22,736	\$ 897,635	2.53%	60,512	\$ 376	
2011	-	2,558	7,250	-	676	5,218	-	-	4,410	20,112	988,353	2.03%	61,503	327	
2012	-	2,274	6,140	-	1,053	4,726	-	-	3,920	18,113	890,490	2.03%	63,290	286	
2013	-	1,989	5,030	-	1,517	4,178	-	-	3,430	16,144	1,128,414	1.43%	64,444	251	
2014	25,995	1,705	3,920	-	3,059	3,608	-	115	2,940	41,342	1,014,305	4.08%	66,586	621	
2015	25,597	1,421	2,810	5,430	2,560	3,016	-	90	2,450	43,374	1,198,123	3.62%	69,533	624	
2016	25,109	1,137	1,700	9,968	2,317	2,243	-	65	1,960	44,499	1,225,709	3.63%	70,209	634	
2017	24,606	32,293	1,150	9,579	4,158	1,597	-	39	1,470	74,892	1,285,086	5.83%	73,627	1,017	
2018	24,083	31,143	600	22,009	3,193	1,102	15,615	1,655	980	100,380	1,285,586	7.81%	73,863	1,359	
2019	23,540	30,214	-	8,770	2,963	2,820	24,638	1,911	490	95,346	1,402,285	6.80%	76,236	1,251	

Note: ¹ Details regarding the City's outstanding debt can be found in the notes to the financial statements.

² Office of Economic and Demographic Research.

* This column was added in FY2019 to reflect other long-term liabilities for the business-type activities.

** This column has been revised to include other debts in the calculation.

CITY OF HOMESTEAD, FLORIDA

RATIO OF GENERAL OBLIGATION BONDS DEBT OUTSTANDING

LAST SIX FISCAL YEARS

(DOLLARS IN THOUSANDS)

Fiscal Year Ended <u>September 30,</u>	Total General Obligation <u>Bonds</u>	Amount Externally <u>Restricted</u>	Net General Obligation <u>Bonds</u>	Assessed Value of Taxable <u>Property</u>	Percentage of Assessed Value of Taxable <u>Property</u>	<u>Population</u>	Per <u>Capita*</u>
2014	\$ 25,995	\$ -	\$ 25,995	\$ 1,805,014	1.44%	66,586	\$ 390
2015	25,597	688	24,909	1,948,801	1.31%	69,533	358
2016	25,109	392	24,717	2,138,310	1.17%	70,209	352
2017	24,606	235	24,371	2,316,514	1.06%	73,627	331
2018	24,083	143	23,940	2,608,633	0.92%	73,863	324
2019	23,540	109	23,431	2,857,501	0.82%	76,236	307

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
The City issued General Obligation Bonds in FY 2014.

* Per capital amount have been revised to reflect net bonded debt instead of total bonded debt.

CITY OF HOMESTEAD, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

(DOLLARS IN THOUSANDS)

SEPTEMBER 30, 2019

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to City of Homestead</u>	<u>Estimated share of Overlapping Debt</u>
OVERLAPPING:			
School Board of Miami-Dade County (1)	\$ 958,461	2.71% (3)	\$ 25,974
Miami-Dade County (2)	<u>2,055,280</u>	2.71% (3)	<u>55,698</u>
Subtotal	<u>\$ 3,013,741</u>		<u>\$ 81,672</u>
DIRECT DEBT: (4)			
General obligation bonds	\$ 23,540	100.00%	23,540
Revenue bonds	30,214	100.00%	30,214
Other long-term debt	8,770	100.00%	8,770
Equipment financing obligation	<u>2,963</u>	100.00%	<u>2,963</u>
Subtotal	<u>\$ 65,487</u>		<u>\$ 65,487</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u>\$ 147,159</u>

(1) Information obtained from Miami-Dade County School Board CAFR for the Fiscal Year Ended June 30, 2019.

(2) Information obtained from Miami-Dade County, Finance Department.

(3) The percentage of overlapping debt applicable is estimated by dividing:

City of Homestead's population (April 1, 2019 estimate) **	76,236
by Miami-Dade County's population (April 1, 2019 estimate) **	2,812,130

Source : ** Office of Economic and Demographic Research

(4) City of Homestead CAFR for fiscal year ending September 30, 2019.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates that portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Homestead. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

CITY OF HOMESTEAD, FLORIDA

PLEDGED-REVENUE BOND COVERAGE FOR GOVERNMENTAL ACTIVITIES

LAST TEN FISCAL YEARS

(DOLLARS IN THOUSANDS)

HERO Tax Increment Revenue Bonds, Series 2003						
Fiscal Year Ended <u>September 30,</u>		TIF revenue	Debt Service Requirement			<u>Coverage</u>
			<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2010	\$	4,142	\$ 284	\$ 164	\$ 448	9.25
2011		3,018	284	132	416	7.25
2012		2,400	284	119	403	5.96
2013		2,325	284	105	389	5.98
2014		1,792	284	89	373	4.80
2015		1,819	284	78	362	5.02
2016		2,076	284	53	337	6.16
2017		2,278	284	52	336	6.78
2018		2,479	284	37	321	7.72
2019		2,741	284	24	308	8.90

General Obligation Bonds, Series 2014						
Fiscal Year Ended <u>September 30,</u>		Voted Debt Millage revenue + fund balance	Debt Service Requirement			<u>Coverage</u>
			<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2015	\$	1,887	\$ 340	\$ 859	\$ 1,199	1.57
2016		1,472	430	1,056	1,486	0.99
2017		1,506	445	1,039	1,484	1.01
2018		1,499	465	1,021	1,486	1.01
2019		1,494	485	997	1,482	1.01

Taxable Transportation System Revenue Bonds, Series 2017						
Fiscal Year Ended <u>September 30,</u>		Trasportation System Surtax & Covenant to Budget Appropriation revenue*	Debt Service Requirement			<u>Coverage</u>
			<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2018	\$	2,929	\$ 865	\$ 932	\$ 1,797	1.63
2019		3,343	645	1,154	1,799	1.86

Note : This schedule is intended to have ten years of data.

Additional data to be compiled as information becomes available.

* Only the surtax portion of the pledged revenue is shown above

CITY OF HOMESTEAD, FLORIDA

PLEGGED-REVENUE BOND COVERAGE FOR BUSINESS-TYPE ACTIVITIES

ELECTRIC UTILTY BONDS, SERIES 2004 AND 2019

LAST TEN FISCAL YEARS

(DOLLARS IN THOUSANDS)

Fiscal Year	Gross Revenue (1)	Less: Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service			Coverage by Net Revenue Available for Debt Service
				Principal	Interest	Total	
2010	\$ 56,421	\$ 51,885	\$ 4,536	\$ 486	\$ 232	\$ 718	6.32
2011	58,189	53,545	4,644	505	212	717	6.48
2012	56,838	53,293	3,545	525	193	718	4.94
2013	60,032	54,669	5,363	548	169	717	7.48
2014	59,808	57,826	1,982	570	147	717	2.76
2015	62,616	57,116	5,500	592	124	716	7.68
2016	63,892	58,951	4,941	773	101	874	5.65
2017	62,092	60,601	1,491	645	77	722	2.07
2018	64,079	60,608	3,471	495	60	555	6.25
2019	65,142	62,496	2,646	683	42	725	3.65

(1) Gross revenue - all operating and non-operating revenue sources

(2) Operating expenses - total operating expenses exclusive of depreciation, amortization and operating transfers



(This page intentionally left blank)

Demographic and Economic Information

Page

The information presented in this section is intended to assist users in understanding the socioeconomic environment within which the City operates.

184-185



(This page intentionally left blank)

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

<u>Year</u>	(1) <u>Population</u>	(2) General Fund <u>Budget *</u>	Per Capita <u>Budget</u>	(2) General Fund <u>Actual *</u>	Per Capita <u>Actual</u>	(1) Personal Income (Thousands of <u>Dollars</u>)	(4) Per Capita Personal <u>Income **</u>	(3) Unemployment <u>Rate</u>
2010	60,512	\$ 40,239,687	\$ 665	\$ 37,050,157	\$ 612	\$ 897,635	\$ 14,834	10.1%
2011	61,503	35,095,321	571	34,443,325	560	988,353	16,070	8.9%
2012	63,290	37,161,276	587	35,615,503	563	890,490	14,070	8.0%
2013	64,444	39,237,145	609	37,346,134	580	1,128,414	17,510	7.5%
2014	66,586	41,593,600	625	40,890,733	614	1,014,305	15,233	6.5%
2015	69,533	45,153,064	628	44,290,837	616	1,198,123	17,231	6.5%
2016	70,209	49,427,679	704	47,827,570	681	1,225,709	17,458	5.8%
2017	73,627	52,844,703	718	54,622,724	742	1,285,086	17,454	6.1%
2018	73,863	68,706,210	930	54,678,618	740	1,285,586	17,405	4.1%
2019	76,236	69,742,910	915	68,990,256	905	1,402,285	18,394	4.0%

Sources: (1) Office of Economic and Demographic Research
 (2) City of Homestead CAFR for fiscal years ending September 30, 2010 through September 30, 2019.
 (3) US. Bureau of Labor Statistics (as of September 30, 2019).
 (4) U.S. Census Bureau

Note : * Numbers have been corrected to include transfers.
 ** Per capita income in past 12 months (in 2018 Dollars), 2014-2018.

CITY OF HOMESTEAD, FLORIDA

PRINCIPAL EMPLOYERS

CURRENT AND NINE YEARS AGO

<u>Employer</u>	2019			2010		
	<u>Employees</u>	<u>Rank</u>	Percentage of Total City <u>Employment</u>	<u>Employees</u>	<u>Rank</u>	Percentage of Total City <u>Employment</u>
Homestead Hospital	1,310	1	4.18%	1,226	1	10.60%
Homestead, City of	479	2	1.53%	445	2	3.85%
Publix Supermarkets	482	3	1.54%	397	3	3.43%
Homestead Manor	268	4	0.86%	N/A	N/A	N/A
Keys Gate Charter	260	5	0.83%	131	8	1.13%
Somerset Academy SoHo	232	6	0.74%	N/A	N/A	N/A
Contender Boats	201	7	0.64%	N/A	N/A	N/A
Signature Health Care	170	8	0.54%	170	5	1.47%
BJ's Wholesale Club	126	9	0.40%	180	4	1.56%
Sedano's Supermarket	125	10	0.40%	140	7	1.21%
Kohl's Department Store	112	11	0.36%	112	9	0.97%
Waterstone Charter School	112	12	0.36%	108	10	0.93%
Walgreens	109	13	0.35%	N/A	N/A	N/A
Lowes Homes Center, Inc	96	14	0.31%	N/A	N/A	N/A
Olive Garden Restaurant	91	15	0.29%	150	6	1.30%
	4,173		13.33%	3,059		26.45%

N/A - Not available

Source: City of Homestead Development Services Department
Bureau of Labor Statistics

Note: Total labor force as of 9/2019 = 31,335

Operating Information

Page

The information presented in this section contains service and infrastructure data and is intended to help the reader understand how the information in the City's financial reports relates to the services the City provides and the activities it performs.

186-188



(This page intentionally left blank)

CITY OF HOMESTEAD, FLORIDA

CITY GOVERNMENT FULL-TIME EMPLOYEES BY DEPARTMENT/DIVISION

LAST TEN FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
City Council	11	11	11	11	11	11	11	10	11	9
City Clerk	4	4	4	4	4	4	3	3	3	4
City Managers' Office	8	7	7	7	7	7	7	7	7	5
Community Redevelopment Agency	4	4	4	3	3	3	4	4	4	4
Development Services	12	11	11	11	11	11	10	10	9	11
Finance	11	11	11	11	11	11	11	11	10	10
General Services	18	19	19	19	19	19	19	19	20	21
Customer Service	27	27	27	27	26	26	26	26	22	22
Human Resources	5	5	5	5	5	5	5	5	5	6
Parks, Recreation & Maint Svcs.	16	16	16	17	17	17	17	15	15	15
Police	155	155	153	153	153	148	142	144	144	147
Public Works (Streets, Water&Sewer, Stormwater)	52	52	52	51	51	50	50	50	49	49
Solid Waste	34	34	34	34	34	34	34	29	28	28
Electric Utilities	50	50	49	49	49	49	49	49	50	49
Total Full-Time Employees	<u>407</u>	<u>406</u>	<u>403</u>	<u>402</u>	<u>401</u>	<u>395</u>	<u>388</u>	<u>382</u>	<u>377</u>	<u>380</u>

Source: City of Homestead Human Resources Department

CITY OF HOMESTEAD, FLORIDA

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Police:										
Adult arrest	2,648	3,073	3,467	3,431	2,680	3,661	2,929	3,221	3,024	2,655
Juvenile arrest	245	234	359	431	407	535	358	434	393	382
Calls for service	34,149	36,374	37,281	37,379	37,401	41,245	37,824	38,228	36,897	43,830
Water:										
Number of service connections	24,987	25,465	23,969	23,177	23,597	21,962	21,000	19,377	19,356	19,474
Average daily billed consumption (millions of gallons)	5.70	5.80	6.00	5.50	5.10	7.14	4.76	N/A	8.44	3.49
Sewer:										
Number of service connections	21,837	22,313	20,656	20,137	20,488	18,905	18,012	16,489	16,494	16,537
Average daily billed consumption (millions of gallons)	4.70	4.70	4.30	4.40	4.20	7.30	3.87	N/A	9.91	6.17
Electric distribution system:										
Number of customers	25,606	25,115	25,031	23,863	23,086	22,701	22,000	21,798	22,281	21,453
Facilities and services not included in the primary government:										
Education:										
Number of schools	25	25	24	24	24	24	22	21	15	15
Number of instructors	1,229	1,229	1,040	1,040	1,040	1,040	1,085	1,074	804	736
Hospitals:										
Number of hospitals	1	1	1	1	1	1	1	1	1	1
Number of patient beds	143	143	143	143	143	143	143	143	142	147

N/A - Not Available

Sources: City of Homestead Police Department
City of Homestead Public Works Department
City of Homestead Electric Utilities Department
City of Homestead Development Services Department
www.greatschools.org/florida/homestead/schools

CITY OF HOMESTEAD, FLORIDA
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Police:										
Station	1	1	1	1	1	1	1	1	1	1
Patrol units/Sworn police officers	113	113	113	113	113	108	102	102	102	102
Other public works:										
Streets (miles)	157	142	136	133	124	124	124	124	124	124
Parks and recreation:										
Acreage	275	275	275	275	275	275	275	275	275	275
Playgrounds	13	13	13	13	13	13	13	13	7	7
Tennis court	10	10	10	10	10	10	10	10	10	10
Community centers	2	2	2	2	2	2	2	2	2	2
Baseball/Softball fields	17	17	19	19	19	19	19	19	19	19
Basketball courts	11	11	11	11	11	11	11	7	7	7
Racketball	4	4	4	4	4	4	4	-	-	-
Football Stadium	1	1	1	1	1	1	1	1	1	1
Multipurpose Fields (Soccer/Football)	6	6	4	4	4	4	4	4	4	4
Water:										
Water mains (miles)	285	284	282	281	277	276	274	273	272	272
Fire hydrants	1,944	1932	1907	1,898	1,878	1,863	1,860	1,857	1,854	1,854
Daily capacity (millions of gallons)	17	17	17	17	17	17	17	17	17	17
Sewer:										
Sanitary sewer (miles)	174	173	171	170	160	159	156	155	154	154
Daily capacity (millions of gallons)	6	6	6	6	6	6	6	6	6	6
Electric distribution system:										
Miles of service	211	209	203	197	195	191	191	191	191	191
Number of distribution feeders	19	19	19	19	19	19	19	19	19	19
Number of substations	5	5	5	5	5	5	5	5	5	5

N/A - Not Available

Sources: City of Homestead Police Department
 City of Homestead Public Works Department
 City of Homestead Electric Utilities Department
 City of Homestead Parks and Recreation Department



(This page intentionally left blank)

REPORTING SECTION

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor, City Council, and City Manager
City of Homestead, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Homestead, Florida (the City) as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 20, 2020. Our report includes a reference to other auditors who audited the financial statements of the Pension Trust Funds, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Marcum LLP

Miami, FL
May 20, 2020

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor, City Council, and City Manager
City of Homestead, Florida

Report on Compliance for the Major Federal Program

We have audited the City of Homestead's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the fiscal year ended September 30, 2019. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes and state statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and, the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Program

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the fiscal year ended September 30, 2019.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Marcum LLP

Miami, FL
May 20, 2020

CITY OF HOMESTEAD, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

Federal Agency, Pass Through Entity Federal Program Project	CFDA / CSFA Number	Grant Identifying Number	Transfers to Sub recipients	Expenditures
U.S. Department of Housing and Urban Development				
Direct programs:				
CDBG Entitlement Grants Cluster				
Community Development Block Grant Neighborhood Stabilization Program	14.218	B-08-MN-12-0011	\$ -	\$ 34,187
Community Development Block Grant 2016 Entitlement	14.218	B-16-MC-12-0055	14,238	16,426
Community Development Block Grant 2017 Entitlement	14.218	B-17-MC-12-0055	23,000	23,000
Community Development Block Grant 2018 Entitlement	14.218	B-17-MC-12-0055	-	416,068
Community Development Block Grant 2019 Entitlement	14.218	B-17-MC-12-0055	-	496,829
Total CDBG Entitlement Grants Cluster			37,238	986,510
CDBG Section 108 Loan Fund	14.248	B-15-MC-12-0055	-	194,000
Total Department of Housing and Urban Development			37,238	1,180,510
U.S. Department of Justice				
Direct programs:				
Edward Byrne Memorial Justice Assistance Grant Program 2017	16.738	2017-DJ-BX-0734	-	23,835
Office of Violence Against Women	16.590	2018-WE-AX-0014	-	181,636
Office of Community Oriented Policing Services	16.710	2018SVWX0007	-	62,793
Federal Equitable Sharing	16.922	N/A	-	76,436
Subtotal Direct Programs			-	344,700
Passed Through Florida Department of Law Enforcement:				
Edward Byrne Memorial Justice Assistance Grant (JAG) Countywide Program	16.738	2019-JAGC-DADE-17-N2-142	-	7,006
Passed Through Florida Coalition Against Domestic Violence:				
STOP Violence Against Women Formula Grant	16.588	19-8017-LE-ENH	-	65,482
STOP Violence Against Women Formula Grant	16.590	20-8017-LE-ENH	-	11,001
Subtotal Violence Against Women pass through			-	76,483
Passed Through State of Florida, Office of Attorney General:				
Victims of Crime Act (VOCA)	16.575	2018-00249	-	141,358
Total Department of Justice			-	569,547
U.S. Department of Transportation				
Passed Through Florida Department of Transportation:				
Highway Safety Cluster				
National Priority Safety Program	20.616	G1096	-	226
National Priority Safety Program	20.616	G1692	-	8,017
Total Highway Safety Cluster			-	8,243
Total Department of Transportation			-	8,243
U.S. Department of Treasury				
Federal Equitable Sharing	21.016	N/A	-	45,731
U.S. Department of Homeland Security				
Passed Through State of Florida, Division of Emergency Management -				
Disaster Relief Funding, Hurricane Irma	97.036	N/A	-	1,380,593
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 37,238	\$ 3,184,624

See accompanying notes to schedule of expenditures of federal awards

CITY OF HOMESTEAD, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal activity of the City of Homestead, Florida (the City) under programs of the federal government for the fiscal year ended September 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 – OUTSTANDING LOANS WITH CONTINUING COMPLIANCE REQUIREMENTS

In accordance with Uniform Guidance requirements, loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the schedule. The U.S. Department of Housing and Urban Development Community Development Block Grant – Section 108 Loan Guarantee for the cybrary project funded \$194,000 during the year. The outstanding loan balance was paid as of September 30, 2019.

CITY OF HOMESTEAD, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

SD 2018-001 (previously SD 2017-003) – Grant Policies and Procedures Manual was not repeated in the current year.

SD 2018-002 (previously SD 2017-004) – Sub-Recipient Monitoring was not repeated in the current year.

CITY OF HOMESTEAD, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued on whether the financial statements audited were prepared in accordance with GAAP: ***Unmodified Opinion***

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified _____ Yes X None reported

Non-compliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X

Type of auditors’ report issued on compliance for major federal programs: ***Unmodified Opinion***

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

<u>Federal Program/Cluster</u>	<u>CFDA No.</u>
United States Department of Homeland Security – Passed through State of Florida, Division of Emergency Management – Disaster Relief Funding, Hurricane Irma	97.036

Dollar threshold used to distinguish between Type A and Type B Federal programs: \$750,000

Auditee qualified as low risk auditee for Federal awards? X Yes _____ No

CITY OF HOMESTEAD, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE
AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Honorable Mayor, City Council, and City Manager
City of Homestead, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Homestead, Florida (the City) as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated May 20, 2020. We did not audit the financial statements of the Pension Trust Funds, which represent 88%, 93%, and 28%, respectively, of the assets, net position/fund balance and revenues/additions of the aggregate remaining fund information.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Requirements Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for The Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance; Schedule of Findings and Questioned Costs; Summary Schedule of Prior Audit Findings and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedules, which are dated May 20, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings made in the preceding annual financial audit report. The status of recommendations made in the preceding annual financial audit report have been addressed in the summary schedule of prior audit findings.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same. Our assessment was performed as of the fiscal year end.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Unit

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component unit that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

Marcum LLP

Miami, FL
May 20, 2020

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE PURSUANT TO
SECTION 218.415 FLORIDA STATUTES**

To the Honorable Mayor, City Council, and City Manager
City of Homestead, Florida

We have examined the City of Homestead's (the City) compliance with Section 218.415 Florida Statutes, Local Government Investment Policies for the fiscal year ended September 30, 2019. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with the specified requirements.

In our opinion, the City complied, in all material respects, with Section 218.415 Florida Statutes for the fiscal year ended September 30, 2019.

This report is intended solely to describe our testing of compliance with Section 218.415, Florida Statutes, and it is not suitable for any other purpose.

Marcum LLP

Miami, FL
May 20, 2020



MOVIES AND MORE!
SHOWBIZ
CINEMAS



Fiscal Year ended September 30, 2019

CITY OF HOMESTEAD

100 CIVIC COURT, HOMESTEAD, FL 33030

www.cityofhomestead.com