

FLORIDA

THE CITY OF
HOMESTEAD



THE CITY OF

HOMESTEAD FLORIDA

2022

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

Fiscal Year Ended September 30, 2022



CITY OF HOMESTEAD, FLORIDA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2022

PREPARED BY

THE FINANCE DEPARTMENT



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INTRODUCTORY SECTION



June 30, 2023

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

City Council

Steven D. Losner
Mayor

Julio Guzman
Vice Mayor

Erica G. Ávila
Councilwoman

Jenifer N. Bailey
Councilwoman

Patricia D. Fairclough-Staggers, Ed.
Councilwoman

Sean L. Fletcher
Councilman

Larry Roth
Councilman

Jerry Estrada, M.P.A.
City Manager

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 Annual Comprehensive Financial Report (ACFR) of the City of Homestead for the fiscal year ended September 30, 2022 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, 2022, 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, 2022 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

City Hall

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

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 Annual Comprehensive 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 83,102. 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, library services, 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 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, American Rescue Plan Act ("ARPA") Fund and its fiduciary funds. Last year, the City created the ARPA Fund to account for the City's awarded allocation, and adopted a budget by resolution. Because ARPA funds are not ongoing operating funds, this is not an annual budget, and it is not part of the City's annual adopted budget process. 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, and special revenue and capital project funds. These comparisons are presented on pages 137-139 as part of the basic financial statements and on pages 157-162 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 2022 it was estimated at 83,102.

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, recent values indicate signs of a robust recovery and growth. For FY 2023 the City's assessed valuation is estimated at \$4.361 billion, representing a 16.32% 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 2020. For FY 2021, the millage rate was increased from 5.9215 to 6.2055. The .2840 increase resulted in no impact to the taxpayers, as that millage was previously paid to the County as a library tax. The increase in property revenues generated from the increased rate will fund the Cybrarium operations. For FY 2022 the millage rate remained at 6.2055. For FY 2023 the millage rate has been reduced by 1% to 6.1434. The debt millage rate was reduced from .4485 to .4150 mills in FY 2022. The City has been able to manage the economic downturn of the past, and continues its efforts to avoid returning to a dependency on (a) budget stabilization support from its utilities, and (b) the use of reserves. To that end, at the end of FY 2021, the General Fund was able to return \$1.8 million to the Water & Sewer Fund, for prior years' budget stabilization support; in FY2022 \$1.2M was returned to the Solid Waste Fund. While, FY2020 and the COVID-19 global pandemic, created new and complicated challenges for the City; these were challenges that were addressed and overcome. The road ahead looks promising.

Homestead Hospital, built in 2007, is one of the largest employers 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 was 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, approximately 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 motorsport's 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 Florida for FY2022 is estimated at approximately over \$379 million. 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. Customs and Border Protection; the U.S. Coast Guard's Maritime Safety and Security Team Miami; the U.S. Army Corps of Engineers; the Florida Army National Guard; and the U.S. Special Operations Command South – a subordinate command of U.S. Southern Command.

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. During FY2022, the Homestead Campus broke ground on a new student center facility to be

located across the street from City Hall. The four-story, 60,000-square-foot Student Success Center will serve as a multipurpose hub to better serve the community. 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, Nova Southeastern University, 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 \$101 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.
- *Homestead Station: A Multimodal Transit Station* (\$33.3 million for the public facility). In March 2017, the City Council approved a development agreement for the construction of a project that includes 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 provided for the simultaneous construction of a 65,000 square foot multilevel structure that houses a 10-screen movie theater, 14 bowling lanes, video arcade, food service and restrooms (“the private facility”). The public facility project is primarily funded with transportation surtax monies (through a bond issue, and currently available surtax monies on hand), while the private facility is 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. The parking garage (the public facility) was completed in May 2020.
- *Homestead Cybrarium*: (\$18.2 million completed in March 2021) It is an ultra-modern, public library that bridges the gap between literacy and cutting-edge technology located in the downtown area. In FY2022 the library of the future has quickly become a staple in the community welcoming 79,000 visits, over 16,000 new card holders, and hosting nearly 500 programs and activities throughout the year. 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 project was made available from the CRA, grants, available funds on hand, and other financing sources.
- *Losner Park Expansion* (Completed in November 2022) The park has more opportunity for expansion as design has been completed for a potential restaurant facility and water feature. The current phase of the project was funded with parks impact fees; grants and other financing sources will also be sought for a future phase of the project. The redevelopment of the park located in the heart of Downtown Homestead is part of an ongoing downtown revitalization effort to offer opportunity for live, work, and play within the community.

For FY 2023, the City will continue focusing on the following projects that represent another \$7.5 million investment in its downtown:

- *Homestead Sports Complex – Phase 1* is for the design of the project and it is estimated at \$7.5 million. Design services were awarded in FY2022. The project is for the redevelopment of the site of the former baseball sports complex into a new regional recreational area. Funding is anticipated from ARPA funds, grant funds, parks impact fees, and proceeds from the sale of land.

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.

During FY2022, the City was in negotiations with a developer for the redevelopment of the old city hall site. The plan is to redevelop the sixteen-acre property located on the southwest corner of US-1 and Campbell Drive in the center of the City, into a Class-A, mixed-use, transit-oriented development. If approved, a long-term lease of the property would not only provide up-front payments to liquidate the existing debt on the New City Hall, but it would provide rental income to the City over the life of the lease. Additionally, the increased property taxes from the project would provide significant resources to the City's CRA.

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 0.4150 mills for FY 2022.

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 on 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 had always considered that the sale of the old city hall site would generate the ultimate gap financing for the project. This loan had an approximately \$8 million balloon payment due in

August 2021, that was expected to be paid from the sale of the old city hall site; In July 2021, the City refinanced the loan to allow for an extended repayment period.

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 was \$33.3 million, and was funded with transportation surtax monies (including a bond issue being repaid primarily with transportation surtax monies). The entertainment complex opened in October 2019, and the parking garage was completed in May 2020.

The Cybrarium opened in March 2021. The City's funding of \$18.2 million 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.

In addition to these projects, the City's 5-year Capital Improvement Plan (CIP) identifies over \$50.1 million in projects to be undertaken in FY 2023- FY 2027, and funded by various sources.

The General Fund's spendable fund balance (including committed, assigned, and unassigned balances) at September 30, 2022 of \$21,181,005 represents 30% of General Fund expenditures. This ensures that the City will have sufficient funds for future unexpected events. 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 \$4.361 billion by the valuation date of January 1, 2022.

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, 2022 was \$67.1 million excluding investments of the fiduciary funds, unexpended equipment financing proceeds 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 2022, projects completed by the streets division included:

- 12,264 square feet of asphalt repair/replaced
- 1.4 miles of street repaved
- 962 pot holes and 37 trash holes filled/repair
- 22,058 square feet of sidewalk repair/installed
- 88 linear feet of curb and gutter were installed
- 13 handicap pedestrian ramps were repaired/installed

Additionally, the construction of Homestead Station in the downtown area was completed in May 2020. The facility serves 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 also constructed 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. The City's successful local trolley service was impacted by the COVID-19 pandemic restrictions on social distancing, and as a result experienced the following ridership in 2022:

- 10,902 riders on its downtown route
- 13,127 riders on its East/West route
- 2,886 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 2022, the Parks Department began construction of the Biscayne Everglades Greenway Trail, and began the design of a new splashpad at James Arche Smith Park, as well as the design of Phase 1 of the Homestead Sports Complex Renovation. A Drive-thru Halloween Haunted House/Trick or Treat event was a success. The Easter Egg Hunt, Military Appreciation Day and the 4th of July were all returned to pre-covid in-person and heavily attended events, and the first Movie in the Park Annual Series was established.

The CRA's initiatives and activities during FY2022 were concentrated into the following six main areas:

1. Small Business
 - a. Commercial Enhancement Grants-five small businesses were supported \$25,000 grants each
 - b. Small Business Clinic-24 graduating businesses received capacity building grants up to \$10,000 each.
2. Business Recruitment
 - a. Business Incentive Grants-Two businesses were awarded incentive grants to support their opening within the CRA. \$228,750 in funds were awarded.
 - b. Promo Video-created to highlight the Historic Downtown Homestead (within CRA)
3. Economic Development-some initiatives piloted by the CRA to promote downtown activities
 - a. Eats & Beats-free community event with food trucks and live music
 - b. Murder Mystery at the Theatre-Adult-themed mystery theatre were attendees tried to solve the crime
4. Neighborhood Improvements
 - a. Residential grants-three home improvement grants for a total of \$45,000
 - b. Street Improvements-CRA painted the commercial building in the historic downtown
5. Development
 - a. Homeownership-Executed a development agreement for the construction of four new homes on vacant CRA lots to be sold to low-income first-time homebuyers
 - b. Flagler Flats-Development approved for a 40-unit loft-style market rate apartment building
6. Community Policing Innovations
 - a. Neighborhood, Crime Watch, Business Meetings (25)
 - b. Events & Outreach Details (33)
 - c. Business contacts (200+)

In FY 2022, the Development Services Department welcomed and supported new development activities, existing businesses and expansions. The Department developed and implemented a Processes and Procedures protocol which includes acceptance of electronic application submittals using City email, conducting electronic plan review, and developing alternative methods of providing inspection services

The Business Services Division licensed approximately 2,148 businesses including 200 businesses that were new to the City of Homestead. The Division also provided consultation associated to process and procedures for opening a business. The Planning and Zoning Division guided new businesses and developments through the review and approval process in an effective and efficient manner. During 2022, it administered approximately 160 applications involving site plans, rezoning, text amendments, administrative approvals, historic reviews, public art, plats, unity of title, variances, and comprehensive plan amendments. The Division also provided 87 zoning letters to customers and completed hundreds of zoning inquiries. The Building Safety Division provided support to residential and commercial customers. In FY 2022 the Division issued 3,592 permits, reviewed 4,763 construction plans, conducted 16,348 inspections, and issued 211 Certificates of Occupancy. The Division also responded to 3,794 public records requests/open permit searches, and processed 40/10-year building recertifications for 76 existing commercial buildings. Since February 2022, the Building Safety Division has been working to improve the City of Homestead's CRS rating with the Insurance Services Office to increase our property owners discount percentage on their annual flood insurance premiums. After the initial submittal, we have since requested a modification visit to increase the rating and subsequent discount to our property owners. 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 2022. Highlights of these accomplishments included:

Administrative Division:

- Processed 15,422 incident/offense reports and crash reports
- Completed 561 public records requests
- Body Camera Unit (implemented in December 2020) processed the following:
 - 69,672 videos produced (most with evidentiary value)
 - 1,549 responses to requests for production of footage for prosecution of arrest cases
- Anticipated deployment of ProPhonix as a replacement for the CAD, records management and report writing system; delayed due to COVID, and now anticipated completion is mid-2023

Community Services Division:

- Impounded 818 guns (e-traces processed for each)
- Impounded 4,334 property items
- Processed 13,078 reports
- Police Athletic League (PAL) provided youth services, athletics, and activities for more than 200 local students between the ages of 5-17.
- Police Explorers volunteered at several community events
- Community Policing Program
 - Participated in 33 community events
 - Attended 20 community meetings
 - Attended 43 presentations
 - Participated in 11 saturation details

Investigative Services Division:

- SIU: local detectives were assigned 729 cases, resulting in 235 arrests and \$169,802 in forfeitures.
- GIU: reviewed 8,592 incident reports, with 2,312 cases assigned to detectives and 403 cases cleared by arrest

Operations Division:

- Responded to approximately 33,028 calls for service
- Special Patrol Division:
 - 1,119 total crash investigations
 - 3,928 citations and made 90 arrests

Code Compliance Division:

- 1,944 new cases were initiated

Numerous officers successfully completed various forms of training

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. During FY2022, the police SOS continued to research, write and submit grant applications, receiving \$1.25 million for the department, while administering millions of the department's grants. Some other services provided through SOS on an annual basis include the following:

- SOS annually provides support to over 1,600 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.
- Continued to assist families with information for resources of where to obtain food, assistance with expenses, and rental assistance. There has been a shift in the need for

housing as many have reported their rental amount increasing, and the need for affordable housing is now higher than ever.

- Continued outreach activities as ‘drive through’ events that included Christmas Toys distributions, food distributions, and meal card distributions. These events were conducted with assistance of the Community Policing Unit.

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 Finance Department administers the CDBG Program. This funding source has provided the City over \$12 million between 2009 and 2022. 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 recent public service initiative focused on STEM education. The City of Homestead is utilizing Community Development Block Grant (CDBG) funds to provide Science, Technology, Engineering, and Math (STEM) educational experiences for students in grades K-8 who reside within the city limits. Dibia DREAM has been chosen to deliver educational services to these students, with a specialization in STEM courses covering Science, Technology, Engineering, and Math. This initiative has made a significant impact on the community by providing valuable educational opportunities for young students.

In 2017, the Finance Department successfully obtained a \$3.865 million HUD Section 108 Loan to provide funding for the Cybrarium project. The implementation of the Cybrarium has brought about a significant transformation in our community. The once-outdated library has been revolutionized into a cutting-edge center for education, providing many opportunities for learning to the poorest census tract in Homestead. Witnessing the profound impact of this innovative resource on our neighborhood has been truly inspiring. 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, which was completed in April 2021

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 FY2023 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 2022 Budget, and the Certificate of Excellence in Financial Reporting for its FY 2021 Annual Comprehensive Financial Report (ACFR). Throughout the year, the department participates in several seminars and webinars to ensure 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, as well as being an important factor in the department’s succession plan. During 2022, the Finance Department, as part of its normal operations, reviewed and approved thousands of purchase requisitions, issued thousands of checks for approved invoices, issued thousands of paychecks to employees, set up numerous grant budgets and accounts, reviewed and

approved hundreds of travel authorization, travel expenditure reports, budget transfers, contract summary forms, and council agenda reports. The department also implemented a new budget software in an effort to streamline the budget process.

During the year, the Electric Utility installed service to 351 new residential units, and 5 new commercial businesses. It installed or relocated approximately 2.0 miles of either new or relocated underground cable, and repaired 263 street lights. With the installation of a new large power transformer on the growing east side of town in 2021, the Electric Utility began installing two new circuits fed off of that transformer in FY 2022 to provide further reliability gains through redundancy of the electrical grid and by providing sufficient capacity for future electrical growth. The Electric Utility also finalized the purchase of a parcel of land in 2020 with plans for a new electrical substation to be built which will serve new customers on the west side of town. Electrical design work for the new substation was started in 2020 and the procurement process initiated in 2021 and continuing on in 2022. An award of the work is planned for 2023 and the substation is planned to come online in the next 2 to 3 years. In 2018, the Electric Utility monitored the pilot program which installed “smart” meters and a meter data collection system. In 2019, it was decided to fully implement the communication system necessary to streamline the collection of metering data. Data collection infrastructure installations were completed in FY2021. The full deployment of the smart electric meters throughout the City began in FY2021, and is currently underway. At the end of FY2022, the system was remotely reading 55% of the electric meters in the City. Other notable Utility projects undertaken during 2022, included the receipt of a \$2.2 million grant from FENA for storm hardening. Work began on the replacement of 1,560 wood poles with concrete poles throughout the City to strengthen the system against severe weather and hurricanes.

The Utility continued its commitment to energy efficiency by conducting 255 free residential energy surveys and 17 commercial surveys. It processed 18 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 42 residential customers who have installed solar power systems that feed back into the electrical grid, bringing the total number of customers with solar systems up to 235. During FY2022, the Utility had the 2nd lowest residential rate for electricity among the 38 municipal and investor- owned electrical utilities in the State of Florida. In a continued effort to help keep prices low, staff manages day to day purchases of power under several purchase power agreements (PPAs), including two recently negotiated agreements with very low energy prices. The Utility also brought extremely cost-effective participation in two large scale utility solar projects to the City. The solar projects are currently in progress and planned to go online in 2025. During the year, the Utility responded to 740 incidents where customers reported electrical concerns or power outages.

During this very challenging year, with many seasoned employees retiring, the Electric Utility maintained their RP3 (Reliable Public Power Provider) Diamond designation, the highest level achievable, that was upgraded from Platinum to Diamond in 2017.

The Water and Wastewater Utility completed many projects during 2022; the most notable included the following:

- Televised 15,467 linear feet of pipe
- Cleaned 31,278 linear feet of sewer main lines
- Changed out 1,556 meters for ten year old meter programs
- Installed 580 new meters for new water service accounts
- 30 sewer lines repaired throughout the City
- Treated 1.6 billion gallons of wastewater
- Produced 4.0 billion gallons of water
- Completed 252 water surveys to educate residents on water conservation
- Completed 4,491 Customer Service work orders

- Completed several repairs and refurbishment projects throughout the plant
- Upgraded all the pumps at Pump Station 1 with impellers to reduce down time
- Ordered a new Vac Truck and several equipment per the City CIP Plan
- Began design on the following projects funded with DEO grant awards:
 - Install three emergency generators to cover all operations for treating wastewater (\$2.7 million grant)
 - Update the Wittkop water chlorination system (\$1.67 million grant)
- Replaced and reinstalled Wells 2 and 3 at Wittkop
- Painted the exterior of all three water towers-Wittkop, Harris Field and Racetrack
- Increases SFWMD consumptive use permit to withdraw 12.79 million gallons per day (mgd) to provide for the City's growth

During 2022, the Solid Waste Department's most significant accomplishments included:

- Commercial Garbage – 26,772 tons collected
- Residential Garbage – 23,273 tons collected
- Bulk Trash – 12,671 tons collected
- Industrial Trash/Garbage roll-off and compactor – 9,796 tons collected
- Two side loaders and one front end loader were ordered to improve operations

During FY 2022, the General Services Department's three divisions accomplished several projects. The Procurement Division continues to pursue purchasing certifications and training through the Universal Public Procurement Certification Council (UPPCC). Procurement worked on 31 formal solicitations, processed 270 contracts, and issued 2,721 Purchase Orders. Procurement continues to successfully complete end of year inventory under 1% discrepancy with FY 22 at -.05% based on a \$3,310,630 inventory. Procurement has also successfully increased the purchasing limitations, initiated the updating of administrative policies and procedures, and has proposed plans to implement e-bidding and a new contract management software. The Fleet Management Division successfully completed 6,662 work orders. In FY 2022, Information Technology Services Division (ITS) implemented an email firewall that strengthened the city's email security through better filtering of malicious emails, and a new antivirus software on all users' workstations that allowed for increased network security.

The City Clerk's office continues to pursue their goal for staff certifications as Certified Municipal Clerks, and during 2022 it also accomplished the following:

- Successfully worked in collaboration with Miami-Dade County Elections by providing City facilities for their Primary and General County, State and Federal elections
- Processed 2,546 lien searches
- Provided responses to 915 public record requests; many in electronic format. The department is currently working on a public record request software program to process these record requests electronically
- Prepared 176 resolutions, ordinances and final orders for execution and recording

The Human Resources Department's FY2022 initiatives were as follows:

- Enhanced existing Wellness Program to highlight resources available to employees such as the Employee Assistance Program and gym program access discounts.
- Participated in local job fairs to reach local residents in their communities with available work opportunities within the City.
- Assisted approximately 235 employees and temporary staff members (plus their families at times) who tested for COVID-19, as well as implemented a COVID vaccine incentive program of which 229 employees participated.

The Grants and Special Projects Administrator is responsible for managing the American Rescue Plan Act (ARPA) projects. The City of Homestead was able to secure \$19,192,087 of ARPA funding to offset the effects and to help stop the spread of COVID-19. As of September 30, 2022, the City has allocated \$12,909,108 of the ARPA funds. Remaining funds can be spent on the following four categories: Public Health/Negative Economic Impacts; Premium Pay; Revenue Loss; and Investments in Water, Sewer, and Broadband. Future projects will ultimately be decided upon by City Council. Any ARPA costs must be obligated by December 31, 2024 and expended by December 31, 2026. In addition, to managing the ARPA projects, the Grants and Special Projects Administrator has overseen, tracked, and ensured coordination for approximately 20 grant funded projects totaling \$6,253,135

The Public Information Office (“PIO”) continued its pursuit of excellence in video and communication at the 2022 Telly Awards with three impressive entries that competed against major media players like Conde Nast, ESPN, Fox, HBO, NBC, and more. The annual competition has been honoring excellence in video and television internationally for over forty years and received tens of thousands of entries this year. Below are the entries for which the City was recognized:

- [2021 Staff Tribute: Good Job](#) Bronze Winner for Education & Discovery
- [Keep Homestead Beautiful](#) Silver Winner for Sustainability
- [Homestead Police Department K-9 Training](#) Silver Winner for Low Budget

During 2022 the PIO managed the following media-related projects:

- The State of the City Address video and event. The high-production video celebrated Homestead’s roots as well as highlighted the growth and expansion it continues to experience with beautifully shot aerial video and narration by Mayor Steven D. Losner.
- Discover Downtown Homestead-Managed the new reels campaign highlighting the area and its many amenities and encouraging tourism.
- Hurricane Andrew 30th Commemoration-Development of a video and event, The event was held at the Cybrarium where the video was premiered, The event was well attended by representatives of several organizations including the National Hurricane Center. The video focused on the storm, devastation, and how the Homestead community has grown and flourished today

Recent Events Impacting the City

On March 11, 2021, the American Rescue Plan Act of 2021 (“ARPA”) was signed into law which provides for additional funding for state and local governments to help in the nation’s recovery from the public health and economic impacts of the COVID-19 pandemic, as well as to equip cities and towns with the tools necessary to start building a stronger and more equitable future over the next decade.

On May 19, 2021, the City received the first tranche of ARPA funding of \$9,596,043. The City received the final tranche of \$9,596,043 in ARPA funding sometime on June 4, 2022. As of September 30, 2022, the City expended a total of \$809,109 of ARPA funds and is also currently determining which projects will be completed and funded from the remaining ARPA funds.

Other Awards and Acknowledgements

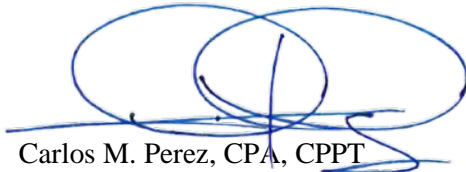
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Homestead for its Annual

Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2021. This was the nineteenth 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 ACFR. 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 ACFR 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,



Carlos M. Perez, CPA, CPPT
Finance Director



CITY OF HOMESTEAD, FLORIDA

CITY OFFICIALS

SEPTEMBER 30, 2022

COUNCIL – MANAGER FORM OF GOVERNMENT

CITY COUNCIL 2022

Steven D. Losner, Mayor

Julio Guzman, Vice Mayor
Erica G. Ávila
Jenifer N. Bailey
Patricia D. Fairclough-Staggers
Sean L. Fletcher
Larry Roth

CITY MANAGER

Jerry Estrada, M.P.A.

CITY CLERK

Elizabeth Sewell, MPA, MMC

CITY ATTORNEY

Weiss Serota Helfman Cole & Bierman, P.L.

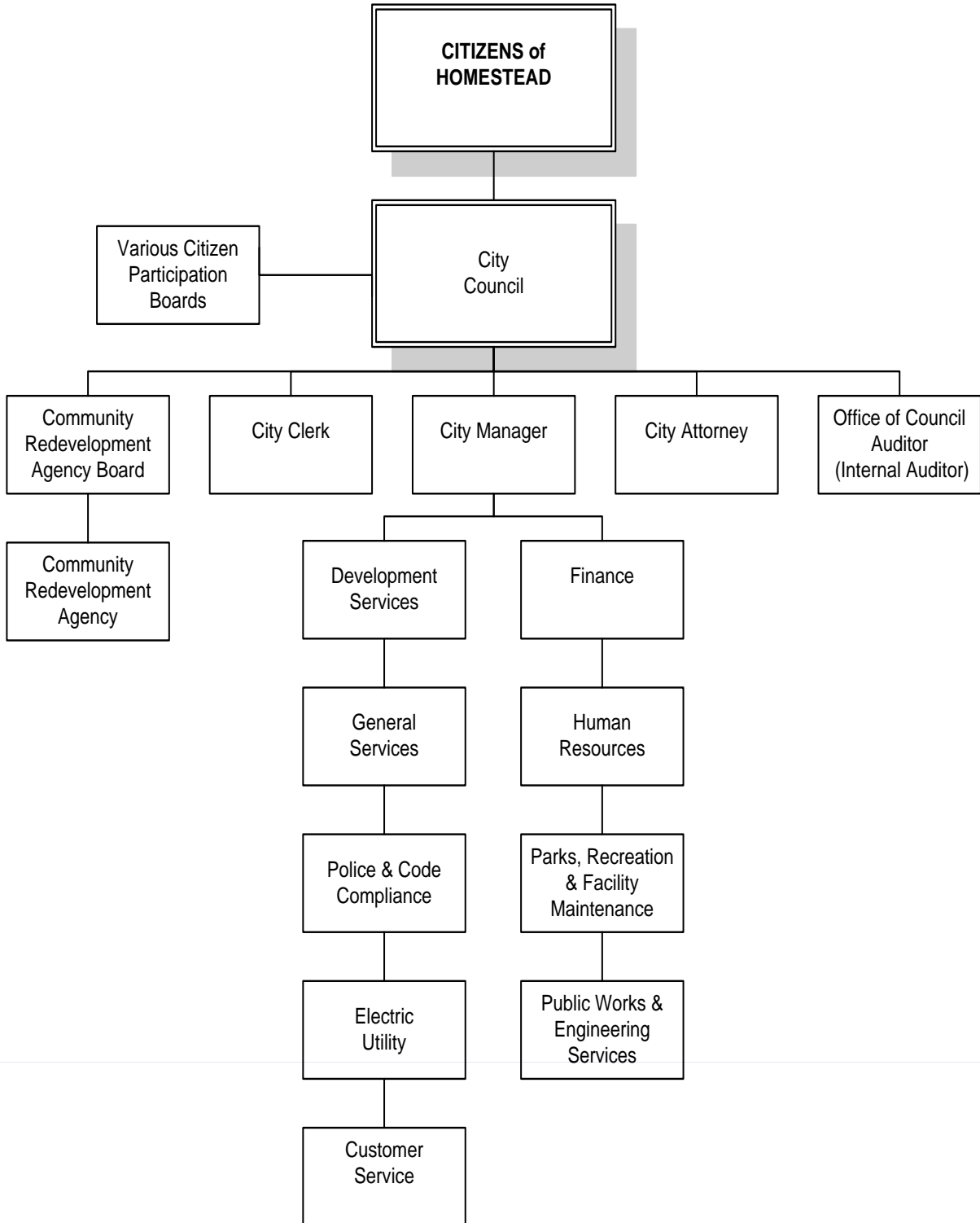
FINANCE DIRECTOR

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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended
September 30, 2021

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

**INDEPENDENT
AUDITORS' REPORT**

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, 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.

We did not audit the financial statements of the Pension Trust Funds, component units of the City, which represent 87%, 92% and -92%, respectively, of the assets, net position/fund balance and revenues/additions of the aggregate remaining fund information as of September 30, 2022. 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 net pension liability and related ratios, the schedules of changes in total OPEB liability and related ratios, schedules of employer contributions and the budgetary comparison schedules on pages 5-24 and 137-150 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 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 and state financial assistance 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 Chapter 10.550, Rules of the Auditor General are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining and individual fund statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2023 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
June 30, 2023

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, 2022. 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 (In Thousands)

- At September 30, 2022, the government-wide assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$239,628 (*net position*), an increase of \$14,086 or 6.2% from prior year.
- During the current fiscal year, the City implemented *GASB Statement No. 87, Leases*, which is further explained in Note 9 on page 67. Implementation of this statement has resulted in an increase in both asset and liabilities of approximately \$17 million in both governmental and business-type activities.
- The City's *total assets and deferred outflows of resources* of \$491,697 reflect a net increase of \$45,272 from prior year. Current assets increased by \$9,378, mostly from the increase in cash and investment due to the unspent money received from American Rescue Plan. Non-current assets increased by \$23,829 resulted from the increased in net pension asset of \$6,093 and the increased in lease receivables in business-type activities of \$17,625, a result of implementation *GASB Statement 87* as mentioned earlier. Capital assets also increased by \$14,886, \$17,091 was an increased in governmental activities lease asset, also as a result of GASB 87 implementation.
- The City's *total liabilities and deferred inflows of resources* reflect a net increase of \$31,186 from \$220,883 in FY 2021 to \$252,069 in FY 2022. Current liabilities increased by \$11,038 or 30% from unearned revenue for American Rescue Plan Fund. Noncurrent liabilities decreased by \$6,176 or 4%. Net pension liability decreased by \$22,071 while lease liability increased by \$17,658. Deferred inflows of resources increased by \$26,324 from deferred inflows for pensions and also deferred inflows for leases as a result of implementation of *GASB Statement 87*.
- At September 30, 2022, the City's governmental funds reported a combined ending fund balance of \$70,757, an increase of \$4,720 from the prior year. The increase is due to unanticipated half cent sales taxes and state revenue sharing funds received in excess of state-provided budgeted projections. Of the total fund balance, \$13,023 or 18% 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 \$40,573, an increase of \$3,827 from the prior year; \$37,293 was *net investments in capital assets*, \$3,420 was *restricted* and (\$140) was *unrestricted*.
- At fiscal year end, the General Fund total fund balance increased by \$4,803 from \$49,005 in FY 2021 to \$53,808 in FY 2022, which represents approximately 76% of total General Fund expenditures. Of this total fund balance, \$30,765 was *nonspendable* and represents prepaid costs and long-term notes

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

receivable, \$1,556 has been *restricted* for fiber optic and rock pit security, \$306 *restricted* for HUD section 108 loan security, \$5,531 has been *committed* for a required reserve, \$2,570 was *assigned* for subsequent year's budget, and \$13,080 was *unassigned*.

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.

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

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 sixteen 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, and the American Rescue Plan 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.

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City adopts an annual budget for its General Fund, the Homestead Community Redevelopment Agency Fund and eleven of the non-major governmental funds: Impact Fees, Confiscated Property, Disaster Relief, Homestead Miami Speedway, Taxable Transportation System Revenue Bonds, HERO Tax Increment Financing, General Obligation Bonds, People's Transportation Plan, Multimodal Transit Center, Capital Improvement, and Cybrarium Fund. The American Rescue Plan Fund, the Sundries Grant Fund and the Community Development Block Grant Fund do not have an annual adopted budget. Instead, the City adopts the budget by Resolution that coincide with the length of the grant or assistance which does not result in an annual budget.

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 governmental funds can be found on pages 137-139 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 157-162 of this report.

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 Fund 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.

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

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 37-136 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 and the Homestead Community Redevelopment Agency 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 137-150 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 151-170 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 \$239,628 at the close of fiscal year 2022 of which 83% was for governmental activities and 17% 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, 2022 and 2021 | | | | | | |
|--|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|
| | Governmental | | Business-type | | Total | |
| | <u>Activities</u> | | <u>Activities</u> | | <u>Total</u> | |
| | <u>2022</u> | <u>2021</u> | <u>2022</u> | <u>2021</u> | <u>2022</u> | <u>2021</u> |
| <u>Assets and Deferred Outflows of Resources:</u> | | | | | | |
| Current assets | \$ 101,405 | \$ 88,973 | \$ 41,522 | \$ 44,576 | \$ 142,927 | \$ 133,549 |
| Other assets, non current | 5,476 | 2,465 | 20,818 | - | 26,294 | 2,465 |
| Capital assets, net | <u>233,927</u> | <u>219,115</u> | <u>75,877</u> | <u>75,803</u> | <u>309,804</u> | <u>294,918</u> |
| Total assets | <u>340,808</u> | <u>310,553</u> | <u>138,217</u> | <u>120,379</u> | <u>479,025</u> | <u>430,932</u> |
| Total deferred outflows of resources | <u>10,403</u> | <u>12,695</u> | <u>2,269</u> | <u>2,798</u> | <u>12,672</u> | <u>15,493</u> |
| <u>Liabilities and Deferred Inflows of Resources:</u> | | | | | | |
| Current and other liabilities | 26,533 | 19,226 | 21,692 | 17,961 | 48,225 | 37,187 |
| Noncurrent liabilities | <u>102,230</u> | <u>102,584</u> | <u>51,669</u> | <u>57,491</u> | <u>153,899</u> | <u>160,075</u> |
| Total liabilities | <u>128,763</u> | <u>121,810</u> | <u>73,361</u> | <u>75,452</u> | <u>202,124</u> | <u>197,262</u> |
| Total deferred inflows of resources | <u>23,393</u> | <u>12,642</u> | <u>26,552</u> | <u>10,979</u> | <u>49,945</u> | <u>23,621</u> |
| <u>Net position:</u> | | | | | | |
| Net investment in capital assets | 182,036 | 182,857 | 37,344 | 37,055 | 219,380 | 219,912 |
| Restricted | 20,752 | 17,887 | 3,703 | 510 | 24,455 | 18,397 |
| Unrestricted | <u>(3,733)</u> | <u>(11,948)</u> | <u>(474)</u> | <u>(819)</u> | <u>(4,207)</u> | <u>(12,767)</u> |
| Total net position | <u>\$ 199,055</u> | <u>\$ 188,796</u> | <u>\$ 40,573</u> | <u>\$ 36,746</u> | <u>\$ 239,628</u> | <u>\$ 225,542</u> |

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 2022 had a balance of \$219,380 (92% 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 2022 had a balance of \$24,455 (10% of total net position).

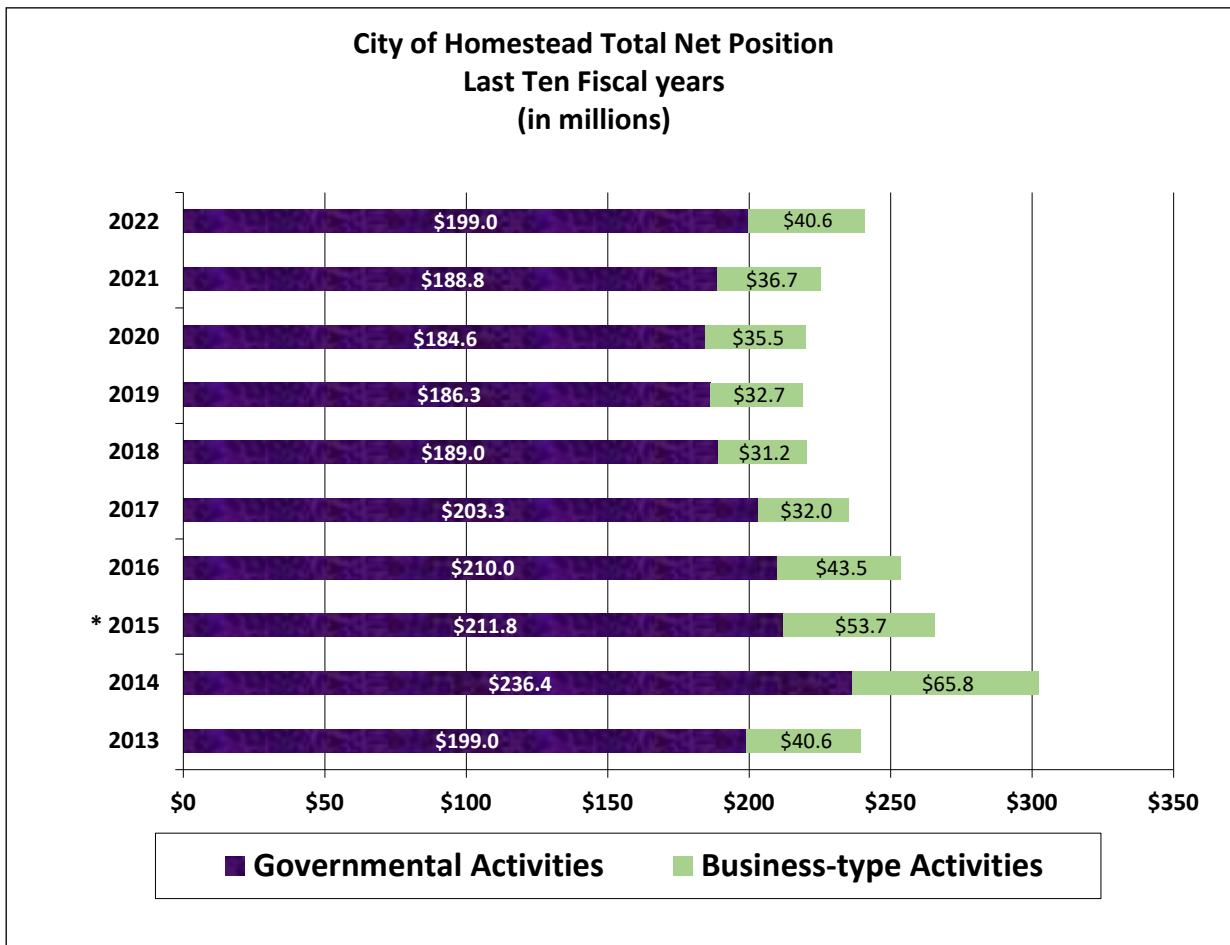
CITY OF HOMESTEAD, FLORIDA

MANAGEMENT’S DISCUSSION AND ANALYSIS

Unrestricted net position represents assets that may be used to meet the City’s ongoing obligations to citizens and creditors. For FY 2022 the City reported a total negative unrestricted net position of \$4,207.

Unrestricted net position for governmental activities showed a (\$3,733) deficit and business-type activities showed a (\$474) 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, lease 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.



* Decreases between 2014 and 2015 resulted from a prior period adjustment for the implementation of GASB 68.

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.

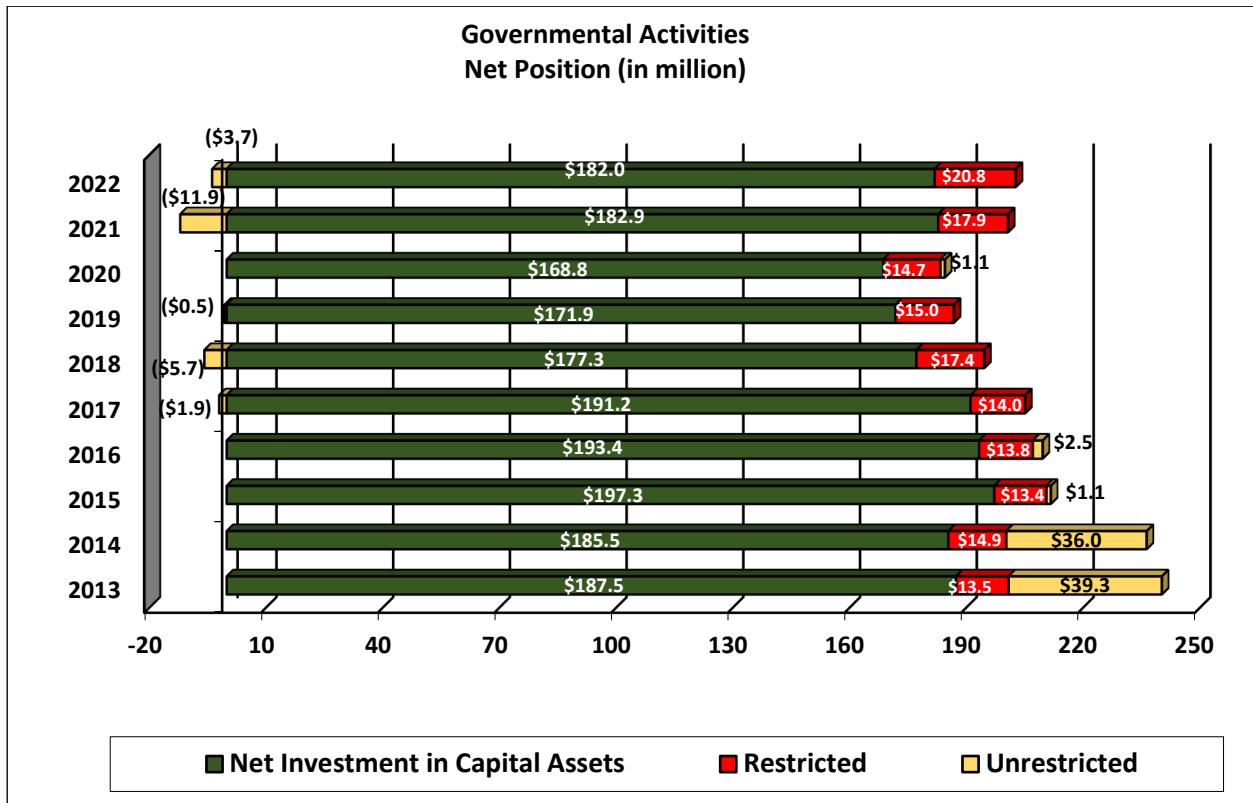
| City of Homestead | | | | | | |
|--|---------------------|-------------------|----------------------|------------------|-------------------|-------------------|
| Summary of Changes in Net Position | | | | | | |
| Fiscal years ended September 30, 2022 and 2021 | | | | | | |
| | <u>Governmental</u> | | <u>Business-type</u> | | <u>Total</u> | |
| | <u>Activities</u> | | <u>Activities</u> | | | |
| | <u>2022</u> | <u>2021</u> | <u>2022</u> | <u>2021</u> | <u>2022</u> | <u>2021</u> |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 15,144 | \$ 15,846 | \$ 108,148 | \$ 87,961 | \$ 123,292 | \$ 103,807 |
| Operating grants and contributions | 3,754 | 4,643 | - | - | 3,754 | 4,643 |
| Capital grants and contributions | 8,131 | 4,730 | - | - | 8,131 | 4,730 |
| General revenues: | | | | | | |
| Property taxes | 25,620 | 23,886 | - | - | 25,620 | 23,886 |
| Fuel taxes | 1,297 | 1,216 | - | - | 1,297 | 1,216 |
| Franchise fees | 53 | 4,610 | - | - | 53 | 4,610 |
| Utility taxes | 1,580 | 1,566 | - | - | 1,580 | 1,566 |
| Communication service taxes | 1,576 | 1,598 | - | - | 1,576 | 1,598 |
| Half cent sales taxes | 7,794 | 6,364 | - | - | 7,794 | 6,364 |
| Unrestricted intergovernmental | 5,501 | 3,698 | - | - | 5,501 | 3,698 |
| Payment in lieu of taxes | 7,286 | 2,255 | - | - | 7,286 | 2,255 |
| Other revenues | 1,290 | 1,249 | 2,867 | 1,967 | 4,157 | 3,216 |
| Unrestricted investment earnings (losses) | (997) | 177 | 101 | 7 | (896) | 184 |
| Total revenues | <u>78,029</u> | <u>71,838</u> | <u>111,116</u> | <u>89,935</u> | <u>189,145</u> | <u>161,773</u> |
| Expenses: | | | | | | |
| General government | 15,250 | 14,754 | - | - | 15,250 | 14,754 |
| Public safety | 31,258 | 32,382 | - | - | 31,258 | 32,382 |
| Public works and services | 4,620 | 4,053 | - | - | 4,620 | 4,053 |
| Parks and recreation | 10,696 | 9,723 | - | - | 10,696 | 9,723 |
| Disaster relief | 217 | 231 | - | - | 217 | 231 |
| Interest on long-term debt | 2,335 | 2,251 | - | - | 2,335 | 2,251 |
| Unallocated depreciation | 2,300 | 2,437 | - | - | 2,300 | 2,437 |
| Water / Sewer utilities | - | - | 21,142 | 19,558 | 21,142 | 19,558 |
| Electric utility | - | - | 69,866 | 54,539 | 69,866 | 54,539 |
| Solid waste | - | - | 14,329 | 13,590 | 14,329 | 13,590 |
| Other enterprise | - | - | 1,643 | 1,480 | 1,643 | 1,480 |
| Homestead Station QALICB | - | - | 1,403 | 1,364 | 1,403 | 1,364 |
| Total expenses | <u>66,676</u> | <u>65,831</u> | <u>108,383</u> | <u>90,531</u> | <u>175,059</u> | <u>156,362</u> |
| Increase/(Decrease) in net position before transfers | 11,353 | 6,007 | 2,733 | (596) | 14,086 | 5,411 |
| Transfers | (1,094) | (1,803) | 1,094 | 1,803 | - | - |
| Increase (Decrease) in net position | 10,259 | 4,204 | 3,827 | 1,207 | 14,086 | 5,411 |
| Net position – beginning | <u>188,796</u> | <u>184,592</u> | <u>36,746</u> | <u>35,539</u> | <u>225,542</u> | <u>220,131</u> |
| Net position – ending | <u>\$ 199,055</u> | <u>\$ 188,796</u> | <u>\$ 40,573</u> | <u>\$ 36,746</u> | <u>\$ 239,628</u> | <u>\$ 225,542</u> |

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT’S DISCUSSION AND ANALYSIS

Governmental activities

Total net position of the City’s governmental activities increased by \$10,259 from \$188,796 in FY 2021 to \$199,055 in FY 2022, or 5%. Restricted net position increased \$2,865 mostly from the increased in net pension asset. Unrestricted net position increased \$8,215 from a negative \$11,948 to a negative \$3,733.



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

- Total charges for services decreased by \$702 primarily from the decrease in permit fees and impact fees, still somewhat impacted by COVID.
- Capital grants and contributions increased \$3,401 due to the increase in Peoples Transportation surtax and the recognition of revenue for Hurricane IRMA obligated in prior years.
- Gross property taxable value for the City increased for a ninth straight year, from \$3.484 billion in 2021 to \$3.749 billion in FY 2022. Total property tax revenues increased by \$1,734 from the increase in the assessed property taxable value since the City chose to maintain its property tax millage rate at 6.2055 mills.

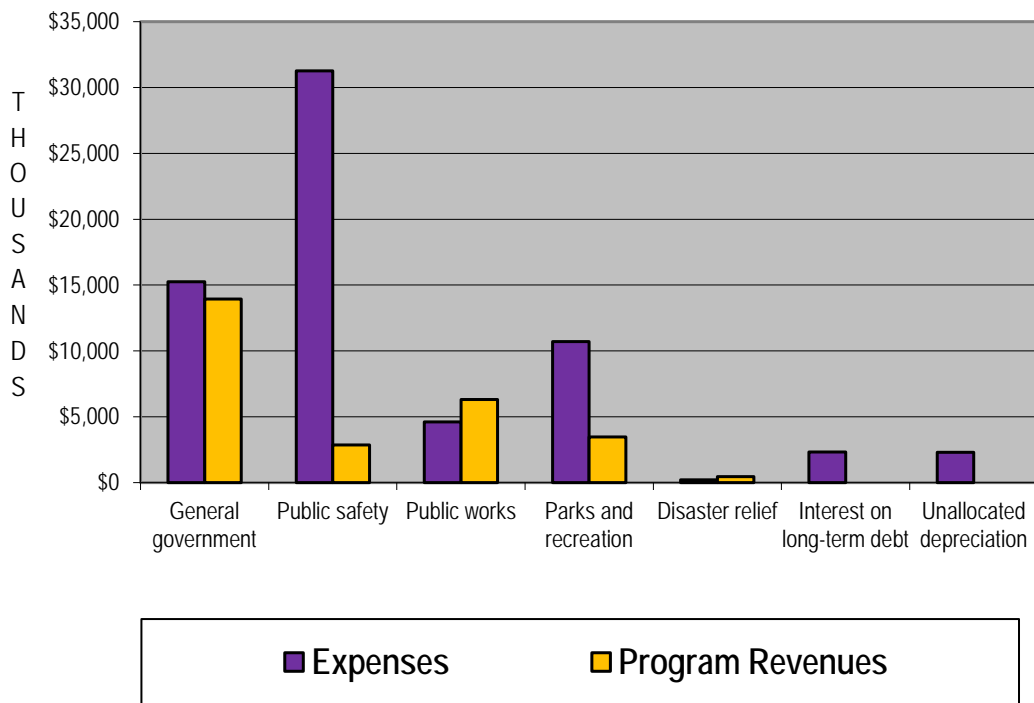
CITY OF HOMESTEAD, FLORIDA

MANAGEMENT’S DISCUSSION AND ANALYSIS

- Unrestricted investment earnings decreased \$1,174 from revenue of \$177 to a loss of \$997 due to the unprecedented decisions made by the United Federal Reserve to increase the borrowing rates in order to lower the inflation. This result in the unrealized loss on long-term securities held by the City which could not be offset by the short-term earnings.
- Total governmental activities expenses increased by \$645 from prior year mostly from amortization of lease asset of \$656.

The following charts compare expenses and program revenues and revenue by sources for governmental activities for fiscal year 2022:

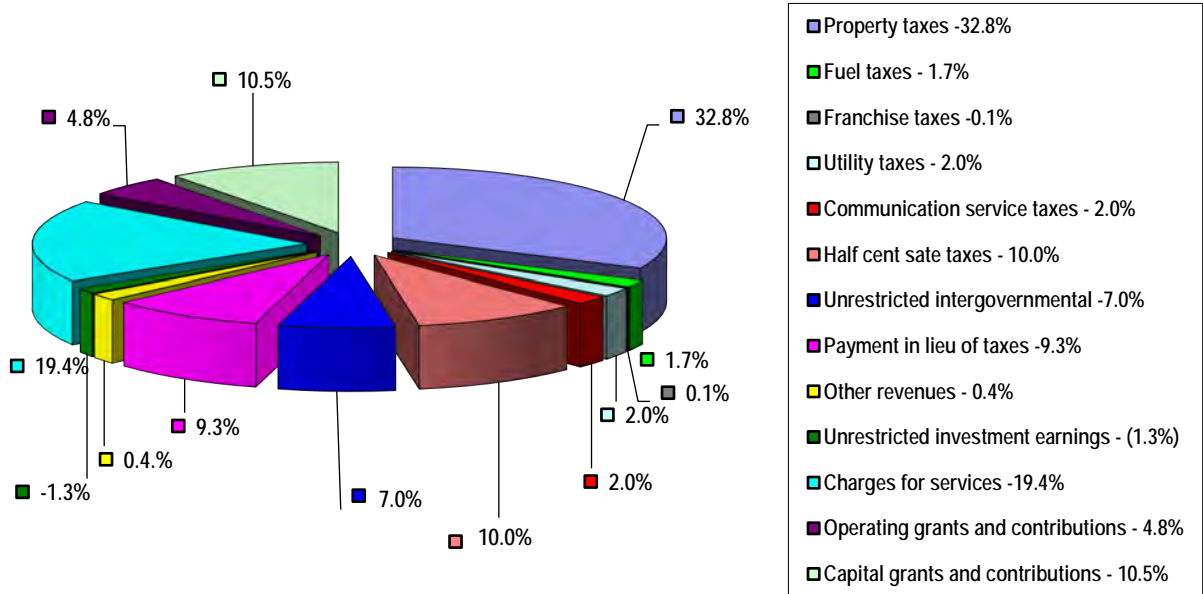
Governmental Activities - Expenses and Program Revenues



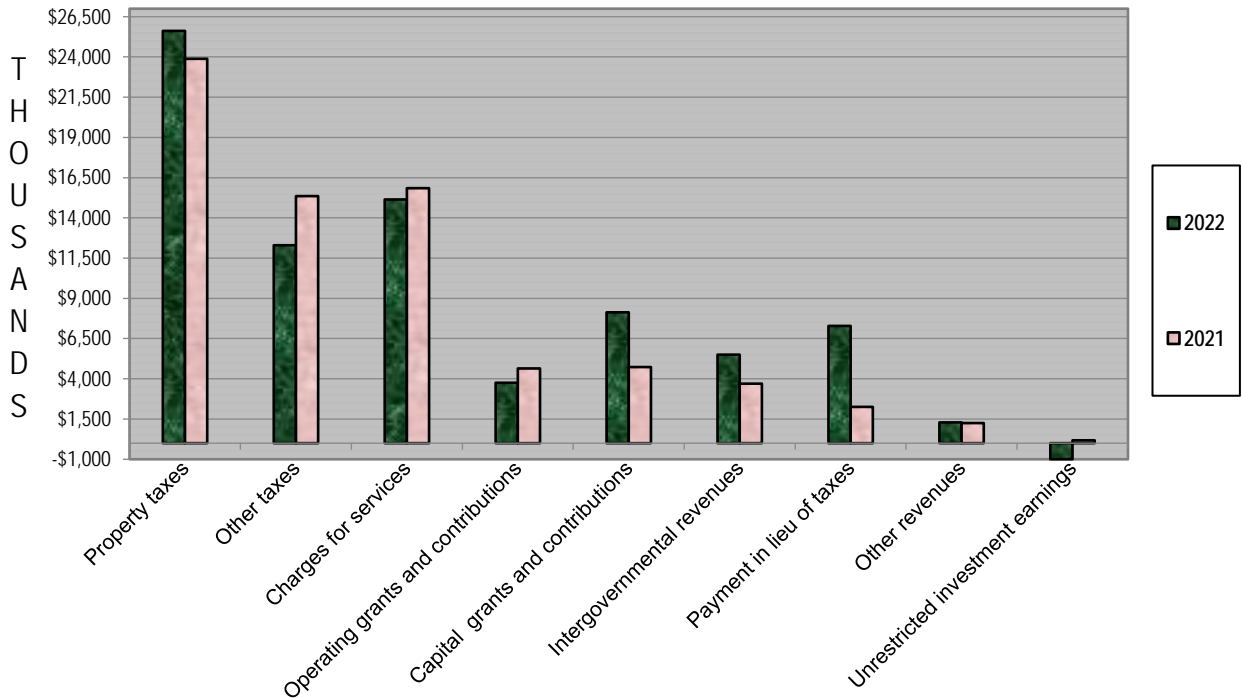
CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities – Revenues by Source



Governmental Activities – Current Year Revenues vs. Prior Year Revenues

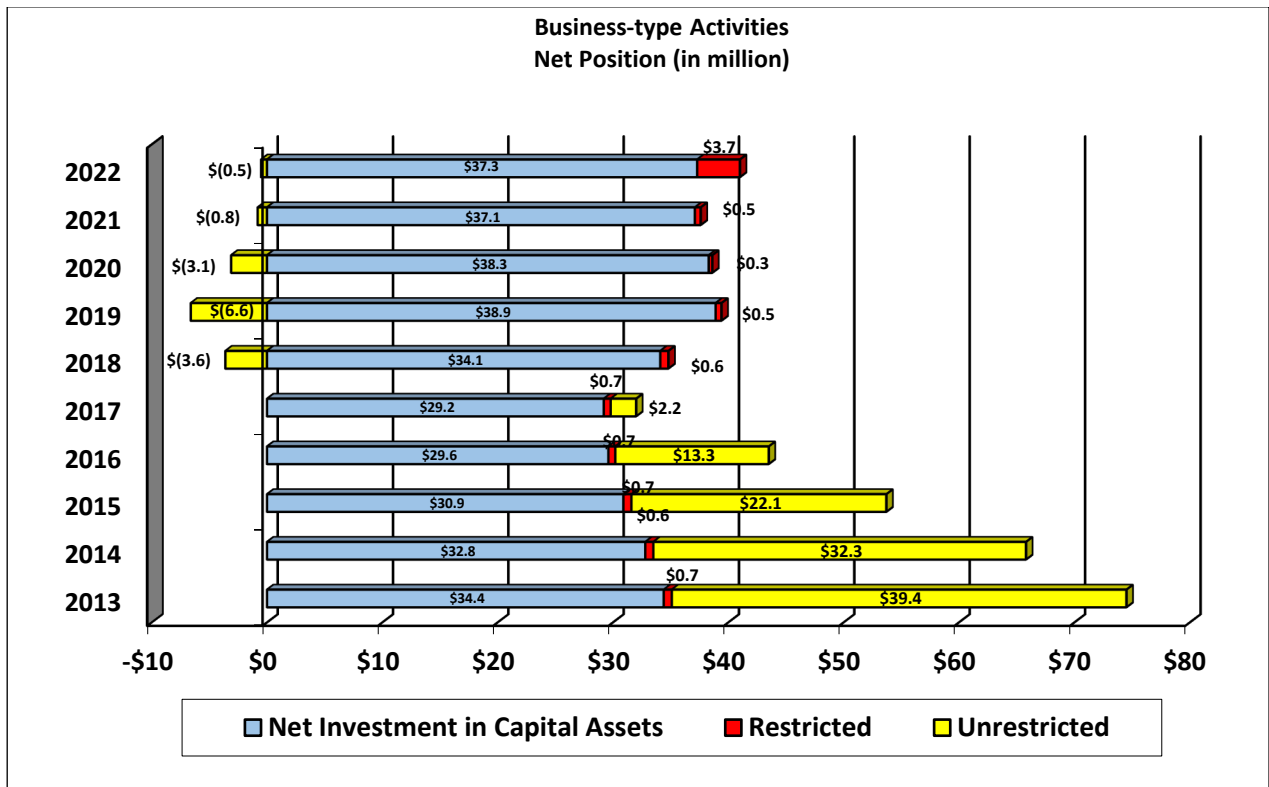


CITY OF HOMESTEAD, FLORIDA

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 \$3,827 from \$36,746 to \$40,573, or 10% from the prior year.



Key elements of the City's business-type activities for fiscal year 2022 are as follows:

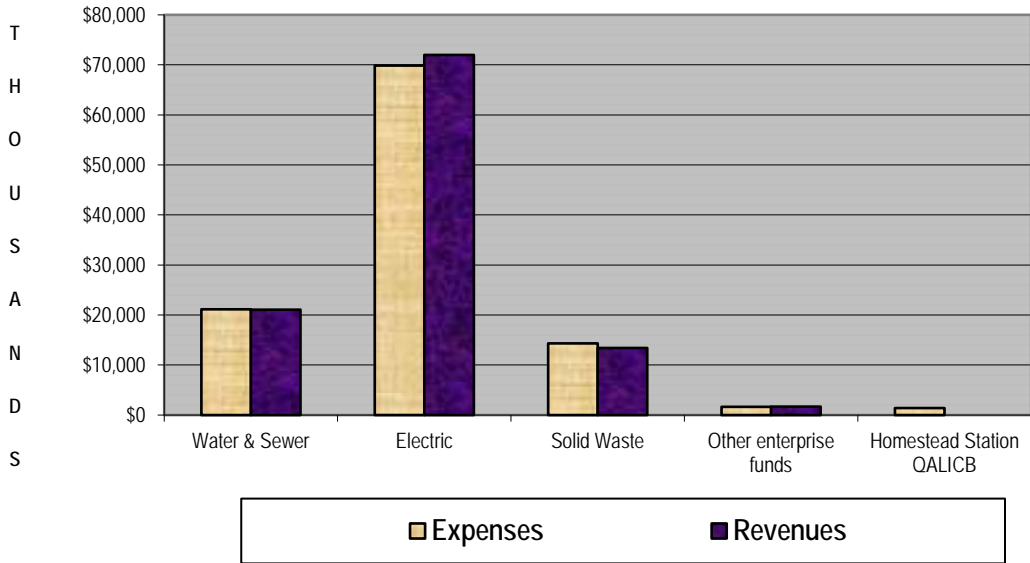
- Overall charges for services increased by \$20,187 or 23% from the prior year. Electric Utility charges for services increased by \$18,117 primarily from the increase in power cost adjustment revenue. Water and Sewer had an increase in charge for services of \$1,293 mostly from a CPI rate increase while Solid Waste charge for services increased by \$607 and Stormwater charges for services increased by \$170.
- Electric Utility expenses increased by \$15,266 primarily from the increase of \$14,671 in purchased power costs. Water and Sewer expenses increased \$1,584 from the increase of \$1,329 in water and sewer treatment charges from Miami-Dade County. Solid Waste expenses increased by \$729 mostly from the increase in trucks repair charges and dump fees. The expenses for other utilities remained relatively stable.
- Investment earnings increased by \$138 due to money from Electric FMPA loan not yet spent.

CITY OF HOMESTEAD, FLORIDA

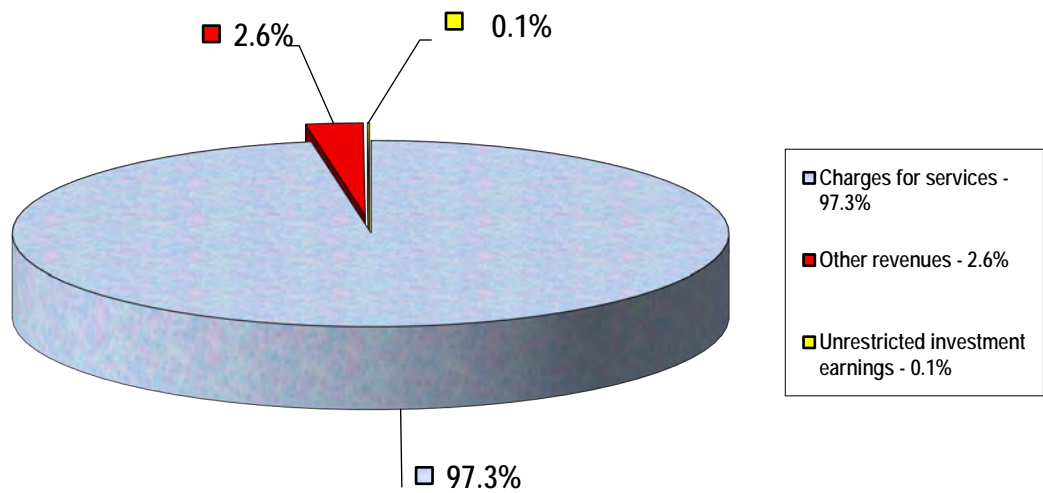
MANAGEMENT'S DISCUSSION AND ANALYSIS

- As of September 30, 2022, except for the CPI adjustment to its water and sewer rates, there was no customer rate increases to Electric, solid waste or stormwater utilities.

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 than 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 2022, the City's governmental funds reported a total fund balance of \$70,757, an increase of \$4,720 from prior year. Out of this amount, \$30,783 or 44% was in *nonspendable* which represents prepaid costs and the long-term note receivable. \$16,201 or 23% 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 \$6,498, or 9%, in *committed* fund balance which includes: 1) *committed* fund balance represented a required reserve in the amount of 10% of the amount of originally budgeted revenues of the general fund of \$5,531, and 2) *committed* fund balance to be used for specific purposes such as public art and transportation of \$967.

The City also has *assigned* \$4,251 or 6% 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. \$13,023 or 18% of the governmental fund balance constitutes *unassigned* fund balance.

The General Fund is the chief operating fund of the City. All revenues, other receipts, expenditures, 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 \$53,808, an increase of \$4,803 from prior year primarily from the increase in property taxes and half cent sales taxes. The General Fund unassigned fund balance of \$13,080 constitutes 24% of the total fund balance which represents an increase of \$2,179 from prior year. 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 18% of total General Fund expenditures, while total fund balance represents 76% of that same amount.

Besides the General Fund, major governmental funds include the Homestead Community Redevelopment Agency, and the American Rescue Plan Fund. The Homestead Community Redevelopment Agency's fund balance increased \$846, from \$2,885 in 2021 to \$3,731 in 2022, primarily due to the unspent monies earmarked for land improvements and grants.

The American Rescue Plan Fund reflects \$19,192 in total funds received from the U.S. Department of Treasury to address impacts of COVID-19, improve Broadband, and improve Water and Sewer infrastructure. \$9,596 was received in FY 2021 and \$9,596 was received in FY 2022. At September 30,

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

2022 the total of \$809 had been expended, \$9 in FY 2021 and \$800 in FY 2022. The balance of unspent funds of \$18,383 is recorded as unearned revenue.

As for other non-major governmental funds, Impact Fees' fund balance decreased by \$2,994 due to parks impact fees being spent on a major park expansion. People's Transportation Plan's fund balance increased by \$2,121 due to higher than expected surtax revenues. The Multimodal Transit Center Fund has a negative fund balance of \$57 which is expected to be offset by revenue from Miami-Dade County in FY 2023.

Blended component unit - Homestead Community Redevelopment Agency (CRA): During fiscal year 2022 the CRA completed projects/activities including continuing support for Seminole Theatre, land acquisitions for future development, and provided both commercial and residential grants to assist small business and CRA residents.

More detail information for the Homestead Community Redevelopment Agency (CRA) may be obtained from its separately issued financial statements.

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.

- For fiscal year 2022, Water & Sewer Utility is reporting an operating income of \$997. *Total net position* increased by \$962 while *unrestricted net position* has a negative balance of \$344 which was an improvement from negative balance of \$1,588 in prior year. In January 2019, the City increased the Water & Sewer rate for the first time since FY 2008, and has since committed to an annual inflation adjustment based on the CPI. While the ultimate goal of the rate increases 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 2022, the Electric Utility reported operating income of \$3,416. Revenues went up by \$18,373 resulting from the increase in power cost adjustment revenues. Total expenses also went up by \$15,266 due to the increase in purchased power costs. *Total net position* increased by \$3,224 while *unrestricted net position* decreased by \$1,277 from a negative balance of \$4,251 in FY 2021 to a negative balance of \$5,528 in FY 2022. The negative unrestricted net position is primarily due to increase in deferred inflows for pension.
- Solid waste had an operating loss of \$854 while other enterprise funds had operating income of \$44. The Solid waste loss is attributed to increases in trash being disposed, some of it from illegal dumping, and for staff overtime. In 2022 the General Fund contributed \$1,200 back to Solid Waste for its assistance to the General Fund in prior years. For FY 2022, Council approved a change in the frequency of trash pick-up that is expected to improve operations.
- In summary, total net position for all proprietary funds increased by \$3,827 from \$36,746 in fiscal year 2021 to \$40,573 in fiscal year 2022. The City continues to monitor all proprietary funds'

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

operations to ensure that the annual revenues sufficient to meet all annual operating expenses and allow for a build-up of reserves for future 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 2022, the City's proprietary financial statements include the QALICB's financial statements for the period from July 1, 2021 to June 30, 2022. QALICB reported a negative net position as of June 30, 2022 of \$2,049. More detailed information for the Homestead Station QALICB may be obtained from its separately issued financial statements.

General Fund Budgetary Highlights

The difference between the original and final amended budget amounted to an increase of \$1,200 during FY 2022. The original budget was amended by \$1,200 for the transfer back to Solid Waste for prior years' assistance made to the General Fund.

The General Fund budgetary comparison schedules can be found on pages 137-138 of this report.

Budgeted revenues compared to actual revenues. Actual General Fund revenues before other financing sources were \$4,099 higher than the final budgeted amount.

- Property taxes were \$191 higher than the budgeted amount due to delinquent taxes collected within the current fiscal year.
- Fuel taxes was \$109 higher than budgeted while half cent sales taxes and intergovernmental revenues were \$2,056 and \$2,207 respectively higher than the budgeted amount as a result of an economic rebounded after the shutdown in FY 2020. The City also received \$915 in FY 2022 in Cares Act reimbursement for costs incurred for COVID-19. This amount was included as part of intergovernmental revenues, as state revenues sharing.
- Investment income showed a loss of \$743 which amount to \$1,009 lower than budgeted amount. This was due to the increase interest rates during the year by the Federal Reserve Bank in order to combat the inflation as mentioned earlier. This result in the unrealized loss on long-term securities held by the City which could not be offset by the short-term earnings.

Budgeted expenditures compared to actual expenditures. The General Fund's expenditures before transfers were \$2,123 lower than budgeted. All of the departments in the General Fund reported positive variances. General government showed a positive variance of \$604. Mayor & Council had a \$123 positive variance mostly from unused internal audit fees.

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Public safety had a positive variance of \$700 mainly from unfilled positions in both the police department and building department.
- In summary, the overall positive variances in general fund expenditures are primarily attributed to the efficiencies of operations, tighter budget constraints and careful management of the City's finances.

Capital Asset and Debt Administration

Capital Assets

The City's capital assets for its governmental and business-type activities as of September 30, 2022 amounted to \$309,804 (net of accumulated depreciation and amortization). Capital assets include land, buildings, improvements other than buildings, furniture & fixtures & equipment, artworks, intangible assets, machinery and equipment, infrastructure, and lease asset. The City's investment in capital assets for FY 2022 decreased by \$532 from previous year. Major capital asset events that occurred during the fiscal year include the following:

- Installed a new roof for CRA building for \$89, funded by the CRA.
- Procurement upgraded bathroom for \$32, funded by the General Fund.
- Improvements to the Cybrarium for \$89, funded by the Cybrarium fund.
- Police purchased a high-density filing system and a back-up server for \$82, a K9 vehicle for \$60, a prisoner transport van for \$66, and 3 others vehicles for \$138, all funded by police impact fees.
- Parks added an artwork to Losner Park for \$75, funded by parks impact fees
- Street and sidewalk replacements and improvements totaling \$202 were funded by the General Fund, and People's Transportation Plan Fund.
- Public works finished traffic light signal upgrade for \$363 funded by public works impact fees and People's Transportation Plan Fund.
- Funded through new equipment financings in FY 2023 were 2 new vehicles for police, chamber projector for City Clerk and a back-up server for IT for a total of \$238.
- Governmental citywide construction-in-progress projects at fiscal year-end 2022 totaled \$11,865. These included projects such as Losner Park expansion, Biscayne Everglades Greenway project, Park Master Plan, Sports Complex Park expansion, and FEMA Hazard Mitigation project. Most of the projects are funded by grants, impact fees, and People's Transportation Plan fund.
- Lease asset amount of \$17,091, as a result of GASB 87 implementation.
- Electric completed Renaissance substation power transformer for \$1,126, Homestead-FPL transmission lines for \$975, several new underground, new overhead and streetlights projects for \$1,590, upgrade of several engines for \$1,057, new air and cooler equipment for \$366, and purchased a bucket truck for \$164. Major construction-in-progress at year end included Renaissance substation expansion for \$1,694, a new substation for \$1,386, advance metering infrastructure of \$894 and downtown infrastructure project for \$373, and FEMA Hazard mitigation for \$844.
- Water and Sewer completed several annual capital projects such as upgrades of various lift stations, and infiltration & inflow project, amounted to \$84.
- Capital assets at fiscal year ended June 30, 2022 for Homestead Station QALICB amounted to \$31,589, net of depreciation.
- Depreciation expense totaled \$10,350 and \$6,149 for governmental activities and business-type activities, respectively.

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 and amortization) | | | | | | | |
| September 30, 2022 and 2021 | | | | | | | |
| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | | |
| | <u>2022</u> | <u>2021</u> | <u>2022</u> | <u>2021</u> | <u>2022</u> | <u>2021</u> | |
| Land | \$ 48,198 | \$ 48,198 | \$ 1,876 | \$ 1,876 | \$ 50,074 | \$ 50,074 | |
| Land improvements | 481 | 510 | - | - | 481 | 510 | |
| Buildings and improvements | 107,594 | 111,474 | 31,421 | 32,200 | 139,015 | 143,674 | |
| Other improvements | 9,619 | 10,841 | - | - | 9,619 | 10,841 | |
| Furniture, fixtures and equipment | 5,158 | 6,503 | - | - | 5,158 | 6,503 | |
| Books | 530 | 681 | - | - | 530 | 681 | |
| Artworks | 1,746 | 1,671 | - | - | 1,746 | 1,671 | |
| Infrastructure | 31,645 | 33,945 | - | - | 31,645 | 33,945 | |
| Utility plant and systems | - | - | 36,851 | 36,008 | 36,851 | 36,008 | |
| Construction in progress | 11,865 | 5,292 | 5,729 | 5,719 | 17,594 | 11,011 | |
| Lease (Right-to-use asset) | 17,091 | - | - | - | 17,091 | - | |
| Total capital assets | <u>\$ 233,927</u> | <u>\$ 219,115</u> | <u>\$ 75,877</u> | <u>\$ 75,803</u> | <u>\$ 309,804</u> | <u>\$ 294,918</u> | |

Additional information on capital assets and lease asset can be found in Note 8 and Note 9 on pages 65-68 of this report.

Long-term Debt

At the end of the current fiscal year, the City had total bonded debt and loans outstanding of \$103,422. The City's bonded debt represents bonds secured by specific revenue sources. Total governmental bonded debt and loans payable amounted to \$59,960. Of this amount \$21,755 was for General Obligation Bonds, Series 2014 and \$27,920 was for Taxable Transportation System Revenue Bonds, Series 2017. Business-type activities bonded debt and loans payable amounted to \$43,462 Electric FMPA Pooled Loan 2021 accounted for \$8,229 and Homestead QALICB Notes payable accounted for \$35,233.

The City's total debt decreased \$2,259 during the current fiscal year:

- Governmental activities debt increased by \$15,676 due to lease liability of \$17,658 from the implementation of GASB 87 as mentioned earlier.
- Business-type activities' debt decreased by \$277. QALICB notes payable increased \$68 from \$35,165 in FY 2021 to \$35,233 in FY 2022; this debt is related to the NMTC transaction involving the parking garage project while Electric FMPA Pooled Loan 2021 decreased \$345 from principal payments during the current fiscal year.

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT’S DISCUSSION AND ANALYSIS

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+. On September 14, 2021, Moody’s removed the City’s negative outlook and affirmed Aa3 rating on its general obligation bonds and A1 on its taxable transportation system revenue bonds. In January 2023, Moody’s upgraded the rating on the taxable transportation system revenue bonds from A1 to Aa3.

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, 2022 and 2021**

| | Governmental | | Business-type | | Total | |
|--|-------------------|------------------|-------------------|------------------|-------------------|-------------------|
| | <u>Activities</u> | | <u>Activities</u> | | | |
| | <u>2022</u> | <u>2021</u> | <u>2022</u> | <u>2021</u> | <u>2022</u> | <u>2021</u> |
| General Obligation Bonds, Series 2014 | \$ 20,480 | \$ 21,045 | \$ - | \$ - | \$ 20,480 | \$ 21,045 |
| Plus: Unamortized Bonds Premium | <u>1,275</u> | <u>1,333</u> | <u>-</u> | <u>-</u> | <u>1,275</u> | <u>1,333</u> |
| Total General Obligation Bonds | 21,755 | 22,378 | - | - | 21,755 | 22,378 |
| Taxable Transportation System Revenue | | | | | | |
| Bonds, Series 2017 | 27,920 | 28,605 | - | - | 27,920 | 28,605 |
| HUD Section 108 Loan | 2,702 | 2,895 | - | - | 2,702 | 2,895 |
| New City Hall Refunding Notes, Series 2021 | 7,583 | 8,064 | - | - | 7,583 | 8,064 |
| Electric FMPA Pooled Loan 2021 | - | - | 8,229 | 8,574 | 8,229 | 8,574 |
| Homestead Station QALICB Notes payable | - | - | 35,233 | 35,165 | 35,233 | 35,165 |
| Lease obligation (right-to-use asset) | <u>17,658</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>17,658</u> | <u>-</u> |
| Total bonds and loans payable | <u>\$ 77,618</u> | <u>\$ 61,942</u> | <u>\$ 43,462</u> | <u>\$ 43,739</u> | <u>\$ 121,080</u> | <u>\$ 105,681</u> |

Additional information on long-term debt and long-term liabilities can be found in Note 11 on pages 69-81 of this report.

Economic Factors and Next Year’s Budgets and Rates

- The City’s FY 2023 original adopted budget reflects anticipated revenues and expenditures of \$228,715.
- The FY 2023 budget provides funding for all capital improvement projects estimated at 15,623.
- For FY 2023, the General Fund required reserve is \$6,176 or 10% of the 2023 adopted budgeted amount of General Fund revenues of \$61,756.
- The City’s taxable property values increased for a tenth consecutive year to an all-time high. Values increased from \$3.749 billion for fiscal year 2022 to \$4.361 billion for fiscal year 2023, an increase of 16.3%. This is the highest property value since FY 2009 when the property value was at \$3.965 billion.

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

- For fiscal year 2023, the City was able to lower its operating millage rate while maintaining the same service levels to its citizen. Operating millage rate for fiscal 2023 was lowered by 0.0621, from 6.2055 mills in fiscal 2022 to 6.1434 mills for fiscal 2023, while the rolled back rate was 5.5056 mills.
- The City also lowered its debt millage rate for the general obligation bonds for fiscal 2023 to 0.3550 mills from 0.4150 mills in Fiscal 2022.
- The City did not increase the electric, stormwater, or solid waste utility rates for the 2023 fiscal year; it did however adjust its water & sewer rates for inflation based on CPI. For Solid Waste, the City did have rates increases in fiscal year 2023.
- According to U.S. Department of Labor, Bureau of Labor Statistics, the City's total population increased from 81,110 in 2021 to 83,012 in 2022. The unemployment rate for the City decreased from 6.4% in 2021 to 2.3% in 2022, a sign of an improved economy since the height of COVID-19 pandemic in FY 2020.
- 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. Circumstances are looking more positive than originally expected since the effects of COVID-19 began to subside and the economy has started to rebound.
- 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 2024 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.

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF HOMESTEAD, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

| | <u>Governmental</u> <u>Activities</u> | <u>Business-Type</u> <u>Activities</u> | <u>Total</u> |
|---|--|---|----------------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 3,466,812 | \$ 3,887,232 | \$ 7,354,044 |
| Investments | 28,656,228 | 2,442,973 | 31,099,201 |
| Receivables, net | 7,898,919 | 21,731,591 | 29,630,510 |
| Lease receivable | - | 44,063 | 44,063 |
| Internal balances | 7,950,000 | (7,950,000) | - |
| Prepaid costs | 92,115 | 165,674 | 257,789 |
| Note receivable | 30,691,104 | - | 30,691,104 |
| Inventories | 201,405 | 3,695,146 | 3,896,551 |
| Deferred power cost adjustment | - | 4,219,155 | 4,219,155 |
| Restricted assets: | | | |
| Cash and cash equivalents | 2,861,090 | 13,078,733 | 15,939,823 |
| Investments | <u>19,587,414</u> | <u>207,449</u> | <u>19,794,863</u> |
| Total current assets | <u>101,405,087</u> | <u>41,522,016</u> | <u>142,927,103</u> |
| Non-current Assets: | | | |
| Capital assets not being depreciated | 61,809,421 | 7,605,449 | 69,414,870 |
| Capital assets being depreciated, net | 155,026,497 | 68,271,694 | 223,298,191 |
| Lease (right-to-use) asset, net | <u>17,090,578</u> | <u>-</u> | <u>17,090,578</u> |
| Sub-total capital assets | 233,926,496 | 75,877,143 | 309,803,639 |
| Lease receivables | - | 17,625,359 | 17,625,359 |
| Asset available for sale | 917,614 | - | 917,614 |
| Net pension asset | <u>4,558,283</u> | <u>3,192,548</u> | <u>7,750,831</u> |
| Total non-current assets | <u>239,402,393</u> | <u>96,695,050</u> | <u>336,097,443</u> |
| TOTAL ASSETS | <u>340,807,480</u> | <u>138,217,066</u> | <u>479,024,546</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows for pensions | 10,271,998 | 2,194,157 | 12,466,155 |
| Deferred outflows for OPEB | <u>131,299</u> | <u>74,745</u> | <u>206,044</u> |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>10,403,297</u> | <u>2,268,902</u> | <u>12,672,199</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | 3,617,187 | 14,659,003 | 18,276,190 |
| Unearned revenue | 21,530,987 | 1,372,770 | 22,903,757 |
| Other liabilities | 831,235 | - | 831,235 |
| Liabilities payable from restricted assets: | | | |
| Customer deposits | - | 5,370,616 | 5,370,616 |
| Current accrued interest payable | <u>553,678</u> | <u>288,744</u> | <u>842,422</u> |
| Total current liabilities | <u>\$ 26,533,087</u> | <u>\$ 21,691,133</u> | <u>\$ 48,224,220</u> |

(Continued)

CITY OF HOMESTEAD, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

(Continued)

| | <u>Governmental</u> <u>Activities</u> | <u>Business-Type</u> <u>Activities</u> | <u>Total</u> |
|---------------------------------------|--|---|-----------------------|
| LIABILITIES (continued): | | | |
| Non-current liabilities: | | | |
| Due within one year : | | | |
| Compensated absences | \$ 1,061,094 | \$ 516,582 | \$ 1,577,676 |
| Equipment financing | 935,095 | 637,633 | 1,572,728 |
| Bonds, notes and loans | 2,058,290 | 683,111 | 2,741,401 |
| Claims and judgements | 1,152,752 | - | 1,152,752 |
| Lease liability | 44,173 | - | 44,173 |
| Due in more than one year: | | | |
| Compensated absences | 2,475,884 | 1,205,361 | 3,681,245 |
| Equipment financing | 1,512,038 | 1,630,847 | 3,142,885 |
| Bonds, notes and loans | 57,902,053 | 42,779,473 | 100,681,526 |
| Net pension liability | 6,314,674 | - | 6,314,674 |
| Total OPEB liability | 7,406,629 | 4,216,329 | 11,622,958 |
| Claims and judgements | 3,752,885 | - | 3,752,885 |
| Lease obligation (right-to-use asset) | 17,614,274 | - | 17,614,274 |
| Total non-current liabilities | <u>102,229,841</u> | <u>51,669,336</u> | <u>153,899,177</u> |
| TOTAL LIABILITIES | <u>128,762,928</u> | <u>73,360,469</u> | <u>202,123,397</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows for leases | - | 17,111,609 | 17,111,609 |
| Deferred inflows for pensions | 17,984,136 | 6,361,928 | 24,346,064 |
| Deferred inflows for OPEB | 5,408,517 | 3,078,876 | 8,487,393 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>23,392,653</u> | <u>26,552,413</u> | <u>49,945,066</u> |
| NET POSITION | | | |
| Net investment in capital assets | 182,035,858 | 37,344,075 | 219,379,933 |
| Restricted : | | | |
| Community redevelopment | 3,730,125 | - | 3,730,125 |
| Fiber optic and rock pit security | 1,555,665 | - | 1,555,665 |
| HUD section 108 loan security | 306,000 | - | 306,000 |
| Grants | 793,283 | - | 793,283 |
| Community development | 943,760 | - | 943,760 |
| Diasater relief | 640,867 | - | 640,867 |
| Parks and recreation | 1,698,068 | - | 1,698,068 |
| Law enforcement | 1,670,597 | - | 1,670,597 |
| Road improvements | 620,745 | - | 620,745 |
| Debt service | 685,802 | 510,121 | 1,195,923 |
| Transit & Transportation | 3,548,913 | - | 3,548,913 |
| Net pension asset | 4,558,283 | 3,192,548 | 7,750,831 |
| Unrestricted | <u>(3,732,770)</u> | <u>(473,658)</u> | <u>(4,206,428)</u> |
| TOTAL NET POSITION | <u>\$ 199,055,196</u> | <u>\$ 40,573,086</u> | <u>\$ 239,628,282</u> |

See notes to basic financial statements.

CITY OF HOMESTEAD, FLORIDA

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2022

| 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 | \$ 15,249,170 | \$ 11,831,050 | \$ 1,567,653 | \$ 545,026 | \$ (1,305,441) | \$ - | \$ (1,305,441) |
| Public safety | 31,258,474 | 1,253,225 | 1,598,943 | - | (28,406,306) | - | (28,406,306) |
| Public works and services | 4,619,991 | 64,933 | 1,700 | 6,246,885 | 1,693,527 | - | 1,693,527 |
| Parks and recreation | 10,696,384 | 1,994,553 | 124,563 | 1,338,901 | (7,238,367) | - | (7,238,367) |
| Disaster relief | 216,809 | - | 461,350 | - | 244,541 | - | 244,541 |
| Interest on long-term debt | 2,335,423 | - | - | - | (2,335,423) | - | (2,335,423) |
| Unallocated depreciation | 2,299,641 | - | - | - | (2,299,641) | - | (2,299,641) |
| Total governmental activities | <u>66,675,892</u> | <u>15,143,761</u> | <u>3,754,209</u> | <u>8,130,812</u> | <u>(39,647,110)</u> | <u>-</u> | <u>(39,647,110)</u> |
| Business-type activities: | | | | | | | |
| Water & sewer | 21,142,394 | 21,067,151 | - | - | - | (75,243) | (75,243) |
| Electric utility | 69,865,504 | 71,984,732 | - | - | - | 2,119,228 | 2,119,228 |
| Solid waste | 14,329,271 | 13,409,703 | - | - | - | (919,568) | (919,568) |
| Stormwater utility | 1,642,438 | 1,686,643 | - | - | - | 44,205 | 44,205 |
| Homestead station QALICB | 1,403,096 | - | - | - | - | (1,403,096) | (1,403,096) |
| Total business-type activities | <u>108,382,703</u> | <u>108,148,229</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(234,474)</u> | <u>(234,474)</u> |
| Total | <u>\$ 175,058,595</u> | <u>\$ 123,291,990</u> | <u>\$ 3,754,209</u> | <u>\$ 8,130,812</u> | <u>(39,647,110)</u> | <u>(234,474)</u> | <u>(39,881,584)</u> |
| General revenues: | | | | | | | |
| Property taxes | | | | | 25,619,680 | - | 25,619,680 |
| Fuel taxes | | | | | 1,297,194 | - | 1,297,194 |
| Franchise taxes (on gross receipts) | | | | | 52,757 | - | 52,757 |
| Utility taxes | | | | | 1,579,957 | - | 1,579,957 |
| Communication service taxes | | | | | 1,576,166 | - | 1,576,166 |
| Half cent sales taxes | | | | | 7,793,915 | - | 7,793,915 |
| Unrestricted intergovernmental revenue | | | | | 5,501,415 | - | 5,501,415 |
| Payment in lieu of taxes | | | | | 7,285,550 | - | 7,285,550 |
| Other revenues | | | | | 1,290,552 | 2,867,357 | 4,157,909 |
| Unrestricted investment earnings (loss) | | | | | (997,203) | 100,644 | (896,559) |
| Transfers | | | | | (1,093,811) | 1,093,811 | - |
| Total general revenues and transfers | | | | | <u>49,906,172</u> | <u>4,061,812</u> | <u>53,967,984</u> |
| Change in net position | | | | | 10,259,062 | 3,827,338 | 14,086,400 |
| Net position, beginning | | | | | <u>188,796,134</u> | <u>36,745,748</u> | <u>225,541,882</u> |
| Net position, ending | | | | | <u>\$ 199,055,196</u> | <u>\$ 40,573,086</u> | <u>\$ 239,628,282</u> |

See notes to basic financial statements.

CITY OF HOMESTEAD, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

| | General | Special Revenue | | | Total Governmental Funds |
|--|----------------------|--|---------------------------|--------------------------|--------------------------|
| | | Homestead Community Redevelopment Agency | American Rescue Plan Fund | Other Governmental Funds | |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 801,808 | \$ 31,774 | \$ - | \$ 2,199,367 | \$ 3,032,949 |
| Investments | 20,094,117 | 3,780,025 | - | 4,782,086 | 28,656,228 |
| Interest receivable on investments | 353,869 | 8,142 | - | 17,311 | 379,322 |
| Account receivables, net | 2,507,369 | 462 | - | 5,000,604 | 7,508,435 |
| Due from other funds | 650,000 | - | - | 3,500,000 | 4,150,000 |
| Prepaid costs | 74,530 | 1,335 | - | 16,250 | 92,115 |
| Notes receivable | 30,691,104 | - | - | - | 30,691,104 |
| Restricted assets: | | | | | |
| Cash and cash equivalents | 182,993 | - | 735,519 | 1,942,578 | 2,861,090 |
| Investments | 1,555,665 | - | 17,776,551 | 255,198 | 19,587,414 |
| Asset available for sale | - | 110,268 | - | 807,346 | 917,614 |
| Total Assets | <u>\$ 56,911,455</u> | <u>\$ 3,932,006</u> | <u>\$ 18,512,070</u> | <u>\$ 18,520,740</u> | <u>\$ 97,876,271</u> |
| LIABILITIES: | | | | | |
| Accounts payable and accrued liabilities | \$ 1,773,453 | \$ 200,546 | \$ - | \$ 1,283,459 | \$ 3,257,458 |
| Due to other funds | - | - | - | 1,500,000 | 1,500,000 |
| Unearned revenue | 498,463 | - | 18,382,979 | 2,649,545 | 21,530,987 |
| Other liabilities | <u>831,235</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>831,235</u> |
| Total liabilities | <u>3,103,151</u> | <u>200,546</u> | <u>18,382,979</u> | <u>5,433,004</u> | <u>27,119,680</u> |
| FUND BALANCES | | | | | |
| <i>Nonspendable :</i> | | | | | |
| Prepaid costs | 74,530 | 1,335 | - | 16,250 | 92,115 |
| Long-term notes receivable | 30,691,104 | - | - | - | 30,691,104 |
| <i>Restricted :</i> | | | | | |
| Community redevelopment | - | 3,730,125 | - | - | 3,730,125 |
| Fiber optic & rock pit security | 1,555,665 | - | - | - | 1,555,665 |
| HUD section 108 loan security | 306,000 | - | - | - | 306,000 |
| Grants | - | - | 129,091 | 664,192 | 793,283 |
| Community development | - | - | - | 943,760 | 943,760 |
| Disaster relief | - | - | - | 640,867 | 640,867 |
| Parks and recreation | - | - | - | 1,698,068 | 1,698,068 |
| Law enforcement | - | - | - | 1,670,597 | 1,670,597 |
| Road improvements | - | - | - | 620,745 | 620,745 |
| General obligation bonds debt service | - | - | - | 94,495 | 94,495 |
| HERO tax increment revenue refunding bonds debt service | - | - | - | 134,941 | 134,941 |
| Taxable transportation system revenue bonds debt service | - | - | - | 456,366 | 456,366 |
| Cybrarium construction from HUD section 108 loan | - | - | - | 7,266 | 7,266 |
| Transit and transportation | - | - | - | 3,548,913 | 3,548,913 |
| <i>Committed :</i> | | | | | |
| Required reserve | 5,530,750 | - | - | - | 5,530,750 |
| Public Art | - | - | - | 878,696 | 878,696 |
| Transportation | - | - | - | 88,402 | 88,402 |
| <i>Assigned :</i> | | | | | |
| Parks and recreation | - | - | - | 258,829 | 258,829 |
| Capital projects | - | - | - | 1,421,924 | 1,421,924 |
| Appropriation of subsequent year's budget | 2,570,529 | - | - | - | 2,570,529 |
| <i>Unassigned :</i> | | | | | |
| General fund | 13,079,726 | - | - | - | 13,079,726 |
| Capital project | - | - | - | (56,575) | (56,575) |
| Total fund balances | <u>53,808,304</u> | <u>3,731,460</u> | <u>129,091</u> | <u>13,087,736</u> | <u>70,756,591</u> |
| Total liabilities and fund balances | <u>\$ 56,911,455</u> | <u>\$ 3,932,006</u> | <u>\$ 18,512,070</u> | <u>\$ 18,520,740</u> | <u>\$ 97,876,271</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, 2022

| | | |
|--|--------------|-----------------------|
| Fund balance - total governmental funds (Page 28) | | \$ 70,756,591 |
| 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. | | 233,840,565 |
| Net pension assets are not available to pay for current period expenditures and, therefore, are not reported in the funds. | | 4,326,588 |
| 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). | | |
| Accrued interest payable on long-term debt | (553,678) | |
| Bonds and loan payable | (59,960,343) | |
| Compensated absences | (3,438,424) | |
| Equipment financing | (2,440,715) | |
| Net pension liability | (6,314,674) | |
| Total OPEB liability | (7,061,376) | |
| Lease obligation (right-to-use asset) | (17,658,447) | |
| Total long-term liabilities | | (97,427,657) |
| Deferred outflows / inflows of resources related to pensions and OPEB (excluding internal service funds) | | |
| Deferred outflows for pensions | 10,112,760 | |
| Deferred outflows for OPEB | 125,179 | |
| Deferred inflows for pensions | (17,522,426) | |
| Deferred inflows for OPEB | (5,156,404) | |
| Total deferred outflows/inflows of resources | | (12,440,891) |
| Net position of governmental activities (Page 26) | | <u>\$ 199,055,196</u> |

CITY OF HOMESTEAD, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2022

| | General | Special Revenue | | | Total Governmental Funds |
|---|----------------------|--|---------------------------|--------------------------|--------------------------|
| | | Homestead Community Redevelopment Agency | American Rescue Plan Fund | Other Governmental Funds | |
| Revenues: | | | | | |
| Property taxes | \$ 19,844,882 | \$ - | \$ - | \$ 1,491,573 | \$ 21,336,455 |
| Fuel taxes | 1,297,194 | - | - | - | 1,297,194 |
| Franchise taxes | 52,757 | - | - | - | 52,757 |
| Utility taxes | 1,579,957 | - | - | - | 1,579,957 |
| Communication service taxes | 1,576,166 | - | - | - | 1,576,166 |
| Half cent sales taxes | 7,793,915 | - | - | - | 7,793,915 |
| Licenses and permits | 2,357,633 | - | - | - | 2,357,633 |
| Intergovernmental | 6,539,451 | 4,283,225 | 800,109 | 11,227,918 | 22,850,703 |
| Charges for services | 1,706,187 | - | - | - | 1,706,187 |
| Fines and forfeitures | 566,019 | - | - | 335,262 | 901,281 |
| Interest earnings (loss) | (743,149) | (94,274) | 126,052 | (285,832) | (997,203) |
| Payments in lieu of taxes | 7,285,550 | - | - | - | 7,285,550 |
| Other revenues | 9,042,077 | 3,382 | - | 1,242,711 | 10,288,170 |
| Total revenues | <u>58,898,639</u> | <u>4,192,333</u> | <u>926,161</u> | <u>14,011,632</u> | <u>78,028,765</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 12,624,005 | 2,060,550 | 111,261 | 366,149 | 15,161,965 |
| Public safety | 32,122,156 | 379,048 | 336,656 | 1,897,371 | 34,735,231 |
| Public works and services | 1,336,076 | 274,037 | 272,289 | 889,885 | 2,772,287 |
| Parks and recreation | 5,913,772 | 425,496 | 79,903 | 781,483 | 7,200,654 |
| Disaster relief | - | - | - | 216,809 | 216,809 |
| Capital outlay | 18,120,183 | 109,033 | - | 7,751,588 | 25,980,804 |
| Debt service: | | | | | |
| Principal | 569,024 | - | - | 1,443,000 | 2,012,024 |
| Interest and fiscal charges | 318,880 | - | - | 2,071,344 | 2,390,224 |
| Total expenditures | <u>71,004,096</u> | <u>3,248,164</u> | <u>800,109</u> | <u>15,417,629</u> | <u>90,469,998</u> |
| Excess (deficiency) of revenues over expenditures | <u>(12,105,457)</u> | <u>944,169</u> | <u>126,052</u> | <u>(1,405,997)</u> | <u>(12,441,233)</u> |
| Other financing sources (uses): | | | | | |
| Issuance of debt (equipment financing) | 285,773 | - | - | 222,858 | 508,631 |
| Lease (right-to-use asset) acquired | 17,746,436 | - | - | - | 17,746,436 |
| Transfers in | 668,751 | 15,978 | - | 2,099,084 | 2,783,813 |
| Transfers out | (1,792,895) | (113,623) | - | (1,971,106) | (3,877,624) |
| Total other financing sources (uses) | <u>16,908,065</u> | <u>(97,645)</u> | <u>-</u> | <u>350,836</u> | <u>17,161,256</u> |
| Net change in fund balances | 4,802,608 | 846,524 | 126,052 | (1,055,161) | 4,720,023 |
| Fund balances, beginning | <u>49,005,696</u> | <u>2,884,936</u> | <u>3,039</u> | <u>14,142,897</u> | <u>66,036,568</u> |
| Fund balances, ending | <u>\$ 53,808,304</u> | <u>\$ 3,731,460</u> | <u>\$ 129,091</u> | <u>\$ 13,087,736</u> | <u>\$ 70,756,591</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, 2022

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

| | | |
|--|----|-----------|
| Net change in fund balances - total governmental funds (Page 30) | \$ | 4,720,023 |
|--|----|-----------|

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. In the current period, this is the amount by which depreciation exceeded capital outlays

The details of the difference are as follows:

| | | |
|---|------------------|-------------|
| Capital outlay | 8,070,390 | |
| Depreciation expense (excluding internal service funds) | (10,319,153) | |
| Amortization expense (lease right-to-use asset) | <u>(655,858)</u> | |
| Net adjustment | | (2,904,621) |

| | | |
|---|--|--------------|
| The net effect of pension deferred outflows/ inflows and retirement contribution expenses | | (13,344,940) |
|---|--|--------------|

| | | |
|---|--|---------|
| The net effect of OPEB deferred outflows/ inflows | | 951,713 |
|---|--|---------|

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:

| | | |
|--|---------------|-----------|
| Equipment financing obligation | (508,631) | |
| Principal payments: | | |
| General obligation bonds | 565,000 | |
| Taxable transportation system revenue bonds, series 2017 | 685,000 | |
| HUD section 108 loan | 193,000 | |
| New City Hall \$10M loan | 481,035 | |
| Equipment financing | 996,415 | |
| Lease (right-to-use) asset payment | 87,989 | |
| Amortization of bond premium | <u>58,120</u> | |
| Total Adjustment | | 2,557,928 |

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 | (411,782) | |
| Change in net pension assets | 2,668,750 | |
| Changes in net pension liability | 16,343,897 | |
| Change in total OPEB liability | (318,587) | |
| Effect of accrued interest on long-term debt (difference between amount that would have been accrued in prior year and current year accrual) | <u>(3,319)</u> | |
| Total Adjustment | | <u>18,278,959</u> |

| | | |
|---|----|-------------------|
| Change in net position of governmental activities (Page 27) | \$ | <u>10,259,062</u> |
|---|----|-------------------|

CITY OF HOMESTEAD, FLORIDA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2022

| | Business-type Activities | | | | | | Internal Service Funds |
|---|--------------------------|----------------------|-------------------|------------------------------|---------------------------------------|------------------------------|------------------------------|
| | Enterprise Funds | | | | | | |
| | Water and Sewer | Electric Utility | Solid Waste | Other Enterprise Funds | Homestead Station QALICB (1) | Total Enterprise Funds | |
| ASSETS | | | | | | | |
| Current assets: | | | | | | | |
| Cash and cash equivalents | \$ 229,865 | \$ 241,130 | \$ 280,735 | \$ 434,245 | \$ 1,282,197 | \$ 2,468,172 | \$ 1,852,923 |
| Investments | 33,024 | 55,878 | 250,491 | 2,103,580 | - | 2,442,973 | - |
| Interest receivable | 71 | 567 | 540 | 4,531 | - | 5,709 | - |
| Account receivables, net | 4,602,244 | 14,504,544 | 1,803,169 | 815,925 | - | 21,725,882 | 11,162 |
| Lease receivable | - | - | - | - | 44,063 | 44,063 | - |
| Due from other funds | - | - | 3,000,000 | 2,250,000 | - | 5,250,000 | 5,500,000 |
| Prepaid costs | 1,729 | 160,323 | - | - | 3,622 | 165,674 | - |
| Inventories | - | 3,695,146 | - | - | - | 3,695,146 | 201,405 |
| Deferred power cost adjustment | - | 4,219,155 | - | - | - | 4,219,155 | - |
| Restricted Assets: | | | | | | | |
| Cash and cash equivalents | 1,511,257 | 11,190,944 | 7,527 | - | 369,005 | 13,078,733 | - |
| Investments | - | 207,449 | - | - | - | 207,449 | - |
| Total current assets | <u>6,378,190</u> | <u>34,275,136</u> | <u>5,342,462</u> | <u>5,608,281</u> | <u>1,698,887</u> | <u>53,302,956</u> | <u>7,565,490</u> |
| Noncurrent assets: | | | | | | | |
| Capital assets not being depreciated | 291,466 | 7,313,983 | - | - | - | 7,605,449 | - |
| Capital assets being depreciated, net | 10,821,427 | 24,131,989 | 1,507,448 | 145,364 | 31,588,955 | 68,195,183 | 162,442 |
| Sub-total capital assets | 11,112,893 | 31,445,972 | 1,507,448 | 145,364 | 31,588,955 | 75,800,632 | 162,442 |
| Lease receivable | - | - | - | - | 17,625,359 | 17,625,359 | - |
| Net pension asset | 394,895 | 1,690,532 | 747,968 | 76,857 | - | 2,910,252 | 513,991 |
| Total non-current assets | <u>11,507,788</u> | <u>33,136,504</u> | <u>2,255,416</u> | <u>222,221</u> | <u>49,214,314</u> | <u>96,336,243</u> | <u>676,433</u> |
| Total assets | <u>17,885,978</u> | <u>67,411,640</u> | <u>7,597,878</u> | <u>5,830,502</u> | <u>50,913,201</u> | <u>149,639,199</u> | <u>8,241,923</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | |
| Deferred outflows for pension | 271,401 | 1,161,861 | 514,059 | 52,822 | - | 2,000,143 | 353,252 |
| Deferred outflows for OPEB | 14,109 | 25,034 | 17,789 | 4,618 | - | 61,550 | 19,315 |
| Total deferred outflows of resources | <u>285,510</u> | <u>1,186,895</u> | <u>531,848</u> | <u>57,440</u> | <u>-</u> | <u>2,061,693</u> | <u>372,567</u> |
| LIABILITIES | | | | | | | |
| Current liabilities: | | | | | | | |
| Accounts payable and accrued liabilities | 2,647,313 | 10,202,664 | 1,336,440 | 18,261 | 328,455 | 14,533,133 | 485,599 |
| Due to other funds | 400,000 | 13,000,000 | - | - | - | 13,400,000 | - |
| Compensated absences | 85,436 | 235,225 | 127,548 | 13,218 | - | 461,427 | 84,722 |
| Unearned revenue | - | - | 1,372,770 | - | - | 1,372,770 | - |
| Current portion of equipment financing | 200,804 | 164,202 | 261,680 | - | - | 626,686 | 13,761 |
| Claims and judgements | - | - | - | - | - | - | 1,152,752 |
| Liabilities payable from restricted assets: | | | | | | | |
| Customer deposits | 1,084,970 | 4,278,119 | 7,527 | - | - | 5,370,616 | - |
| Accrued interest payable | - | - | - | - | 288,744 | 288,744 | - |
| Current portion of notes payable | - | - | - | - | 331,759 | 331,759 | - |
| Current portion of bonds payable | - | 351,352 | - | - | - | 351,352 | - |
| Total current liabilities | <u>4,418,523</u> | <u>28,231,562</u> | <u>3,105,965</u> | <u>31,479</u> | <u>948,958</u> | <u>36,736,487</u> | <u>1,736,834</u> |
| Non-current liabilities: | | | | | | | |
| Compensated absences | 199,350 | 548,858 | 297,616 | 30,842 | - | 1,076,666 | 197,682 |
| Equipment financing | 497,848 | 67,585 | 1,051,403 | - | - | 1,616,836 | 17,615 |
| Notes payable | - | - | - | - | 34,901,424 | 34,901,424 | - |
| Bonds payable | - | 7,878,049 | - | - | - | 7,878,049 | - |
| Total OPEB liability | 795,859 | 1,412,219 | 1,003,409 | 260,514 | - | 3,472,001 | 1,089,581 |
| Claims and judgements | - | - | - | - | - | - | 3,752,885 |
| Total non-current liabilities | <u>1,493,057</u> | <u>9,906,711</u> | <u>2,352,428</u> | <u>291,356</u> | <u>34,901,424</u> | <u>48,944,976</u> | <u>5,057,763</u> |
| Total liabilities | <u>5,911,580</u> | <u>38,138,273</u> | <u>5,458,393</u> | <u>322,835</u> | <u>35,850,382</u> | <u>85,681,463</u> | <u>6,794,597</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Deferred inflows for leases | - | - | - | - | 17,111,609 | 17,111,609 | - |
| Deferred inflows for pensions | 786,925 | 3,368,796 | 1,490,508 | 153,157 | - | 5,799,386 | 1,024,252 |
| Deferred inflows for OPEB | 581,156 | 1,031,239 | 732,717 | 190,236 | - | 2,535,348 | 795,641 |
| Total deferred inflows of resources | <u>1,368,081</u> | <u>4,400,035</u> | <u>2,223,225</u> | <u>343,393</u> | <u>17,111,609</u> | <u>25,446,343</u> | <u>1,819,893</u> |
| NET POSITION | | | | | | | |
| Net investment in capital assets | 10,840,528 | 29,387,488 | 194,365 | 145,364 | (3,275,223) | 37,292,522 | 131,066 |
| Restricted : | | | | | | | |
| Debt service | - | 510,121 | - | - | - | 510,121 | - |
| Net pension asset | 394,895 | 1,690,532 | 747,968 | 76,857 | - | 2,910,252 | 513,991 |
| Unrestricted | (343,596) | (5,527,914) | (494,225) | 4,999,493 | 1,226,433 | (139,809) | (645,057) |
| Total net position | <u>\$ 10,891,827</u> | <u>\$ 26,060,227</u> | <u>\$ 448,108</u> | <u>\$ 5,221,714</u> | <u>\$ (2,048,790)</u> | <u>\$ 40,573,086</u> | <u>\$ -</u> |
| Net position of business-type activities | | | | | | <u>\$ 40,573,086</u> | |

(1) Homestead Station QALICB fiscal year end is June 30, 2022.

See notes to basic financial statements.

CITY OF HOMESTEAD, FLORIDA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 2022

| | Business-type Activities | | | | | Total Enterprise Funds | Internal Service Funds |
|--|--------------------------|----------------------|-------------------|------------------------|------------------------------|------------------------|------------------------|
| | Water and Sewer | Electric Utility | Solid Waste | Other Enterprise Funds | Homestead Station QALICB (1) | | |
| Operating revenues: | | | | | | | |
| Charges for services | \$ 21,067,151 | \$ 71,958,569 | \$ 13,409,703 | \$ 1,686,643 | \$ - | \$ 108,122,066 | \$ 22,260,910 |
| Other revenues | <u>1,051,261</u> | <u>1,133,571</u> | <u>36,805</u> | <u>-</u> | <u>645,720</u> | <u>2,867,357</u> | <u>235,111</u> |
| Total operating revenues | <u>22,118,412</u> | <u>73,092,140</u> | <u>13,446,508</u> | <u>1,686,643</u> | <u>645,720</u> | <u>110,989,423</u> | <u>22,496,021</u> |
| Operating expenses: | | | | | | | |
| Personnel services | 2,666,737 | 3,568,203 | 3,430,666 | 732,906 | - | 10,398,512 | 3,551,603 |
| Administration | - | - | - | - | - | - | 1,035,784 |
| Purchased power | - | 47,734,173 | - | - | - | 47,734,173 | - |
| Insurance and claims | - | - | - | - | 4,022 | 4,022 | 11,905,645 |
| Other operating expenses | 17,379,711 | 14,871,373 | 10,413,115 | 809,760 | 131,367 | 43,605,326 | 5,899,236 |
| Depreciation | <u>1,075,459</u> | <u>3,502,597</u> | <u>457,050</u> | <u>99,772</u> | <u>967,635</u> | <u>6,102,513</u> | <u>76,788</u> |
| Total expenses | <u>21,121,907</u> | <u>69,676,346</u> | <u>14,300,831</u> | <u>1,642,438</u> | <u>1,103,024</u> | <u>107,844,546</u> | <u>22,469,056</u> |
| Operating income (loss) | <u>996,505</u> | <u>3,415,794</u> | <u>(854,323)</u> | <u>44,205</u> | <u>(457,304)</u> | <u>3,144,877</u> | <u>26,965</u> |
| Non-operating revenues (expenses): | | | | | | | |
| Interest income (loss) | (844) | 33,303 | (6,631) | (57,869) | 132,685 | 100,644 | - |
| Interest expense | <u>(20,487)</u> | <u>(189,158)</u> | <u>(28,440)</u> | <u>-</u> | <u>(300,072)</u> | <u>(538,157)</u> | <u>(802)</u> |
| Total non-operating revenues (expenses) | <u>(21,331)</u> | <u>(155,855)</u> | <u>(35,071)</u> | <u>(57,869)</u> | <u>(167,387)</u> | <u>(437,513)</u> | <u>(802)</u> |
| Income (loss) before contributions and transfers | <u>975,174</u> | <u>3,259,939</u> | <u>(889,394)</u> | <u>(13,664)</u> | <u>(624,691)</u> | <u>2,707,364</u> | <u>26,163</u> |
| Transfers in | - | - | 1,200,000 | - | - | 1,200,000 | - |
| Transfers out | <u>(13,082)</u> | <u>(36,197)</u> | <u>(24,206)</u> | <u>(6,541)</u> | <u>-</u> | <u>(80,026)</u> | <u>(26,163)</u> |
| Total contribution and transfers | <u>(13,082)</u> | <u>(36,197)</u> | <u>1,175,794</u> | <u>(6,541)</u> | <u>-</u> | <u>1,119,974</u> | <u>(26,163)</u> |
| Change in net position | 962,092 | 3,223,742 | 286,400 | (20,205) | (624,691) | 3,827,338 | - |
| Net position, beginning | <u>9,929,735</u> | <u>22,836,485</u> | <u>161,708</u> | <u>5,241,919</u> | <u>(1,424,099)</u> | <u>36,745,748</u> | <u>-</u> |
| Net position, ending | <u>\$ 10,891,827</u> | <u>\$ 26,060,227</u> | <u>\$ 448,108</u> | <u>\$ 5,221,714</u> | <u>\$ (2,048,790)</u> | <u>\$ 40,573,086</u> | <u>\$ -</u> |

(1) Homestead Station QALICB fiscal year end is June 30, 2022.

CITY OF HOMESTEAD, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2022

| | 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 (used in) operating activities: | | | | | | | |
| Cash received from customers | \$ 21,835,786 | \$ 60,514,793 | \$ 14,463,502 | \$ 1,779,359 | \$ - | \$ 98,593,440 | \$ - |
| Cash payments to suppliers | (16,450,136) | (58,492,092) | (10,191,781) | (870,280) | (52,777) | (86,057,066) | (18,676,307) |
| Cash received from/(to) other funds | (1,338,771) | 9,825,451 | (2,012,477) | (250,000) | - | 6,224,203 | 23,296,021 |
| Cash payments to employees | (3,421,514) | (5,232,587) | (4,167,695) | (918,575) | - | (13,740,371) | (3,175,776) |
| Net cash provided by (used in) operating activities | <u>625,365</u> | <u>6,615,565</u> | <u>(1,908,451)</u> | <u>(259,496)</u> | <u>(52,777)</u> | <u>5,020,206</u> | <u>1,443,938</u> |
| Cash flows from (used in) noncapital financing activities: | | | | | | | |
| Transfers from other funds | - | - | 1,200,000 | - | - | 1,200,000 | - |
| Transfers to other funds | (13,082) | (36,197) | (24,206) | (6,541) | - | (80,026) | (26,163) |
| Net cash provided by (used in) noncapital financing activities | <u>(13,082)</u> | <u>(36,197)</u> | <u>1,175,794</u> | <u>(6,541)</u> | <u>-</u> | <u>1,119,974</u> | <u>(26,163)</u> |
| Cash flows from (used in) capital and related financing activities: | | | | | | | |
| Proceeds from financing debt | 426,287 | - | - | - | 68,199 | 494,486 | - |
| Acquisition and construction of capital assets | (227,703) | (5,763,776) | (39,850) | (37,100) | (154,599) | (6,223,028) | - |
| Principal paid on long term debt | (170,945) | (561,424) | (256,426) | - | - | (988,795) | (13,474) |
| Interest paid on long term debt | (20,487) | (189,158) | (28,440) | - | (200,466) | (438,551) | (802) |
| Net cash provided by (used in) capital and related financing activities | <u>7,152</u> | <u>(6,514,358)</u> | <u>(324,716)</u> | <u>(37,100)</u> | <u>(286,866)</u> | <u>(7,155,888)</u> | <u>(14,276)</u> |
| Cash flows from (used in) investing activities: | | | | | | | |
| Purchases of investments | (1,946) | (55,051) | (13,456) | (111,525) | - | (181,978) | - |
| Proceeds from sales and maturities of investments | 1,633 | 2,325,179 | 11,070 | 91,494 | - | 2,429,376 | - |
| Interest received from investments | 364 | 81,846 | 2,547 | 19,211 | - | 103,968 | - |
| Proceeds from collection of lease receivable | - | - | - | - | 87,907 | 87,907 | - |
| Interest earned on lease receivable | - | - | - | - | 132,685 | 132,685 | - |
| Net cash provided by (used in) investing activities | <u>51</u> | <u>2,351,974</u> | <u>161</u> | <u>(820)</u> | <u>220,592</u> | <u>2,571,958</u> | <u>-</u> |
| Net increase (decrease) in cash and cash equivalents | <u>619,486</u> | <u>2,416,984</u> | <u>(1,057,212)</u> | <u>(303,957)</u> | <u>(119,051)</u> | <u>1,556,250</u> | <u>1,403,499</u> |
| Cash and cash equivalents, beginning | <u>1,121,636</u> | <u>9,015,090</u> | <u>1,345,474</u> | <u>738,202</u> | <u>1,770,253</u> | <u>13,990,655</u> | <u>449,424</u> |
| Cash and cash equivalents, ending | <u>\$ 1,741,122</u> | <u>\$ 11,432,074</u> | <u>\$ 288,262</u> | <u>\$ 434,245</u> | <u>\$ 1,651,202</u> | <u>\$ 15,546,905</u> | <u>\$ 1,852,923</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | | | | |
| Operating income (loss) | \$ 996,505 | \$ 3,415,794 | \$ (854,323) | \$ 44,205 | \$ (457,304) | \$ 3,144,877 | \$ 26,965 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | | | |
| Depreciation | 1,075,459 | 3,502,597 | 457,050 | 99,772 | 967,635 | 6,102,513 | 76,788 |
| Change in power cost adjustment | - | (10,657,460) | - | - | - | (10,657,460) | - |
| Net changes in assets, liabilities and deferred inflows/outflows: | | | | | | | |
| (Increase) decrease in: | | | | | | | |
| Interest receivable | 16 | 640 | 120 | 1,016 | - | 1,792 | - |
| Accounts receivables | (395,704) | (2,207,471) | 612,296 | 91,700 | - | (1,899,179) | (5,723) |
| Due from other funds | - | - | (2,000,000) | (250,000) | - | (2,250,000) | 800,000 |
| Prepaid costs | (1,729) | 12,013 | - | - | (3,622) | 6,662 | - |
| Inventories | - | (30,558) | - | - | - | (30,558) | 9,264 |
| Net pension asset | (394,895) | (1,690,532) | (747,968) | (76,857) | - | (2,910,252) | (513,991) |
| Deferred outflows for pensions | 62,858 | 232,504 | 148,553 | 9,798 | - | 453,713 | 107,614 |
| Deferred outflows for OPEB | (640) | (3,108) | (2,819) | 336 | - | (6,231) | (3,197) |
| Increase (decrease) in: | | | | | | | |
| Accounts payable and accrued liabilities | 192,533 | 2,457,450 | 208,857 | (60,520) | 86,234 | 2,884,554 | (216,871) |
| Due to other funds | (600,000) | 11,500,000 | - | - | - | 10,900,000 | - |
| Compensated absences | (15,235) | (36,685) | 19,129 | 975 | - | (31,816) | 47,855 |
| Unearned revenue | - | - | 404,778 | - | - | 404,778 | - |
| Customer deposits | 113,062 | 286,944 | (200) | - | - | 399,806 | - |
| Net pension liability | (656,829) | (2,739,979) | (1,302,056) | (123,050) | - | (4,821,914) | (905,619) |
| Total OPEB liability | (47,091) | 39,875 | 66,502 | (49,551) | - | 9,735 | 80,725 |
| Claims and judgements | - | - | - | - | - | - | 377,688 |
| Deferred inflows for leases | - | - | - | - | (645,720) | (645,720) | - |
| Deferred inflows for pensions | 682,034 | 2,931,237 | 1,282,577 | 133,507 | - | 5,029,355 | 879,627 |
| Deferred inflows for OPEB | (384,979) | (397,696) | (200,947) | (80,827) | - | (1,064,449) | 682,813 |
| Total adjustments | <u>(371,140)</u> | <u>3,199,771</u> | <u>(1,054,128)</u> | <u>(303,701)</u> | <u>404,527</u> | <u>1,875,329</u> | <u>1,416,973</u> |
| Net cash provided by (used in) operating activities | <u>\$ 625,365</u> | <u>\$ 6,615,565</u> | <u>\$ (1,908,451)</u> | <u>\$ (259,496)</u> | <u>\$ (52,777)</u> | <u>\$ 5,020,206</u> | <u>\$ 1,443,938</u> |
| Non-cash investing, capital and financing activities: | | | | | | | |
| Borrowing under equipment financing | \$ 426,287 | \$ - | \$ - | \$ - | \$ - | \$ 426,287 | \$ - |
| Change in fair value of investments | \$ (1,208) | \$ (48,543) | \$ (9,178) | \$ (77,080) | \$ - | \$ (136,009) | \$ - |

(1) Homestead Station QALICB fiscal year end is June 30, 2022.

CITY OF HOMESTEAD, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2022

| | <u>Pension Trust Funds</u> |
|---|------------------------------------|
| ASSETS | |
| Cash and cash equivalent | \$ 10,631,512 |
| Receivables: | |
| Other receivables | 1,163 |
| Contributions | 62,144 |
| Accrued investment income | 570,831 |
| Total receivables | <u>634,138</u> |
| Other Asset | <u>391,369</u> |
| Investments: | |
| U.S. Government Securities | 6,015,426 |
| Municipal obligations | 10,618,456 |
| Corporate bonds | 32,961,322 |
| Mortgage backed securities | 4,436,816 |
| Hedge funds | 326,799 |
| Preferred stock | 52,890 |
| Mutual funds - fixed income | 15,367,545 |
| Mutual funds - equities | 20,369,402 |
| Common stocks | 102,490,250 |
| Real estate | 5,603,065 |
| Other | 6,062,990 |
| Total investments | <u>204,304,961</u> |
| Total Assets | <u>215,961,980</u> |
| LIABILITIES | |
| DROP Payable | 12,214 |
| Accounts payable | 471,551 |
| Total Liabilities | <u>483,765</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Prepaid City contribution | 52,416 |
| Total deferred inflows of resources | <u>52,416</u> |
| NET POSITION RESTRICTED FOR PENSION BENEFITS | <u><u>\$ 215,425,799</u></u> |

Note:: Data from Elected Officials' Retirement Plan, the New Elected Officials' and Senior Management Retirement Plan, and the Firefighters' Retirement System are reported as of December 31, 2021.

CITY OF HOMESTEAD, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FISCAL YEAR ENDED SEPTEMBER 30, 2022

| | <u>Pension Trust Funds</u> |
|--|------------------------------------|
| ADDITIONS | |
| Contributions: | |
| City | \$ 7,227,708 |
| Employees | 1,093,798 |
| State | 994,859 |
| Total contributions | <u>9,316,365</u> |
| Investment income: | |
| Investment earnings | 6,418,070 |
| Net appreciation (depreciation) in fair value of investments | (33,001,985) |
| Less investment expenses | (1,040,569) |
| Net investment income | <u>(27,624,484)</u> |
| Other revenues | <u>3,420</u> |
| Total additions (reductions) | <u>(18,304,699)</u> |
| DEDUCTIONS | |
| Pension benefits | 11,845,826 |
| DROP benefits | 333,173 |
| Refunds | 4,042 |
| Administrative expenses | 437,864 |
| Total deductions | <u>12,620,905</u> |
| Change in net position | (30,925,604) |
| NET POSITION RESTRICTED FOR PENSION BENEFITS | |
| Beginning of year | <u>246,351,403</u> |
| End of year | <u>\$ 215,425,799</u> |

Note: Data from Elected Officials' Retirement Plan, the New Elected Officials' and Senior Management Retirement Plan, and the Firefighters' Retirement System are reported as of December 31, 2021.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2022

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CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2022

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, 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 and 3) the organization’s total debt outstanding is expected to be repaid (liquidated) almost entirely with the resources of the City.

For FY 2022, the City’s financial statements include Homestead Station QALICB’s financial statements for the period from July 1, 2021 to June 30, 2022.

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 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)

This 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.

American Rescue Plan Fund (ARPA)

This fund was established to account for the receipt and expenditure related to federal funding provided to assist with Covid-19/post pandemic related costs and lost revenue recovery.

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 Management, Health Self-Insurance and Other Self-Insurance which includes Property, Liability and Workers' Compensation. The City maintains one internal service fund, Customer Service, which is classified as a business-type activity since it only provides services to the enterprise funds.

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.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 87, *Lease*, establishes a uniform approach for lease accounting based on the principle that leases are financings of the right to use an underlying asset. In accordance with the statement, parties to a lease agreement, the lessee and lessor, are required to recognize a lease liability and an intangible right-to-use lease asset (a capital asset hereinafter referred to as the lease asset), and a lease receivable and deferred inflow of resources, respectively. The new lease standard also requires enhanced disclosure which include a general description of the leasing arrangement, the aggregated amount of resource inflows and outflows recognized from lease contracts, including those not included in the measurement of the lease liability and receivable, and the disclosure of the long-term effect of lease arrangements on a government's resources.
- GASB Statement No. 92, *Omnibus 2020*, addresses practice issues that were identified during implementation and application of certain GASB Statements. The Statement addresses a variety of topics including Leases, Intra-Entity Transfers of Assets, Assets Accumulated for Defined Benefit Postemployment Benefits, Fiduciary Activities, Asset Retirement Obligations, Reinsurance Recoveries, Nonrecurring Fair Value Measurements, and Derivative Instruments. The adoption of Statement No. 92 had no impact on the City's current accounting practices or its financial reporting.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*, addresses those and other accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate (IBOR). The primary objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate. This Statement did not have a material effect on the City's financial statements.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, The main objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONCEMENTS (Continued)

(other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. This Statement had no impact on the City's current accounting practices or its financial reporting.

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 Homestead Station QALICB, proceeds from HUD Section 108 loan for the Cybrarium project, proceeds from U.S Treasury for the America Rescue Plan Act, proceeds from Electric Utility bond series 2019, proceeds held with a fiscal agent for the Electric Utility FMPA Pooled Loan Project Note, Series 2021-1, as well as escrow accounts for unspent proceeds from equipment financing, 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

The City has adopted an investment policy that adheres to state statutes. 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.

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)

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, 2022, the internal balances between governmental activities and business-type activities are \$7,950,000.

Payables at year end include amounts owed to (1) suppliers for goods and services rendered but not yet paid; (2) retainage payable on construction contracts and (3) accrued liabilities such as accrued payroll expenses.

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

4. *Prepaid Costs*

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. *Restricted Assets / Payables from 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 (payable from restricted assets). All applicable assets in the governmental funds and in the enterprise funds have been restricted in amounts sufficient to meet restrictive purposes.

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)

7. *Capital Assets*

Assets, whether tangible or intangible, with an initial, individual cost of \$5,000 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.

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.

The leases (right-of-use assets) are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The leases (right-of-use assets) are amortized on a straight-line basis over the life of the related lease agreement.

Capital assets of the City except artworks, which do not depreciate, 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 |
| Books | 5 |
| Infrastructure | 40-50 |
| Right-to-use asset | 20-30 |

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. *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. Purchase cost adjustment (PCA) is a mechanism that allows for the recovery of the difference between the cost of purchased energy and the revenue generated from the sale of that energy, without resorting to a permanent rate change. If, from time to time, the PCA rate is not revised, the result could be an under-recovery (where revenues generated by the PCA do not cover the purchased energy) or over-recovery (where the revenues generated by the PCA exceed the purchased energy). The Electric Utility increased the PCA rate in June 2022 in order to recover the increased cost of energy purchased during fiscal year 2022. However, at September 30, 2022, the Electric Utility has an under-recovery of \$4,219,155.

9. *Unearned Revenues*

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

10. *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 assets 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 two items that qualify for reporting in this category: pensions outflows related to pension investment gains and losses and employer pension contributions made subsequent to the measurement date, which will be recognized in the future fiscal years, and OPEB outflows which is a GASB-75 term for actuarial losses.

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. 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 assets 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 three items that qualify for reporting in this category: pension inflows which is the difference between the expected and actual pension expenses which is amortized over the investment terms of the pension assets, OPEB inflows which is a GASB-75 term for actuarial gains, and QALICB's deferred inflows for leases related to GASB 87 which is the initial value of the lease receivable plus any payments received at or before the start of the lease related to future periods.. These amounts are deferred and will be recognized as revenue in the period that the amounts meet the recognition criteria.

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.

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)

13. Long-Term Obligations (continued)

For the purposes of measuring the net pension liability, information about the fiduciary net position of the City's pension plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

The City is financing the post-employment benefits on a pay-as-you-go basis as no assets are held in trust for payment of the OPEB liability. The City records the OPEB liability, as determined by an actuarial valuation, in its proprietary and government-wide financial statements. See Note 13 for further information on OPEB.

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. In addition, any asset arising from pension or OPEB will have a corresponding restricted net position. *Unrestricted* net position consists of all net position that does not meet the definition of either of the other two components.

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 long-term notes receivable or (b) legally or contractually required to be maintained intact such as a trust that must be retained in perpetuity.

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)

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 City 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.

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.

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)

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.

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.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. OTHER SIGNIFICANT POLICIES (Continued)

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, 2022, 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, 2021, upon which the 2021-2022 levy was based was approximately \$3.75 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 2021-2022 fiscal year is 6.2055 mills (\$6.2055 per \$1,000 of assessed valuation) and 0.4150 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 \$50,000 but not greater than \$65,000, a minimum of three vendors' quotations must be obtained and City Council approval is required. Where the sums to be paid for the purchase of such supplies, materials, equipment or improvements or services is in excess of \$65,000, no contract shall be entered into until public invitation to bid shall have been published one 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. There are certain exceptions to the procurement authorization limits and processes enumerated in City Code Section 2-411.1

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 (Continued)

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, certificates 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 | \$ 122,234 | |
| U.S. Treasury Securities: | | | |
| United States Treas Bills | 10/20/2022 | 2,397,168 | Aaa |
| United States Treas Notes | 12/31/2022 | 4,959,250 | Aaa |
| U.S. Government Agencies: | | | |
| Federal Farm Cr Banks Cons Systemwide Bonds | 2023 | 2,891,405 | Aaa |
| Federal Home Loan Banks | 4/15/2024 | 938,290 | Aaa |
| Federal National Mortgage Association | 6/14/2024 | 4,662,350 | Aaa |
| Federal Home Loan Bks Cons Bond | 8/28/2024 | 1,850,640 | Aaa |
| Federal Home Loan Bks Cons Bond Step-up | 1/29/2026 | 882,610 | Aaa |
| Federal Home Loan Banks | 6/22/2026 | 4,431,250 | Aaa |
| Small Business Administration Guaranteed Loan Pool Certificates | 2023 | 1,829 | Aaa |
| Small Business Administration Guaranteed Loan Pool Certificates | 2026 | 41,242 | Aaa |
| Small Business Administration Guaranteed Loan Pool Certificates | 2027 | 79,591 | Aaa |
| Small Business Administration Guaranteed Development Participation Debt | 11/1/2027 | 45,788 | Aaa |
| Small Business Administration Guaranteed Development Participation Certificate | 9/1/2028 | 72,095 | Aaa |
| Small Business Administration Guaranteed Development Participation Debt | 6/1/2031 | 131,662 | Aaa |
| Small Business Administration Guaranteed Development Participation Certificate | 7/1/2031 | 108,761 | Aaa |
| Small Business Administration Guaranteed Development Participation Debt | 4/1/2033 | 221,479 | Aaa |
| Municipal Bonds: | | | |
| New York NY City Transitional Fin Auth Rev Future Tax Secured Subordinate | 11/1/2023 | 825,215 | Aaa |
| New York St Environmental Facs Corp Rev St Revolving Fds | 11/15/2023 | 350,483 | Aaa |
| Pennsylvania St Tpk Common Spl Oblig Spl Oblig Bonds 2014 | 12/1/2023 | 148,243 | Aaa |
| Los Angeles County Calif Met Transn Auth Sales Tax Rev | 6/1/2024 | 216,776 | Aa1 |
| Upper Occoquan Sew Auth VA Regl Sew Rev Rev Ref Bonds 2013A | 7/1/2024 | 730,035 | Aa1 |
| Lake Cnty Illinois Go Sales tax Alt Rev Source Ref Bonds 2018 | 11/30/2024 | 258,980 | Aaa |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

B. INVESTMENTS - CITY (Continued)

| <u>Pooled Investments (continued)</u> | <u>Maturity</u> | <u>Fair Value or Amortized Cost</u> | <u>Rating (Moody's)</u> |
|--|-----------------|---|-----------------------------|
| Corporate Bonds: | | | |
| The Toronto Dominion Bank | 4/3/2023 | 986,280 | Aaa |
| Commercial Paper: | | | |
| Anglesea FDG PLC/LLC Disc Coml Paper | 10/19/2022 | 3,993,477 | P1 |
| Certificates of Deposits | | <u>1,555,665</u> | |
| Total Pooled Investments | | <u>32,902,798</u> | |
| Deposits | | <u>13,022,559</u> | |
| Total Pooled Cash & Investments | | <u>\$ 45,925,357</u> | |

Proceeds from HUD Section 108 loan for the Cybrarium project, proceeds received from the U.S. Treasury on May 26, 2021 and on June 4, 2022 for the American Rescue Plan Act, proceeds from Electric Utility bond issuance on July 29, 2019 for the acquisition of land and the construction of an expansion to an Electric Utility Substation, proceeds held with fiscal agent for Electric Utility FMPA Pooled Loan Project Note, Series 2021, dated June 30, 2021, 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, 2022 are as follow:

| | <u>Maturity</u> | <u>Fair Value or Amortized Cost</u> | <u>Rating (Moody's)</u> |
|--|-----------------|---|-----------------------------|
| Money Market Mutual Funds | Daily | \$ 248,265 | - |
| Commercial Papers : Mountcliff FDG LLC Disc Coml Paper | | 13,744,031 | P1 |
| Anglesea FDG PLC/LLC Disc Coml Paper | | <u>3,998,970</u> | P1 |
| Total Non-Pooled Investments | | <u>17,991,266</u> | |
| Deposits | | <u>3,194,298</u> | |
| Total Non-Pooled Cash & Investments : | | <u>\$ 21,185,564</u> | |
| TD Bank as Fiscal Agent for Electric FMPA Pooled Loan | | <u>\$ 6,402,704</u> | |
| Equipment financing escrow | | <u>674,306</u> | |
| Total Cash and Investments for the City | | <u>\$ 74,187,931</u> | |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

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, 2022.

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 counterparty 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 following summarizes the City's policy on the allowable and the actual concentration in each investment type on September 30, 2022:

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)*

| <u>Investment Type</u> | <u>Policy Maximum</u> | <u>Actual Investment</u> |
|---|---------------------------|------------------------------|
| Money Market Mutual Funds | 100% | 0.5% |
| U.S. Treasury Securities | 100% | 9.9% |
| U.S. Government Agency Securities (Bonds & ABS) | 75% | 22.1% |
| Obligations Issued by any State of the U.S. (Municipal Bonds) | 50% | 3.4% |
| Collateralized Variable Bonds (Corporate Bonds) | 20% | 1.3% |
| Commercial Papers | 20% | 29.3% |
| Certificates of Deposit | 100% | 2.1% |
| Deposits (includes equipment financing escrow & TD Fiscal Agent)) | 100% | 31.4% |
| | | <u>100.0%</u> |

The investments held at year-end are all within the allowable percentages, except for commercial papers which at year-end exceeded the policy maximum. This resulted from the sale or loss on other investment types before the end of the fiscal year, resulting in an increase to the commercial papers percentage being over the 20% policy maximum. Management considered it prudent to not liquidate the commercial papers to avoid realizing a loss on the liquidation of the investments.

GASB Statement No. 40 requires disclosure when 5% or more of the portfolio is invested in any one issuer. At September 30, 2022, the City held the following concentrations:

| <u>Issuer</u> | <u>Percentage of Portfolio</u> |
|---------------------------------------|------------------------------------|
| U.S. Treasury Securities | 9.9% |
| Federal Home Loan Banks | 10.9% |
| Federal National Mortgage Association | 6.3% |
| Mountcliff FDG LLC | 18.5% |
| Anglesea FDG PLC/LLC | 10.8% |

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.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

D. FAIR VALUE MEASUREMENT- CITY (Continued)

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.

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, 2022:

- U.S Treasury securities of \$7.36 million are valued using quoted market prices in active markets (Level 1);
- U.S Government bonds of \$15.66 million are valued using observable market prices in active markets (Level 2);
- Asset backed securities of \$0.7 million are valued using multi-dimensional, collateral specific spread/price/prepayment spread tables (Level 2);
- Municipal bonds of \$2.53 million are valued using matrix pricing models (Level 2);
- Corporate bonds of \$1 million are valued using quoted market prices of similar assets (Level 2).

As of September 30,2022, the City did not have any Level 3 investments.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

C. FAIR VALUE MEASUREMENT- CITY (Continued)

| <u>Investments by Fair value level</u> | <u>9/30/2022</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) |
| <u>Debt Securities:</u> | | | | |
| U.S. Treasury Securities | \$ 7,356,418 | \$ 7,356,418 | \$ - | \$ - |
| U.S. Government bonds | 15,656,545 | - | 15,656,545 | - |
| Asset Backed Securities | 702,447 | - | 702,447 | - |
| Municipal bonds | 2,529,732 | - | 2,529,732 | - |
| Corporate bonds | 986,280 | - | 986,280 | - |
| Total investments measured by fair value level | 27,231,422 | \$ 7,356,418 | \$ 19,875,004 | \$ - |
| Money markets funds (exempt) | 370,499 | | | |
| Commercial paper (exempt) | 21,736,478 | | | |
| Certificates of deposit (exempt) | 1,555,665 | | | |
| Total investments | \$ 50,894,064 | | | |

Reconciliation of Cash and Investments for the City:

| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total</u> |
|--|---------------------|-------------------|---------------|
| Total demand deposits | \$ 7,354,044 | \$ 8,862,813 | \$ 16,216,857 |
| Total equipment financing escrow | - | 674,306 | 674,306 |
| Total deposit with fiscal agent | - | 6,402,704 | 6,402,704 |
| Total cash and cash equivalents | 7,354,044 | 15,939,823 | 23,293,867 |
| Total investments measured at fair value level | 26,983,490 | 247,932 | 27,231,422 |
| Total money market mutual funds | 122,234 | 248,265 | 370,499 |
| Total commercial paper | 3,993,477 | 17,743,001 | 21,736,478 |
| Total certificates of deposits | - | 1,555,665 | 1,555,665 |
| Total investments | 31,099,201 | 19,794,863 | 50,894,064 |
| Total cash and investments for the City @ 09/30/22 | \$ 38,453,245 | \$ 35,734,686 | \$ 74,187,931 |

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, 2022:

Governmental activities:

| | | |
|--|----|-------------------|
| Forfeiture | \$ | 1,578,024 |
| Fiber optic ring security | | 100,000 |
| Rock pit security | | 1,455,665 |
| American Rescue Plan proceed | | 18,512,070 |
| Equipment financing escrow | | 248,019 |
| General obligation bonds debt service | | 91,094 |
| Taxable transportation system revenue bonds debt service | | 456,366 |
| HUD Section 108 loan proceed | | <u>7,266</u> |
| Subtotal governmental activities | | <u>22,448,504</u> |

Business-type activities:

| | | |
|--|----|-------------------|
| Customer deposits | | 5,370,616 |
| Electric utility 2021 FMPA pooled loan debt service | | 510,121 |
| QALICB restricted deposits | | 369,005 |
| Equipment financing escrow | | 426,287 |
| Electric Bonds Series 2019 proceed | | 207,449 |
| Electric utility 2021 FMPA loan proceed held with fiscal agent | | <u>6,402,704</u> |
| Subtotal business-type activities | | <u>13,286,182</u> |
| Total restricted cash, cash equivalents and investments | \$ | <u>35,734,686</u> |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 4. RECEIVABLES

Receivables as of September 30, 2022 for the City's major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

Governmental activities receivables:

| | <u>General</u> | Homestead <u>CRA</u> | Other <u>Governmental</u> | Internal <u>Service</u> | <u>Total</u> |
|--|---------------------|-------------------------|------------------------------|----------------------------|---------------------|
| Utility Billed | \$ 365,615 | \$ - | \$ - | \$ - | \$ 365,615 |
| Utility Unbilled | 121,412 | - | - | - | 121,412 |
| Property taxes receivables | 61,822 | - | 3,401 | - | 65,223 |
| Grant receivables | - | - | 3,731,930 | - | 3,731,930 |
| Intergovernmental receivables | 1,915,159 | - | 1,265,273 | - | 3,180,432 |
| Miscellaneous receivables | 546,097 | 462 | - | 11,162 | 557,721 |
| Gross receivables | 3,010,105 | 462 | 5,000,604 | 11,162 | 8,022,333 |
| Less allowance for uncollectibles | 502,736 | - | - | - | 502,736 |
| Sub-Total: | 2,507,369 | 462 | 5,000,604 | 11,162 | 7,519,597 |
| Interest on investments | 353,869 | 8,142 | 17,311 | - | 379,322 |
| Governmental activities receivables, net | <u>\$ 2,861,238</u> | <u>\$ 8,604</u> | <u>\$ 5,017,915</u> | <u>\$ 11,162</u> | <u>\$ 7,898,919</u> |

Business-type activities receivables:

| | Water & Sewer <u>Utilities</u> | Electric <u>Utility</u> | Solid <u>Waste</u> | Other <u>Proprietary</u> | <u>Total</u> |
|---|-----------------------------------|----------------------------|-----------------------|-----------------------------|----------------------|
| Utility Billed | \$ 5,994,759 | \$ 17,784,220 | \$ 3,136,913 | \$ 2,111,922 | \$ 29,027,814 |
| Utility Unbilled | 1,189,309 | 5,388,916 | 336,396 | 56,394 | 6,971,015 |
| Miscellaneous receivables | 40,329 | 78,172 | 11,538 | 947 | 130,986 |
| Gross receivables | 7,224,397 | 23,251,308 | 3,484,847 | 2,169,263 | 36,129,815 |
| Less allowance for uncollectibles | 2,622,153 | 8,746,764 | 1,681,678 | 1,353,338 | 14,403,933 |
| Sub-Total: | 4,602,244 | 14,504,544 | 1,803,169 | 815,925 | 21,725,882 |
| Interest on investments | 71 | 567 | 540 | 4,531 | 5,709 |
| Business-type activities receivables, net | <u>\$ 4,602,315</u> | <u>\$ 14,505,111</u> | <u>\$ 1,803,709</u> | <u>\$ 820,456</u> | <u>\$ 21,731,591</u> |

Total government-wide net receivables \$ 29,630,510

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 5. NOTES RECEIVABLES

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 investment ("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 was 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, 2022, the QALICB reported \$31,588,955 in net capital assets consisting of the Project that was placed in service in May 2020. Accordingly, the QALICB also reports \$35,233,183 in total loans payable, of which \$19,693,183 is owed to the City, and the balance is owed to the various Community Development Entities. At September 30, 2022 the City reported the note receivable related to the NMTC Project of \$30,691,104; \$10,766,000 from the COCFR Investor 129, LLC and \$19,925,104 from the QALICB. This long-term note receivable is reported as a non-spendable component of the General Fund's fund balance.

Interest on the note accrues at 0.50%, with payments of principal and interest due quarterly in the amount of \$105,185. Accrued interest on the loan at September 30, 2022 is \$313,700.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 6. ENCUMBRANCES

Encumbrances represent commitments related to unperformed contracts and purchase orders issued for good and services. Significant encumbrances as of September 30, 2022 are as follows:

Significant encumbrances:

Major funds:

| | | |
|--|----|----------------|
| General Fund | \$ | 1,221,000 |
| American Resue Plan Fund | | 658,000 |
| Homestead Community Redevelopment Agency | | <u>637,000</u> |
| Total major funds | | 2,516,000 |

Other governmental funds:

| | | |
|-----------------------------------|--|-------------------|
| Impact Fees Fund | | 1,570,000 |
| Grant Fund | | 5,794,000 |
| People's Transportation Plan Fund | | 1,131,000 |
| Multimodal Transit Center | | 815,000 |
| Others governmental funds | | <u>1,741,000</u> |
| Total other governmental funds | | <u>11,051,000</u> |

| | | |
|--------------------|----|-------------------|
| Total encumbrances | \$ | <u>13,567,000</u> |
|--------------------|----|-------------------|

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 7. INTERFUND TRANSACTIONS

Interfund Transfers

| <u>Transfers In</u> | <u>Transfers Out</u> | | | | | | | | <u>Total</u> |
|--------------------------|----------------------|-------------------|---------------------------------|--------------------------|-------------------------|--------------------|------------------------------|------------------------------|---------------------|
| | <u>General Fund</u> | <u>CRA</u> | <u>Other Governmental Funds</u> | <u>Water & Sewer</u> | <u>Electric Utility</u> | <u>Solid Waste</u> | <u>Other Enterprise Fund</u> | <u>Internal Service Fund</u> | |
| General Fund | \$ - | \$ - | \$ 154,599 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 154,599 (1) |
| General Fund | - | 113,623 | - | - | - | - | - | - | 113,623 (2) |
| General Fund | - | - | 400,529 | - | - | - | - | - | 400,529 (3) |
| CRA | - | - | 15,978 | - | - | - | - | - | 15,978 (4) |
| Other Governmental Funds | 400,000 | - | 1,400,000 | - | - | - | - | - | 1,800,000 (5) |
| Other Governmental Funds | 192,895 | - | - | 13,082 | 36,197 | 24,206 | 6,541 | 26,163 | 299,084 (6) |
| Solid Waste Fund | 1,200,000 | - | - | - | - | - | - | - | 1,200,000 (7) |
| Total | \$ 1,792,895 | \$ 113,623 | \$ 1,971,106 | \$ 13,082 | \$ 36,197 | \$ 24,206 | \$ 6,541 | \$ 26,163 | \$ 3,983,813 |

- (1) Transfer of \$154,599 from Multimodal to General Fund was to cover costs of capital assets transferred to Homestead Station QALICB.
- (2) Transfer totaling \$113,623 from CRA to General Fund was to help fund Cybrarium operations.
- (3) Transfers of \$402,529 from Homestead Miami Speedway to General Fund to help fund new police officers.
- (4) Transfer of \$15,978 from CDBG to CRA for its administration of CDBG funded COVID programs.
- (5) Transfer of \$1,800,000 from General Fund and People's Transportation Plan into other governmental funds was for debt service payments.
- (6) Transfer of \$299,084 from General Fund, Water & Sewer, Electric Utility, Solid Waste, other enterprise fund and internal service fund into other governmental funds was to fund the cost of different capital projects.
- (7) Transfers of \$1,200,000 from General Fund to Solid Waste was for prior years' Budget Stabilization contributions made to the General Fund by Solid Waste.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 7. INTERFUND TRANSACTIONS (Continued)

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.

Individual interfund receivable and payable balances at September 30, 2022 are as follows:

| | <u>Due from Other Funds</u> | <u>Due to Other Funds</u> |
|---|---------------------------------|-------------------------------|
| General Fund | \$ 650,000 | \$ - |
| Other Governmental Funds: | | |
| Impact fees | 550,000 | - |
| Sundries Grant | - | 1,500,000 |
| Peoples' Transportation Plan | 2,500,000 | - |
| Capital Improvement | 450,000 | - |
| Total Other Governmental Funds | 3,500,000 | 1,500,000 |
| Total Governmental Funds | 4,150,000 | 1,500,000 |
| Major Proprietary Funds: | | |
| Water and Sewer | - | 400,000 |
| Electric Utility | - | 13,000,000 |
| Solid Waste | 3,000,000 | - |
| Total Major Proprietary Funds | 3,000,000 | 13,400,000 |
| Other Proprietary Fund: | | |
| Stormwater | 400,000 | - |
| Utilities Repair, Replacement and Improvement | 1,850,000 | - |
| Total Other Proprietary Fund | 2,250,000 | - |
| Total Proprietary Funds | 5,250,000 | 13,400,000 |
| Internal Service Funds: | | |
| Other Self Insurance | 5,000,000 | - |
| Customer Services | 200,000 | - |
| Fleet Management | 300,000 | - |
| Total Internal Service Funds | 5,500,000 | - |
| Total Interfund Balances | \$ 14,900,000 | \$ 14,900,000 |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 8. CAPITAL ASSETS

Capital assets activity for the fiscal year ended September 30, 2022 was as follows:

| <u>Governmental activities:</u> | Beginning <u>Balance</u> | <u>Additions</u> | <u>Deletions</u> | Ending <u>Balance</u> |
|---|-----------------------------|------------------|------------------|--------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 48,198,536 | \$ - | \$ - | \$ 48,198,536 |
| Artworks | 1,670,550 | 75,000 | - | 1,745,550 |
| Construction in Progress | 5,291,852 | 6,936,648 (a) | 363,165 | 11,865,335 |
| Total capital assets not being depreciated | 55,160,938 | 7,011,648 | 363,165 | 61,809,421 |
| Capital assets being depreciated: | | | | |
| Land improvements | 606,505 | - | - | 606,505 |
| Buildings and improvements | 174,498,385 | 209,797 | - | 174,708,182 |
| Other improvements | 59,861,489 (a) | 604,160 | - | 60,465,649 |
| Furniture, fixtures and equipment | 48,107,844 | 607,950 | - | 48,715,794 |
| Books | 756,846 | - | - | 756,846 |
| Infrastructure | 118,580,871 | - | - | 118,580,871 |
| Total capital assets being depreciated | 402,411,940 | 1,421,907 | - | 403,833,847 |
| Less accumulated depreciation for: | | | | |
| Land improvements | 96,405 | 28,283 | - | 124,688 |
| Buildings and improvements | 63,024,081 | 4,090,024 | - | 67,114,105 |
| Other improvements | 49,019,674 | 1,827,267 | - | 50,846,941 |
| Furniture, fixtures and equipment | 41,605,422 | 1,952,929 | - | 43,558,351 |
| Books | 75,685 | 151,369 | - | 227,054 |
| Infrastructure | 84,636,570 | 2,299,641 | - | 86,936,211 |
| Total accumulated depreciation | 238,457,837 | 10,349,513 | - | 248,807,350 |
| Total capital assets being depreciated, net | 163,954,103 | (8,927,606) | - | 155,026,497 |
| Governmental activities capital assets, net | \$ 219,115,041 | \$ (1,915,958) | \$ 363,165 | \$ 216,835,918 |

(a) Construction in Progress of \$363,165 was transferred to Other Improvements.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 8. CAPITAL ASSETS (Continued)

| <u>Business-type activities:</u> | Beginning <u>Balance</u> | <u>Additions</u> | <u>Deletions</u> | Ending <u>Balance</u> |
|--|-----------------------------|---------------------|---------------------|--------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,876,063 | \$ - | \$ - | \$ 1,876,063 |
| Construction in Progress | 5,719,492 | 2,267,757 (a) | 2,257,863 | 5,729,386 |
| Total capital assets not being depreciated | <u>7,595,555</u> | <u>2,267,757</u> | <u>2,257,863</u> | <u>7,605,449</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 33,281,685 | 154,599 | - | 33,436,284 |
| Utility plant and systems | 140,255,123 (a) | 6,058,535 | - | 146,313,658 |
| Total capital assets being depreciated | <u>173,536,808</u> | <u>6,213,134</u> | <u>-</u> | <u>179,749,942</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 1,082,534 | 932,862 | - | 2,015,396 |
| Utility plant and systems | 104,246,773 | 5,216,079 | - | 109,462,852 |
| Total accumulated depreciation | <u>105,329,307</u> | <u>6,148,941</u> | <u>-</u> | <u>111,478,248</u> |
| Total capital assets being depreciated, net | <u>68,207,501</u> | <u>64,193</u> | <u>-</u> | <u>68,271,694</u> |
| Business-type activities capital assets, net | <u>\$ 75,803,056</u> | <u>\$ 2,331,950</u> | <u>\$ 2,257,863</u> | <u>\$ 75,877,143</u> |

(a) Construction in Progress of \$2,249,486 was transferred to Utility plant and systems and \$8,377 was removed.

Depreciation expense for the fiscal year ended September 30, 2022 has been recorded as follows:

| | <u>Depreciation Expense</u> |
|--|---------------------------------|
| <u>Governmental activities:</u> | |
| General government | \$ 1,526,152 |
| Public safety | 1,676,978 |
| Public works | 1,192,957 |
| Parks and recreation | 3,623,425 |
| Capital assets held by the City's internal service funds are charged to the various functions based on their usage of assets | 30,360 |
| Unallocated | <u>2,299,641</u> |
| Total depreciation expense - governmental activities | <u>\$ 10,349,513</u> |
| <u>Business-type activities:</u> | |
| Water/Sewer | \$ 1,075,459 |
| Electric | 3,502,597 |
| Solid waste | 457,050 |
| Other enterprise funds | 99,772 |
| QALICB | 967,635 |
| Capital assets held by the City's internal service funds are charged to the various functions based on their usage of assets | 46,428 |
| Total depreciation expense - business-type activities | <u>\$ 6,148,941</u> |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 9. LEASE (RIGHT-TO-USE) ASSET / LEASE PAYABLE

For the year ended September 30, 2022, the financial statements include the adoption of *GASB Statement No. 87, Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

As stated in Note 5, the QALICB was created as part of a NMTC, whereby it would support the establishment of a mixed-use facility consisting of a parking garage with a retail liner (the "Project"). Pursuant to the Lease, Operating, and Management Agreement for the QALICB dated June 27, 2018 (the "Lease Agreement"), the QALICB and the City entered into a seventy-five-year lease agreement for the Project. The QALICB agreed to pay the City an annual base rent in the amount of \$1. The total rent over the term is \$75.

The QALICB also leases the Property to a Master Tenant (DR Homestead, LLC) pursuant to the amended master lease agreement dated June 27, 2018 (the "Master Lease"). The Master Lease commenced on June 27, 2018 and expires in 2048. Beginning in 2019, minimum base rents under the Master Lease were scheduled to be made in the amount of \$55,158. On July 1, 2021, the QALICB recorded an initial lease receivable in the amount of \$17,757,329. As of June 30, 2022, the value of the lease receivable was \$17,669,422. The implicit interest rate on the master lease was 1%. The value of the deferred inflows of resources as of June 30, 2022 was \$17,111,609. For the year ended June 30, 2022, the QALICB recognized lease revenue in the amount of \$645,720.

On June 27, 2018, the City also entered in to an agreement with DR Homestead, LLC in which the City agreed to pay DR Homestead an "Asset Management Fee" for the Project, starting in fiscal year 2019 and ending in fiscal year 2049. The City's agreement with DR Homestead, LLC references the *Third Amendment to the Ground Lease* dated June 21, 2018, that added a requirement for the Master Tenant to pay minimum base rents in addition to the existing base rent under the Ground Lease. The minimum base rent would equal the amount of the Asset Management Fee. The Master Tenant's obligation to pay each installment of the minimum base rent to the QALICB (Landlord) would be contingent upon the City's payment of the corresponding installment of the Asset Management Fee to the Master Tenant. Because these minimum base rent payments are contingent upon the City's payment of the Asset Management Fees and because the QALICB was required to report a lease receivable and a deferred inflow of resources under GASB 87, the City must also report the corresponding lease liability and lease (right-to-use) asset. For the QALICB to report part of the transaction and the City not to report the corresponding part to achieve completeness, the City's financial statements would have been deemed misleading to users.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 9. LEASE (RIGHT-TO-USE) ASSET / LEASE PAYABLE (Continued)

As a result, the City recorded an initial lease liability in the amount of \$17,746,436. As of September 30, 2022, the value of the lease liability is \$17,658,447. The City is required to make quarterly fixed payments ranging from \$52,462 to \$209,848. The lease was calculated using the interest rate of 1.0% (the same one used by the QALICB to calculate its lease receivable). The asset estimated useful life was assumed to be the same length of the lease, or 28 years, as of the contract commencement. The value of the right to use the asset as of September 30, 2022 is \$17,090,578 with accumulated amortization of \$655,858.

Debt Service Requirements to Maturity:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------------|----------------------|---------------------|----------------------|
| Fiscal year ending September 30: | | | |
| 2023 | \$ 44,173 | \$ 176,419 | \$ 220,592 |
| 2024 | 44,616 | 175,976 | 220,592 |
| 2025 | 259,084 | 174,994 | 434,078 |
| 2026 | 584,623 | 171,231 | 755,854 |
| 2027 | 674,657 | 164,735 | 839,392 |
| 2028-2032 | 3,476,234 | 720,726 | 4,196,960 |
| 2033-2037 | 3,654,237 | 542,723 | 4,196,960 |
| 2038-2042 | 3,841,354 | 355,606 | 4,196,960 |
| 2043-2047 | 4,038,052 | 158,908 | 4,196,960 |
| 2048-2049 | 1,041,417 | 7,824 | 1,049,241 |
| Total | <u>\$ 17,658,447</u> | <u>\$ 2,649,142</u> | <u>\$ 20,307,589</u> |

Right-to-use Asset (Governmental activities):

| | <u>Beginning</u> <u>Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending</u> <u>Balance</u> |
|--|------------------------------------|---------------------|------------------|---------------------------------|
| Lease asset | \$ 17,746,436 | \$ - | \$ - | \$ 17,746,436 |
| Total lease (Right-to-use) asset | <u>17,746,436</u> | <u>-</u> | <u>-</u> | <u>17,746,436</u> |
| Less accumulated amortization for: | | | | |
| Lease asset | - | 655,858 | - | 655,858 |
| Total accumulated amortization | <u>-</u> | <u>655,858</u> | <u>-</u> | <u>655,858</u> |
| Governmental activities lease asset, net | <u>\$ 17,746,436</u> | <u>\$ (655,858)</u> | <u>\$ -</u> | <u>\$ 17,090,578</u> |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 10. DEFERRED OUTFLOWS AND INFLOWS

Deferred outflows and inflows as of the fiscal year-end as presented on the City's fund level and government-wide statements in the aggregate, are as follows:

Deferred Outflows:

| | <u>Enterprise Funds</u> | <u>Internal Service Funds</u> | <u>Proprietary Funds Statements</u> | <u>Government-Wide Statements</u> |
|--------------------------------|-----------------------------|---------------------------------------|---|---------------------------------------|
| Deferred outflows for pensions | \$ 2,000,143 | \$ 353,252 | \$ 2,353,395 | \$ 12,466,155 |
| Deferred outflows for OPEB | 61,550 | 19,315 | 80,865 | 206,044 |
| Total deferred outflows | \$ 2,061,693 | \$ 372,567 | \$ 2,434,260 | \$ 12,672,199 |

Deferred Inflows:

| | <u>Enterprise Funds</u> | <u>Internal Service Funds</u> | <u>Proprietary Funds Statements</u> | <u>Government-Wide Statements</u> |
|-------------------------------|-----------------------------|---------------------------------------|---|---------------------------------------|
| Deferred inflows for leases | \$ 17,111,609 | \$ - | \$ 17,111,609 | \$ 17,111,609 |
| Deferred inflows for pensions | 5,799,386 | 1,024,252 | 6,823,638 | 24,346,064 |
| Deferred inflows for OPEB | 2,535,348 | 795,641 | 3,330,989 | 8,487,393 |
| Total deferred inflows | \$ 25,446,343 | \$ 1,819,893 | \$ 27,266,236 | \$ 49,945,066 |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. LONG-TERM LIABILITIES

Governmental Activities

The following is a summary of changes in governmental long-term liabilities at September 30, 2022:

| | <u>Beginning</u> | | <u>Reductions</u> | <u>Ending</u> | <u>Due</u> |
|---|-----------------------|---------------------|----------------------|-----------------------|---------------------|
| | <u>Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> | <u>within</u> |
| | | | | | <u>One Year</u> |
| Bonds payable: | | | | | |
| General Obligation Bonds, Series 2014 | \$ 21,045,000 | \$ - | \$ 565,000 | \$ 20,480,000 | \$ 590,000 |
| Plus: Unamortized Bond Premium | <u>1,333,575</u> | <u>-</u> | <u>58,120</u> | <u>1,275,455</u> | <u>58,120</u> |
| Total General Obligation Bonds, Series 2014 | 22,378,575 | - | 623,120 | 21,755,455 | 648,120 |
| Taxable Transportation System Revenue Bonds, Sereis 2017 | <u>28,605,000</u> | <u>-</u> | <u>685,000</u> | <u>27,920,000</u> | <u>700,000</u> |
| Total bonds payable | <u>50,983,575</u> | <u>-</u> | <u>1,308,120</u> | <u>49,675,455</u> | <u>1,348,120</u> |
| Loans and notes payable: | | | | | |
| HUD Section 108 loan** | 2,895,000 | - | 193,000 | 2,702,000 | 193,000 |
| New City Hall Refunding Note, Series 2021 ** | <u>8,063,923</u> | <u>-</u> | <u>481,035</u> | <u>7,582,888</u> | <u>517,170</u> |
| Total loans payable | <u>10,958,923</u> | <u>-</u> | <u>674,035</u> | <u>10,284,888</u> | <u>710,170</u> |
| Total bonds, loans and notes payable | 61,942,498 | - | 1,982,155 | 59,960,343 | 2,058,290 |
| Compensated absences | 3,157,059 | 1,080,126 | 700,207 | 3,536,978 | 1,061,094 |
| Equipment financing obligation** | 2,937,673 | 508,631 | 999,171 | 2,447,133 | 935,095 |
| Net pension liability | 23,019,292 | - | 16,704,618 | 6,314,674 | - |
| Total OPEB liability | 6,999,970 | 406,659 | - | 7,406,629 | - |
| Claims and judgements | 4,527,949 | 1,906,558 | 1,528,870 | 4,905,637 | 1,152,752 |
| Lease obligation (Right-to-use asset) | <u>17,746,436</u> | <u>-</u> | <u>87,989</u> | <u>17,658,447</u> | <u>44,173</u> |
| Governmental activities long-term liabilities | <u>\$ 120,330,877</u> | <u>\$ 3,901,974</u> | <u>\$ 22,003,010</u> | <u>\$ 102,229,841</u> | <u>\$ 5,251,404</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 11. 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 \$590,000 to \$1,420,000 through July 1, 2044. Interest rates on the bonds range from 3% to 5% and is paid semi-annually on January 1 and July 1.

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, 2022.

Debt Service Requirements to Maturity:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------------|------------------|-----------------|---------------|
| Fiscal year ending September 30: | | | |
| 2023 | \$ 590,000 | \$ 892,738 | \$ 1,482,738 |
| 2024 | 620,000 | 863,238 | 1,483,238 |
| 2025 | 655,000 | 832,238 | 1,487,238 |
| 2026 | 685,000 | 799,488 | 1,484,488 |
| 2027 | 705,000 | 778,938 | 1,483,938 |
| 2028-2032 | 3,880,000 | 3,539,313 | 7,419,313 |
| 2033-2037 | 4,665,000 | 2,755,875 | 7,420,875 |
| 2038-2042 | 5,905,000 | 1,514,900 | 7,419,900 |
| 2043-2044 | 2,775,000 | 196,400 | 2,971,400 |
| Sub-Total | 20,480,000 | 12,173,130 | 32,653,130 |
| Plus: Unamortized Bonds Premium | 1,275,455 | - | 1,275,455 |
| Total | \$ 21,755,455 | \$ 12,173,130 | \$ 33,928,585 |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. 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 \$700,000 to \$1,725,000. Interest rates on the bonds range from 1.671% to 4.194% and is paid semi-annually on January 1 and July 1. 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.

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------------|----------------------|----------------------|----------------------|
| Fiscal year ending September 30: | | | |
| 2023 | \$ 700,000 | \$ 1,095,346 | \$ 1,795,346 |
| 2024 | 720,000 | 1,076,012 | 1,796,012 |
| 2025 | 745,000 | 1,054,685 | 1,799,685 |
| 2026 | 765,000 | 1,031,642 | 1,796,642 |
| 2027 | 790,000 | 1,006,833 | 1,796,833 |
| 2028-2032 | 4,410,000 | 4,580,282 | 8,990,282 |
| 2033-2037 | 5,330,000 | 3,655,762 | 8,985,762 |
| 2038-2042 | 6,500,000 | 2,488,626 | 8,988,626 |
| 2042-2047 | 7,960,000 | 1,028,788 | 8,988,788 |
| | <u>\$ 27,920,000</u> | <u>\$ 17,017,976</u> | <u>\$ 44,937,976</u> |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. LONG-TERM LIABILITIES (Continued)

Governmental Activities (Continued)

C. 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 was the maximum allowable amount based on the City's Community Development Block Grant (CDBG) allocation at that time. The loan is being repaid over 20 years and the payments consist of principal (approximately \$193,000 annually) and interest (approximately \$97,000 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. On March 31, 2020 the final loan drawdown was submitted. The City declined the option to convert the Section 108 loan to a fixed rate. The initial variable interest rate on this borrowing is set on the first day of each month at twenty (20) basis points above the 90-day LIBOR. The use of LIBOR as a benchmark for short-term interest rates is expected to be discontinued for most loans on December 31, 2021. In recognition of the disruption that would likely ensue if LIBOR were not replaced as the Section 108 reference rate, the Holder and HUD determined that it was necessary to transition to a new reference rate and interest rate spread. HUD, after consistently monitoring and comparing the current reference rate with other potential alternatives, such as the Secured Overnight Financing Rate (SOFR) and the 3-Month Treasury Bill High Auction Rate, determined that among the potential alternative reference rates, the 3-Month Treasury Bill High Auction Rate would be most likely to produce essentially the same rate as the Standard Note Rate. Accordingly, HUD and the Holder entered negotiations as provided in Appendix A of the Note and agreed upon a new reference rate that when added to a spread of 35 basis points (0.35%) HUD believes will essentially hold current borrowers harmless with respect to the variable rate cost of borrowing under Section 108. The new reference rate has the added benefit of increased transparency. The new reference rate will be set based on actual transactions and information on the rate will be more readily available to borrowers.

Interest on the outstanding principal balance is payable quarterly and due each February 1, May 1, August 1, and November 1. Principal payments are payable annually and are due each August 1 through maturity on August 1, 2036. The HUD Section 108 Loan contains a provision that states 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 will become due. In the event that any such acceleration payment is made from sources other than funds pledged by the Borrower as security under the Contract (or other Borrower funds), the amounts paid on behalf of the Borrower shall be deemed to be immediately due and payable to the Secretary. The outstanding balance of the Section 108 loan as of September 30, 2022, is \$2,702,000.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. LONG-TERM LIABILITIES (Continued)

Governmental Activities (Continued)

C. HUD Section 108 Loan-Direct Borrowing (Continued)

Debt Service Requirements to Maturity

| | <u>Principal</u> | (1) <u>Interest</u> | <u>Total</u> |
|----------------------------------|---------------------|------------------------|---------------------|
| Fiscal year ending September 30: | | | |
| 2023 | \$ 193,000 | \$ 96,568 | \$ 289,568 |
| 2024 | 193,000 | 89,587 | 282,587 |
| 2025 | 193,000 | 82,606 | 275,606 |
| 2026 | 193,000 | 75,625 | 268,625 |
| 2027 | 193,000 | 68,645 | 261,645 |
| 2028-2032 | 965,000 | 238,511 | 1,203,511 |
| 2033-2036 | <u>772,000</u> | <u>65,154</u> | <u>837,154</u> |
| | <u>\$ 2,702,000</u> | <u>\$ 716,696</u> | <u>\$ 3,418,696</u> |

(1) Using the Negotiated Special Interest Rate of 3.6170%, which is 35 basis points (0.35%) above the 3-Month T-Bill Rate of 3.2670% @ 9/30/2022.

D. New City Hall Loan-Capital Improvement Refunding Note, Series 2021-Direct Borrowing

On June 16, 2021, the City Council adopted a Resolution authorizing the issuance of a capital improvement refunding note in the amount not to exceed \$8,090,000 for the purpose of refinancing the previous loan for the New City Hall, and awarded the note to Regions Capital Advantage, Inc to provide the refinancing.

The interest rate is fixed at 1.85% for a 14-year term and a maturity date of September 1, 2035. Principal is payable annually through September 1, 2035 in the amounts ranging from \$517,170 to \$654,355. Interest is payable semi-annually on March 1 and September 1.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. LONG-TERM LIABILITIES (Continued)

Governmental Activities (Continued)

D. New City Hall Loan-Capital Improvement Refunding Note, Series 2021-Direct Borrowing (Continued)

Debt Service Requirements to Maturity:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------------|---------------------|---------------------|---------------------|
| Fiscal year ending September 30: | | | |
| 2023 | \$ 517,170 | \$ 150,141 | \$ 667,311 |
| 2024 | 527,410 | 139,901 | 667,311 |
| 2025 | 537,853 | 129,459 | 667,311 |
| 2026 | 548,502 | 118,809 | 667,311 |
| 2027 | 559,362 | 107,949 | 667,311 |
| 2028-2032 | 2,967,394 | 369,161 | 3,336,555 |
| 2033-2035 | 1,925,197 | 76,736 | 2,001,933 |
| | <u>\$ 7,582,888</u> | <u>\$ 1,092,156</u> | <u>\$ 8,675,044</u> |

E. 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 2022 for governmental activities totaled \$237,745. The capital assets acquired under the equipment financing remain as collateral for repayment of the outstanding principal obligations. Upon the occurrence of an event of default, the lender shall have the right, at its option and without any further demand or notice, to declare all payments payable under the agreement through the end of the City's fiscal year, to be immediately due and payable by the City, whereupon such payments shall be immediately due and payable. The lender may also terminate the agreement and repossess any or all of the equipment subject to the agreement by giving the City written notice to deliver such equipment in the manner provided in the agreement.

At September 30, 2022, the City had outstanding borrowings with three financial institutions.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. LONG-TERM LIABILITIES (Continued)

Governmental Activities (Continued)

E. Equipment Financing-Direct Borrowing (Continued)

Future minimum payments at September 30, 2022 are as follows:

Governmental Equipment Financing:

Fiscal year ending September 30:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------|------------------|-----------------|--------------|
| 2023 | \$ 935,095 | \$ 45,343 | \$ 980,438 |
| 2024 | 848,620 | 23,903 | 872,523 |
| 2025 | 396,511 | 8,570 | 405,081 |
| 2026 | 213,635 | 3,020 | 216,655 |
| 2027 | 53,272 | 416 | 53,688 |
| Total minimum payments | \$ 2,447,133 | \$ 81,252 | \$ 2,528,385 |

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

| | |
|-----------------------------------|--------------|
| Furniture, fixtures and equipment | \$ 4,787,420 |
| Accumulated depreciation | (2,684,323) |
| Total | \$ 2,103,097 |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. LONG-TERM LIABILITIES (Continued)

Business-type Activities

The following is a summary of changes in business-type long-term liabilities at September 30, 2022:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due within One Year |
|--|----------------------|---------------------|---------------------|----------------------|---------------------------|
| Loans and notes payable: | | | | | |
| Electric FMPA pooled loan 2021** | \$ 8,574,000 | \$ - | \$ 344,599 | \$ 8,229,401 | \$ 351,352 |
| Notes payable (1) | <u>35,164,984</u> | <u>68,199</u> | <u>-</u> | <u>35,233,183</u> | <u>331,759</u> |
| Total loans and notes payable | <u>43,738,984</u> | <u>68,199</u> | <u>344,599</u> | <u>43,462,584</u> | <u>683,111</u> |
| Compensated absences | 1,674,041 | 964,417 | 915,515 | 1,721,943 | 516,582 |
| Equipment financing obligation** | 2,497,107 | 426,287 | 654,914 | 2,268,480 | 637,633 |
| Net pension liability | 5,366,812 | - | 5,366,812 | - | - |
| Total OPEB obligation | <u>4,213,941</u> | <u>106,377</u> | <u>(2,388)</u> | <u>4,216,329</u> | <u>-</u> |
| Business-type activities long-term liabilities | <u>\$ 57,490,885</u> | <u>\$ 1,565,280</u> | <u>\$ 7,279,452</u> | <u>\$ 51,669,336</u> | <u>\$ 1,837,326</u> |

**Direct Borrowings

- (1) The \$35,233,183 notes payable is NMTC-related and represents the balance at June 30, 2022 per the QALICB's separately issued financial statements. In addition to the information disclosed in Note 5, please refer to those statements for additional information.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. LONG-TERM LIABILITIES (Continued)

Business-type Activities (Continued)

A. Florida Municipal Power Agency (FMPA) Initial Pooled Loan Project, Series 2021-Direct Borrowing

On June 16, 2021, the City Council adopted a Resolution authorizing the issuance of a note in an amount not to exceed \$8,700,000 to secure a loan from the FMPA to provide funding to build a new electric utility substation, for the costs of undergrounding electric utility lines, and to refinance the Series 2019 Electric Bonds.

The interest rate is fixed at 2.06% for a 10-year term and a maturity date of June 30, 2031. Principal and interest are payable semi-annually on April 1 and October 1, with a balloon payment of approximately \$5 million to be refinanced or paid on June 30, 2031.

Debt Service Requirements to Maturity:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------------|---------------------|---------------------|---------------------|
| Fiscal year ending September 30: | | | |
| 2023 | \$ 351,352 | \$ 158,768 | \$ 510,120 |
| 2024 | 358,236 | 151,884 | 510,120 |
| 2025 | 365,256 | 144,864 | 510,120 |
| 2026 | 372,413 | 137,707 | 510,120 |
| 2027 | 379,711 | 130,409 | 510,120 |
| 2028-2031 | <u>6,402,433</u> | <u>422,032</u> | <u>6,824,465</u> |
| Total | <u>\$ 8,229,401</u> | <u>\$ 1,145,664</u> | <u>\$ 9,375,065</u> |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. LONG-TERM LIABILITIES (Continued)

Business-type Activities (Continued)

B. Equipment Financing-Direct Borrowing

There are no capital assets acquired under new equipment financing during fiscal year 2022 for business-type activities. The capital assets acquired under the previous equipment financing remain as collateral for repayment of the outstanding principal obligations. Upon the occurrence of an event of default, the lender shall have the right, at its option and without any further demand or notice, to declare all payments payable under the agreement through the end of the City’s fiscal year, to be immediately due and payable by the City, whereupon such payments shall be immediately due and payable. The lender may also terminate the agreement and repossess any or all of the equipment subject to the agreement by giving the City written notice to deliver such equipment in the manner provided in the agreement.

At September 30, 2022, the City had outstanding borrowings with one financial institution.

Future minimum payments at September 30, 2022 are as follows:

Business-type Equipment Financing

Fiscal year ending September 30:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------|---------------------|-------------------|---------------------|
| 2023 | \$ 637,633 | \$ 44,675 | \$ 682,308 |
| 2024 | 442,710 | 30,629 | 473,339 |
| 2025 | 376,787 | 21,437 | 398,224 |
| 2026 | 290,417 | 14,063 | 304,480 |
| 2027 | 245,700 | 8,910 | 254,610 |
| 2028-2030 | <u>275,233</u> | <u>6,441</u> | <u>281,674</u> |
| Total minimum payments | <u>\$ 2,268,480</u> | <u>\$ 126,155</u> | <u>\$ 2,394,635</u> |

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

| | |
|-----------------------------------|---------------------|
| Furniture, fixtures and equipment | \$ 3,599,429 |
| Accumulated depreciation | <u>(1,026,581)</u> |
| Total | <u>\$ 2,572,848</u> |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. 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, 2022 are as follows:

Governmental Activities:

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 | \$1,491,573 |
| Total debt service to maturity (1) | \$33,928,585 |
| Term of commitment | 2015-2044 |
| Current year debt service | \$1,486,373 |
| 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 and Appropriate Non Ad-Valorem Revenues |
| Description of debt | Taxable Transportation System Revenue Bonds, Series 2017 |
| Purpose of debt | Construction of Multimodal Transit Center |
| Current revenue pledged | \$4,246,513 (Surtax portion only) |
| Total debt service to maturity (1) | \$44,937,976 |
| Term of commitment | 2018-2047 |
| Current year debt service | \$1,797,984 |
| Percentage of debt service to pledged revenues (current year) | 42% |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. LONG-TERM LIABILITIES (Continued)

Pledged Revenues

Governmental Activities (continued):

HUD Section 108 Loan

| | |
|---|---|
| Source of Revenue Pledged | Yearly revenue from the City's Community Development Block Grant (CDBG) |
| Description of debt | Department of Housing and Urban Development (HUD) Section 108 Loan |
| Purpose of debt | Cybrarium Project partial funding source |
| Current revenue pledged | \$402,486 |
| Total debt service to maturity (1) | \$3,418,696 |
| Term of commitment | 2017-2036 |
| Current year debt service | \$229,987 |
| Percentage of debt service to pledged revenues (current year) | 57% |

NCH Capital Improvement refunding Notes, Series 2021

| | |
|---|---|
| Source of Revenue Pledged | Legally available Non-Advalorem Revenues |
| Description of debt | NCH Capital Improvement Refunding Notes, Series 2021 |
| Purpose of debt | Refinancing the balloon payment of the old \$10M New City Hall Loan |
| Current revenue pledged | \$39,052,197 |
| Total debt service to maturity (1) | \$8,675,044 |
| Term of commitment | 2022-2035 |
| Current year debt service | \$667,311 |
| Percentage of debt service to pledged revenues (current year) | 2% |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. LONG-TERM LIABILITIES (Continued)

Pledged Revenues (Continued)

Business-Type Activities:

Electric Utility FMPA Pooled Loan, Series 2021

| | |
|--|---|
| Source of Revenue Pledged | Net Electric Utility Revenues |
| Description of debt | Electric Utility FMPA Pooled Loan 2021 |
| Purpose of debt | New substation, undergrounding electric utility lines, and refinancing of Sereis 2019 Electric Utility Bonds |
| Current revenue pledged | \$6,951,694 |
| Total debt service to maturity (1) | \$9,375,065 |
| Term of commitment | 2021-2031 |
| Current year debt service | \$510,120 |
| Percentage of debt service to pledged revenues (current year) | 7.34% |

(1) Total future principal and interest payments.

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 equal to or 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, 2022, the liability for compensated absences was as follows:

| | |
|--------------------------|--------------|
| Governmental Activities | \$ 3,536,978 |
| Business-type Activities | 1,721,943 |
| | \$ 5,258,921 |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. 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. Expenses incurred, benefits and refunds owed are recognized when due and payable in accordance with the terms of the Plans rather than when paid.

Plan Membership Information

As of the various dates of the latest actuarial valuation 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 | 219 | 103 | 7 | 5 | 8 |
| Inactive plan members entitled to but not yet receiving benefits | 43 | 3 | - | 4 | - |
| Active plan members | 87 | 105 | 1 | 6 | - |
| Total | 349 | 211 | 8 | 15 | 8 |

Note: * Plans are closed to new members.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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, 2022. 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.

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.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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

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.

The investment balances held by the Plan as of September 30, 2022 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 | \$ 2,492,728 | \$ 2,492,728 | \$ - | \$ - | \$ - |
| Fixed income: U.S. government and agency securities | 89,650 | - | 89,650 | - | - |
| Fixed income: Municipal obligations | 10,461,958 | - | 4,667,084 | 3,606,403 | 2,188,471 |
| Fixed income: Foreign Bonds Notes & Debentures | 307,872 | - | 307,872 | - | - |
| Fixed income: Corporate bonds | 20,109,422 | - | 12,858,043 | 7,121,400 | 129,979 |
| Sub-total | 33,461,630 | <u>\$ 2,492,728</u> | <u>\$ 17,922,649</u> | <u>\$ 10,727,803</u> | <u>\$ 2,318,450</u> |
| Hedge funds | 326,799 | | | | |
| Mutual funds-equity | 15,711,149 | | | | |
| Common Stocks | 33,061,173 | | | | |
| Limited partnerships | 5,754,871 | | | | |
| Total cash and investments | <u>\$ 88,315,622</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.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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

Investments (Continued)

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, 2022, the weighted average maturity of the fixed income portfolio was 5.61 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 Fitch or a Baa2 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 had a rating in compliance with the policy at the time of purchase.

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> | <u>Percentage</u> <u>of Fixed</u> <u>Income</u> |
|---------------------------------|----------------------|---|
| AAA | \$ 89,007 | 0.29% |
| AA+ | 280,947 | 0.91% |
| AA | 6,043,688 | 19.51% |
| AA- | 1,844,786 | 5.96% |
| A+ | 1,272,331 | 4.11% |
| A | 1,311,971 | 4.24% |
| A- | 1,316,959 | 4.25% |
| BBB+ | 2,522,959 | 8.15% |
| BBB | 5,866,033 | 18.94% |
| BBB- | 7,321,478 | 23.64% |
| BB+ | 589,308 | 1.90% |
| BB | 485,074 | 1.56% |
| NR | <u>2,024,361</u> | <u>6.54%</u> |
| Total | <u>\$ 30,968,902</u> | <u>100.00%</u> |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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

Investments (Continued)

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 investment. 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 government agency should not exceed 30% of the total assets to no more than 60% of the total Plan's total assets are permitted in corporate bonds. No more than 20% of the portfolio is permitted in mortgage and asset backed securities and collateralized mortgage obligations. As of September 30, 2022, none of the Plan's investments were held with any single issuer that represents 5% or more of the Plan's investment.

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.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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

Investments (Continued)

- Money market funds are valued at amortized cost which approximated fair value.

The Plan has the following recurring fair value measurements as of September 30, 2022:

| <u>Investments Type</u> | Fair Value Measurements Using | | |
|---|-------------------------------|--|--|
| | Fair Value as of 9/30/2022 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) |
| Equity securities: | | | |
| Common stocks | \$ 29,728,331 | \$ 29,728,331 | \$ - |
| Foreign stocks | 3,332,842 | 2,389,773 | 943,069 |
| Mutual funds/equity | 15,711,149 | 15,711,149 | - |
| Total equity securities | 48,772,322 | 47,829,253 | 943,069 |
| Fixed-income securities: | | | |
| U.S. government obligations | 89,650 | - | 89,650 |
| Municipal obligations | 10,461,958 | - | 10,461,958 |
| Corporate bonds | 20,109,422 | - | 20,109,422 |
| Foreign bonds notes & debentures | 307,872 | - | 307,872 |
| Total fixed-income securities | 30,968,902 | - | 30,968,902 |
| Total fair value | 79,741,224 | \$ 47,829,253 | \$ 31,911,971 |
| <u>Investment measured at net asset value (NAV) (a)</u> | | | |
| Hedge funds | 326,799 | | |
| Limited partnerships | 5,754,871 | | |
| Total investments @NAV | 6,081,670 | | |
| Total investments | \$ 85,822,894 | | |

(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 hierarchy to the total investment line item in the Statement of Fiduciary Net Position.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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

Investments (Continued)

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

| | | Net Asset Value Measurement at Reporting Date | | | |
|-------------------------|-----|---|---------------------------------------|---------------------------------------|---|
| <u>Investments Type</u> | | <u>Value as of</u> 9/30/2022 | <u>Unfunded</u> <u>Commitments</u> | <u>Redemption</u> <u>Frequency</u> | <u>Redemption Notice</u> <u>Period</u> |
| Hedge Funds | (1) | \$ 326,799 | \$ - | N/A | N/A |
| Limited Partnerships | (2) | \$ 5,754,871 | \$ 1,465,468 | N/A | N/A |

(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

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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

Investments (Continued)

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. Portfolio Advisors Private Equity Fund IX (Offshore) invests in global private equity partnerships focused on buyouts, venture capital, and special situations. Portfolio Advisors Private Equity Fund X invests in private equity partnerships focused on buyouts, venture capital, and special situations, as well as in affiliated secondary aggregator funds (more than 45% of the portfolio at 12/31/2021).

Net Pension Liability (Asset)

The City's net pension liability was measured by the actuarial valuation as of October 1, 2020 and rolled forward to the September 30, 2021 (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 | The PUB-2010 Headcount Weighted General Below Median Employee Mortality Table (for pre-retirement mortality) and The PUB-2010 Headcount Weighted General Below Median Healthy Retiree Mortality Table (for post-retirement mortality), with separate rates for males and females and ages set back one year for males, with mortality improvements projected to all future years after 2010 using scale MP-2018. For disables retirees, PUB-2010 Headcount Weighted General Disabled Retiree Male and Female Tables, with a 3-year set forward for both males and females, with no provision being made for mortality improvements. These are the same rates used for Regular Class members in the July 1, 2019 actuarial valuation of the Florida Retirement System (FRS) Pension Plan (based on the 2019 FRS experience study report), in accordance with Florida Statutes Chapter 112.63. |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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

Net Pension Liability (Asset) (Continued)

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, 2022 are summarized in the following table:

| <u>Asset Group</u> | <u>Long-Term Expected Real Rate of Return</u> |
|------------------------------|---|
| Fixed Income | 3.30% |
| U.S. Large Cap Equity-Growth | 6.70% |
| U.S. Large Cap Equity-Value | 7.10% |
| U.S. Small Cap Equity | 7.10% |
| International Equity | 7.40% |
| Private Real Estate | 5.80% |
| Private Equity | 9.70% |

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.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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

Net Pension Liability (Asset) (Continued)

Changes in Net Pension Liability (Asset):

| | General Employees' Retirement Plan | | |
|---|------------------------------------|---------------------------------------|---|
| | Increase (Decrease) | | |
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (asset) (a) - (b) |
| Total pension liability - beginning | \$ 99,795,731 | \$ 91,142,842 | \$ 8,652,889 |
| Changes for the year: | | | |
| Service Cost | 1,298,106 | - | 1,298,106 |
| Interest on the total pension liability | 6,647,938 | - | 6,647,938 |
| Difference between expected and actual experience of the total pension liability | 254,817 | - | 254,817 |
| Changes of assumptions | (2,208,866) | | (2,208,866) |
| Contributions - employer | - | 2,155,733 | (2,155,733) |
| Contributions - employee | - | 267,599 | (267,599) |
| Net investment income | - | 17,292,229 | (17,292,229) |
| Benefit payments | (5,150,088) | (5,150,088) | - |
| Refunds | (61,649) | (61,649) | - |
| Pension plan administrative expense | - | (138,111) | 138,111 |
| Net change in total pension liability (asset) | <u>780,258</u> | <u>14,365,713</u> | <u>(13,585,455)</u> |
| Total pension liability (asset) - ending | <u>\$ 100,575,989</u> | <u>\$ 105,508,555</u> | <u>\$ (4,932,566)</u> |

Sensitivity of the net pension liability (asset) to changes in the discount rate: The following presents the net pension liability (asset) of the City calculated using the current discount rates (6.75%) and the liability (asset) 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 | | |
|-------------------------------|------------------------------------|------------------------|----------------------|
| | Current | | |
| | 1% Decrease 5.75% | discount rate 6.75% | 1% Increase 7.75% |
| Net pension liability (asset) | \$ 6,261,718 | \$ (4,932,566) | \$ (14,276,125) |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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

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

For the fiscal year ended September 30, 2022 but based on a measurement date of September 30, 2021, the City recognized a reduction to GERP pension expense of \$4,124,537. This amount is included as a reduction to personal services expenses within the functional program activities.

At September 30, 2022, the City reports deferred outflows and inflows of resources related to the GERP as follows:

| | <u>General Employees' Retirement Plan</u> | |
|---|---|--|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Difference between expected and actual experience | \$ 42,469 | \$ - |
| Changes in assumptions | - | 368,144 |
| Net difference between projected and actual earnings on pension plan investments | - | 7,885,331 |
| Total | \$ 42,469 | \$ 8,253,475 |

Net difference between projected and actual earnings on pension plan investments has a deferred outflows of resources of \$1,575,859 and deferred inflows of resources of \$9,461,190, resulting in the net inflows of resources of \$7,885,331. The City also has contributions subsequent to the measurement date of \$1,771,698 will be recognized as a reduction of the net pension liability for the fiscal year ended September 30, 2023.

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 September 30,</u> | <u>Net Deferred Outflows of Resources</u> |
|--------------------------------------|---|
| 2023 | \$ (2,136,663) |
| 2024 | (2,030,810) |
| 2025 | (1,795,760) |
| 2026 | (2,247,773) |
| | \$ (8,211,006) |

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, provides additional information about the net pension liability, plan assets and contribution.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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, 2021. 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.

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.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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

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.

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, 2022 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 | \$ 6,270,117 | \$ 6,270,117 | \$ - | \$ - | \$ - |
| Fixed income | 18,424,298 | - | 6,738,884 | 3,390,125 | 8,295,289 |
| Sub-total | 24,694,415 | <u>\$ 6,270,117</u> | <u>\$ 6,738,884</u> | <u>\$ 3,390,125</u> | <u>\$ 8,295,289</u> |
| Common Stocks | 65,312,660 | | | | |
| Mutual funds-fixed income | 13,802,510 | | | | |
| Common Stocks | 4,983,796 | | | | |
| Total cash and investments | <u>\$ 108,793,381</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, 2022 the weighted average maturity of the fixed income portfolio was 13.84 years.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. 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 purchases of investments in fixed income securities to U.S. Government and agency securities or a maximum of 20% of the portfolio in securities rated below BBB by Standard and Poor's.

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

| | Fair value | Percentage of Portfolio |
|---|---------------|----------------------------|
| U.S. government guaranteed* | \$ 6,664,052 | 36.17% |
| <u>Quality rating of credit risk debt securities:</u> | | |
| <u>S&P Rating</u> | | |
| AA+ | 3,117,957 | 16.92% |
| AA- | 123,229 | 0.67% |
| A+ | 151,157 | 0.82% |
| A | 601,520 | 3.26% |
| A- | 2,540,983 | 13.79% |
| BBB+ | 1,150,844 | 6.25% |
| BBB | 2,804,737 | 15.23% |
| BBB- | 948,478 | 5.15% |
| BB+ | 219,432 | 1.19% |
| B+ | 101,909 | 0.55% |
| Total credit risk debt securities | 11,760,246 | 63.83% |
| Total fixed income securities | \$ 18,424,298 | 100.00% |

* 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 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.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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

Investments (Continued)

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 investments. 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, 2022, none of Plan's investments were held with any single issuer that represents 5% or more of the Plan's investments.

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, 2022:

| <u>Investments Type</u> | <u>Fair Value as of 9/30/2022</u> | <u>Fair Value Measurements Using</u> | |
|----------------------------------|---------------------------------------|---|--|
| | | <u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> |
| Fixed income | \$ 18,424,298 | \$ 2,264,759 | \$ 16,159,539 |
| Common stocks | 65,312,660 | 65,312,660 | - |
| Total investmentst at fair value | \$ 83,736,958 | \$ 67,577,419 | \$ 16,159,539 |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. 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, 2020 and rolled forward to the September 30, 2021 (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 10.50% depending on service |
| Investment rate of return | 7.25% |
| Retirement Age | Upon eligibility |
| Mortality | Pre-retirement: PUB-2010 Headcount Weighted Safety Below Median Employee Male Table, set forward one year, and the PUB-2010 Headcount Weighted Safety Employee Female Table, set forward one year. Post-retirement: PUB-2010 Headcount Weighted Safety Below Median Healthy Retiree Male Table, set forward one year, and the PUB-2010 Headcount Weighted Safety Healthy Retiree Female Table, set forward one year. Mortality improvements are being made for each year after 2010 using gender-specific MP-2018 projection scales. The mortality assumption is the same as used for Special Risk Members of the Florida Retirement System (FRS) in the July 1, 2019 actuarial valuation, in compliance with Florida Statutes. |

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 2.50%. 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, 2022 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% |
| Real Estate | 4.50% |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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

Net Pension Liability (Continued)

Discount rate: A single discount rate of 7.25% was used to measure the total pension liability. This single discount rate was based on the expected rate on pension plan investments of 7.25%. 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 (7.25%) was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability:

| | Police Officers' Retirement Plan | | |
|---|----------------------------------|--------------------------------|--------------------------|
| | Increase (Decrease) | | |
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| | (a) | (b) | (a) - (b) |
| Total pension liability - beginning | \$ 124,109,465 | \$ 104,376,250 | \$ 19,733,215 |
| Changes for the year: | | | |
| Service Cost | 3,622,468 | - | 3,622,468 |
| Interest on the total pension liability | 9,034,911 | - | 9,034,911 |
| Difference between expected and actual experience of the total pension liability | 80,172 | - | 80,172 |
| Contributions - employer | - | 5,088,182 | (5,088,182) |
| Contributions - employer (from state) | - | 677,154 | (677,154) |
| Contributions - employee | - | 823,898 | (823,898) |
| Net investment income | - | 19,751,840 | (19,751,840) |
| Benefit payments | (6,223,701) | (6,223,701) | - |
| Refunds | (1,249) | (1,249) | - |
| Pension plan administrative expense | - | (184,982) | 184,982 |
| Net change in total pension liability | <u>6,512,601</u> | <u>19,931,142</u> | <u>(13,418,541)</u> |
| Total pension liability (asset) - ending | <u>\$ 130,622,066</u> | <u>\$ 124,307,392</u> | <u>\$ 6,314,674</u> |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

B. POLICE OFFICERS' RETIREMENT PLAN (PORP) (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 as of September 30, 2021 measurement date, using the current discount rate (7.25%) and the liability using discount rates that are one percentage point lower (6.25%) and one percentage point higher (8.25%) than the current rates:

| | Police Officers' Retirement Plan | | |
|-------------------------------|----------------------------------|------------------------|----------------|
| | 1% Decrease | Current | 1% Increase |
| | 6.25% | discount rate 7.25% | 8.25% |
| Net pension liability (asset) | \$ 22,418,272 | \$ 6,314,674 | \$ (6,901,780) |

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

For the fiscal year ended September 30, 2022 but based on a measurement date of September 30, 2021, the City recognized a reduction in the Plan's pension expense of \$3,760,062. This amount is included as a reduction to personal services expenses within the functional program activities.

At September 30, 2022, 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 | \$ 124,647 | \$ - |
| Change in assumptions | 200,652 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 10,362,393 |
| Total | \$ 325,299 | \$ 10,362,393 |

Net difference between projected and actual earnings on pension plan investments has a deferred outflows of resources of \$2,011,849, and deferred inflows of resources of \$12,374,242, resulting in the net inflows of resources of \$10,362,393. Contributions from City and State subsequent to the measurement date of \$6,025,696 will be recognized as a reduction of the net pension liability for the fiscal year ended September 30, 2023.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

B. POLICE OFFICERS’ RETIREMENT PLAN (PORP) (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 PORP will be recognized as pension expenses as follows:

| <u>Year Ending</u> <u>September 30,</u> | Net Deferred Outflows of <u>Resources</u> |
|--|---|
| 2023 | \$ (1,934,906) |
| 2024 | (2,360,985) |
| 2025 | (3,305,589) |
| 2026 | (2,435,614) |
| | <u>\$ (10,037,094)</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.

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, 2021. 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.

On 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. On December 1, 2005, the assets of the two plans were segregated to reflect the independence of the two plans.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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

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.

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, 2021. The actual contribution from the City for active members was actuarially determined using the latest actuarial valuation dated January 1, 2020 for the years ended December 31, 2021 and December 31, 2020.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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

Investments (Continued)

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

The investment balances held by the Plan as of December 31, 2021 are as follows:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>0-12 Months</u> | <u>1-5 Years</u> |
|------------------------------|---------------------|--------------------|-------------------|
| Fixed income-corporate bonds | \$ 826,192 | \$ 131,466 | \$ 694,726 |
| Certificates of deposit | 149,969 | 149,969 | |
| Fixed income-foreign bonds | 30,352 | 30,352 | - |
| Sub-total Fixed Income | <u>1,006,513</u> | <u>\$ 311,787</u> | <u>\$ 694,726</u> |
| Common stock | 1,694,468 | | |
| Preferred stock | 52,890 | | |
| Foreign stock | 276,021 | | |
| Mutual fund equities | 373,811 | | |
| Partnerships | 308,119 | | |
| Sub-total Equities | <u>2,705,309</u> | | |
| Total Investments | <u>\$ 3,711,822</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, 2021 the weighted average maturity of the fixed income portfolio was 2.29 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.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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

Investments (Continued)

| <u>S&P Rating</u> | <u>Fair Value</u> | <u>Percentage of Fixed Income</u> |
|---------------------------|---------------------|---|
| A | \$ 131,694 | 13.08% |
| BBB+ | 389,444 | 38.69% |
| BBB | 132,304 | 13.15% |
| BBB- | 203,102 | 20.18% |
| NR | <u>149,969</u> | <u>14.90%</u> |
| | <u>\$ 1,006,513</u> | <u>100.00%</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, the Plan will not be able to recover the value of its investments or collateral securities that are held by the counterparty. The Plan has a third-party custodian agreement with a financial institution 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 5% or more of the total of the Plan’s investments. The Plan’s investment policy places investment limitations and provides target allocations to its investment manager 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 5% of the Plan’s total assets, respectively. However, there are no limitations in government securities. As of December 31, 2021 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.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

C. ELECTED OFFICIALS' RETIREMENT PLAN (EORP) (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 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, preferred stock, mutual fund equities, and partnerships.
- 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, foreign bonds and certificates of deposits.

The Plan has the following recurring fair value measurements as of December 31, 2021.

| <u>Investments Type</u> | Fair Value Measurements Using | | |
|---------------------------------|-----------------------------------|---|--|
| | <u>Value as of 12/31/2021</u> | <u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> |
| Debt securities: | | | |
| Certificates of deposit | \$ 149,969 | \$ - | \$ 149,969 |
| Corporate and foreign bonds | 856,544 | - | 856,544 |
| Total debt securities | 1,006,513 | - | 1,006,513 |
| Equity securities: | | | |
| Common stock | 1,694,468 | 1,694,468 | - |
| Foreign stock | 276,021 | 121,720 | 154,301 |
| Preferred stock | 52,890 | 52,890 | - |
| Mutual fund equities | 373,811 | 373,811 | - |
| Partnerships | 308,119 | 308,119 | - |
| Total equity securities | 2,705,309 | 2,551,008 | 154,301 |
| Total investments at fair value | \$ 3,711,822 | \$ 2,551,008 | \$ 1,160,814 |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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

Net Pension Liability (Asset)

The City's net pension liability was measured by the actuarial valuation as of January 1, 2020 and rolled forward to the December 31, 2021 (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 | PUB-2010 Headcount Weighted Below-Median Employee Mortality Table, set back one year for males (pre-retirement) and the PUB-2010 Headcount Weighted Below-Median Healthy Retiree tables, set back one year for males (post-retirement), with mortality improvements projected to each future year after 2010 using Scale MP-2018. These are the same mortality tables used for Regular Class members of the Florida Retirement System (FRS) in the July 1, 2019 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 Bloomberg 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, 2021 are summarized in the following table:

| <u>Asset Group</u> | <u>Long-Term Expected Real Rate of Return</u> |
|--------------------|---|
| Equities | 5.25% |
| Fixed Income | 2.53% |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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

Net Pension Liability (Asset) (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 (Asset):

| | Elected Officials Retirement Plan | | |
|--|-----------------------------------|---------------------------------------|---|
| | Increase (Decrease) | | |
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (asset) (a) - (b) |
| Total pension liability (asset) - beginning 12/31/2020 | \$ 2,825,281 | \$ 3,396,329 | \$ (571,048) |
| Changes for the year: | | | |
| Service Cost | 36,938 | - | 36,938 |
| Interest on the total pension liability | 186,868 | - | 186,868 |
| Contributions - employer | - | 78,774 | (78,774) |
| Net investment income | - | 620,754 | (620,754) |
| Benefit payments | (187,614) | (187,614) | - |
| Pension plan administrative expense | - | (19,809) | 19,809 |
| Net change in total pension liability (asset) | <u>36,192</u> | <u>492,105</u> | <u>(455,913)</u> |
| Total pension liability (asset) - ending 12/31/2021 | <u>\$ 2,861,473</u> | <u>\$ 3,888,434</u> | <u>\$ (1,026,961)</u> |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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

Net Pension Liability (Asset) (Continued)

Sensitivity of the net pension liability (asset) to changes in the discount rate: The following presents the net pension liability (asset) of the City calculated using the current discount rates (6.75%) and the liability (asset) 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 (asset) | \$ (743,387) | \$ (1,026,961) | \$ (1,347,892) |

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

For the fiscal year ended September 30, 2021 but based on a measurement date of December 31, 2021, the City recognized a reduction in the Plan's pension expense of \$95,799. This amount is included as a reduction to personal services expenses within the functional program activities.

At September 30, 2021, 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 | \$ - | \$ - |
| Changes in assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | - | 261,046 |
| Total | \$ - | \$ 261,046 |

Net difference between projected and actual earnings on pension plan investments has a deferred outflows of resources of \$169,031 and deferred inflows of resources of \$430,077, resulting in the net inflows of resources of \$261,046. The City also has contributions subsequent to the measurement date of \$69,210, will be recognized as a reduction of the net pension liability for the fiscal year ended September 30, 2023.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. 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> | <u>Net Deferred</u> <u>Outflows of</u> <u>Resources</u> |
|--|---|
| 2023 | \$ (41,361) |
| 2024 | (98,608) |
| 2025 | (41,909) |
| 2026 | (79,168) |
| | <u>\$ (261,046)</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, 2021. 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.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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

Eligibility

Elected Officials elected on or after February 18, 2002, and the following senior managers if hired on or after January 1, 2005 and prior to April 20, 2009: City Manager, Assistant City Manager or Deputy City Manager.

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, 2021. The actual contribution from the City for active members was actuarially determined using the latest actuarial valuation dated January 1, 2020.

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 12. 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, 2021:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>0-12 Months</u> | <u>1-5 Years</u> | <u>6-10 Years</u> |
|---------------------------------|---------------------|--------------------|------------------|-------------------|
| Bond Mutual funds | \$ 889,068 | \$ - | \$ - | \$ 889,068 |
| Sub-total | 889,068 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 889,068</u> |
| Mutual funds - equity | 4,284,442 | | | |
| Real Estate Fund | 619,269 | | | |
| Total Investments at fair value | <u>\$ 5,792,779</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, 2021 the weighted average maturity of the fixed income portfolio was 8.49 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 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> |
|-----------------------|-------------------|-----------------------------------|
| N/R | \$ 889,068 | <u>100.00%</u> |
| | <u>\$ 889,068</u> | <u>100.00%</u> |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. 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, 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 5% or more of the total of the Plan's investments. 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 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, 2021, 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 2 or 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.

- Debt and Equity securities traded on national or international exchanges are valued at the last reported sales price or current exchange rates (Level 1). This included common stock, foreign stock, mutual funds, exchange traded funds (ETF's) and REITs.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. 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, 2021:

| | Fair Value Measurements Using | |
|--|-------------------------------|--------------------|
| | Value as of | Quoted Prices in |
| | 12/31/2021 | Active Markets for |
| | | Identical Assets |
| | | (Level 1) |
| <u>Investments by fair value level:</u> | | |
| Bond Mutual funds | \$ 889,068 | \$ 889,068 |
| Total debt securities | 889,068 | 889,068 |
| Equity securities: | | |
| Mutual Funds - equity | 4,284,442 | 4,284,442 |
| Total equity securities | 4,284,442 | 4,284,442 |
| Total investments at fair value | 5,173,510 | \$ 5,173,510 |
| <u>Investments measured at the net asset value ("NAV")</u> | | |
| Real estate fund | 619,269 | |
| Total investments | \$ 5,792,779 | |

The Plan valuation methods for investments measured at the net asset value (“NAV”) per share (or its equivalent) as of December 31, 2021 are as follows:

| | Fair | Unfunded | Redemption | Redemption |
|-----------------------------------|------------|-------------|---------------------|------------------|
| | Value | Commitments | Frequency (if | Notice |
| | \$ | \$ | Currently Eligible) | Period |
| Real estate fund (1) | \$ 619,269 | - | Quarterly | 10 business days |
| Total investments measured at NAV | \$ 619,269 | | | |

(1) Real Estate Fund: This fund is an open-end diversified core real estate commingled fund whose primary objective is to provide returns that are attractive relative to other asset classes with stable income and the potential for market appreciation. The core fund invests primarily in core institutional, quality industrial, multifamily office, and retail properties located throughout the United States, and is diversified by product type, geographic region, and economic exposure in order to mitigate investment risk.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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

Net Pension Liability (Asset)

The City's net pension liability was measured by the actuarial valuation as of January 1, 2020 and rolled forward to the December 31, 2021 (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 for retirement |
| Mortality | PUB-2010 Headcount Weighted Below-Median Employee Mortality Table, set back one year for males (pre-retirement) and the PUB-2010 Headcount Weighted Below-Median Healthy Retiree tables, set back one year for males (post-retirement), with mortality improvements projected to each future year after 2010 using Scale MP-2018. These are the same mortality tables used for Regular Class members of the Florida Retirement System (FRS) in the July 1, 2019 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 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 December 31, 2021 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% |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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

Net Pension Liability (Asset) (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 (Asset):

| | New Elected Officials' and Senior Management Retirement System Increase (Decrease) | | |
|--|--|---------------------------------------|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (asset) (a) - (b) |
| Total pension liability (asset) - beginning 12/31/2020 | \$ 4,826,953 | \$ 5,307,982 | \$ (481,029) |
| Changes for the year: | | | |
| Service Cost | 62,057 | - | 62,057 |
| Interest on the total pension liability | 318,800 | - | 318,800 |
| Contributions - employer | - | 94,435 | (94,435) |
| Net investment income | - | 855,761 | (855,761) |
| Benefit payments | (332,081) | (332,081) | - |
| Pension plan administrative expense | - | (29,605) | 29,605 |
| Net change in total pension liability (asset) | 48,776 | 588,510 | (539,734) |
| Total pension liability (asset) - ending 12/31/2021 | \$ 4,875,729 | \$ 5,896,492 | \$ (1,020,763) |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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

Net Pension Liability (Asset) (Continued)

Sensitivity of the net pension liability (asset) to changes in the discount rate: The following presents the net pension liability (asset) of the City calculated using the current discount rates (6.75%) and the liability (asset) 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 | | |
|-------------------------------|---|-----------------------------------|----------------------|
| | 1% Decrease 5.75% | Current discount rate 6.75% | 1% Increase 7.75% |
| Net pension liability (asset) | \$ (510,064) | \$ (1,020,763) | \$ (1,543,803) |

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

For the fiscal year ended September 30, 2022 but based on a measurement date of December 31, 2021, the City recognized a reduction in the Plan's pension expense of \$308,609. This amount is included as a reduction to personal services expenses within the functional program activities.

At September 30, 2022, 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 | \$ 24,288 | \$ - |
| Changes in assumptions | 4,767 | 76,920 |
| Net difference between projected and actual earnings on pension plan investments | - | 745,601 |
| Total | \$ 29,055 | \$ 822,521 |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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

Net difference between projected and actual earnings on pension plan investments has a deferred outflows of resources of \$101,031 and deferred inflows of resources of \$846,632, resulting in the net inflows of resources of \$745,601. The City also has contributions subsequent to the measurement date of \$109,990, will be recognized as a reduction of the net pension liability for the fiscal year ended September 30, 2023.

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 <u>Resources</u> |
|--|---|
| 2023 | \$ (197,793) |
| 2024 | (307,172) |
| 2025 | (187,201) |
| 2026 | <u>(101,300)</u> |
| | <u>\$ (793,466)</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.

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, 2021. 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.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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

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 to a maximum 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.

Termination Benefits

If a vested participant is terminated, the participant is entitled to receive (a) 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.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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

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.

The Plan had investment balances as of December 31, 2021:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>0-12 Months</u> | <u>1-5 Years</u> | <u>6-9 Years</u> | <u>10 + Years</u> |
|---------------------------------|---------------------|--------------------|---------------------|-------------------|---------------------|
| Fixed income securities | \$ 3,632,307 | \$ 110,535 | \$ 1,280,428 | \$ 663,427 | \$ 1,577,917 |
| Sub-total : fixed income | 3,632,307 | <u>\$ 110,535</u> | <u>\$ 1,280,428</u> | <u>\$ 663,427</u> | <u>\$ 1,577,917</u> |
| Common stocks | 2,145,928 | | | | |
| Mutual Funds equity | <u>675,967</u> | | | | |
| Total Investments at fair value | <u>\$ 6,454,202</u> | | | | |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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

Investments (Continued)

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, 2021, the Plan’s corporate bonds were rated between A1 and Baa3 by Moody’s Investor Services.

| <u>Moody's</u> <u>Rating</u> | Corporate Bonds <u>Fair Value</u> | Percentage of Fixed <u>Income</u> |
|---------------------------------|---|---|
| Between A1 and Baa3 | \$ <u>1,483,321</u> | <u>40.84%</u> |

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.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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

Investments (Continued)

Concentration of Credit Risk – GASB Standards require disclosure of investments in any one issuer that represents 5% or more of its total investments. 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, 2021, investments in Vanguard 500 Index Fund of \$633,755 exceeded 5% of the Plan's total investments.

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 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.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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

Investments (Continued)

The Plan has the following fair value measurements as of December 31, 2021:

| <u>Investments Type</u> | Fair Value Measurements Using | | |
|-------------------------|----------------------------------|---|---|
| | Value as of <u>12/31/2021</u> | Quoted Prices in Active Markets for Identical Assets <u>(Level 1)</u> | Significant Other Observable Inputs <u>(Level 2)</u> |
| Equity securities | \$ 2,145,928 | \$ 1,823,762 | \$ 322,166 |
| Mutual Funds | 675,967 | 675,967 | |
| Corporate bonds | 1,483,321 | 21,812 | 1,461,509 |
| Government securities | 1,992,488 | 43,614 | 1,948,874 |
| Municipal obligations | 156,498 | - | 156,498 |
| Total fair value | \$ 6,454,202 | \$ 2,565,155 | \$ 3,889,047 |

Net Pension Liability (Asset)

The City's net pension liability was measured by the actuarial valuation as of January 1, 2021 and rolled forward to the December 31, 2021 (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 | 2.0% |
| Salary increase | N/A |
| Investment rate of return | 3.50% net of investment related expenses |
| Retirement Age | N/A |
| Mortality | The same mortality tables and improvement scales used by the Florida Retirement System (FRS) for Special Risk Class members in the July 1, 2020 actuarial valuation, in compliance with Florida Statutes Chapter 112.63(1)(f), which mandates use of same mortality assumptions from one of the two most recently published FRS actuarial valuation reports. |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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

Net Pension Liability (Asset) (Continued)

Discount rate: A single discount rate of 3.50% was used to measure the total pension liability. This single discount rate was based on the expected rate on pension plan investments of 3.50%. 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 benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (3.50%) was applied to all periods of projected benefit payments to determine the total pension liability.

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, 2021 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% |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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

Net Pension Liability (Asset) (Continued)

Changes in Net Pension Liability (asset):

| | Firefighters Retirement system | | |
|---|-----------------------------------|---------------------------------------|---|
| | Increase (Decrease) | | |
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (asset) (a) - (b) |
| Total pension liability (asset) - beginning 12/31/2020 | \$ 7,225,384 | \$ 7,831,145 | \$ (605,761) |
| Changes for the year: | | | |
| Interest on the total pension liability | 347,365 | - | 347,365 |
| Difference between expected and actual experience of the total pension liability | (423,971) | - | (423,971) |
| Change of assumptions | 617,389 | - | 617,389 |
| Contributions - employer (from state) | - | 251,963 | (251,963) |
| Net investment income | - | 731,853 | (731,853) |
| Benefit payments | (744,301) | (744,301) | - |
| Pension plan administrative expense | - | (90,109) | 90,109 |
| Other (change in share plan reserve) | 188,144 | - | 188,144 |
| Net change in total pension liability (asset) | (15,374) | 149,406 | (164,780) |
| Total pension liability (asset) - ending 12/31/2021 | \$ 7,210,010 | \$ 7,980,551 | \$ (770,541) |

Sensitivity of the net pension liability (asset) to changes in the discount rate: The following presents the net pension liability (asset) of the City calculated using the current discount rates (3.50%) and the liability (asset) using discount rates that are one percentage point lower (2.50%) and one percentage point higher (4.50%) than the current rates:

| | Firefighters Retirement System | | |
|-------------------------------|--------------------------------|------------------------|----------------------|
| | Current | | |
| | 1% Decrease 2.50% | discount rate 3.50% | 1% Increase 4.50% |
| Net pension liability (asset) | \$ (14,565) | \$ (770,541) | \$ (1,399,323) |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

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

Net Pension Liability (Asset) (Continued)

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

For the fiscal year ended September 30, 2022 but based on a measurement date of December 31, 2021, the City recognized a reduction in the Plan’s pension expense of \$60,167. This amount is included as a reduction to personal services expenses within the functional program activities. At September 30, 2022, the City reports deferred outflows and inflows of resources related to the Plan as follows:

| | Firefighters Retirement System | |
|--|--------------------------------|------------------|
| | Deferred | Deferred |
| | Outflows of | Inflows of |
| | <u>Resources</u> | <u>Resources</u> |
| Difference between projected and actual earnings on pension plan investments | \$ - | \$ 617,710 |
| Total | \$ - | \$ 617,710 |

Net difference between projected and actual earnings on pension plan investments has a deferred outflows of resources of \$171,149 and deferred inflows of resources of \$788,859, resulting in the net inflows of resources of \$617,710. The City also has contributions from the State subsequent to the measurement date of \$63,819, which will be recognized as a reduction of the net pension liability for the fiscal year ended September 30, 2023.

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> | Net Deferred Outflows of <u>Resources</u> |
|--|---|
| 2023 | \$ (134,024) |
| 2024 | (305,172) |
| 2025 | (107,541) |
| 2026 | (70,973) |
| | \$ (617,710) |

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 of the financial statements, provides additional information about the net pension liability, plan assets and contributions.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

The following table summarized the aggregate amount for all five pension plans presented above for the period as of the indicated measurement date:

| | Measurement Date | Net Pension Asset | Net Pension (liability) | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Deferred Outflows/(Inflows) of Resources | Pension Expense (income) |
|---|------------------|---------------------|-------------------------|--------------------------------|-------------------------------|--|--------------------------|
| General Employees' Retirement Plan | 9/30/2021 | \$ 4,932,566 | \$ - | \$ 1,618,328 | \$ (9,829,334) | \$ (8,211,006) | \$ (4,124,537) |
| Police Officers' Retirement Plan | 9/30/2021 | - | (6,314,674) | 2,337,148 | (12,374,242) | (10,037,094) | (3,760,062) |
| Elected Officials' Retirement Plan | 12/31/2021 | 1,026,961 | - | 169,031 | (430,077) | (261,046) | (95,799) |
| New Elected Officials and Senior Management Retirement System | 12/31/2021 | 1,020,763 | - | 130,086 | (923,552) | (793,466) | (308,609) |
| Firefighters' Retirement System | 12/31/2021 | 770,541 | - | 171,149 | (788,859) | (617,710) | (60,167) |
| | | <u>\$ 7,750,831</u> | <u>\$(6,314,674)</u> | <u>\$ 4,425,742</u> | <u>\$(24,346,064)</u> | <u>\$ (19,920,322)</u> | <u>\$(8,349,174)</u> |

By Activities type:

| | | | | | | |
|--------------------------|---------------------|----------------------|---------------------|-----------------------|------------------------|----------------------|
| Governmental Activities | \$ 4,558,283 | \$(6,314,674) | \$ 3,378,297 | \$ (17,984,136) | \$ (14,605,839) | \$ (5,831,690) |
| Business-type Activities | <u>3,192,548</u> | <u>-</u> | <u>1,047,445</u> | <u>(6,361,928)</u> | <u>(5,314,483)</u> | <u>(2,517,484)</u> |
| Total: | <u>\$ 7,750,831</u> | <u>\$(6,314,674)</u> | <u>\$ 4,425,742</u> | <u>\$(24,346,064)</u> | <u>\$ (19,920,322)</u> | <u>\$(8,349,174)</u> |

Reconciliation of Deferred Outflows of Resources above to Statement of Net Position on page 25:

| | Measurement Date | Deferred Outflows of Resources Per GASB 68 | Contributions made after measurement date | Total Deferred Outflows Statement of Net Position (Page 25) |
|---|------------------|--|---|---|
| General Employees' Retirement Plan | 9/30/2021 | \$ 1,618,328 | \$ 1,771,698 | \$ 3,390,026 |
| Police Officers' Retirement Plan | 9/30/2021 | 2,337,148 | 6,025,696 | 8,362,844 |
| Elected Officials' Retirement Plan | 12/31/2021 | 169,031 | 69,210 | 238,241 |
| New Elected Officials and Senior Management Retirement System | 12/31/2021 | 130,086 | 109,990 | 240,076 |
| Firefighters' Retirement System | 12/31/2021 | 171,149 | 63,819 | 234,968 |
| | | <u>\$ 4,425,742</u> | <u>\$ 8,040,413</u> | <u>\$ 12,466,155</u> |
| <u>By Activities type:</u> | | | | |
| Governmental Activities | | \$ 3,378,297 | \$ 6,893,701 | \$ 10,271,998 |
| Business-type Activities | | <u>1,047,445</u> | <u>1,146,712</u> | <u>2,194,157</u> |
| Total: | | <u>\$ 4,425,742</u> | <u>\$ 8,040,413</u> | <u>\$ 12,466,155</u> |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

F. DEFINED CONTRIBUTION PLAN

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 contributed totaling \$24,336 to the Plan for the fiscal year ended September 30, 2022.

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, 2022 there were 11 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 \$189,441 to the Plan for the fiscal year ended September 30, 2022.

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 \$566,642 to the Plan for the fiscal year ended September 30, 2022.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 13. 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, 2022, the OPEB Plan covered 206 active employees and 41 retirees for health insurance.

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: | 10/01/2020 |
| Measurement Date: | 10/01/2021 |
| Reporting date: | 09/30/2022 |

At September 30, 2022, the City reported the following:

| | |
|--|--------------|
| Total OPEB liability: | \$11,622,958 |
| Total covered payroll: | \$28,231,945 |
| OPEB liability as a percentage of covered payroll: | 41%. |

Methods and assumption used to determine Total OPEB liability:

| | |
|-----------------------------|---|
| Actuarial Cost Method | Entry Age Normal |
| Discount Rate | 2.21% |
| HealthCare Cost Trend Rates | 5.0% for 2021 to later years |
| Mortality Rate | RF-2014 mortality table (combined healthy lives) with projected mortality |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 13. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Total OPEB Liability (Continued)

Changes in Total OPEB Liability:

| | <u>OPEB Liability</u> |
|---|---------------------------|
| Total OPEB liability- beginning 9/30/2021 | \$ 11,213,911 |
| Changes for the year: | |
| Service cost | 259,767 |
| Interest cost | 254,345 |
| Change of assumptions | 74,104 |
| Benefit payments | (179,169) |
| Net change in OPEB liability | <u>409,047</u> |
| Total OPEB liability- ending 9/30/2022 | <u>\$ 11,622,958</u> |
| By Activities type: | |
| Governmental Activities | \$ 7,406,629 |
| Business-type Activities | <u>4,216,329</u> |
| Total: | <u>\$ 11,622,958</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 (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

| | Sensitivity Testing to change in interest discount assumption | | |
|--------------------------|---|------------------------|----------------------|
| | Selected | | |
| | 1% Decrease 1.21% | discount rate 2.21% | 1% Increase 3.21% |
| Discount rate assumption | | | |
| Total OPEB liability | \$ 13,345,785 | \$ 11,622,958 | \$ 10,254,900 |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 13. 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 (5.5%) or 1-percentage-point higher (7.5%) than the current medical costs trend rate:

| | Sensitivity Testing to change in medical costs trend assumption | | |
|--------------------------------|---|------------------------|---------------|
| | 1% Decrease | Selected Trend rate | 1% Increase |
| Medical costs trend assumption | 5.5% | 6.5% | 7.5% |
| Total OPEB liability | \$ 10,278,137 | \$ 11,622,958 | \$ 13,274,159 |

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

For the fiscal year ended September 30, 2022 but based on a measurement date of October 1, 2021, the City recognized a reduction to the Plan’s OPEB expense of \$933,730. This amount is included as a decrease to personal services expenses within the functional program activities.

At September 30, 2022, 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 | \$ - | \$ 6,041,315 |
| Changes in assumptions | - | 2,446,078 |
| Expected benefit payments subsequent to the measurement date of 10/1/2021 | 206,044 | - |
| Total | \$ 206,044 | \$ 8,487,393 |
| <u>By Activities type:</u> | | |
| Governmental Activities | \$ 131,299 | \$ 5,408,517 |
| Business-Type Activities | 74,745 | 3,078,876 |
| Total | \$ 206,044 | \$ 8,487,393 |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 13. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

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

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> | Net Deferred Inflows of Resources |
|--|---|
| 2023 | \$ (1,241,800) |
| 2024 | (1,241,800) |
| 2025 | (1,241,800) |
| 2026 | (1,241,800) |
| 2027 | (771,359) |
| 2028+ | <u>(2,748,834)</u> |
| | <u>\$ (8,487,393)</u> |

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.

NOTE 14. 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.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 14. SELF-INSURANCE PROGRAMS (Continued)

A claims liability of approximately \$4,906,000 was actuarially determined by an outside actuary at September 30, 2022. Changes in liabilities during the years ended September 30, 2022 and 2021 are presented in the following table:

| | Liability at Beginning <u>Year</u> | Current Year <u>Claims</u> | Claim Payments <u>Payments</u> | Liability at End of Year <u>of Year</u> |
|------------------------------|--|----------------------------------|--------------------------------------|--|
| <u>2022</u> | | | | |
| Worker's compensation | \$ 1,508,120 | \$ 667,930 | \$ 686,957 | \$ 1,489,093 |
| General and auto liabilities | <u>3,019,829</u> | <u>1,238,628</u> | <u>841,913</u> | <u>3,416,544</u> |
| 2021 Total | <u>\$ 4,527,949</u> | <u>\$ 1,906,558</u> | <u>\$ 1,528,870</u> | <u>\$ 4,905,637</u> |
| <u>2021</u> | | | | |
| Worker's compensation | \$ 1,340,317 | \$ 801,942 | \$ 634,139 | \$ 1,508,120 |
| General and auto liabilities | <u>2,903,148</u> | <u>976,541</u> | <u>859,860</u> | <u>3,019,829</u> |
| 2021 Total | <u>\$ 4,243,465</u> | <u>\$ 1,778,483</u> | <u>\$ 1,493,999</u> | <u>\$ 4,527,949</u> |

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 claim 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 judgments 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.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 15. 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.

d. Power Sales Contracts

In connection with the City's participation in certain Florida Municipal Power Agency projects, 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 2042, total approximately \$268 million plus interest imputed at annual rate at 5%. The City intends to meet its obligations under these agreements. Purchased power during fiscal 2022 was sufficient to meet the City's commitment under the power sales contracts.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 15. COMMITMENTS AND CONTINGENCIES (Continued)

d. Power Sales Contracts

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

| <u>Fiscal year ending September 30:</u> | |
|---|-----------------------|
| 2023 | \$ 17,662,000 |
| 2024 | 18,015,000 |
| 2025 | 18,376,000 |
| 2026 | 18,743,000 |
| 2027 | 19,118,000 |
| 2028 - 2032 | 60,480,000 |
| 2033 - 2037 | 54,942,000 |
| 2038 - 2042 | <u>60,660,000</u> |
| Total | 267,996,000 |
| Less amount representing interest | <u>85,637,000</u> |
| Total present value | <u>\$ 182,359,000</u> |

e. Homestead Miami Speedway

The City of Homestead is a party in a long-term Management and Operations agreement with Homestead Miami Speedway, LLC to manage and operate the Homestead Miami Speedway. The agreement provides for the City to receive annual City base payments through its expiration on December 31, 2032. Future base City payments are as follows:

| <u>Fiscal year ending September 30:</u> | |
|---|----------------------|
| 2023 | \$ 1,000,000 |
| 2024 | 1,000,000 |
| 2025 | 1,000,000 |
| 2026 | 1,000,000 |
| 2027 | 1,000,000 |
| 2028 - 2032 | <u>5,000,000</u> |
| Total | <u>\$ 10,000,000</u> |

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 16. HOMESTEAD COMMUNITY REDEVELOPMENT AGENCY

For fiscal year 2022 total property tax revenues for the CRA amounted to \$4,283,225. Of the total amount, \$1,837,585 was from property taxes levied by Miami-Dade County and \$2,445,640 was from property taxes levied by the City.

Projects completed in fiscal year 2022:

1. One (1) Small Business Clinic was held. Twenty-four (24) businesses graduated and were awarded a total \$80,000 of CRA funds.
2. Two (2) properties were purchased for future development.
3. Awarded five (5) Commercial Enhancement Grant applications.
4. Awarded three (3) Residential Improvement Grant applications.
5. Awarded two (2) Business Incentive Grant applications.
6. Implemented Downtown Beautification Project that included painting buildings in Historic District.
7. Finalized agreement with developer for construction of homes for First Time Homebuyers.
8. The CRA Code Enforcement Officer issued 395 citations to residents.
9. The Community Policing Innovations: 43 School & Business Presentations; 200+ Business Contacts; 33 Events and Outreach Details; 25 Neighborhood, Crime Watch and Business Meetings; 11 Enforcement Details.
10. Support for Seminole Theatre administration.
11. Completed Krome Avenue Lighting Improvement project.

Projects planned for fiscal year 2023:

1. Demolish unsafe structures.
2. Complete Phase 1 & 2 of Dumpster Enclosure Project.
3. Release RFP for Mixed-use Transit Oriented Development.
4. Release RFP for Senior Housing Development.
5. Land/Property acquisition.
6. Construct four (4) new homes for First Time Homebuyers.
7. Begin construction on Southwest Senior Housing Development.
8. Implement SW 4th Street Beautification Project.
9. Implement SW 6th Street Beautification Project.
10. Clean-Up of the arsenic contaminated Flagler Avenue Lot for future development.
11. Sponsor and host (1) business resource fair.
12. Host one (1) Small Business Clinic.
13. Award two (2) Business Incentive Grant to increase economic development.
14. Award five (5) Commercial Enhancement Grants and three (3) Residential Improvement Grants.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 16. HOMESTEAD COMMUNITY REDEVELOPMENT AGENCY (Continued)

Expenditures incurred during fiscal year 2022 related to these projects are as follows:

| | <u>Expenditures</u> |
|--------------------|---------------------|
| General government | \$ 2,060,550 |
| Public safety | 379,048 |
| Public works | 274,037 |
| Parks & recreation | 425,496 |
| Capital outlay | 109,033 |
| Total Expenditures | <u>\$ 3,248,164</u> |

A separated independently published financial statements for CRA may be obtained by contacting: CRA Director, 212 NW, 1st Avenue, Homestead, Florida 33030.

NOTE 17. CARES ACT/COVID-19

As a result of the COVID-19 global pandemic, the City issued a declaration of emergency in March 2020. Continuing through fiscal year 2022, the COVID-19 pandemic was still considered a national emergency and the economic and social impacts are still ongoing. In an effort to combat and respond to this emergency, the City has incurred unbudgeted costs which it anticipates getting reimbursed through various grants and public assistance programs. As of September 30, 2022, the City has recovered \$914,799 in FEMA reimbursements, for various COVID-related costs it had expended in the previous year. These reimbursements are reported as Intergovernmental Revenues in the General Fund, and were not included in the Fiscal Year 2022 budget.

NOTE 18. AMERICAN RESCUE PLAN ACT OF 2021 (ARPA)

On March 11, 2021, the American Rescue Plan Act of 2021 (“ARPA”) was signed into law which provides for additional funding for state and local governments to help in the nation’s recovery from the public health and economic impacts of the COVID-19 pandemic, as well as to equip cities and towns with the tools necessary to start building a stronger and more equitable future over the next decade.

On May 19, 2021, the City received the first tranche of ARPA funding of \$9,596,043 and on June 4, 2022, the City received the final tranche of \$9,596,043. The City expended \$ 9,000 of ARPA funds in FY 2021 and \$800,109 in FY 2022 and is also currently determining which projects will be completed and funded from the remaining ARPA funds.

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, 2022

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|-------------------------------|----------------------|----------------------|----------------------|--|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property taxes | \$ 19,653,931 | \$ 19,653,931 | \$ 19,844,882 | 190,951 |
| Fuel taxes | 1,187,993 | 1,187,993 | 1,297,194 | 109,201 |
| Franchise taxes | - | - | 52,757 | 52,757 |
| Utility taxes | 1,700,640 | 1,700,640 | 1,579,957 | (120,683) |
| Communication service taxes | 1,533,805 | 1,533,805 | 1,576,166 | 42,361 |
| Half cent sales taxes | 5,737,886 | 5,737,886 | 7,793,915 | 2,056,029 |
| Total taxes | <u>29,814,255</u> | <u>29,814,255</u> | <u>32,144,871</u> | <u>2,330,616</u> |
| Licenses and permits | <u>2,309,000</u> | <u>2,309,000</u> | <u>2,357,633</u> | <u>48,633</u> |
| Intergovernmental: | | | | |
| State revenue sharing | 3,376,198 | 3,376,198 | 5,419,801 | 2,043,603 |
| State insurance premium taxes | 880,051 | 880,051 | 1,019,127 | 139,076 |
| County revenue sharing | 75,000 | 75,000 | 100,523 | 25,523 |
| Total intergovernmental | <u>4,331,249</u> | <u>4,331,249</u> | <u>6,539,451</u> | <u>2,208,202</u> |
| Charges for services: | | | | |
| Recreation fees | 295,004 | 295,004 | 263,229 | (31,775) |
| Other fees | 899,395 | 899,395 | 1,442,958 | 543,563 |
| Total charges for services | <u>1,194,399</u> | <u>1,194,399</u> | <u>1,706,187</u> | <u>511,788</u> |
| Fines and forfeitures | 440,000 | 440,000 | 566,019 | 126,019 |
| Investment income (loss) | 266,000 | 266,000 | (743,149) | (1,009,149) |
| Payments in lieu of taxes | 7,285,550 | 7,285,550 | 7,285,550 | - |
| Rentals and other revenues | 9,133,046 | 9,133,046 | 9,042,077 | (90,969) |
| Total other revenues | <u>17,124,596</u> | <u>17,124,596</u> | <u>16,150,497</u> | <u>(974,099)</u> |
| Total revenues | <u>\$ 54,773,499</u> | <u>\$ 54,773,499</u> | <u>\$ 58,898,639</u> | <u>\$ 4,125,140</u> |

(Continued)

CITY OF HOMESTEAD, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2022

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|---|-------------------|-------------------|----------------------|--|
| | Original | Final | | |
| Expenditures: | | | | |
| General government: | | | | |
| Mayor and Council | \$ 1,029,722 | \$ 1,029,722 | \$ 906,505 | \$ 123,217 |
| City Attorney | 1,000,000 | 1,300,000 | 1,299,118 | 882 |
| City Manager | 809,323 | 854,323 | 849,392 | 4,931 |
| City Clerk | 935,597 | 935,597 | 892,282 | 43,315 |
| Planning & Zoning | 1,752,062 | 2,002,062 | 1,981,610 | 20,452 |
| Finance | 2,017,782 | 1,997,782 | 1,951,550 | 46,232 |
| General Services | 2,163,244 | 2,153,280 | 2,094,848 | 58,432 |
| General Administration | 2,419,950 | 2,302,739 | 2,032,060 | 270,679 |
| Human resources | 702,885 | 652,885 | 616,640 | 36,245 |
| Total general government | <u>12,830,565</u> | <u>13,228,390</u> | <u>12,624,005</u> | <u>604,385</u> |
| Public safety: | | | | |
| Police | 31,480,208 | 30,886,075 | 30,379,248 | 506,827 |
| Building department | 1,935,843 | 1,935,843 | 1,742,908 | 192,935 |
| Total public safety | <u>33,416,051</u> | <u>32,821,918</u> | <u>32,122,156</u> | <u>699,762</u> |
| Public works and services: | | | | |
| Streets | 1,372,705 | 1,344,205 | 1,336,076 | 8,129 |
| Total public works | <u>1,372,705</u> | <u>1,344,205</u> | <u>1,336,076</u> | <u>8,129</u> |
| Parks, recreation and facility maintenance | 6,133,471 | 5,980,971 | 5,913,772 | 67,199 |
| Total parks and recreation | <u>6,133,471</u> | <u>5,980,971</u> | <u>5,913,772</u> | <u>67,199</u> |
| Capital outlay | 737,647 | 1,114,955 | 373,747 | 741,208 |
| Debt service: | | | | |
| Principal | 482,470 | 482,470 | 481,035 | 1,435 |
| Interest and fiscal charges | 186,832 | 186,832 | 186,277 | 555 |
| Total expenditures | <u>55,159,741</u> | <u>55,159,741</u> | <u>53,037,068</u> | <u>2,122,673</u> |
| Excess (deficiency) of revenues over expenditures | <u>(386,242)</u> | <u>(386,242)</u> | <u>5,861,571</u> | <u>6,247,813</u> |
| Other financing sources (uses): | | | | |
| Issuance of debt (equipment financing) | - | - | 285,773 | 285,773 |
| Transfers in | 514,152 | 514,152 | 668,751 | 154,599 |
| Transfers out | (592,895) | (1,792,895) | (1,792,895) | - |
| Appropriation of prior years' fund balance | 464,985 | 1,664,985 | - | (1,664,985) |
| Total other financing sources (uses) | <u>386,242</u> | <u>386,242</u> | <u>(838,371)</u> | <u>(1,224,613)</u> |
| Change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>5,023,200</u> | <u>\$ 5,023,200</u> |
| Fund balance - beginning | | | <u>49,005,696</u> | |
| Fund balance - ending | | | <u>\$ 54,028,896</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, 2022

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|---|--------------------|--------------------|---------------------|--|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 4,283,225 | \$ 4,283,225 | \$ 4,283,225 | \$ - |
| Investment income (loss) | 17,000 | 17,000 | (94,274) | (111,274) |
| Other revenue | - | - | 3,382 | 3,382 |
| Total revenues | <u>4,300,225</u> | <u>4,300,225</u> | <u>4,192,333</u> | <u>(107,892)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 4,627,299 | 4,371,489 | 2,060,550 | 2,310,939 |
| Public safety | 350,831 | 350,831 | 379,048 | (28,217) |
| Public works and services | 348,988 | 559,540 | 274,037 | 285,503 |
| Parks & recreation | 473,781 | 436,193 | 425,496 | 10,697 |
| Capital outlays | 1,007,190 | 1,090,036 | 109,033 | 981,003 |
| Total expenditures | <u>6,808,089</u> | <u>6,808,089</u> | <u>3,248,164</u> | <u>3,559,925</u> |
| Excess (deficiency) of revenues over expenditures | <u>(2,507,864)</u> | <u>(2,507,864)</u> | <u>944,169</u> | <u>3,452,033</u> |
| Other financing sources: | | | | |
| Transfers in | - | - | 15,978 | 15,978 |
| Transfers out | (413,623) | (413,623) | (113,623) | 300,000 |
| Appropriation of prior years' fund balance | <u>2,921,487</u> | <u>2,921,487</u> | <u>-</u> | <u>(2,921,487)</u> |
| Total other financing sources (uses) | <u>2,507,864</u> | <u>2,507,864</u> | <u>(97,645)</u> | <u>(2,605,509)</u> |
| Change in fund balance | <u>\$ -</u> | <u>\$ -</u> | 846,524 | <u>\$ 846,524</u> |
| Fund balances, beginning | | | <u>2,884,936</u> | |
| Fund balance - ending | | | <u>\$ 3,731,460</u> | |

See note to budgetary comparison schedule.

CITY OF HOMESTEAD, FLORIDA

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION FISCAL YEAR ENDED SEPTEMBER 30, 2022

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 and the Homestead Community Redevelopment Agency Fund on the basis consistent with accounting principles generally accepted in the United States.
6. The General Fund and the Homestead Community Redevelopment Agency annual budgets are adopted through an ordinance.

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.

7. The General Fund had \$1,200,000 in supplemental appropriations in fiscal year 2022:

\$ 1,200,000 Transfer to Solid Waste Fund Ordinance 2022-12-20

CITY OF HOMESTEAD, FLORIDA

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 2. BUDGETS AND ACTUAL COMPARISONS

The adopted budgets are prepared on the modified accrual basis of accounting in accordance with GAAP, except that due to the implementation of Statement 87 – Leases, both proceeds from GASB 87 Lease and capital outlays for the Right-to-Use asset are not budgeted. As a result, General Fund expenditures and other financing sources (uses) reported in the budgetary comparison schedule differ from the revenue and expenditures reported on the GAAP basis and can be reconciled as follow:

| | Other Financing Sources (uses) | Expenditures |
|---------------------------------------|-----------------------------------|---------------|
| Budgetary Basis (page 138) | \$ (838,371) | \$ 53,037,068 |
| Capital Outlays-GASB 87 RTU asset | | 17,746,436 |
| Debt service on GASB 87 lease: | | |
| Principal | | 87,989 |
| Interest and fiscal charges | | 132,603 |
| Other financing sources (uses): | | |
| Proceeds from LT Debt - GASB 87 Lease | 17,746,436 | |
| GAAP Basis (page 30) | \$ 16,908,065 | \$ 71,004,096 |

Fund Balance reconciliation to Page 30:

| | |
|---|---------------|
| Change in fund balance from page 138 | \$ 5,023,200 |
| Plus: Proceeds from LT Debt - GASB 87 Lease | 17,746,436 |
| Less: Capital Outlays-GASB 87 RTU asset | (17,746,436) |
| Debt service: on GASB 87 lease: | |
| Principal | (87,989) |
| Interest and fiscal charges | (132,603) |
| Change in fund balance (tied to page 30) | 4,802,608 |
| Fund balance - beginning | 49,005,696 |
| Fund balance - ending (page 30) | \$ 53,808,304 |

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, | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| A. Total pension liability | | | | | | | | |
| Service Cost | \$ 1,298,106 | \$ 1,414,901 | \$ 1,493,602 | \$ 1,643,498 | \$ 1,667,916 | \$ 1,653,360 | \$ 1,693,876 | \$ 1,749,000 |
| Interest on the total pension liability | 6,647,938 | 6,523,098 | 6,275,331 | 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 | 254,817 | (1,085,959) | 282,792 | (740,698) | 557,519 | (807,532) | 57,471 | (588,885) |
| Changes of assumptions | (2,208,866) | - | - | - | 1,956,133 | - | - | - |
| Benefit payments | (5,150,088) | (4,544,982) | (4,037,075) | (4,128,538) | (3,157,304) | (3,721,862) | (2,900,572) | (3,626,962) |
| Refunds | (61,649) | (14,818) | (7,903) | (34,398) | (30,307) | (57,959) | (30,096) | (256,423) |
| Net change in total pension liability | 780,258 | 2,292,240 | 4,006,747 | 2,830,287 | 6,668,801 | 2,684,820 | 4,236,073 | 2,484,687 |
| Total pension liability - beginning | 99,795,731 | 97,503,491 | 93,496,744 | 90,666,457 | 83,997,656 | 81,312,836 | 77,076,763 | 74,592,076 |
| Total pension liability - ending | <u>\$ 100,575,989</u> | <u>\$ 99,795,731</u> | <u>\$ 97,503,491</u> | <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 | \$ 2,155,733 | \$ 2,476,457 | \$ 2,613,899 | \$ 2,794,643 | \$ 2,505,891 | \$ 2,725,022 | \$ 2,834,656 | \$ 2,874,430 |
| Contributions - employee | 267,599 | 294,602 | 311,611 | 336,745 | 360,501 | 353,824 | 360,333 | 368,500 |
| Net investment income | 17,292,229 | 3,706,972 | 6,791,312 | 4,307,216 | 6,830,581 | 7,438,130 | 1,652,437 | 5,985,552 |
| Benefit payments | (5,150,088) | (4,544,982) | (4,037,075) | (4,128,538) | (3,157,304) | (3,721,862) | (2,900,572) | (3,626,962) |
| Refunds | (61,649) | (14,818) | (7,903) | (34,398) | (30,307) | (57,959) | (30,096) | (256,423) |
| Pension plan administrative expense | (138,111) | (140,437) | (134,505) | (114,953) | (114,280) | (121,737) | (94,114) | (115,419) |
| Net change in plan fiduciary net position | 14,365,713 | 1,777,794 | 5,537,339 | 3,160,715 | 6,395,082 | 6,615,418 | 1,822,644 | 5,229,678 |
| Plan fiduciary net position - beginning | 91,142,842 | 89,365,048 | 83,827,709 | 80,666,994 | 74,271,912 | 67,656,494 | 65,833,850 | 60,604,172 |
| Plan fiduciary net position - ending | <u>\$ 105,508,555</u> | <u>\$ 91,142,842</u> | <u>\$ 89,365,048</u> | <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 (asset) (A-B) | <u>\$ (4,932,566)</u> | <u>\$ 8,652,889</u> | <u>\$ 8,138,443</u> | <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 | 104.90% | 91.33% | 91.65% | 89.66% | 88.97% | 88.42% | 83.21% | 85.41% |
| E. Covered payroll * | \$ 6,689,975 | \$ 7,365,050 | \$ 7,790,275 | \$ 8,403,325 | \$ 9,012,525 | \$ 8,845,600 | \$ 9,008,325 | \$ 11,891,551 |
| F. Net pension liability (asset) as a percentage of covered payroll | -73.73% | 117.49% | 104.47% | 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, | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|
| A. Total pension liability | | | | | | | | |
| Service Cost | \$ 3,622,468 | \$ 3,106,405 | \$ 2,861,164 | \$ 2,555,719 | \$ 2,457,445 | \$ 2,303,862 | \$ 2,038,250 | \$ 1,867,237 |
| Interest on the total pension liability | 9,034,911 | 8,875,260 | 8,589,530 | 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 | 80,172 | 206,308 | 1,302,913 | 147,491 | (1,061,534) | 2,137,361 | 9,760 | 868,752 |
| Changes of assumptions | - | 601,956 | - | 1,221,370 | 3,284,117 | 994,053 | 909,574 | - |
| Benefit payments | (6,223,701) | (7,821,731) | (9,997,832) | (6,176,595) | (3,546,301) | (5,950,632) | (5,450,397) | (5,292,181) |
| Refunds | (1,249) | - | (14,319) | (16,764) | (23,031) | - | - | (27,559) |
| Other: Change in state contribution received | - | - | (272,163) | - | - | 208,166 | 204,003 | 136,996 |
| Net change in total pension liability | 6,512,601 | 4,968,198 | 2,469,293 | 6,094,032 | 8,890,103 | 7,160,808 | 4,707,879 | 3,613,655 |
| Total pension liability - beginning | 124,109,465 | 119,141,267 | 116,671,974 | 110,577,942 | 101,687,839 | 94,527,031 | 89,819,152 | 86,205,497 |
| Total pension liability - ending | <u>\$ 130,622,066</u> | <u>\$ 124,109,465</u> | <u>\$ 119,141,267</u> | <u>\$ 116,671,974</u> | <u>\$ 110,577,942</u> | <u>\$ 101,687,839</u> | <u>\$ 94,527,031</u> | <u>\$ 89,819,152</u> |
| B. Plan fiduciary net position | | | | | | | | |
| Contributions - employer | \$ 5,088,182 | \$ 4,442,521 | \$ 3,917,203 | \$ 3,233,825 | \$ 3,996,869 | \$ 3,726,793 | \$ 3,816,076 | \$ 4,057,242 |
| Contributions - employer (from state) | 677,154 | 665,319 | 605,683 | 652,393 | 577,817 | 532,808 | 528,645 | 461,638 |
| Contributions - employee | 823,898 | 859,818 | 740,591 | 723,982 | 663,039 | 665,451 | 580,028 | 680,063 |
| Net investment income | 19,751,840 | 11,215,703 | 2,501,251 | 6,130,868 | 9,517,349 | 6,354,619 | 498,007 | 10,520,035 |
| Benefit payments | (6,223,701) | (7,821,731) | (9,997,832) | (6,176,595) | (3,546,301) | (5,950,632) | (5,450,397) | (5,292,181) |
| Refunds | (1,249) | - | (14,319) | (16,764) | (23,031) | - | - | (27,559) |
| Pension plan administrative expense | (184,982) | (221,615) | (161,057) | (113,859) | (103,626) | (108,083) | (84,733) | (82,376) |
| Other | - | 1 | (1) | 347,365 | - | - | - | - |
| Net change in plan fiduciary net position | 19,931,142 | 9,140,016 | (2,408,481) | 4,781,215 | 11,082,116 | 5,220,956 | (112,374) | 10,316,862 |
| Plan fiduciary net position - beginning | 104,376,250 | 95,236,234 | 97,644,715 | 92,863,500 | 81,781,384 | 76,560,428 | 76,672,802 | 66,355,940 |
| Plan fiduciary net position - ending | <u>\$ 124,307,392</u> | <u>\$ 104,376,250</u> | <u>\$ 95,236,234</u> | <u>\$ 97,644,715</u> | <u>\$ 92,863,500</u> | <u>\$ 81,781,384</u> | <u>\$ 76,560,428</u> | <u>\$ 76,672,802</u> |
| C. Net pension liability (A-B) | <u>\$ 6,314,674</u> | <u>\$ 19,733,215</u> | <u>\$ 23,905,033</u> | <u>\$ 19,027,259</u> | <u>\$ 17,714,442</u> | <u>\$ 19,906,455</u> | <u>\$ 17,966,603</u> | <u>\$ 13,146,350</u> |
| D. Plan fiduciary net position as a percentage of the total pension liability | | | | | | | | |
| | 95.17% | 84.10% | 79.94% | 83.69% | 83.98% | 80.42% | 80.99% | 85.36% |
| E. Covered payroll * | \$ 9,613,516 | \$ 9,917,948 | \$ 8,821,373 | \$ 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 | 65.69% | 198.96% | 270.99% | 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, | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| A. Total pension liability | | | | | | | | |
| Service Cost | \$ 36,938 | \$ 37,445 | \$ 32,138 | \$ 32,016 | \$ 33,062 | \$ 30,899 | \$ 28,777 | \$ 28,777 |
| Interest on the total pension liability | 186,868 | 231,285 | 225,325 | 229,217 | 221,813 | 213,296 | 205,503 | 196,249 |
| Difference between expected and actual experience of the total pension liability | - | (686,908) | - | (150,347) | - | (147,132) | - | - |
| Changes of assumptions | - | (56,606) | - | 20 | - | 127,575 | - | - |
| Benefit payments | (187,614) | (177,876) | (171,056) | (166,320) | (121,962) | (118,409) | (84,381) | (91,469) |
| Net change in total pension liability | 36,192 | (652,660) | 86,407 | (55,414) | 132,913 | 106,229 | 149,899 | 133,557 |
| Total pension liability - beginning | 2,825,281 | 3,477,941 | 3,391,534 | 3,446,948 | 3,314,035 | 3,207,806 | 3,057,907 | 2,924,350 |
| Total pension liability - ending | <u>\$ 2,861,473</u> | <u>\$ 2,825,281</u> | <u>\$ 3,477,941</u> | <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) | \$ 78,774 | \$ 78,774 | \$ 259,658 | \$ 259,658 | \$ 297,864 | \$ 297,864 | \$ 136,611 | \$ 221,576 |
| Net investment income (loss) | 620,754 | 44,562 | 484,381 | (82,743) | 203,238 | 162,124 | (254,296) | 3,474 |
| Benefit payments | (187,614) | (177,876) | (171,056) | (166,320) | (121,962) | (118,409) | (84,381) | (91,469) |
| Refunds | - | - | - | - | - | - | - | - |
| Pension plan administrative expense | (19,809) | (37,952) | (31,620) | (62,218) | (23,577) | (31,711) | (19,095) | (33,313) |
| Other | - | 3 | - | - | - | - | - | - |
| Net change in plan fiduciary net position | 492,105 | (92,489) | 541,363 | (51,623) | 355,563 | 309,868 | (221,161) | 100,268 |
| Plan fiduciary net position - beginning | 3,396,329 | 3,488,818 | 2,947,455 | 2,999,078 | 2,643,515 | 2,333,647 | 2,554,808 | 2,454,540 |
| Plan fiduciary net position - ending | <u>\$ 3,888,434</u> | <u>\$ 3,396,329</u> | <u>\$ 3,488,818</u> | <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 (asset) (A-B) | <u>\$ (1,026,961)</u> | <u>\$ (571,048)</u> | <u>\$ (10,877)</u> | <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 | 135.89% | 120.21% | 100.31% | 86.91% | 87.01% | 79.77% | 72.75% | 83.55% |
| E. Covered payroll | \$ 33,200 | \$ 33,200 | \$ 33,200 | \$ 33,200 | \$ 33,200 | \$ 34,363 | \$ 56,167 | \$ 32,100 |
| F. Net pension liability (asset) as a percentage of covered payroll | -3093.26% | -1720.02% | -32.76% | 1337.59% | 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, | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| A. Total pension liability | | | | | | | | |
| Service Cost | \$ 62,057 | \$ 63,256 | \$ 62,683 | \$ 62,110 | \$ 58,646 | \$ 58,065 | \$ 44,342 | \$ 43,903 |
| Interest on the total pension liability | 318,800 | 321,611 | 317,262 | 311,494 | 306,336 | 301,228 | 288,559 | 284,923 |
| Difference between expected and actual experience of the total pension liability | - | 34,588 | - | 15,577 | - | 20,951 | - | - |
| Changes of assumptions | - | (130,952) | - | (2,652) | - | 100,119 | - | - |
| Benefit payments | (332,081) | (325,799) | (306,374) | (296,941) | (287,120) | (281,288) | (278,718) | (272,069) |
| Net change in total pension liability | 48,776 | (37,296) | 73,571 | 89,588 | 77,862 | 199,075 | 54,183 | 56,757 |
| Total pension liability - beginning | 4,826,953 | 4,864,249 | 4,790,678 | 4,701,090 | 4,623,228 | 4,424,153 | 4,369,970 | 4,313,213 |
| Total pension liability - ending | <u>\$ 4,875,729</u> | <u>\$ 4,826,953</u> | <u>\$ 4,864,249</u> | <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 | \$ 94,435 | \$ 93,505 | \$ 106,700 | \$ 105,641 | \$ 108,151 | \$ 107,073 | \$ 54,580 | \$ 108,622 |
| Net investment income (loss) | 855,761 | 671,544 | 861,401 | (194,291) | 660,067 | 162,088 | (64,059) | 390,121 |
| Benefit payments | (332,081) | (325,799) | (306,374) | (296,941) | (287,120) | (281,288) | (278,718) | (272,069) |
| Pension plan administrative expense | (29,605) | (45,324) | (39,620) | (47,118) | (66,113) | (47,988) | (29,472) | (31,358) |
| Other | - | - | - | - | (1,527) | - | - | - |
| Net change in plan fiduciary net position | 588,510 | 393,926 | 622,107 | (432,709) | 413,458 | (60,115) | (317,669) | 195,316 |
| Plan fiduciary net position - beginning | 5,307,982 | 4,914,056 | 4,291,949 | 4,724,658 | 4,311,200 | 4,371,315 | 4,688,984 | 4,493,668 |
| Plan fiduciary net position - ending | <u>\$ 5,896,492</u> | <u>\$ 5,307,982</u> | <u>\$ 4,914,056</u> | <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>\$ (1,020,763)</u> | <u>\$ (481,029)</u> | <u>\$ (49,807)</u> | <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 | 120.94% | 109.97% | 101.02% | 89.59% | 100.50% | 93.25% | 98.81% | 107.30% |
| E. Covered payroll | \$ 180,000 | \$ 180,000 | \$ 202,427 | \$ 180,000 | \$ 175,611 | \$ 181,800 | \$ 154,744 | \$ 151,500 |
| F. Net pension liability (asset) as a percentage of covered payroll | -567.09% | -267.24% | -24.60% | 277.07% | -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, | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| A. Total pension liability | | | | | | | | |
| Interest on the total pension liability | \$ 347,365 | \$ 386,794 | \$ 447,154 | \$ 468,435 | \$ 477,065 | \$ 520,113 | \$ 511,447 | \$ 500,515 |
| Difference between expected and actual experience of the total pension liability | (423,971) | 98,587 | (860,624) | 109,911 | 113,721 | (314,459) | - | 87,812 |
| Changes of assumptions | 617,389 | 587,083 | - | 307,181 | - | (61,905) | 433,681 | - |
| Benefit payments | (744,301) | (738,208) | (735,220) | (808,468) | (888,166) | (993,410) | (1,031,456) | (1,000,057) |
| Other: Change in share plan reserve | 188,144 | 150,912 | 137,468 | 126,894 | 122,635 | 146,910 | 254,332 | 302,968 |
| Net change in total pension liability | (15,374) | 485,168 | (1,011,222) | 203,953 | (174,745) | (702,751) | 168,004 | (108,762) |
| Total pension liability - beginning | 7,225,384 | 6,740,216 | 7,751,438 | 7,547,485 | 7,722,230 | 8,424,981 | 8,256,977 | 8,365,739 |
| Total pension liability - ending | <u>\$ 7,210,010</u> | <u>\$ 7,225,384</u> | <u>\$ 6,740,216</u> | <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 | \$ - | \$ 76,407 | \$ 19,311 | \$ 302,000 | \$ 188,587 | \$ 181,617 | \$ 289,941 | \$ 195,529 |
| Contributions - employer (from state) | 251,963 | 217,787 | 201,287 | 180,355 | 215,060 | 239,335 | 346,757 | 395,393 |
| Net investment income (loss) | 731,853 | 630,592 | 1,386,147 | (367,995) | 1,047,585 | 475,187 | 3,173 | 381,316 |
| Benefit payments | (744,301) | (738,208) | (735,220) | (808,468) | (888,166) | (993,410) | (1,031,456) | (1,000,057) |
| Pension plan administrative expense | (90,109) | (79,480) | (76,003) | (88,289) | (72,089) | (58,793) | (61,629) | (54,920) |
| Net change in plan fiduciary net position | 149,406 | 107,098 | 795,522 | (782,397) | 490,977 | (156,064) | (453,214) | (82,739) |
| Plan fiduciary net position - beginning | 7,831,145 | 7,724,047 | 6,928,525 | 7,710,922 | 7,219,945 | 7,376,009 | 7,829,223 | 7,911,962 |
| Plan fiduciary net position - ending | <u>\$ 7,980,551</u> | <u>\$ 7,831,145</u> | <u>\$ 7,724,047</u> | <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>\$ (770,541)</u> | <u>\$ (605,761)</u> | <u>\$ (983,831)</u> | <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 | 110.69% | 108.38% | 114.60% | 89.38% | 102.17% | 93.50% | 87.55% | 94.82% |
| E. Covered payroll | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| F. Net pension liability (asset) as a percentage of covered payroll | N/A | N/A | N/A | 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, | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Total OPEB Liability: | | | | | |
| A. Service cost | \$ 259,767 | \$ 721,421 | \$ 1,183,074 | \$ 764,962 | \$ 1,040,917 |
| B. Interest cost | 254,345 | 356,320 | 357,805 | 524,308 | 421,901 |
| C. Difference due to changes in benefit terms | - | - | 5,045,956 | - | - |
| D. Difference between actual and expected experience | - | (4,016,426) | - | (5,045,546) | - |
| E. Total difference due to changes in assumptions | 74,104 | 1,193,783 | (4,181,097) | 561,410 | (850,170) |
| F. Benefit payments | <u>(179,169)</u> | <u>(151,940)</u> | <u>(124,710)</u> | <u>(73,317)</u> | <u>(52,936)</u> |
| G. Net change in Total OPEB liability | 409,047 | (1,896,842) | 2,281,028 | (3,268,183) | 559,712 |
| H. Total OPEB liability - beginning | <u>11,213,911</u> | <u>13,110,753</u> | <u>10,829,725</u> | <u>14,097,908</u> | <u>13,538,196</u> |
| I. Total OPEB liability - ending | \$ 11,622,958 | \$ 11,213,911 | \$ 13,110,753 | \$ 10,829,725 | \$ 14,097,908 |
| J. Assets * | - | - | - | - | - |
| K. Total OPEB liability - ending | <u>\$ 11,622,958</u> | <u>\$ 11,213,911</u> | <u>\$ 13,110,753</u> | <u>\$ 10,829,725</u> | <u>\$ 14,097,908</u> |
| Covered-employee payroll | \$ 28,231,945 | \$ 26,312,509 | \$ 26,751,423 | \$ 25,697,804 | \$ 24,961,866 |
| Total OPEB liability as a percentage of covered payroll | 41.17% | 42.62% | 49.01% | 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.
 * There is no assets accumulated in a trust since this is an unfunded plan.

CITY OF HOMESTEAD, FLORIDA

REQUIRED SUPPLMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

LAST NINE 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 | | | | | | | |
| 09/30/22 | \$ 1,771,698 | \$ 1,771,698 | \$ - | \$ 7,044,525 | 25.15% | Valuation date | 10/1/2020 |
| 09/30/21 | 2,155,733 | 2,155,733 | - | 6,689,975 | 32.22% | Actuarial cost method | Entry age normal |
| 09/30/20 | 2,476,457 | 2,476,457 | - | 7,365,050 | 33.62% | Amortization method | level dollar amount, closed |
| 09/30/19 | 2,613,899 | 2,613,899 | - | 7,790,275 | 33.55% | Remaining amortization period | 11 years |
| 09/30/18 | 2,794,643 | 2,794,643 | - | 8,403,325 | 33.26% | Asset valuation method | 4-year smoothed market |
| 09/30/17 | 2,505,891 | 2,505,891 | - | 9,012,525 | 27.80% | Salary increases | 5.0% including inflation |
| 09/30/16 | 2,725,022 | 2,725,022 | - | 8,845,600 | 30.81% | Investment rate of return | 6.75% |
| 09/30/15 | 2,834,656 | 2,834,656 | - | 9,008,325 | 31.47% | Retirement age | Experience-based table of rates that are specific to the type of eligibility condition. |
| 09/30/14 | 2,874,430 | 2,874,430 | - | 9,212,500 | 31.20% | Mortality | The PUB-2010 Headcount Weighted General Below Median Employee Mortality Table (for pre-retirement mortality) and the PUB-2010 Headcount Weighted General Below median Healthy Retiree Mortality Table (for post - retirement mortality), with separate rates for males and females and ages set back one year for males, with mortality improvements projected to all future years after 2010 using Scale MP-2018. For disables retirees, PUB-2010 Headcount Weighted General Disables Retiree Male and Female Tables, with a 3-year setforward for both males and females, with no provision being made for mortality improvements. These are the same rates used for Regular Class members in the July 1, 2019 actuarial valuation of the Florida Retirement System (FRS) Pension Plan (based on the 2019 FRS experience study report), in accordance with Florida Statutes Chapter 112.63. |
| Police Officers' Retirement Plan | | | | | | | |
| 09/30/22 | \$ 6,025,696 | \$ 6,025,696 | \$ - | \$ 10,387,703 | 58.01% | Valuation date | 10/1/2020 |
| 09/30/21 | 5,765,336 | 5,765,336 | - | 9,613,516 | 59.97% | Actuarial cost method | Entry age normal |
| 09/30/20 | 5,107,840 | 5,107,840 | - | 9,917,948 | 51.50% | Amortization method | Level dollar, closed |
| 09/30/19 | 4,776,061 | 4,522,886 | 253,175 ** | 8,821,373 | 51.27% | Remaining amortization period | 19 years |
| 09/30/18 | 4,648,788 | 3,886,218 | 762,570 ** | 8,151,843 | 47.67% | Asset valuation method | 4-year smoothed market |
| 09/30/17 | 4,321,511 | 4,574,686 | *** (253,175) | 7,858,654 | 58.21% | Salary increases | 5.75% to 10.50% depending on service |
| 09/30/16 | 4,051,435 | 4,259,601 | *** (208,166) | 7,394,222 | 57.61% | Investment rate of return | 7.25% |
| 09/30/15 | 4,076,435 | 4,344,721 | *** (268,286) | 7,145,922 | 60.80% | Retirement age | Upon eligibility |
| 09/30/14 | 4,381,884 | 4,518,880 | *** (136,996) | 6,411,046 | 70.49% | Mortality | <u>Pre-retirement:</u> PUB-2010 Headcount Weighted Safety Below Median Employee Male Table, set forward one year, and the PUB-2010 Headcount Weighted Safety Employee Female Table, set forward one year. <u>Post-retirement:</u> PUB-2010 Headcount Weighted Safety Below Median Healthy Retiree Male Table, set forward one year, and the PUB-2010 Headcount Weighted Safety Healthy Retiree Female Table, set forward one year. Mortality improvements are being made for each year after 2010 using gender-specific MP-2018 projection scales. The mortality assumption is the same as used for Special Risk Members of the Florida Retirement System (FRS) in the July 1, 2019 actuarial valuation, in compliance with 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 \$762,570 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 NINE YEARS

| Pension Plan | City's Fiscal Year | Actuarially Determined Contribution | Employer Contribution | Contribution Deficiency (Excess) | Covered Payroll ** | Actual contribution as a % of covered payroll | | | |
|--|--------------------|-------------------------------------|-----------------------|----------------------------------|--------------------|---|-------------------------------|---|--|
| Elected Officials Retirement Plan | | | | | | | | | |
| 12/31/21 | 09/30/22 | \$ 78,774 | \$ 78,774 | \$ - | \$ 33,200 | 237.27% | Valuation date | 1/1/2020 | |
| 12/31/20 | 09/30/21 | 78,774 | 78,774 | - | 33,200 | 237.27% | Actuarial cost method | Entry age, normal | |
| 12/31/19 | 09/30/20 | 259,658 | 259,658 | - | 33,200 | 782.10% | Amortization method | level dollar, closed | |
| 12/31/18 | 09/30/19 | 259,658 | 259,658 | - | 33,200 | 782.10% | Remaining amortization period | 4 years | |
| 12/31/17 | 09/30/18 | 297,864 | 297,864 | - | 33,200 | 897.18% | Asset valuation method | Market value of assets | |
| 12/31/16 | 09/30/17 | 297,864 | 297,864 | - | 34,363 | 866.82% | Salary increases | 7.00% | |
| 12/31/15 | 09/30/16 | 136,611 | 136,611 | - | 56,167 | 243.22% | Investment rate of return | 6.75% | |
| 12/31/14 | 09/30/15 | 136,611 | 221,576 | (84,965) | 32,100 | 690.27% | Retirement age | 100% when first eligible for normal retirement | |
| 12/31/13 | 09/30/14 | 221,576 | 221,576 | - | 94,267 | 235.05% | Mortality | PUB-2010 Headcount Weighted Below-Median Employee Mortality Tables, set back 1 year for males (pre-retirement) and the PUB-2010 Headcount Weighted Below-Median Healthy Retiree Tables, set back 1 year for males (post-retirement), with mortality improvements projected to each future year after 2010 using Scale MP-2018. These are the same mortality tables used for Regular Class members of the Florida Retirement System (FRS) in the July 1, 2019 actuarial valuation. | |
| New Elected Officials and Senior Management Retirement System | | | | | | | | | |
| 12/31/21 | 09/30/22 | \$ 94,435 | \$ 94,435 | \$ - | \$ 180,000 | 52.46% | Valuation date | 1/1/2020 | |
| 12/31/20 | 09/30/21 | 93,505 | 93,505 | - | 180,000 | 51.95% | Actuarial cost method | Aggregate | |
| 12/31/19 | 09/30/20 | 106,700 | 106,700 | - | 202,427 | 52.71% | Amortization method | N/A | |
| 12/31/18 | 09/30/19 | 105,641 | 105,641 | - | 180,000 | 58.69% | Remaining amortization period | N/A | |
| 12/31/17 | 09/30/18 | 108,151 | 108,151 | - | 175,611 | 61.59% | Asset valuation method | Market value of assets | |
| 12/31/16 | 09/30/17 | 107,073 | 107,073 | - | 181,800 | 58.90% | Salary increases | 1% per year | |
| 12/31/15 | 09/30/16 | 54,580 | 54,580 | - | 154,744 | 35.27% | Investment rate of return | 6.75% | |
| 12/31/14 | 09/30/15 | 54,042 | 108,622 | (54,580) | 151,500 | 71.70% | Retirement age | 100% when first eligible for normal retirement | |
| 12/31/13 | 09/30/14 | 129,129 | 196,245 | (67,116) | 151,500 | 129.53% | Mortality | PUB-2010 Headcount Weighted Below-Median Employee Mortality Tables, set back 1 year for males (pre-retirement) and the PUB-2010 Headcount Weighted Below-Median Healthy Retiree Tables, set back 1 year for males (post-retirement), with mortality improvements projected to each future year after 2010 using Scale MP-2018. These are the same mortality tables used for Regular Class members of the Florida Retirement System (FRS) in the July 1, 2019 actuarial valuation. | |

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. 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 NINE YEARS

| Pension Plan YE | 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 | | | | | | | | | |
| 12/31/21 | 09/30/22 | \$ 54,545 | \$ 63,819 | \$ (9,274) | \$ - | N/A | Valuation date | 1/1/2021 | |
| 12/31/20 | 09/30/21 | 143,282 | 143,282 | - | - | N/A | Actuarial cost method | Entry age normal actuarial cost method | |
| 12/31/19 | 09/30/20 | 83,130 | 83,130 | - | - | N/A | Amortization method | level dollar, closed | |
| 12/31/18 | 09/30/19 | 354,322 | 354,322 | - | - | N/A | Remaining amortization period | 10 years | |
| 12/31/17 | 09/30/18 | 281,012 | 281,012 | - | - | N/A | Asset valuation method | 5-year smoothed market | |
| 12/31/16 | 09/30/17 | 274,042 | 274,042 | - | - | N/A | Inflation | 2.00% | |
| 12/31/15 | 09/30/16 | 382,366 | 382,366 | - | - | N/A | Salary increases | N/A | |
| 12/31/14 | 09/30/15 | 287,954 | 287,954 | - | - | N/A | Investment rate of return | 3.0%, net of investment -related and administrative expenses | |
| 12/31/13 | 09/30/14 | 329,195 | 329,195 | - | - | N/A | Retirement age | N/A | |
| | | | | | | | Mortality | The same mortality tables and improvement scales used by the Florida Retirement System (FRS) for Special Risk Class members in the July 1, 2020 actuarial valuation, in compliance with Florida Statutes Chapter 112.63(1)(f), which mandates use of the same mortality assumptions from one of the two published FRS actuarial valuation reports. | |

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**

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.

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. This fund is also used to account for the receipt and expenditure of public art fees.

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 was established to account for expenditures and reimbursements related to natural disasters.

Homestead Miami Speedway – This fund is used to account for the lease rental income and the payments of property taxes.

Debt Service Funds

Debt service funds are used to account for the servicing of the certain 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 was 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. The bonds matured in April 2020. However, the fund remains open to account for future bonds that may be issued by the CRA (formerly known as HERO).

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

Debt Service Funds

(Continued)

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.

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.

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) .

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

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, 2022

| | Special Revenue Funds | | | | | | Total |
|--|-------------------------|---------------------|---|-------------------------|--------------------|--------------------------------|----------------------|
| | Impact Fees Funds | Sundries Grants | Community Development Block Grants | Confiscated Property | Disaster Relief | Homestead Miami Speedway | |
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 202,542 | \$ 38,272 | \$ 304,906 | \$ - | \$ 123,577 | \$ 258,829 | \$ 928,126 |
| Investments | 4,010,421 | - | - | - | - | - | 4,010,421 |
| Interest receivable on investments | 15,099 | - | - | 534 | - | - | 15,633 |
| Account receivables, net | - | 3,541,568 | 191,143 | 490 | 538,742 | - | 4,271,943 |
| Due from other funds | 550,000 | - | - | - | - | - | 550,000 |
| Prepaid costs | - | - | - | - | - | 16,250 | 16,250 |
| Restricted assets: | | | | | | | |
| Cash and cash equivalents | - | - | - | 1,330,092 | - | - | 1,330,092 |
| Investments | - | - | - | 247,932 | - | - | 247,932 |
| Asset available for sale | - | - | 807,346 | - | - | - | 807,346 |
| Total Assets | <u>\$ 4,778,062</u> | <u>\$ 3,579,840</u> | <u>\$ 1,303,395</u> | <u>\$ 1,579,048</u> | <u>\$ 662,319</u> | <u>\$ 275,079</u> | <u>\$ 12,177,743</u> |
| LIABILITIES | | | | | | | |
| Accounts payable and accrued liabilities | \$ 582,807 | \$ 287,369 | \$ 55,644 | \$ 39,519 | \$ 21,452 | \$ - | \$ 986,791 |
| Due to other funds | - | 1,500,000 | - | - | - | - | 1,500,000 |
| Unearned revenue | 250,305 | 1,128,279 | 303,991 | 527,971 | - | - | 2,210,546 |
| Total Liabilities | <u>833,112</u> | <u>2,915,648</u> | <u>359,635</u> | <u>567,490</u> | <u>21,452</u> | <u>-</u> | <u>4,697,337</u> |
| FUND BALANCES | | | | | | | |
| <i>Nonspendable :</i> | | | | | | | |
| Prepaid costs | - | - | - | - | - | 16,250 | 16,250 |
| <i>Restricted :</i> | | | | | | | |
| Grants | - | 664,192 | - | - | - | - | 664,192 |
| Community development | - | - | 943,760 | - | - | - | 943,760 |
| Disaster relief | - | - | - | - | 640,867 | - | 640,867 |
| Parks and recreation | 1,698,068 | - | - | - | - | - | 1,698,068 |
| Law enforcement | 659,039 | - | - | 1,011,558 | - | - | 1,670,597 |
| Road improvements | 620,745 | - | - | - | - | - | 620,745 |
| <i>Committed :</i> | | | | | | | |
| Public art | 878,696 | - | - | - | - | - | 878,696 |
| Transportation | 88,402 | - | - | - | - | - | 88,402 |
| <i>Assigned :</i> | | | | | | | |
| Public safety | - | - | - | - | - | 258,829 | 258,829 |
| Total fund balances | <u>3,944,950</u> | <u>664,192</u> | <u>943,760</u> | <u>1,011,558</u> | <u>640,867</u> | <u>275,079</u> | <u>7,480,406</u> |
| Total liabilities and fund balances | <u>\$ 4,778,062</u> | <u>\$ 3,579,840</u> | <u>\$ 1,303,395</u> | <u>\$ 1,579,048</u> | <u>\$ 662,319</u> | <u>\$ 275,079</u> | <u>\$ 12,177,743</u> |

(Continued)

CITY OF HOMESTEAD, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)

SEPTEMBER 30, 2022

| | 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 | \$ - | \$ 134,941 | \$ - | \$ 134,941 |
| Account receivables, net | - | - | 3,401 | 3,401 |
| Restricted assets: | | | | |
| Cash and cash equivalents | <u>456,366</u> | <u>-</u> | <u>91,094</u> | <u>547,460</u> |
| Total Assets | <u>\$ 456,366</u> | <u>\$ 134,941</u> | <u>\$ 94,495</u> | <u>\$ 685,802</u> |
| FUND BALANCES | | | | |
| <i>Restricted :</i> | | | | |
| Debt service | <u>456,366</u> | <u>134,941</u> | <u>94,495</u> | <u>685,802</u> |
| Total fund balances | <u>456,366</u> | <u>134,941</u> | <u>94,495</u> | <u>685,802</u> |
| Total liabilities and fund balances | <u>\$ 456,366</u> | <u>\$ 134,941</u> | <u>\$ 94,495</u> | <u>\$ 685,802</u> |

(Continued)

CITY OF HOMESTEAD, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)

SEPTEMBER 30, 2022

| | Capital Projects Funds | | | | | Total Other Governmental Funds |
|--|------------------------------------|--------------------------------------|------------------------|-------------------|---------------------|---|
| | People's Transportation Plan | Multimodal Transit Center Fund | Capital Improvement | Cybrarium | Total | |
| | | | | | | |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 92,865 | \$ 175,347 | \$ 77,839 | \$ 790,249 | \$ 1,136,300 | \$ 2,199,367 |
| Investments | 703,478 | - | - | 68,187 | 771,665 | 4,782,086 |
| Interest receivable on investments | 1,515 | - | - | 163 | 1,678 | 17,311 |
| Account receivables, net | 725,260 | - | - | - | 725,260 | 5,000,604 |
| Due from other funds | 2,500,000 | - | 450,000 | - | 2,950,000 | 3,500,000 |
| Prepaid costs | - | - | - | - | - | 16,250 |
| Restricted assets: | | | | | | |
| Cash and cash equivalents | - | - | 65,026 | - | 65,026 | 1,942,578 |
| Investments | - | - | - | 7,266 | 7,266 | 255,198 |
| Asset available for sale | - | - | - | - | - | 807,346 |
| Total Assets | <u>\$ 4,023,118</u> | <u>\$ 175,347</u> | <u>\$ 592,865</u> | <u>\$ 865,865</u> | <u>\$ 5,657,195</u> | <u>\$ 18,520,740</u> |
| LIABILITIES | | | | | | |
| Accounts payable and accrued liabilities | 35,206 | 231,922 | 29,048 | 492 | 296,668 | 1,283,459 |
| Due to other funds | - | - | - | - | - | 1,500,000 |
| Unearned revenue | 438,999 | - | - | - | 438,999 | 2,649,545 |
| Total Liabilities | <u>474,205</u> | <u>231,922</u> | <u>29,048</u> | <u>492</u> | <u>735,667</u> | <u>5,433,004</u> |
| FUND BALANCES | | | | | | |
| <i>Nonspendable :</i> | | | | | | |
| Prepaid costs | - | - | - | - | - | 16,250 |
| <i>Restricted :</i> | | | | | | |
| Grants | - | - | - | - | - | 664,192 |
| Community development | - | - | - | - | - | 943,760 |
| Disaster relief | - | - | - | - | - | 640,867 |
| Parks and recreation | - | - | - | - | - | 1,698,068 |
| Law enforcement | - | - | - | - | - | 1,670,597 |
| Road improvements | - | - | - | - | - | 620,745 |
| Debt service | - | - | - | - | - | 685,802 |
| Capital Project | - | - | - | 7,266 | 7,266 | 7,266 |
| Transit and transportation | 3,548,913 | - | - | - | 3,548,913 | 3,548,913 |
| <i>Committed :</i> | | | | | | |
| Public art | - | - | - | - | - | 878,696 |
| Transportation | - | - | - | - | - | 88,402 |
| <i>Assigned :</i> | | | | | | |
| Parks and recreation | - | - | - | - | - | 258,829 |
| Capital Project | - | - | 563,817 | 858,107 | 1,421,924 | 1,421,924 |
| <i>Unassigned :</i> | | | | | | |
| Capital Project | - | (56,575) | - | - | (56,575) | (56,575) |
| Total fund balances | <u>3,548,913</u> | <u>(56,575)</u> | <u>563,817</u> | <u>865,373</u> | <u>4,921,528</u> | <u>13,087,736</u> |
| Total liabilities and fund balances | <u>\$ 4,023,118</u> | <u>\$ 175,347</u> | <u>\$ 592,865</u> | <u>\$ 865,865</u> | <u>\$ 5,657,195</u> | <u>\$ 18,520,740</u> |

CITY OF HOMESTEAD, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2022

| | Special Revenue Funds | | | | | | Total |
|---|-----------------------|-------------------|------------------------------------|----------------------|-------------------|--------------------------|---------------------|
| | Impact Fees Fund | Sundries Grants | Community Development Block Grants | Confiscated Property | Disaster Relief | Homestead Miami Speedway | |
| Revenues: | | | | | | | |
| Intergovernmental | \$ 1,181,042 | \$ 4,936,527 | \$ 402,486 | \$ - | \$ 461,350 | \$ - | \$ 6,981,405 |
| Fines and forfeitures | - | 21,979 | - | 313,283 | - | - | 335,262 |
| Investment earnings (loss) | (258,198) | - | - | (6,477) | - | - | (264,675) |
| Other revenues | 123,270 | 39,044 | - | - | - | 1,080,025 | 1,242,339 |
| Total revenues | <u>1,046,114</u> | <u>4,997,550</u> | <u>402,486</u> | <u>306,806</u> | <u>461,350</u> | <u>1,080,025</u> | <u>8,294,331</u> |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | - | 35,046 | 139,527 | - | - | - | 174,573 |
| Public safety | 101,678 | 1,328,451 | - | 461,096 | - | - | 1,891,225 |
| Public works | 3,240 | 370,854 | - | - | - | - | 374,094 |
| Parks and recreation | 10,911 | 124,563 | - | - | - | 604,831 | 740,305 |
| Disaster relief | - | - | - | - | 216,809 | - | 216,809 |
| Capital outlay | 4,057,170 | 3,096,703 | - | 19,020 | - | - | 7,172,893 |
| Debt service: | | | | | | | |
| Principal | - | - | 193,000 | - | - | - | 193,000 |
| Interest and fiscal charges | - | - | 36,987 | - | - | - | 36,987 |
| Total expenditures | <u>4,172,999</u> | <u>4,955,617</u> | <u>369,514</u> | <u>480,116</u> | <u>216,809</u> | <u>604,831</u> | <u>10,799,886</u> |
| Excess (deficiency) of revenues over expenditures | <u>(3,126,885)</u> | <u>41,933</u> | <u>32,972</u> | <u>(173,310)</u> | <u>244,541</u> | <u>475,194</u> | <u>(2,505,555)</u> |
| Other financing uses: | | | | | | | |
| Transfers out | - | - | (15,978) | - | - | (400,529) | (416,507) |
| Total other financing sources | - | - | (15,978) | - | - | (400,529) | (416,507) |
| Change in fund balances | (3,126,885) | 41,933 | 16,994 | (173,310) | 244,541 | 74,665 | (2,922,062) |
| Fund balances, beginning | <u>7,071,835</u> | <u>622,259</u> | <u>926,766</u> | <u>1,184,868</u> | <u>396,326</u> | <u>200,414</u> | <u>10,402,468</u> |
| Fund balances, ending | <u>\$ 3,944,950</u> | <u>\$ 664,192</u> | <u>\$ 943,760</u> | <u>\$ 1,011,558</u> | <u>\$ 640,867</u> | <u>\$ 275,079</u> | <u>\$ 7,480,406</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, 2022

| | 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 | \$ - | \$ - | \$ 1,491,573 | \$ 1,491,573 |
| Total revenues | <u>-</u> | <u>-</u> | <u>1,491,573</u> | <u>1,491,573</u> |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal | 685,000 | - | 565,000 | 1,250,000 |
| Interest and fiscal charges | <u>1,112,984</u> | <u>-</u> | <u>921,373</u> | <u>2,034,357</u> |
| Total expenditures | <u>1,797,984</u> | <u>-</u> | <u>1,486,373</u> | <u>3,284,357</u> |
| Excess (deficiency) of revenues over expenditures | <u>(1,797,984)</u> | <u>-</u> | <u>5,200</u> | <u>(1,792,784)</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 | 2,016 | - | 5,200 | 7,216 |
| Fund balances, beginning | <u>454,350</u> | <u>134,941</u> | <u>89,295</u> | <u>678,586</u> |
| Fund balances, ending | <u>\$ 456,366</u> | <u>\$ 134,941</u> | <u>\$ 94,495</u> | <u>\$ 685,802</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, 2022

| | Capital Projects Funds | | | | | Total Other Governmental Funds |
|--|------------------------------------|--------------------------------------|------------------------|-------------------|---------------------|---|
| | People's Transportation Plan | Multimodal Transit Center Fund | Capital Improvement | Cybrarium | Total | |
| Revenues: | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,491,573 |
| Intergovernmental | 4,246,513 | - | - | - | 4,246,513 | 11,227,918 |
| Fines and forfeitures | - | - | - | - | - | 335,262 |
| Investment income (loss) | (19,170) | - | - | (1,987) | (21,157) | (285,832) |
| Rentals and other revenues | 372 | - | - | - | 372 | 1,242,711 |
| Total revenues | <u>4,227,715</u> | <u>-</u> | <u>-</u> | <u>(1,987)</u> | <u>4,225,728</u> | <u>14,011,632</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | - | - | 191,576 | - | 191,576 | 366,149 |
| Public safety | - | - | 6,146 | - | 6,146 | 1,897,371 |
| Public works | 515,791 | - | - | - | 515,791 | 889,885 |
| Parks and recreation | - | - | 2,847 | 38,331 | 41,178 | 781,483 |
| Disaster relief | - | - | - | - | - | 216,809 |
| Capital outlay | 190,714 | - | 215,810 | 172,171 | 578,695 | 7,751,588 |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | 1,443,000 |
| Interest and fiscal charges | - | - | - | - | - | 2,071,344 |
| Total expenditures | <u>706,505</u> | <u>-</u> | <u>416,379</u> | <u>210,502</u> | <u>1,333,386</u> | <u>15,417,629</u> |
| Excess (deficiency) of revenues over expenditures | <u>3,521,210</u> | <u>-</u> | <u>(416,379)</u> | <u>(212,489)</u> | <u>2,892,342</u> | <u>(1,405,997)</u> |
| Other financing sources (uses): | | | | | | |
| Issuance of debt (equipment financing) | - | - | 222,858 | - | 222,858 | 222,858 |
| Transfers in | - | - | 299,084 | - | 299,084 | 2,099,084 |
| Transfers out | (1,400,000) | (154,599) | - | - | (1,554,599) | (1,971,106) |
| Total other financing sources | <u>(1,400,000)</u> | <u>(154,599)</u> | <u>521,942</u> | <u>-</u> | <u>(1,032,657)</u> | <u>350,836</u> |
| Change in fund balances | 2,121,210 | (154,599) | 105,563 | (212,489) | 1,859,685 | (1,055,161) |
| Fund balances, beginning | <u>1,427,703</u> | <u>98,024</u> | <u>458,254</u> | <u>1,077,862</u> | <u>3,061,843</u> | <u>14,142,897</u> |
| Fund balances, ending | <u>\$ 3,548,913</u> | <u>\$ (56,575)</u> | <u>\$ 563,817</u> | <u>\$ 865,373</u> | <u>\$ 4,921,528</u> | <u>\$ 13,087,736</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, 2022

| | Special Revenue Funds | | | | | | | |
|---|-----------------------|--------------------|---------------------|--|----------------------|------------------|---------------------|--|
| | Impact Fees Fund | | | | Confiscated Property | | | |
| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
| | Original | Final | | | Original | Final | | |
| Revenues: | | | | | | | | |
| Intergovernmental | \$ 1,725,000 | \$ 1,725,000 | \$ 1,181,042 | \$ (543,958) | \$ - | \$ - | \$ - | \$ - |
| Fines and forfeitures | - | - | - | - | - | - | 313,283 | 313,283 |
| Investment income (loss) | 63,000 | 63,000 | (258,198) | (321,198) | 4,000 | 4,000 | (6,477) | (10,477) |
| Rentals and other revenues | - | - | 123,270 | 123,270 | - | - | - | - |
| Total revenues | <u>1,788,000</u> | <u>1,788,000</u> | <u>1,046,114</u> | <u>(741,886)</u> | <u>4,000</u> | <u>4,000</u> | <u>306,806</u> | <u>302,806</u> |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| Public safety | 101,678 | 101,678 | 101,678 | - | 614,015 | 614,015 | 461,096 | 152,919 |
| Public works | - | 5,782 | 3,240 | 2,542 | - | - | - | - |
| Parks and recreation | 10,912 | 10,912 | 10,911 | 1 | - | - | - | - |
| Capital outlay | <u>8,714,731</u> | <u>8,708,949</u> | <u>4,057,170</u> | <u>4,651,779</u> | <u>227,866</u> | <u>227,866</u> | <u>19,020</u> | <u>208,846</u> |
| Total expenditures | <u>8,827,321</u> | <u>8,827,321</u> | <u>4,172,999</u> | <u>4,654,322</u> | <u>841,881</u> | <u>841,881</u> | <u>480,116</u> | <u>361,765</u> |
| Excess (deficiency) of revenues over expenditures | <u>(7,039,321)</u> | <u>(7,039,321)</u> | <u>(3,126,885)</u> | <u>3,912,436</u> | <u>(837,881)</u> | <u>(837,881)</u> | <u>(173,310)</u> | <u>664,571</u> |
| Other financing sources (uses): | | | | | | | | |
| Appropriation of prior years' fund balance | <u>7,039,321</u> | <u>7,039,321</u> | - | (7,039,321) | <u>837,881</u> | <u>837,881</u> | - | (837,881) |
| Total other financing sources | <u>7,039,321</u> | <u>7,039,321</u> | - | (7,039,321) | <u>837,881</u> | <u>837,881</u> | - | (837,881) |
| Change in fund balance | \$ - | \$ - | (3,126,885) | \$ (3,126,885) | \$ - | \$ - | (173,310) | \$ (173,310) |
| Fund balances, beginning | | | <u>7,071,835</u> | | | | <u>1,184,868</u> | |
| Fund balance - ending | | | <u>\$ 3,944,950</u> | | | | <u>\$ 1,011,558</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, 2022

| | Special Revenue Funds | | | | | | | |
|---|-----------------------|-----------|------------|--|--------------------------|-----------|------------|--|
| | Disaster Relief Fund | | | | Homestead Miami Speedway | | | |
| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
| | Original | Final | | | Original | Final | | |
| Revenues: | | | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ 461,350 | \$ 461,350 | \$ - | \$ - | \$ - | \$ - |
| Rentals and other revenues | - | - | - | - | 1,080,529 | 1,080,529 | 1,080,025 | (504) |
| Total revenues | - | - | 461,350 | 461,350 | 1,080,529 | 1,080,529 | 1,080,025 | (504) |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| Parks and recreation | - | - | - | - | 680,000 | 680,000 | 604,831 | 75,169 |
| Disaster relief | 73,809 | 216,809 | 216,809 | - | - | - | - | - |
| Total expenditures | 73,809 | 216,809 | 216,809 | - | 680,000 | 680,000 | 604,831 | 75,169 |
| Excess (deficiency) of revenues over expenditures | (73,809) | (216,809) | 244,541 | 461,350 | 400,529 | 400,529 | 475,194 | 74,665 |
| Other financing sources (uses): | | | | | | | | |
| Transfers out | - | - | - | - | (400,529) | (400,529) | (400,529) | - |
| Appropriation of prior years' fund balance | 73,809 | 216,809 | - | (216,809) | - | - | - | - |
| Total other financing sources | 73,809 | 216,809 | - | (216,809) | (400,529) | (400,529) | (400,529) | - |
| Change in fund balance | \$ - | \$ - | 244,541 | \$ 244,541 | \$ - | \$ - | 74,665 | \$ 74,665 |
| Fund balance - beginning | | | 396,326 | | | | 200,414 | |
| Fund balance - ending | | | \$ 640,867 | | | | \$ 275,079 | |

(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, 2022

| | Debt Service Funds | | | | | | | |
|---|---|-------------|-------------|--|------------------------------|-----------|------------|--|
| | Taxable Transportation System Revenue Bonds | | | | HERO/Tax Increment Financing | | | |
| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
| | Original | Final | | | Original | Final | | |
| Revenues: | | | | | | | | |
| Total revenues | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| General government | 2,015 | 2,015 | - | 2,015 | 300,000 | 300,000 | - | 300,000 |
| Debt service: | | | | | | | | |
| Principal | 685,000 | 685,000 | 685,000 | - | - | - | - | - |
| Interest and fiscal charges | 1,112,985 | 1,112,985 | 1,112,984 | 1 | - | - | - | - |
| Total expenditures | 1,800,000 | 1,800,000 | 1,797,984 | 2,016 | 300,000 | 300,000 | - | 300,000 |
| Excess (deficiency) of revenues over expenditures | (1,800,000) | (1,800,000) | (1,797,984) | 2,016 | (300,000) | (300,000) | - | 300,000 |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | 1,800,000 | 1,800,000 | 1,800,000 | - | 300,000 | 300,000 | - | (300,000) |
| Total other financing sources | 1,800,000 | 1,800,000 | 1,800,000 | - | 300,000 | 300,000 | - | (300,000) |
| Change in fund balance | \$ - | \$ - | 2,016 | \$ 2,016 | \$ - | \$ - | - | - |
| Fund balance - beginning | | | 454,350 | | | | 134,941 | |
| Fund balance - ending | | | \$ 456,366 | | | | \$ 134,941 | |

(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, 2022

| | Debt Service Funds | | | |
|---|--------------------------|--------------|--------------|--|
| | General Obligation Bonds | | | |
| | Budgeted | | | Variance with Final Budget - Positive (Negative) |
| | Original | Final | Actual | |
| Revenues: | | | | |
| Property taxes | \$ 1,477,934 | \$ 1,477,934 | \$ 1,491,573 | \$ 13,639 |
| Total revenues | 1,477,934 | 1,477,934 | 1,491,573 | 13,639 |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal | 565,000 | 565,000 | 565,000 | - |
| Interest and fiscal charges | 922,488 | 922,488 | 921,373 | 1,115 |
| Total expenditures | 1,487,488 | 1,487,488 | 1,486,373 | 1,115 |
| Excess (deficiency) of revenues over expenditures | (9,554) | (9,554) | 5,200 | 14,754 |
| Other financing sources (uses): | | | | |
| Appropriation of prior years' fund balance | 9,554 | 9,554 | - | (9,554) |
| Total other financing sources | 9,554 | 9,554 | - | (9,554) |
| Change in fund balance | \$ - | \$ - | 5,200 | \$ 5,200 |
| Fund balance - beginning | | | 89,295 | |
| Fund balance - ending | | | \$ 94,495 | |

(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, 2022

| | Capital Project Fund | | | | | | | |
|---|------------------------------|--------------------|---------------------|--|--------------------------------|----------------|--------------------|--|
| | People's Transportation Plan | | | | Multimodal Transit Center Fund | | | |
| | Budgeted | | Actual | Variance with Final Budget - Positive (Negative) | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
| Original | Final | Original | | | Final | | | |
| Revenues: | | | | | | | | |
| Intergovernmental | \$ 3,145,716 | \$ 3,145,716 | \$ 4,246,513 | \$ 1,100,797 | \$ 969,729 | \$ 969,729 | \$ - | \$ (969,729) |
| Investment income (loss) | 6,000 | 6,000 | (19,170) | (25,170) | - | - | - | - |
| Rentals and other revenues | - | - | 372 | 372 | - | - | - | - |
| Total revenues | <u>3,151,716</u> | <u>3,151,716</u> | <u>4,227,715</u> | <u>1,075,999</u> | <u>969,729</u> | <u>969,729</u> | <u>-</u> | <u>(969,729)</u> |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| Public works | 961,594 | 861,343 | 515,791 | 345,552 | - | - | - | - |
| Capital outlay | 1,132,375 | 1,232,626 | 190,714 | 1,041,912 | 969,729 | 969,729 | - | 969,729 |
| Total expenditures | <u>2,093,969</u> | <u>2,093,969</u> | <u>706,505</u> | <u>1,387,464</u> | <u>969,729</u> | <u>969,729</u> | <u>-</u> | <u>969,729</u> |
| Excess (deficiency) of revenues over expenditures | <u>1,057,747</u> | <u>1,057,747</u> | <u>3,521,210</u> | <u>2,463,463</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Other financing sources:: | | | | | | | | |
| Transfers out | (1,400,000) | (1,400,000) | (1,400,000) | - | - | - | (154,599) | (154,599) |
| Appropriation of prior years' fund balance | 342,253 | 342,253 | - | (342,253) | - | - | - | - |
| Total other financing sources | <u>(1,057,747)</u> | <u>(1,057,747)</u> | <u>(1,400,000)</u> | <u>(342,253)</u> | <u>-</u> | <u>-</u> | <u>(154,599)</u> | <u>(154,599)</u> |
| Change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>2,121,210</u> | <u>\$ 2,121,210</u> | <u>\$ -</u> | <u>\$ -</u> | <u>(154,599)</u> | <u>\$ (154,599)</u> |
| Fund balances, beginning | | | <u>1,427,703</u> | | | | <u>98,024</u> | |
| Fund balance - ending | | | <u>\$ 3,548,913</u> | | | | <u>\$ (56,575)</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, 2022

| | Capital Project Funds | | | | | | | |
|---|-----------------------|-----------|------------|--|------------------|-------------|------------|--|
| | Capital Improvement | | | | Cybrarium | | | |
| | 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 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (1,987) | \$ (1,987) |
| Total revenues | - | - | - | - | - | - | (1,987) | (1,987) |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| General government | 572,716 | 572,716 | 191,576 | 381,140 | - | - | - | - |
| Public safety | 12,883 | 12,883 | 6,146 | 6,737 | - | - | - | - |
| Parks and recreation | 6,295 | 6,295 | 2,847 | 3,448 | - | 84,555 | 38,331 | 46,224 |
| Capital outlay | 152,483 | 152,483 | 215,810 | (63,327) | 1,075,610 | 991,055 | 172,171 | 818,884 |
| Total expenditures | 744,377 | 744,377 | 416,379 | 327,998 | 1,075,610 | 1,075,610 | 210,502 | 865,108 |
| Excess (deficiency) of revenues over expenditures | (744,377) | (744,377) | (416,379) | 327,998 | (1,075,610) | (1,075,610) | (212,489) | 863,121 |
| Other financing sources (uses): | | | | | | | | |
| Issuance of debt (equipment financing) | - | - | 222,858 | 222,858 | - | - | - | - |
| Transfers in | 299,084 | 299,084 | 299,084 | - | - | - | - | - |
| Appropriation of prior years' fund balance | 445,293 | 445,293 | - | (445,293) | 1,075,610 | 1,075,610 | - | (1,075,610) |
| Total other financing sources | 744,377 | 744,377 | 521,942 | (222,435) | 1,075,610 | 1,075,610 | - | (1,075,610) |
| Change in fund balance | \$ - | \$ - | 105,563 | \$ 105,563 | \$ - | \$ - | (212,489) | \$ (212,489) |
| Fund balance - beginning | | | 458,254 | | | | 1,077,862 | |
| Fund balance - ending | | | \$ 563,817 | | | | \$ 865,373 | |

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.



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CITY OF HOMESTEAD, FLORIDA
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2022

| | <u>Stormwater</u> | <u>Utilities Repair Replacement and Improvements</u> | <u>Total Other Enterprise Funds</u> |
|--|---------------------|--|---|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 378,901 | \$ 55,344 | \$ 434,245 |
| Investments | 2,103,580 | - | 2,103,580 |
| Interest receivable on investments | 4,531 | - | 4,531 |
| Account receivables, net | 815,925 | - | 815,925 |
| Due from other funds | <u>400,000</u> | <u>1,850,000</u> | <u>2,250,000</u> |
| Total current assets | <u>3,702,937</u> | <u>1,905,344</u> | <u>5,608,281</u> |
| Noncurrent assets: | | | |
| Capital assets being depreciated, net | 145,364 | - | 145,364 |
| Net pension asset | <u>76,857</u> | <u>-</u> | <u>76,857</u> |
| Total noncurrent assets | <u>222,221</u> | <u>-</u> | <u>222,221</u> |
| Total assets | <u>3,925,158</u> | <u>1,905,344</u> | <u>5,830,502</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows for pension | 52,822 | - | 52,822 |
| Deferred outflows for OPEB | <u>4,618</u> | <u>-</u> | <u>4,618</u> |
| Total deferred outflows of resources | <u>57,440</u> | <u>-</u> | <u>57,440</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | 18,261 | - | 18,261 |
| Compensated absences | <u>13,218</u> | <u>-</u> | <u>13,218</u> |
| Total current liabilities | <u>31,479</u> | <u>-</u> | <u>31,479</u> |
| Noncurrent liabilities: | | | |
| Compensated absences | 30,842 | - | 30,842 |
| Total OPEB liability | <u>260,514</u> | <u>-</u> | <u>260,514</u> |
| Total noncurrent liabilities | <u>291,356</u> | <u>-</u> | <u>291,356</u> |
| Total liabilities | <u>322,835</u> | <u>-</u> | <u>322,835</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows for pension | 153,157 | - | 153,157 |
| Deferred inflows for OPEB | <u>190,236</u> | <u>-</u> | <u>190,236</u> |
| Total deferred inflows of resources | <u>343,393</u> | <u>-</u> | <u>343,393</u> |
| NET POSITION | | | |
| Net investment in capital assets | 145,364 | - | 145,364 |
| Restricted : | | | |
| Net pension asset | 76,857 | - | 76,857 |
| Unrestricted | <u>3,094,149</u> | <u>1,905,344</u> | <u>4,999,493</u> |
| Total net position | <u>\$ 3,316,370</u> | <u>\$ 1,905,344</u> | <u>\$ 5,221,714</u> |

CITY OF HOMESTEAD, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2022

| | <u>Stormwater</u> | <u>Utilities Repair Replacement and Improvements</u> | <u>Total Other Enterprise Funds</u> |
|-------------------------------|---------------------|--|---|
| Operating revenues: | | | |
| Charges for services | \$ 1,686,643 | \$ - | \$ 1,686,643 |
| Total operating revenues | <u>1,686,643</u> | <u>-</u> | <u>1,686,643</u> |
| Operating expenses: | | | |
| Personnel services | 732,906 | - | 732,906 |
| Other operating expenses | 809,760 | - | 809,760 |
| Depreciation | 99,772 | - | 99,772 |
| Total expenditures | <u>1,642,438</u> | <u>-</u> | <u>1,642,438</u> |
| Operating income (loss) | <u>44,205</u> | <u>-</u> | <u>44,205</u> |
| Non-operating expense: | | | |
| Interest income (loss) | <u>(57,869)</u> | <u>-</u> | <u>(57,869)</u> |
| Total non-operating expense | <u>(57,869)</u> | <u>-</u> | <u>(57,869)</u> |
| Loss before transfers | <u>(13,664)</u> | <u>-</u> | <u>(13,664)</u> |
| Transfers out | <u>(6,541)</u> | <u>-</u> | <u>(6,541)</u> |
| Total transfers | <u>(6,541)</u> | <u>-</u> | <u>(6,541)</u> |
| Change in net position | (20,205) | - | (20,205) |
| Net position, beginning | <u>3,336,575</u> | <u>1,905,344</u> | <u>5,241,919</u> |
| Net position, ending | <u>\$ 3,316,370</u> | <u>\$ 1,905,344</u> | <u>\$ 5,221,714</u> |

CITY OF HOMESTEAD, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2022

| | <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 | \$ 1,779,359 | \$ - | \$ 1,779,359 |
| Cash payments to suppliers | (870,280) | - | (870,280) |
| Cash payments from (to) other funds | 100,000 | (350,000) | (250,000) |
| Cash payments to employees | (918,575) | - | (918,575) |
| Net cash provided by (used in) operating activities | <u>90,504</u> | <u>(350,000)</u> | <u>(259,496)</u> |
| Cash flows from noncapital financing activities: | | | |
| Transfers to other funds | (6,541) | - | (6,541) |
| Net cash (used in) noncapital financing activities | <u>(6,541)</u> | <u>-</u> | <u>(6,541)</u> |
| Cash flows from capital and related financing activities: | | | |
| Acquisition and construction of capital assets | (37,100) | - | (37,100) |
| Net cash used in capital and related financing activities | <u>(37,100)</u> | <u>-</u> | <u>(37,100)</u> |
| Cash flows from investing activities: | | | |
| Purchases of investments | (111,525) | - | (111,525) |
| Proceeds from sale of investments | 91,494 | - | 91,494 |
| Interest received on investments | 19,211 | - | 19,211 |
| Net cash provided by (used in) investing activities | <u>(820)</u> | <u>-</u> | <u>(820)</u> |
| Net increase (decrease) in cash and cash equivalents | 46,043 | (350,000) | (303,957) |
| Cash and cash equivalents, beginning | <u>332,858</u> | <u>405,344</u> | <u>738,202</u> |
| Cash and cash equivalents, ending | <u>\$ 378,901</u> | <u>\$ 55,344</u> | <u>\$ 434,245</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income | \$ 44,205 | \$ - | \$ 44,205 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation | 99,772 | - | 99,772 |
| Net changes in assets, liabilities, deferred outflows and deferred inflows: | | | |
| (Increase) decrease in: | | | |
| Interest receivable | 1,016 | - | 1,016 |
| Accounts receivables | 91,700 | - | 91,700 |
| Due from other funds | 100,000 | (350,000) | (250,000) |
| Net pension asset | (76,857) | - | (76,857) |
| Deferred outflows for pensions | 9,798 | - | 9,798 |
| Deferred outflows for OPEB | 336 | - | 336 |
| Increase (decrease) in: | | | |
| Accounts payable and accrued liabilities | (60,520) | - | (60,520) |
| Compensated Absences | 975 | - | 975 |
| Net pension liability | (123,050) | - | (123,050) |
| Total OPEB liability | (49,551) | - | (49,551) |
| Deferred inflows for pensions | 133,507 | - | 133,507 |
| Deferred inflows for OPEB | (80,827) | - | (80,827) |
| Total adjustments | <u>46,299</u> | <u>(350,000)</u> | <u>(303,701)</u> |
| Net cash provided by operating activities | <u>\$ 90,504</u> | <u>\$ (350,000)</u> | <u>\$ (259,496)</u> |
| Non-cash investing, capital and financing activities: | | | |
| Change in fair value of investments | <u>\$ (77,080)</u> | <u>\$ -</u> | <u>\$ (77,080)</u> |



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INTERNAL SERVICE FUNDS

CITY OF HOMESTEAD, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2022

| | 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 | \$ 140,872 | \$ 164,399 | \$ 128,592 | \$ 433,863 | \$ 1,419,060 | \$ 1,852,923 |
| Account receivables, net | - | - | 11,162 | 11,162 | - | 11,162 |
| Due from other funds | - | 5,000,000 | 300,000 | 5,300,000 | 200,000 | 5,500,000 |
| Inventories | - | - | 201,405 | 201,405 | - | 201,405 |
| Total current assets | <u>140,872</u> | <u>5,164,399</u> | <u>641,159</u> | <u>5,946,430</u> | <u>1,619,060</u> | <u>7,565,490</u> |
| Noncurrent assets: | | | | | | |
| Capital assets being depreciated, net | - | 1,955 | 83,976 | 85,931 | 76,511 | 162,442 |
| Net pension asset | 51,180 | 77,292 | 103,223 | 231,695 | 282,296 | 513,991 |
| Total non current assets | <u>51,180</u> | <u>79,247</u> | <u>187,199</u> | <u>317,626</u> | <u>358,807</u> | <u>676,433</u> |
| Total assets | <u>192,052</u> | <u>5,243,646</u> | <u>828,358</u> | <u>6,264,056</u> | <u>1,977,867</u> | <u>8,241,923</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Deferred outflows for pension | 35,175 | 53,121 | 70,942 | 159,238 | 194,014 | 353,252 |
| Deferred outflows for OPEB | 929 | 877 | 4,314 | 6,120 | 13,195 | 19,315 |
| Total deferred outflows of resources | <u>36,104</u> | <u>53,998</u> | <u>75,256</u> | <u>165,358</u> | <u>207,209</u> | <u>372,567</u> |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable and accrued liabilities | 9,401 | 127,746 | 222,582 | 359,729 | 125,870 | 485,599 |
| Compensated absences | 7,836 | 6,937 | 14,794 | 29,567 | 55,155 | 84,722 |
| Equipmet financing | - | 625 | 2,189 | 2,814 | 10,947 | 13,761 |
| Claims and judgements | - | 1,152,752 | - | 1,152,752 | - | 1,152,752 |
| Total current liabilities | <u>17,237</u> | <u>1,288,060</u> | <u>239,565</u> | <u>1,544,862</u> | <u>191,972</u> | <u>1,736,834</u> |
| Noncurrent liabilities: | | | | | | |
| Compensated absences | 18,284 | 16,184 | 34,519 | 68,987 | 128,695 | 197,682 |
| Equipmet financing | - | 801 | 2,803 | 3,604 | 14,011 | 17,615 |
| Total OPEB liability | 52,389 | 49,526 | 243,338 | 345,253 | 744,328 | 1,089,581 |
| Claims and judgements | - | 3,752,885 | - | 3,752,885 | - | 3,752,885 |
| Total noncurrent liabilities | <u>70,673</u> | <u>3,819,396</u> | <u>280,660</u> | <u>4,170,729</u> | <u>887,034</u> | <u>5,057,763</u> |
| Total liabilities | <u>87,910</u> | <u>5,107,456</u> | <u>520,225</u> | <u>5,715,591</u> | <u>1,079,006</u> | <u>6,794,597</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Deferred inflows for pension | 101,990 | 154,023 | 205,697 | 461,710 | 562,542 | 1,024,252 |
| Deferred inflows for OPEB | 38,256 | 36,165 | 177,692 | 252,113 | 543,528 | 795,641 |
| Total deferred inflows of resources | <u>140,246</u> | <u>190,188</u> | <u>383,389</u> | <u>713,823</u> | <u>1,106,070</u> | <u>1,819,893</u> |
| NET POSITION | | | | | | |
| Net investment in capital assets | - | 529 | 78,984 | 79,513 | 51,553 | 131,066 |
| Restricted : | | | | | | |
| Net pension asset | 51,180 | 77,292 | 103,223 | 231,695 | 282,296 | 513,991 |
| Unrestricted | (51,180) | (77,821) | (182,207) | (311,208) | (333,849) | (645,057) |
| 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, 2022

| | Governmental Activities | | | | Business- type Activities | |
|--------------------------------|------------------------------|-----------------------------|---------------------|-------------------------------------|---------------------------------|------------------------------|
| | Health Self- Insurance | Other Self- Insurance | Fleet Management | Total Governmental Activities | Customer Service | Total Internal Service |
| Operating revenues: | | | | | | |
| Charges for services | \$ 8,382,266 | \$ 4,869,042 | \$ 5,290,266 | \$ 18,541,574 | \$ 3,719,336 | \$ 22,260,910 |
| Other revenues | - | 169,503 | 65,608 | 235,111 | - | 235,111 |
| Total operating revenues | <u>8,382,266</u> | <u>5,038,545</u> | <u>5,355,874</u> | <u>18,776,685</u> | <u>3,719,336</u> | <u>22,496,021</u> |
| Operating expenses: | | | | | | |
| Personnel services | 254,356 | 224,282 | 853,058 | 1,331,696 | 2,219,907 | 3,551,603 |
| Administration | 62,703 | 973,081 | - | 1,035,784 | - | 1,035,784 |
| Insurance and claims | 8,065,207 | 3,840,438 | - | 11,905,645 | - | 11,905,645 |
| Other operating expenses | - | 38 | 4,473,028 | 4,473,066 | 1,426,170 | 5,899,236 |
| Depreciation | - | 706 | 29,654 | 30,360 | 46,428 | 76,788 |
| Total operating expenses | <u>8,382,266</u> | <u>5,038,545</u> | <u>5,355,740</u> | <u>18,776,551</u> | <u>3,692,505</u> | <u>22,469,056</u> |
| Operating income | <u>-</u> | <u>-</u> | <u>134</u> | <u>134</u> | <u>26,831</u> | <u>26,965</u> |
| Non-operating expenses: | | | | | | |
| Interest expense | - | - | (134) | (134) | (668) | (802) |
| Total non-operating expenses | <u>-</u> | <u>-</u> | <u>(134)</u> | <u>(134)</u> | <u>(668)</u> | <u>(802)</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 | - | - | - | - | - | - |
| Net position, beginning | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</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, 2022

| | 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 payments to suppliers | \$ (8,140,214) | \$ (4,605,207) | \$ (4,445,468) | \$ (17,190,889) | \$ (1,485,418) | \$ (18,676,307) |
| Cash received from other funds | 8,382,266 | 4,838,545 | 5,255,874 | 18,476,685 | 4,819,336 | 23,296,021 |
| Cash payments to employees | (190,667) | (210,246) | (817,218) | (1,218,131) | (1,957,645) | (3,175,776) |
| Net cash provided by (used in) operating activities | <u>51,385</u> | <u>23,092</u> | <u>(6,812)</u> | <u>67,665</u> | <u>1,376,273</u> | <u>1,443,938</u> |
| Cash flows from noncapital financing activities: | | | | | | |
| Transfers to other funds | - | - | - | - | (26,163) | (26,163) |
| Net cash used in noncapital financing activities | - | - | - | - | (26,163) | (26,163) |
| Cash flows from capital and related financing activities: | | | | | | |
| Principal paid on long term debt | - | (613) | (2,143) | (2,756) | (10,718) | (13,474) |
| Interest paid on long term debt | - | - | (134) | (134) | (668) | (802) |
| Net cash used in capital and related financing activities | - | (613) | (2,277) | (2,890) | (11,386) | (14,276) |
| Net increase (decrease) in cash and cash equivalents | 51,385 | 22,479 | (9,089) | 64,775 | 1,338,724 | 1,403,499 |
| Cash and cash equivalents, beginning | <u>89,487</u> | <u>141,920</u> | <u>137,681</u> | <u>369,088</u> | <u>80,336</u> | <u>449,424</u> |
| Cash and cash equivalents, ending | <u>\$ 140,872</u> | <u>\$ 164,399</u> | <u>\$ 128,592</u> | <u>\$ 433,863</u> | <u>\$ 1,419,060</u> | <u>\$ 1,852,923</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | | | | | |
| Operating income | \$ - | \$ - | \$ 134 | \$ 134 | \$ 26,831 | \$ 26,965 |
| Adjustments to reconcile operating income to net cash provided by (used in) operating activities: | | | | | | |
| Depreciation | - | 706 | 29,654 | 30,360 | 46,428 | 76,788 |
| Net changes in assets, liabilities, deferred outflows and deferred inflows: | | | | | | |
| (Increase) decrease in: | | | | | | |
| Account receivables | - | - | (5,723) | (5,723) | - | (5,723) |
| Due from other funds | - | (200,000) | (100,000) | (300,000) | 1,100,000 | 800,000 |
| Inventories | - | - | 9,264 | 9,264 | - | 9,264 |
| Net pension asset | (51,180) | (77,292) | (103,223) | (231,695) | (282,296) | (513,991) |
| Deferred outflows for pension | (19,440) | (10,816) | 54,587 | 24,331 | 83,283 | 107,614 |
| Deferred outflows for OPEB | (500) | (308) | (1,204) | (2,012) | (1,185) | (3,197) |
| Increase (decrease) in: | | | | | | |
| Accounts payable and accrued liabilities | (12,304) | (169,338) | 24,019 | (157,623) | (59,248) | (216,871) |
| Compensated Absences | 7,881 | (1,156) | (38,588) | (31,863) | 79,718 | 47,855 |
| Net pension liability | (30,919) | (83,132) | (246,670) | (360,721) | (544,898) | (905,619) |
| Total OPEB liability | 25,543 | 13,821 | 48,708 | 88,072 | (7,347) | 80,725 |
| Claims and judgements | - | 377,688 | - | 377,688 | - | 377,688 |
| Deferred inflows for pension | 97,050 | 140,747 | 166,305 | 404,102 | 475,525 | 879,627 |
| Deferred inflows for OPEB | 35,254 | 32,172 | 155,925 | 223,351 | 459,462 | 682,813 |
| Total adjustments | <u>51,385</u> | <u>23,092</u> | <u>(6,946)</u> | <u>67,531</u> | <u>1,349,442</u> | <u>1,416,973</u> |
| Net cash provided by (used in) operating activities | <u>\$ 51,385</u> | <u>\$ 23,092</u> | <u>\$ (6,812)</u> | <u>\$ 67,665</u> | <u>\$ 1,376,273</u> | <u>\$ 1,443,938</u> |



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FIDUCIARY FUNDS

CITY OF HOMESTEAD, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
SEPTEMBER 30, 2022

| | General Employees' Retirement Plan <u>Plan</u> | Police Officers' Retirement Plan <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 | \$ 2,492,728 | \$ 6,270,117 | \$ 170,623 | \$ 116,258 | \$ 1,581,786 | \$ 10,631,512 |
| Receivables: | | | | | | |
| Other receivables | 1,163 | - | - | - | - | 1,163 |
| Contributions | 33,882 | 28,262 | - | - | - | 62,144 |
| Accrued investment income | <u>379,686</u> | <u>156,752</u> | <u>14,697</u> | <u>-</u> | <u>19,696</u> | <u>570,831</u> |
| Total receivables | <u>414,731</u> | <u>185,014</u> | <u>14,697</u> | <u>-</u> | <u>19,696</u> | <u>634,138</u> |
| Other asset | <u>381,248</u> | <u>8,210</u> | <u>-</u> | <u>1,911</u> | <u>-</u> | <u>391,369</u> |
| Investments: | | | | | | |
| U.S. Government Securities | - | 3,872,969 | 149,969 | - | 1,992,488 | 6,015,426 |
| Municipal obligations | 10,461,958 | - | - | - | 156,498 | 10,618,456 |
| Corporate bonds | 20,506,944 | 10,114,513 | 856,544 | - | 1,483,321 | 32,961,322 |
| Mortgage backed securities | - | 4,436,816 | - | - | - | 4,436,816 |
| Hedge funds | 326,799 | - | - | - | - | 326,799 |
| Preferred stock | - | - | 52,890 | - | - | 52,890 |
| Mutual funds - fixed income | - | 13,802,510 | - | 889,068 | 675,967 | 15,367,545 |
| Mutual funds - equities | 15,711,149 | - | 373,811 | 4,284,442 | - | 20,369,402 |
| Common stocks | 33,061,173 | 65,312,660 | 1,970,489 | - | 2,145,928 | 102,490,250 |
| Real estate | - | 4,983,796 | - | 619,269 | - | 5,603,065 |
| Other | <u>5,754,871</u> | <u>-</u> | <u>308,119</u> | <u>-</u> | <u>-</u> | <u>6,062,990</u> |
| Total investments | <u>85,822,894</u> | <u>102,523,264</u> | <u>3,711,822</u> | <u>5,792,779</u> | <u>6,454,202</u> | <u>204,304,961</u> |
| TOTAL ASSETS | <u>89,111,601</u> | <u>108,986,605</u> | <u>3,897,142</u> | <u>5,910,948</u> | <u>8,055,684</u> | <u>215,961,980</u> |
| LIABILITIES | | | | | | |
| DROP payable | 12,214 | - | - | - | - | 12,214 |
| Accounts payable | <u>244,157</u> | <u>181,513</u> | <u>8,708</u> | <u>14,456</u> | <u>22,717</u> | <u>471,551</u> |
| TOTAL LIABILITIES | <u>256,371</u> | <u>181,513</u> | <u>8,708</u> | <u>14,456</u> | <u>22,717</u> | <u>483,765</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Advance City contributions | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>52,416</u> | <u>52,416</u> |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>52,416</u> | <u>52,416</u> |
| NET POSITION RESTRICTED FOR PENSION BENEFITS | | | | | | |
| | <u>\$ 88,855,230</u> | <u>\$ 108,805,092</u> | <u>\$ 3,888,434</u> | <u>\$ 5,896,492</u> | <u>\$ 7,980,551</u> | <u>\$ 215,425,799</u> |

(1) Amounts reflected as of December 31, 2021, 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, 2022

| | <u>General Employees' Retirement Plan</u> | <u>Police Officers' Retirement Plan</u> | <u>Elected Officials' Retirement Plan (1)</u> | <u>New Elected Officials' and Senior Management Retirement System (1)</u> | <u>Firefighters' Retirement System (1)</u> | <u>Totals</u> |
|--|---|---|---|---|--|-----------------------|
| ADDITIONS | | | | | | |
| Contributions: | | | | | | |
| City | \$ 1,771,699 | \$ 5,282,800 | \$ 78,774 | \$ 94,435 | \$ - | \$ 7,227,708 |
| Employees | 253,281 | 840,517 | - | - | - | 1,093,798 |
| State | - | 742,896 | - | - | 251,963 | 994,859 |
| Total contributions | <u>2,024,980</u> | <u>6,866,213</u> | <u>78,774</u> | <u>94,435</u> | <u>251,963</u> | <u>9,316,365</u> |
| Investment income: | | | | | | |
| Investment earnings | 2,940,907 | 2,204,005 | 167,658 | 325,732 | 779,768 | 6,418,070 |
| Net appreciation (depreciation) in fair value of investments | (16,190,600) | (17,862,953) | 485,251 | 561,241 | 5,076 | (33,001,985) |
| Less investment expenses | (526,630) | (415,081) | (32,155) | (31,212) | (35,491) | (1,040,569) |
| Net investment income (loss) | <u>(13,776,323)</u> | <u>(16,074,029)</u> | <u>620,754</u> | <u>855,761</u> | <u>749,353</u> | <u>(27,624,484)</u> |
| Other revenues | 3,420 | - | - | - | - | 3,420 |
| Total additions (reductions) | <u>(11,747,923)</u> | <u>(9,207,816)</u> | <u>699,528</u> | <u>950,196</u> | <u>1,001,316</u> | <u>(18,304,699)</u> |
| DEDUCTIONS | | | | | | |
| Pension benefits | 4,444,440 | 6,137,390 | 187,614 | 332,081 | 744,301 | 11,845,826 |
| DROP payments | 333,173 | - | - | - | - | 333,173 |
| Refunds | - | 4,042 | - | - | - | 4,042 |
| Administrative expenses | 127,789 | 153,052 | 19,809 | 29,605 | 107,609 | 437,864 |
| Total deductions | <u>4,905,402</u> | <u>6,294,484</u> | <u>207,423</u> | <u>361,686</u> | <u>851,910</u> | <u>12,620,905</u> |
| Change in net position | (16,653,325) | (15,502,300) | 492,105 | 588,510 | 149,406 | (30,925,604) |
| NET POSITION RESTRICTED FOR PENSION BENEFITS | | | | | | |
| Beginning of year | <u>105,508,555</u> | <u>124,307,392</u> | <u>3,396,329</u> | <u>5,307,982</u> | <u>7,831,145</u> | <u>246,351,403</u> |
| End of year | <u>\$ 88,855,230</u> | <u>\$ 108,805,092</u> | <u>\$ 3,888,434</u> | <u>\$ 5,896,492</u> | <u>\$ 7,980,551</u> | <u>\$ 215,425,799</u> |

(1) Amounts reflected as of December 31, 2021, 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.

Contents

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Financial Trends

171-175

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

176-180

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

181-185

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

186-187

The information presented in this section is intended to assist users in understanding the socioeconomic environment within which the City operates.

Operating Information

188-190

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 Annual Comprehensive Financial Reports for the relevant years.



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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.

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CITY OF HOMESTEAD, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 182,035,858 | \$ 182,857,637 | \$ 168,779,914 | \$ 171,873,549 | \$ 177,339,023 | \$ 191,173,910 | \$ 193,677,481 | \$ 197,273,126 | \$ 185,490,033 | \$ 187,470,989 |
| Restricted | 20,752,108 | 17,886,488 | 14,726,787 | 14,980,268 | 17,404,061 | 13,992,265 | 13,803,772 | 13,390,211 | 14,940,715 | 13,458,908 |
| Unrestricted | (3,732,770) | (11,947,991) | 1,085,299 | (521,798) | (5,692,542) | (1,908,807) | 2,541,761 | 1,104,887 | 35,954,594 | 39,334,231 |
| Total governmental activities net position | <u>\$ 199,055,196</u> | <u>\$ 188,796,134</u> | <u>\$ 184,592,000</u> | <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> |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 37,344,075 | \$ 37,054,711 | \$ 38,354,236 | \$ 38,895,085 | \$ 34,074,210 | \$ 29,169,365 | \$ 29,643,262 | \$ 30,874,752 | \$ 32,798,643 | \$ 34,386,325 |
| Restricted | 3,702,669 | 510,121 | 270,752 | 476,460 | 715,800 | 552,719 | 559,257 | 716,527 | 716,755 | 717,861 |
| Unrestricted | (473,658) | (819,084) | (3,085,589) | (6,630,871) | (3,567,329) | 2,242,034 | 13,332,705 | 22,098,736 | 32,275,597 | 39,356,664 |
| Total business-type activities net position | <u>\$ 40,573,086</u> | <u>\$ 36,745,748</u> | <u>\$ 35,539,399</u> | <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> |
| Primary government: | | | | | | | | | | |
| Net investment in capital assets | \$ 219,379,933 | \$ 219,912,348 | \$ 207,134,150 | \$ 210,768,634 | \$ 211,413,233 | \$ 220,343,275 | \$ 223,320,743 | \$ 228,147,878 | \$ 218,288,676 | \$ 221,857,314 |
| Restricted | 24,454,777 | 18,396,609 | 14,997,539 | 15,456,728 | 18,119,861 | 14,544,984 | 14,363,029 | 14,106,738 | 15,657,470 | 14,176,769 |
| Unrestricted | (4,206,428) | (12,767,075) | (2,000,290) | (7,152,669) | (9,259,871) | 333,227 | 15,874,466 | 23,203,623 | 68,230,191 | 78,690,895 |
| Total primary government net position | <u>\$ 239,628,282</u> | <u>\$ 225,541,882</u> | <u>\$ 220,131,399</u> | <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> |

Source: City of Homestead ACFR for fiscal years ending September 30, 2013 through September 30, 2022.

CITY OF HOMESTEAD, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Expenses: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 15,249,170 | \$ 14,754,516 | \$ 16,070,707 | \$ 19,120,054 | \$ 21,003,043 | \$ 16,344,478 | \$ 17,246,402 | \$ 17,351,952 | \$ 14,561,575 | \$ 14,686,466 |
| Public safety | 31,258,474 | 32,381,625 | 36,940,046 | 31,313,525 | 31,399,222 | 31,277,616 | 29,168,711 | 29,690,875 | 29,019,865 | 27,353,700 |
| Public works | 4,619,991 | 4,053,061 | 4,913,009 | 4,972,723 | 5,082,373 | 5,259,020 | 4,189,826 | 4,119,974 | 5,584,695 | 3,759,122 |
| Parks and recreation | 10,696,384 | 9,723,368 | 8,586,509 | 8,605,167 | 8,831,440 | 8,626,647 | 7,931,471 | 7,594,640 | 7,559,260 | 7,572,711 |
| Disaster relief | 216,809 | 230,593 | 1,656,340 | 1,494,954 | 4,774,725 | 5,784,058 | - | - | - | - |
| Interest on long-term debt | 2,335,423 | 2,250,655 | 2,309,156 | 2,566,298 | 2,533,914 | 1,914,467 | 1,278,725 | 1,315,178 | 655,807 | 396,082 |
| Unallocated depreciation | 2,299,641 | 2,436,921 | 2,438,939 | 2,537,794 | 2,605,333 | 2,614,783 | 2,728,555 | 2,663,535 | 2,708,565 | 2,755,105 |
| Total governmental activities expenses | <u>66,675,892</u> | <u>65,830,739</u> | <u>72,914,706</u> | <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> |
| Business-type activities: | | | | | | | | | | |
| Water & Sewer | 21,142,394 | 19,558,048 | 19,829,160 | 18,630,219 | 18,327,873 | 19,568,630 | 20,517,653 | 16,957,507 | 17,081,653 | 15,602,707 |
| Electric | 69,865,504 | 54,539,331 | 57,349,765 | 65,511,531 | 63,631,753 | 63,978,883 | 62,909,804 | 60,464,609 | 60,900,056 | 57,702,125 |
| Solid waste | 14,329,271 | 13,590,850 | 13,696,451 | 12,444,373 | 12,618,609 | 12,151,517 | 12,433,778 | 10,933,920 | 10,656,568 | 10,216,304 |
| Other enterprise funds | 1,642,438 | 1,480,030 | 1,799,207 | 1,590,250 | 1,646,534 | 1,533,212 | 1,561,837 | 1,525,438 | 1,623,594 | 1,418,544 |
| Homestead station QALICB | 1,403,096 | 1,363,737 | 210,525 | 50,000 | 949,837 | - | - | - | - | - |
| Total business-type activities expenses | <u>108,382,703</u> | <u>90,531,996</u> | <u>92,885,108</u> | <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> |
| Total primary government expenses | <u>\$ 175,058,595</u> | <u>\$ 156,362,735</u> | <u>\$ 165,799,814</u> | <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> |
| Program revenue: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charge for services: | | | | | | | | | | |
| General government | \$ 11,831,050 | \$ 12,316,849 | \$ 11,110,086 | \$ 11,129,438 | \$ 11,114,484 | \$ 10,116,159 | \$ 10,605,142 | \$ 9,730,932 | \$ 9,154,625 | \$ 8,234,156 |
| Public safety | 1,253,225 | 1,477,930 | 1,141,759 | 1,544,241 | 2,725,547 | 1,935,293 | 1,680,681 | 1,420,610 | 1,626,143 | 1,917,550 |
| Public works | 64,933 | 119,768 | 103,148 | 106,176 | 116,645 | 103,850 | 132,364 | 95,848 | 63,091 | 813,609 |
| Parks and recreation | 1,994,553 | 1,931,257 | 1,509,470 | 2,765,675 | 3,127,406 | 3,393,329 | 4,163,420 | 4,090,198 | 3,740,144 | 4,267,842 |
| Operating grants and contributions | 3,754,209 | 4,642,906 | 12,823,167 | 4,266,401 | 3,850,681 | 2,231,928 | 1,999,080 | 3,822,973 | 4,253,120 | 2,155,406 |
| Capital grants and contributions | 8,130,812 | 4,729,811 | 3,868,007 | 5,779,524 | 4,674,927 | 4,600,091 | 3,382,844 | 4,240,088 | 3,612,918 | 3,004,766 |
| Total governmental activities programs revenues | <u>27,028,782</u> | <u>25,218,521</u> | <u>30,555,637</u> | <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> |
| Business-type activities: | | | | | | | | | | |
| Charge for services: | | | | | | | | | | |
| Water & sewer | 21,067,151 | 19,774,024 | 19,337,106 | 16,815,050 | 14,001,983 | 13,574,254 | 13,139,628 | 12,869,453 | 12,125,905 | 12,098,206 |
| Electric | 71,984,732 | 53,867,721 | 56,958,932 | 63,749,905 | 62,652,734 | 61,077,521 | 61,272,008 | 61,307,335 | 58,534,274 | 58,494,058 |
| Solid waste | 13,409,703 | 12,802,595 | 13,421,214 | 12,679,156 | 12,082,839 | 12,198,899 | 11,673,675 | 11,690,965 | 11,017,194 | 11,304,868 |
| Other enterprise funds | 1,686,643 | 1,516,562 | 2,172,199 | 1,653,240 | 901,505 | 1,666,635 | 1,639,976 | 1,693,618 | 1,572,786 | 1,619,194 |
| Capital grants and contributions | - | - | 620,368 | 2,428,044 | 3,936,372 | 217,088 | - | - | - | - |
| Total business-type activities programs revenues | <u>108,148,229</u> | <u>87,960,902</u> | <u>92,509,819</u> | <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> |
| Total primary government program revenues | <u>\$ 135,177,011</u> | <u>\$ 113,179,423</u> | <u>\$ 123,065,456</u> | <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> |
| Net (expense) revenue: | | | | | | | | | | |
| Governmental activities | \$ (39,647,110) | \$ (40,612,218) | \$ (42,359,069) | \$ (45,019,060) | \$ (50,620,360) | \$ (49,440,419) | \$ (40,580,159) | \$ (39,335,505) | \$ (37,639,726) | \$ (36,129,857) |
| Business-type activities | (234,474) | (2,571,094) | (375,289) | (900,978) | (3,599,173) | (8,497,845) | (9,697,785) | (2,320,103) | (7,011,712) | (1,423,354) |
| Total primary government net (expense) revenue | <u>\$ (39,881,584)</u> | <u>\$ (43,183,312)</u> | <u>\$ (42,734,358)</u> | <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> |

CITY OF HOMESTEAD, FLORIDA
 CHANGES IN NET POSITION (continued)
 LAST TEN FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---------------|---------------|----------------|----------------|-----------------|-----------------|-----------------|----------------|-----------------|----------------|
| General revenues and other changes in net position: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes | \$ 25,619,680 | \$ 23,886,305 | \$ 20,719,613 | \$ 18,835,686 | \$ 17,284,317 | \$ 15,571,327 | \$ 14,044,980 | \$ 13,507,112 | \$ 11,057,882 | \$ 11,533,264 |
| Fuel taxes | 1,297,194 | 1,216,531 | 1,136,424 | 1,304,847 | 1,309,021 | 1,222,652 | 1,178,768 | 1,188,363 | 1,123,787 | 1,101,153 |
| Franchise fees * | 52,757 | 4,609,837 | 4,475,352 | 4,383,291 | 4,115,956 | 4,011,858 | 3,767,938 | 3,662,823 | 3,516,008 | 3,526,787 |
| Utility taxes | 1,579,957 | 1,566,050 | 1,554,248 | 1,558,004 | 1,491,902 | 1,532,625 | 1,614,804 | 1,608,427 | 1,593,944 | 1,455,868 |
| Communication service taxes | 1,576,166 | 1,598,216 | 1,383,144 | 1,343,577 | 1,518,228 | 1,525,106 | 2,069,644 | 1,590,006 | 1,902,060 | 1,703,597 |
| Half cent sales taxes | 7,793,915 | 6,364,097 | 5,024,707 | 5,845,264 | 5,631,661 | 5,280,732 | 5,143,347 | 4,853,152 | 4,556,584 | 4,245,767 |
| Unrestricted intergovernmental revenue | 5,501,415 | 3,697,777 | 3,036,391 | 3,391,630 | 3,328,071 | 3,024,983 | 2,727,254 | 2,556,091 | 2,177,574 | 1,861,245 |
| Payment in lieu of taxes * | 7,285,550 | 2,254,680 | 2,034,292 | 1,849,088 | 1,704,671 | 1,512,374 | 1,414,284 | 1,193,843 | 1,193,843 | 1,189,468 |
| Other revenues | 1,290,552 | 1,248,754 | 962,164 | 2,549,135 | 2,226,906 | 751,200 | 844,417 | 665,798 | 713,289 | 752,749 |
| Gain on sale of assets | - | - | - | - | - | - | 594,715 | - | - | - |
| Unrestricted investment earnings (loss) | (997,203) | 176,916 | 773,526 | 1,101,826 | 628,804 | 237,216 | 402,984 | 883,602 | 1,451,380 | (154,744) |
| Cares Act ** | - | - | 604,000 | - | - | - | - | - | - | - |
| Transfers | (1,093,811) | (1,802,811) | (1,084,811) | 138,189 | (745,500) | 8,004,700 | 5,031,814 | 5,133,771 | 4,474,589 | 782,784 |
| Total governmental activities | 49,906,172 | 44,816,352 | 40,619,050 | 42,300,537 | 38,494,037 | 42,674,773 | 38,834,949 | 36,842,988 | 33,760,940 | 27,997,938 |
| Business-type activities: | | | | | | | | | | |
| Other revenues | 2,867,357 | 1,967,396 | 1,907,506 | 2,449,147 | 2,916,645 | 4,898,995 | 4,355,998 | 2,067,761 | 2,074,862 | 2,674,964 |
| Unrestricted investment earnings (loss) | 100,644 | 7,236 | 104,600 | 108,013 | 37,928 | 32,444 | 218,810 | 470,857 | 741,584 | (819,900) |
| Cares Act ** | - | - | 77,097 | - | - | - | - | - | - | - |
| Transfers | 1,093,811 | 1,802,811 | 1,084,811 | (138,189) | 745,500 | (8,004,700) | (5,031,814) | (5,133,771) | (4,474,589) | (782,784) |
| Total business-type activities | 4,061,812 | 3,777,443 | 3,174,014 | 2,418,971 | 3,700,073 | (3,073,261) | (457,006) | (2,595,153) | (1,658,143) | 1,072,280 |
| Total primary government | \$ 53,967,984 | \$ 48,593,795 | \$ 43,793,064 | \$ 44,719,508 | \$ 42,194,110 | \$ 39,601,512 | \$ 38,377,943 | \$ 34,247,835 | \$ 32,102,797 | \$ 29,070,218 |
| Change in net position: | | | | | | | | | | |
| Governmental activities | \$ 10,259,062 | \$ 4,204,134 | \$ (1,740,019) | \$ (2,718,523) | \$ (12,126,323) | \$ (6,765,646) | \$ (1,745,210) | \$ (2,492,517) | \$ (3,878,786) | \$ (8,131,919) |
| Business-type activities | 3,827,338 | 1,206,349 | 2,798,725 | 1,517,993 | 100,900 | (11,571,106) | (10,154,791) | (4,915,256) | (8,669,855) | (351,074) |
| Total primary government | \$ 14,086,400 | \$ 5,410,483 | \$ 1,058,706 | \$ (1,200,530) | \$ (12,025,423) | \$ (18,336,752) | \$ (11,900,001) | \$ (7,407,773) | \$ (12,548,641) | \$ (8,482,993) |

Source: City of Homestead ACFR for fiscal years ending September 30, 2013 through September 30, 2022.

Note : * Starting with FY 2022, certain fees charged to the City's other utilities funds have been moved to include with payments in lieu of taxes instead of franchise fees.

: ** For FY 2021 Cares Act revenues were included in operating grants and contributions for governmental activities. Business-type activities received no Cares Act revenue in FY 2021.

In subsequent years Cares Act revenues were recorded in Intergovernmental.

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

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General fund: | | | | | | | | | | |
| <i>Nonspendable :</i> | | | | | | | | | | |
| Prepaid costs | \$ 74,530 | \$ 19,298 | \$ 117,636 | \$ 7,179 | \$ 237,950 | \$ 1,824 | \$ 198,906 | \$ 371,951 | \$ 243,657 | \$ 251,961 |
| Long-term note receivable | 30,691,104 | 30,536,505 | 30,493,770 | 28,264,033 | 10,841,000 | - | - | 1,704,572 | 1,704,572 | 1,704,572 |
| Long-term interest on notes receivable | - | - | - | - | - | - | - | 614,910 | 562,766 | 469,014 |
| <i>Restricted for:</i> | | | | | | | | | | |
| Fiber optic & rock pit security | 1,555,665 | 1,555,665 | 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 | 306,000 | 306,000 | 306,000 | - | - | - | - | - |
| <i>Committed to:</i> | | | | | | | | | | |
| Required reserve | 5,530,750 | 5,222,610 | 5,041,946 | 4,791,848 | 4,958,948 | 4,807,159 | 4,576,236 | 4,472,930 | 4,043,243 | 3,885,681 |
| <i>Assigned to:</i> | | | | | | | | | | |
| Appropriations of subsequent year's budget | 2,570,529 | 464,985 | 378,940 | 1,130,300 | 1,215,667 | 5,540,576 | 1,506,952 | 1,345,841 | 1,773,765 | 882,599 |
| <i>Unassigned :</i> | | | | | | | | | | |
| General fund | 13,079,726 | 10,900,633 | 6,626,970 | 651,329 | 9,659,840 | 8,987,795 | 18,158,247 | 14,327,306 | 14,036,703 | 13,729,048 |
| Total General fund | <u>\$ 53,808,304</u> | <u>\$ 49,005,696</u> | <u>\$ 43,065,262</u> | <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> |
| All other governmental funds: | | | | | | | | | | |
| <i>Nonspendable :</i> | | | | | | | | | | |
| Prepaid costs | \$ 17,585 | \$ - | \$ - | \$ 798 | \$ 811,129 | \$ 813,680 | \$ 705 | \$ - | \$ - | \$ - |
| <i>Restricted :</i> | | | | | | | | | | |
| Community redevelopment | 3,730,125 | 2,884,936 | 1,689,568 | 2,126,663 | 1,617,889 | 1,232,375 | 1,514,383 | - | 454,815 | 828,044 |
| Grants | 1,737,043 | 1,552,064 | 1,540,431 | 1,356,523 | 1,299,069 | 1,502,578 | 1,334,221 | 1,343,737 | 541,078 | 312,397 |
| Disaster relief | 640,867 | 396,326 | 7,898 | 6,999 | 13,803 | - | - | - | - | - |
| Parks and recreation | 1,698,068 | 4,849,039 | 6,686,342 | 6,743,389 | 7,334,454 | 6,210,608 | 5,337,151 | 2,927,388 | 3,455,413 | 2,546,385 |
| Public safety | 1,670,597 | 1,911,622 | 1,600,020 | 1,801,972 | 1,816,323 | 1,391,817 | 952,647 | 1,493,258 | 3,285,707 | 4,704,393 |
| Public work | 620,745 | 666,709 | 642,768 | 464,842 | 636,262 | 572,283 | 528,707 | 389,159 | 588,519 | 1,262,214 |
| Debt service | 685,802 | 678,586 | 662,636 | 988,278 | 2,326,352 | 1,943,526 | 2,126,806 | 3,001,657 | 2,365,573 | 2,387,738 |
| Capital projects | 7,266 | 7,264 | 105,285 | 672,340 | 24,470,390 | 29,205,881 | 3,819,621 | 17,089,440 | 24,026,258 | - |
| Transit and transportation | 3,548,913 | 1,427,703 | 446,609 | 1,085,602 | 1,953,909 | 1,039,078 | 1,909,857 | 4,135,012 | 4,149,610 | 3,087,461 |
| <i>Committed :</i> | | | | | | | | | | |
| Public art | 878,696 | 740,931 | 1,328,412 | 1,752,057 | 1,489,868 | 1,110,345 | 734,932 | 204,000 | 184,416 | 184,416 |
| Transportation | 88,402 | 88,402 | 88,402 | 290,346 | 290,346 | 290,346 | 290,346 | 290,346 | 290,346 | 290,346 |
| <i>Assigned :</i> | | | | | | | | | | |
| Parks and recreation | 258,829 | 200,414 | 150,941 | 91,482 | 686,075 | 920,288 | 1,163,674 | 1,021,878 | 619,963 | 252,788 |
| Capital projects | 1,421,924 | 1,626,876 | 4,669,667 | 6,033,116 | 1,561,030 | 1,843,364 | 844,806 | 734,178 | 14,715,076 | 17,041,770 |
| <i>Unassigned :</i> | | | | | | | | | | |
| Community redevelopment | - | - | - | - | - | - | - | (471,553) | - | - |
| Capital project | (56,575) | - | - | - | - | - | - | - | - | - |
| Disaster relief | - | - | - | - | - | (784,058) | - | - | - | - |
| Total all other governmental funds | <u>\$ 16,948,287</u> | <u>\$ 17,030,872</u> | <u>\$ 19,618,979</u> | <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> |

Source: City of Homestead ACFR for fiscal years ending September 30, 2013 through September 30, 2022.

CITY OF HOMESTEAD, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|--|---------------------|---------------------|---------------------|------------------------|---------------------|----------------------|-----------------------|------------------------|----------------------|-----------------------|
| Revenues: | | | | | | | | | | |
| Taxes | \$ 33,636,444 | \$ 35,323,983 | \$ 31,151,854 | \$ 30,529,687 | \$ 28,871,775 | \$ 26,866,132 | \$ 25,743,387 | \$ 24,591,361 | \$ 21,958,595 | \$ 21,240,980 |
| Licenses and permits | 2,357,633 | 2,899,749 | 2,347,153 | 2,670,656 | 2,975,987 | 2,290,641 | 2,642,967 | 2,438,791 | 2,159,702 | 2,267,429 |
| Intergovernmental | 22,850,703 | 18,772,214 | 23,010,793 | 17,259,315 | 17,108,962 | 15,066,338 | 13,913,307 | 13,670,286 | 13,423,399 | 11,606,248 |
| Charges for services | 1,706,187 | 1,303,963 | 1,038,317 | 1,195,603 | 1,281,639 | 1,191,516 | 1,257,738 | 1,395,902 | 1,275,963 | 1,079,626 |
| Fines and forfeitures | 901,281 | 882,852 | 619,815 | 1,024,382 | 2,162,753 | 1,411,095 | 1,029,146 | 943,665 | 1,290,872 | 1,472,295 |
| Investment income (loss) | (997,203) | 176,916 | 773,526 | 1,101,826 | 628,804 | 237,216 | 402,984 | 883,602 | 1,451,380 | (154,744) |
| Payment in lieu of taxes | 7,285,550 | 2,254,680 | 2,034,292 | 1,849,088 | 1,704,671 | 1,512,374 | 1,414,284 | 1,193,843 | 1,193,843 | 1,189,468 |
| Other revenues | 10,288,170 | 10,223,327 | 10,679,748 | 11,038,578 | 10,085,131 | 8,423,407 | 10,949,231 | 9,959,984 | 8,851,988 | 8,762,347 |
| Total revenues | <u>78,028,765</u> | <u>71,837,684</u> | <u>71,655,498</u> | <u>66,669,135</u> | <u>64,819,722</u> | <u>56,998,719</u> | <u>57,353,044</u> | <u>55,077,434</u> | <u>51,605,742</u> | <u>47,463,649</u> |
| Expenditures: | | | | | | | | | | |
| General government | 15,161,965 | 14,263,861 | 14,310,841 | 14,672,993 | 15,340,125 | 14,679,512 | 14,486,390 | 13,763,016 | 12,991,103 | 12,166,688 |
| Public safety | 34,735,231 | 31,965,828 | 31,423,383 | 28,936,300 | 29,707,966 | 29,256,336 | 28,488,480 | 29,049,243 | 27,081,896 | 25,702,013 |
| Public works and services | 2,772,287 | 2,095,558 | 2,583,804 | 2,655,675 | 3,217,709 | 2,635,509 | 2,245,038 | 2,482,943 | 4,370,948 | 2,271,098 |
| Parks and recreation | 7,200,654 | 6,393,908 | 5,040,326 | 5,167,095 | 5,208,629 | 5,029,756 | 4,662,815 | 4,410,229 | 4,370,531 | 4,278,914 |
| Disaster relief | 216,809 | 230,593 | 1,656,340 | 1,494,954 | 4,774,725 | 5,784,058 | - | - | - | - |
| Capital outlay * | 25,980,804 | 8,925,944 | 11,699,960 | 11,574,716 | 6,336,098 | 16,792,046 | 24,661,517 | 35,589,749 | 10,494,941 | 5,993,674 |
| Debt service: | | | | | | | | | | |
| Principal | 2,012,024 | 9,749,066 | 2,063,274 | 15,446,822 | 2,757,403 | 1,862,363 | 1,856,187 | 1,734,203 | 1,394,203 | 1,394,203 |
| Interest and fiscal charges | 2,390,224 | 2,293,427 | 2,377,774 | 2,661,252 | 2,339,265 | 1,930,560 | 1,318,302 | 1,104,292 | 599,773 | 396,082 |
| Total expenditures | <u>90,469,998</u> | <u>75,918,185</u> | <u>71,155,702</u> | <u>82,609,807</u> | <u>69,681,920</u> | <u>77,970,140</u> | <u>77,718,729</u> | <u>88,133,675</u> | <u>61,303,395</u> | <u>52,202,672</u> |
| Excess of revenues over (under) expenditures | <u>(12,441,233)</u> | <u>(4,080,501)</u> | <u>499,796</u> | <u>(15,940,672)</u> | <u>(4,862,198)</u> | <u>(20,971,421)</u> | <u>(20,365,685)</u> | <u>(33,056,241)</u> | <u>(9,697,653)</u> | <u>(4,739,023)</u> |
| Other financing sources (uses): | | | | | | | | | | |
| Cares Act ** | - | - | 604,000 | - | - | - | - | - | - | - |
| Issuance of debt (HUD section 108 loan) | - | - | 3,283,000 | 194,000 | 194,000 | 194,000 | - | - | - | - |
| Issuance of debt (equipment financing) | 508,631 | 1,171,716 | 717,160 | 647,275 | 226,008 | 2,895,000 | 765,000 | 447,000 | 2,361,115 | - |
| Lease (right-to-use asset) acquired | 17,746,436 | - | - | - | - | - | - | - | - | - |
| General obligation bonds issued | - | - | - | - | - | - | - | - | 25,998,600 | - |
| Taxable transportation system revenue bonds issued | - | - | - | - | - | 31,440,000 | - | - | - | - |
| Issuance of other long-term debt | - | 8,063,923 | - | - | 12,829,100 | - | 4,570,000 | 5,430,000 | - | - |
| Transfer in | 2,783,813 | 3,046,801 | 12,528,758 | 39,462,051 | 13,006,895 | 13,472,571 | 8,499,473 | 7,406,773 | 5,683,086 | 3,859,747 |
| Transfer out | (3,877,624) | (4,849,612) | (13,613,569) | (39,323,862) | (12,602,395) | (5,398,882) | (3,466,601) | (2,273,002) | (1,124,495) | (1,906,926) |
| Transfer to Homestead Station QALICB (NMTC) | - | - | - | - | (1,150,000) | - | - | - | - | - |
| Total other financing sources (uses) | <u>17,161,256</u> | <u>7,432,828</u> | <u>3,519,349</u> | <u>979,464</u> | <u>12,503,608</u> | <u>42,602,689</u> | <u>10,367,872</u> | <u>11,010,771</u> | <u>32,918,306</u> | <u>1,952,821</u> |
| Net change in fund balances | <u>\$ 4,720,023</u> | <u>\$ 3,352,327</u> | <u>\$ 4,019,145</u> | <u>\$ (14,961,208)</u> | <u>\$ 7,641,410</u> | <u>\$ 21,631,268</u> | <u>\$ (9,997,813)</u> | <u>\$ (22,045,470)</u> | <u>\$ 23,220,653</u> | <u>\$ (2,786,202)</u> |
| Debt services as a percentage of noncapital expenditures * | 6.81% | 17.93% | 7.46% | 25.36% | 8.01% | 6.19% | 5.90% | 5.30% | 3.91% | 3.84% |
| Capital outlay P. 31 | 8,070,390 | 8,755,057 | 11,658,005 | 11,218,365 | 6,086,927 | 16,681,586 | 23,902,747 | 34,608,361 | 10,257,164 | 5,640,948 |

Source: City of Homestead ACFR for fiscal years ending September 30, 2013 through September 30, 2022.

Note * For FY 2022 capital outlay includes \$17.7 million right-to-use asset expenditure as a result of GASB 87 implementation, and is not included in this calculation.

** For FY 2021 Cares Act revenues were included in operating grants and contributions for governmental activities.

*** FY 2019 debt service % reflected the payoff of \$12.8 million New Market Tax Credit Bridge Loan debt and FY 2021 reflected the refinancing of \$8 million New City Hall Loan debt..



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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.

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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 | Estimated Value as a Percentage of Assessed Value |
|--------------------------|---------------------------------------|---|---------------------------------------|--------------------------|--------------------------------|---|--|
| 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% |
| 2020 | 3,022,973 | 120,737 | 3,143,710 | (29,435) | 6.4015 | 3,114,275 | 99.1% |
| 2021 | 3,345,201 | 139,085 | 3,484,286 | (32,204) | 6.6540 | 3,452,082 | 99.1% |
| 2022 | 3,611,516 | 137,208 | 3,748,724 | (29,921) | 6.6205 | 3,718,803 | 99.2% |

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 (1) | Debt Service Millage | Total City Millage | Operating Millage | Debt Service Millage | Total County Millage | Operating Millage | Debt Service Millage | Voted Operating Millage | Total School Millage | State Millage | Special District Millage | |
| 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 |
| 2020 | 5.9215 | 0.4800 | 6.4015 | 4.6669 | 0.4780 | 5.1449 | 7.0250 | 0.1230 | - | 7.1480 | 0.3115 | 3.1727 | 22.1786 |
| 2021 | 6.2055 | 0.4485 | 6.6540 | 4.6669 | 0.4780 | 5.1449 | 6.1860 | 0.1930 | 0.7500 | 7.1290 | 0.2995 | 2.8714 | 22.0988 |
| 2022 | 6.2055 | 0.4150 | 6.6205 | 4.6669 | 0.5075 | 5.1744 | 6.0790 | 0.1800 | 0.7500 | 7.0090 | 0.2892 | 2.9207 | 22.0138 |

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 and Rescue.

Starting with Fiscal Year 2021, Library District* is now part of City of Homestead Operating Millage and removed from Special District.

N/A - Not applicable

(1) Beginning in 2021, the City's operating millage includes 0.2840 previously assessed by the County as a library tax and reported above under Special District Millage.

This had no impact to a taxpayer's total millage.

CITY OF HOMESTEAD, FLORIDA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO

(DOLLARS IN THOUSANDS)

| <u>Taxpayer</u> | <u>Type of Business</u> | 2022 | | | 2013 | | |
|---|-----------------------------|-------------------------------|-------------|--|-------------------------------|-------------|--|
| | | <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> |
| City of Homestead | Municipal* | \$ 54,519 | 1 | 1.45% | \$ 26,877 | 2 | 1.49% |
| Homestead Pavilion Acquisition LLC | Commercial Shopping Center | 49,689 | 2 | 1.33% | - | | 0.00% |
| Fifteen Homestead COA Townhome | Residential Real Estate | 40,041 | 3 | 1.07% | - | | 0.00% |
| Florida Power & Light Company | Electric Utility | 39,280 | 4 | 1.05% | 21,364 | 3 | 1.18% |
| Cerberus SFR Holdings LP | Residential Real Estate | 36,859 | 5 | 0.98% | - | | 0.00% |
| SB Palm Breeze LLC | Residential Real Estate | 24,821 | 6 | 0.66% | - | | 0.00% |
| Kimco Reality Corp | Commercial Real Estate | 22,135 | 7 | 0.59% | 16,638 | 5 | 0.92% |
| Palace at Homestead LLC | Residential Real Estate | 16,664 | 8 | 0.44% | - | | 0.00% |
| Sarria Holdings IV INC | Commercial Shopping Center | 15,691 | 9 | 0.42% | 12,900 | 8 | 0.72% |
| Store All NE 8th Street LLC | Commercial | 14,542 | 10 | 0.39% | - | | 0.00% |
| DDR Homestead LLC | Retail Outlet / Vacant Land | | | 0.00% | 46,400 | 1 | 2.57% |
| Lowes Home Centers Inc | Retail Outlet | | | 0.00% | 16,986 | 4 | 0.94% |
| Lennar Homes LLC | Residential Real Estate | | | 0.00% | 16,631 | 6 | 0.92% |
| Palm Breeze Exec Townhomes LLC | Residential Real Estate | | | 0.00% | 13,328 | 7 | 0.74% |
| Prime Homes Portofino Plaza LLC | Commercial Real Estate | | | 0.00% | 12,027 | 9 | 0.67% |
| Yates Homestead LLC | Retail Outlet | | | 0.00% | 11,500 | 10 | 0.64% |
| Total | | \$ 314,241 | | 8.38% | \$ 194,651 | | 10.79% |
| Total assessed valuation of taxable property: | | \$ 3,748,724 | | | \$ 1,802,894 | | |

*Homestead Miami Speedway

2022 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 | | |
| 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% |
| 2020 | 2019 | 20,124 | 18,514 | 92.0% | 822 | 4.1% | 19,336 | 96.1% | 3,533 | 17.6% |
| 2021 | 2020 | 23,184 | 21,585 | 93.1% | 613 | 2.6% | 22,198 | 95.7% | 665 | 2.9% |
| 2022 | 2021 | 24,818 | 23,194 | 93.5% | 589 | 2.4% | 23,783 | 95.8% | 1,384 | 5.6% |

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> |
|--------------------|--------------------|-------------------|-------------------|---------------------------|--------------------|------------------------------|----------------------------|-------------------------|--------------------------|
| 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 |
| 2020 | 26,731,468 | 3,396,554 | 11,770,156 | 2,947,813 | 514,542 | 9,845,711 | 55,206,244 | (1,726,525) | 56,932,769 |
| 2021 | 26,413,634 | 3,209,624 | 12,007,430 | 2,681,795 | 524,790 | 11,300,627 | 56,137,900 | 2,296,342 | 53,841,558 |
| 2022 | 27,210,897 | 3,330,076 | 12,212,162 | 2,903,851 | 522,220 | 26,766,598 | 72,945,804 | 987,235 | 71,958,569 |

Source: City of Homestead ACFR for fiscal years ending September 30, 2013 through September 30, 2022.



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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.

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CITY OF HOMESTEAD, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS)

| Fiscal Year Ended | 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 | Revenue | Special Obligation | Long-Term Notes and Loans | Equipment Financing | Lease Obligation (Right-to-use asset) | Electric Bonds | Long-Term Notes and Loans* | Equipment Financing | Other Debts** | | | | | |
| <u>September 30,</u> | <u>Bonds</u> | <u>Bonds</u> | <u>Bonds</u> | <u>Loans</u> | <u>Financing</u> | | <u>Bonds</u> | <u>Loans*</u> | <u>Financing</u> | <u>Debts**</u> | <u>Debt</u> | <u>Dollars</u> ² | <u>Income</u> | <u>Population</u> ² | <u>Capita</u> ^{****} |
| 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 |
| 2020 | 22,972 | 29,275 | - | 11,439 | 2,759 | - | 2,400 | 34,340 | 2,051 | - | 105,236 | 1,473,127 | 7.14% | *** 80,737 | 1,303 |
| 2021 | 22,378 | 28,605 | - | 10,959 | 2,938 | - | - | 43,739 | 2,497 | - | 111,116 | 1,573,858 | 7.06% | 81,110 | 1,370 |
| 2022 | 21,755 | 27,920 | - | 10,285 | 2,447 | 17,658 | - | 43,463 | 2,268 | - | 125,796 | 1,713,700 | 7.34% | 83,012 | 1,515 |

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.

* Reflects the QALICB notes payable to the City and CDE's as part of the NMTC transaction. Electric FMPA Pooled loan was added to this column starting in FY 2021.

** This column was added in FY2019 to reflect other long-term liabilities for the business-type activities.

*** Updated population per 2020 U.S. Census Bureau.

**** This column has been revised to include other debts in the calculation.

CITY OF HOMESTEAD, FLORIDA

RATIO OF GENERAL OBLIGATION BONDS DEBT OUTSTANDING

LAST NINE 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 |
| 2020 | 22,972 | 75 | 22,897 | 3,143,710 | 0.73% | ** 80,737 | 284 |
| 2021 | 22,378 | 89 | 22,289 | 3,484,286 | 0.64% | 81,110 | 275 |
| 2022 | 21,755 | 94 | 21,661 | 3,748,724 | 0.58% | 83,012 | 261 |

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.

** Updated population per 2020 U.S. Census Bureau.

CITY OF HOMESTEAD, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

(DOLLARS IN THOUSANDS)

SEPTEMBER 30, 2022

| <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) | \$ 836,862 | 3.01% | \$ 25,190 |
| Miami-Dade County (2) | <u>2,338,333</u> | 3.01% | <u>70,384</u> |
| Subtotal | <u>\$ 3,175,195</u> | | <u>\$ 95,574</u> |
| DIRECT DEBT: (4) | | | |
| General obligation bonds | \$ 21,755 | 100.00% | \$ 21,755 |
| Revenue bonds | 27,920 | 100.00% | 27,920 |
| Other long-term debt | 10,285 | 100.00% | 10,285 |
| Equipment financing obligation | <u>2,447</u> | 100.00% | <u>2,447</u> |
| Subtotal | <u>\$ 62,407</u> | | <u>\$ 62,407</u> |
| TOTAL DIRECT AND OVERLAPPING DEBT | | | <u>\$ 157,981</u> |

(1) Information obtained from Miami-Dade County School Board Annual Financial Report for the Fiscal Year Ended June 30, 2022.

(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, 2022 estimate) ** | 83,012 |
| by Miami-Dade County's population (April 1, 2022 estimate) ** | 2,757,592 |

Source : ** Office of Economic and Demographic Research

(4) City of Homestead ACFR for fiscal year ending September 30, 2022.

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

PLEGGED-REVENUE BOND COVERAGE FOR GOVERNMENTAL ACTIVITIES

LAST EIGHT FISCAL YEARS

(DOLLARS IN THOUSANDS)

| General Obligation Bonds, Series 2014 | | | | | | |
|--|---------------------------|------------------|-----------------|--------------|------|-----------------|
| Fiscal Year Ended <u>September 30,</u> | Voted Debt | | Debt Service | | | <u>Coverage</u> |
| | Millage | Requirement | | <u>Total</u> | | |
| | revenue + fund balance | <u>Principal</u> | <u>Interest</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 | |
| 2020 | 1,501 | 510 | 973 | 1,483 | 1.01 | |
| 2021 | 1,497 | 535 | 948 | 1,483 | 1.01 | |
| 2022 | 1,492 | 565 | 921 | 1,486 | 1.00 | |

| Taxable Transportation System Revenue Bonds, Series 2017 | | | | | | |
|--|--|------------------|-----------------|--------------|------|-----------------|
| Fiscal Year Ended <u>September 30,</u> | Transportation System Surtax & Covenant to Budget Appropriation | | Debt Service | | | <u>Coverage</u> |
| | revenue* | Requirement | | <u>Total</u> | | |
| | <u>revenue*</u> | <u>Principal</u> | <u>Interest</u> | | | |
| 2018 | \$ 2,929 | \$ 865 | \$ 932 | \$ 1,797 | 1.63 | |
| 2019 | 3,343 | 645 | 1,154 | 1,799 | 1.86 | |
| 2020 | 2,772 | 655 | 1,143 | 1,798 | 1.54 | |
| 2021 | 3,363 | 670 | 1,128 | 1,798 | 1.87 | |
| 2022 | 4,247 | 685 | 1,113 | 1,798 | 2.36 | |

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

LAST TWO FISCAL YEARS

(DOLLARS IN THOUSANDS)

| Electric Utility FMPA Pooled Loan 2021 | | | | | | | |
|--|--------------------------------|--|--|-----------------------------|-----------------|--------------|---|
| Fiscal Year Ended <u>September 30,</u> | Gross <u>Revenue</u> (1) | Less: Operating <u>Expenses</u> (2) | Net Revenue Available for Debt <u>Service</u> | Debt Service Requirement | | | Coverage by Net Revenue Available for <u>Debt Service</u> |
| | | | | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | |
| 2021 | \$ 54,721 | \$ 51,043 | \$ 3,678 | \$ - | \$ 42 | \$ 42 | 87.57 |
| 2022 | 73,125 | 66,174 | 6,951 | 345 | 165 | 510 | 13.63 |

Note : This schedule is intended to have ten years of data.

(1) Gross revenue - all operating and non-operating revenue sources

(2) Operating expenses - total operating expenses exclusive of depreciation, amortization and operating transfers



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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.

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

| <u>Year</u> | <u>(1)</u> <u>Population</u> | <u>(2)</u> <u>General</u> <u>Fund</u> <u>Budget *</u> | <u>Per</u> <u>Capita</u> <u>Budget</u> | <u>(2), (5)</u> <u>General</u> <u>Fund</u> <u>Actual *</u> | <u>Per</u> <u>Capita</u> <u>Actual</u> | <u>(1)</u> <u>Personal</u> <u>Income</u> <u>(Thousands</u> <u>of</u> <u>Dollars)</u> | <u>(4)</u> <u>Per</u> <u>Capita</u> <u>Personal</u> <u>Income</u> | <u>(3)</u> <u>Unemployment</u> <u>Rate</u> |
|-------------|---------------------------------|--|--|---|--|---|---|--|
| 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% |
| 2020 | ** 80,737 | 51,549,760 | 638 | 49,947,776 | 619 | 1,473,127 | 18,246 | 11.9% |
| 2021 | 81,110 | 62,495,043 | 770 | 59,652,946 | 735 | 1,573,858 | 19,404 | 6.4% |
| 2022 | 83,012 | 56,972,486 | 686 | 54,829,963 | 661 | 1,713,700 | 20,644 | 2.3% |

Sources: (1) Office of Economic and Demographic Research, except for 2020 which is from U.S. Census.
(2) City of Homestead ACFR for fiscal years ending September 30, 2013 through September 30, 2022.
(3) US. Bureau of Labor Statistics (as of September 30, 2022).
(4) U.S. Census Bureau
(5) FY 2022 excludes a \$17.7 million capital putlay related to GASB 87.

Note : * Numbers have been corrected to include transfers.
** Updated population per 2020 U.S. Census Bureau.

CITY OF HOMESTEAD, FLORIDA

PRINCIPAL EMPLOYERS

CURRENT AND ELEVEN YEARS AGO

| <u>Employer</u> | 2022 | | | 2013 | | |
|--|-------------|-------------------|--------------------------------|------------------|-------------|-------------------|
| | <u>Rank</u> | <u>Employment</u> | Percentage of Total City | <u>Employees</u> | <u>Rank</u> | <u>Employment</u> |
| Homestead Hospital | 1,091 | 1 | 5.84% | 1,265 | 1 | 4.29% |
| City of Homestead | 509 | 2 | 2.72% | 469 | 2 | 1.59% |
| Miami Dade College | 325 | 3 | 1.74% | | | |
| Publix Supermarkets | 300 | 4 | 1.60% | 286 | 3 | 0.97% |
| Homestead Senior High | 300 | 5 | 1.60% | | | |
| Wal Mart Supercenter | 230 | 6 | 1.23% | | | |
| South Dade Technical College-Homestead | 200 | 7 | 1.07% | | | |
| Campbell Drive K-8 Center | 170 | 8 | 0.91% | | | |
| Signature Health Care | 170 | 9 | 0.91% | 170 | 6 | 0.58% |
| USPS | 150 | 10 | 0.80% | | | |
| Keys Gate Charter School | | | | 250 | 4 | 0.85% |
| BJ's Wholesale Club | | | | 180 | 5 | 0.61% |
| Sedano's Supermarket | | | | 125 | 7 | 0.42% |
| Olive Garden Restaurant | | | | 118 | 8 | 0.40% |
| Kohl's Department Store | | | | 112 | 9 | 0.38% |
| Waterstone Charter | | | | 110 | 10 | 0.37% |
| | 3,445 | | 18.42% | 3,085 | | 10.46% |

Note: Total number of local jobs as of 6/14/2023 = 18,696

Source: City of Homestead Community Redevelopment Agency (2022)
 City of Homestead Annual Comprehensive Financial Report (2013)
 Bureau of Labor Statistics: Total number of local jobs

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.

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CITY OF HOMESTEAD, FLORIDA

CITY GOVERNMENT FULL-TIME EMPLOYEES BY DEPARTMENT/DIVISION

LAST TEN FISCAL YEARS

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| City Council | 10 | 10 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| City Clerk | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 3 |
| City Managers' Office | 7 | 8 | 9 | 8 | 7 | 7 | 7 | 7 | 7 | 7 |
| Community Redevelopment Agency | 5 | 4 | 4 | 4 | 4 | 4 | 3 | 3 | 3 | 4 |
| Development Services | 15 | 12 | 12 | 12 | 11 | 11 | 11 | 11 | 11 | 10 |
| Finance | 13 | 13 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| General Services | 22 | 20 | 18 | 18 | 19 | 19 | 19 | 19 | 19 | 19 |
| Customer Service | 28 | 28 | 28 | 27 | 27 | 27 | 27 | 26 | 26 | 26 |
| Human Resources | 7 | 6 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Parks, Recreation & Maint Svcs. | 20 | 19 | 17 | 16 | 16 | 16 | 17 | 17 | 17 | 17 |
| Police | 168 | 162 | 155 | 155 | 155 | 153 | 153 | 153 | 148 | 142 |
| Public Works (Streets, Water&Sewer, Stormwater) | 49 | 49 | 50 | 52 | 52 | 52 | 51 | 51 | 50 | 50 |
| Solid Waste | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 34 |
| Electric Utilities | 51 | 51 | 50 | 50 | 50 | 49 | 49 | 49 | 49 | 49 |
| Total Full-Time Employees | <u>433</u> | <u>420</u> | <u>408</u> | <u>407</u> | <u>406</u> | <u>403</u> | <u>402</u> | <u>401</u> | <u>395</u> | <u>388</u> |

Source: City of Homestead Human Resources Department

CITY OF HOMESTEAD, FLORIDA

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Police: | | | | | | | | | | |
| Adult arrest (1) | 1,959 | 1,631 | 2,050 | 2,648 | 3,073 | 3,467 | 3,431 | 2,680 | 3,661 | 2,929 |
| Juvenile arrest | 121 | 163 | 256 | 245 | 234 | 359 | 431 | 407 | 535 | 358 |
| Calls for service | 33,028 | 30,549 | 31,897 | 34,149 | 36,374 | 37,281 | 37,379 | 37,401 | 41,245 | 37,824 |
| Water: | | | | | | | | | | |
| Number of service connections | 26,637 | 26,037 | 25,330 | 24,987 | 25,465 | 23,969 | 23,177 | 23,597 | 21,962 | 21,000 |
| Average daily billed consumption (millions of gallons) | 6.44 | 6.20 | 6.20 | 5.70 | 5.80 | 6.00 | 5.50 | 5.10 | 7.14 | 4.76 |
| Sewer: | | | | | | | | | | |
| Number of service connections | 23,460 | 22,857 | 22,203 | 21,837 | 22,313 | 20,656 | 20,137 | 20,488 | 18,905 | 18,012 |
| Average daily billed consumption (millions of gallons) | 5.00 | 5.00 | 5.00 | 4.70 | 4.70 | 4.30 | 4.40 | 4.20 | 7.30 | 3.87 |
| Electric distribution system: | | | | | | | | | | |
| Number of customers | 26,480 | 26,124 | 25,853 | 25,606 | 25,115 | 25,031 | 23,863 | 23,086 | 22,701 | 22,000 |
| Facilities and services not included in the primary government: | | | | | | | | | | |
| Education: | | | | | | | | | | |
| Number of schools | 29 | 29 | 27 | 25 | 24 | 24 | 24 | 24 | 24 | 22 |
| Number of instructors | 1,311 | 1,311 | 1,464 | 1,229 | 1,229 | 1,040 | 1,040 | 1,040 | 1,040 | 1,085 |
| Hospitals: | | | | | | | | | | |
| Number of hospitals | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of patient beds | 147 | 147 | 143 | 143 | 143 | 143 | 143 | 143 | 143 | 143 |

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

<https://bapisthealth.net/locations/hospitals/homestead-hospital>

(1) Fourth quarter data (July-Sept 2021) is not available due to technical issues with department's records system.

CITY OF HOMESTEAD, FLORIDA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Police: | | | | | | | | | | |
| Station | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units/Sworn police officers | 123 | 119 | 113 | 113 | 113 | 113 | 113 | 113 | 108 | 102 |
| Other public works: | | | | | | | | | | |
| Streets (miles) | 164 | 164 | 161 | 157 | 142 | 136 | 133 | 124 | 124 | 124 |
| Parks and recreation: | | | | | | | | | | |
| Acreage | 277 | 275 | 275 | 275 | 275 | 275 | 275 | 275 | 275 | 275 |
| Playgrounds | 14 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| 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 | 17 | 17 | 17 | 19 | 19 | 19 | 19 | 19 |
| Basketball courts | 10 | 10 | 10 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Soccer court | 1 | 1 | 1 | - | - | - | - | - | - | - |
| Racketball | 4 | 4 | 4 | 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 | 6 | 6 | 6 | 4 | 4 | 4 | 4 | 4 |
| Indoor Volleyball Courts | 4 | - | - | - | - | - | - | - | - | - |
| Indoor Basketball Courts | 2 | - | - | - | - | - | - | - | - | - |
| Water: | | | | | | | | | | |
| Water mains (miles) | 287 | 286.45 | 286 | 285 | 284 | 282 | 281 | 277 | 276 | 274 |
| Fire hydrants | 1,972 | 1,967 | 1,958 | 1,944 | 1,932 | 1,907 | 1,898 | 1,878 | 1,863 | 1,860 |
| Daily capacity (millions of gallons) | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 |
| Sewer: | | | | | | | | | | |
| Sanitary sewer (miles) | 176.7 | 176.5 | 176 | 174 | 173 | 171 | 170 | 160 | 159 | 156 |
| Daily capacity (millions of gallons) | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Electric distribution system: | | | | | | | | | | |
| Miles of service | 223 | 222 | 219 | 211 | 209 | 203 | 197 | 195 | 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



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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 financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 30, 2023. 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.

Report on 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) as a basis for designing 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. 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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
June 30, 2023

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

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

Report on Compliance for each Major Federal Program and Major State Project

Opinion on Each Major Federal Program and Major State Project

We have audited the City of Homestead, Florida's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement*, and the requirements described in the *State of Florida Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on the City's major federal programs and major state project for the fiscal year ended September 30, 2022. The City's major federal programs and major state project are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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 each major federal program and major state project for the fiscal year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program and Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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) and Chapter 10.550, Rules of the Auditor General. Our responsibilities under those standards, the Uniform Guidance and Chapter 10.550, Rules of the Auditor General are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and major state project. Our audit does not provide a legal determination of City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs and state projects.

Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program and major state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Marcum LLP

Miami, FL
June 30, 2023

CITY OF HOMESTEAD, FLORIDA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

| <u>Federal/State Agency, Pass Through Entity Federal Program/State Project</u> | <u>Assistance Listing/ CSFA Number</u> | <u>Grant Identifying Number</u> | <u>Expenditures</u> | <u>Provided to Sub recipients</u> |
|---|--|-------------------------------------|---------------------|---------------------------------------|
| 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 | \$ 11,460 | |
| Community Development Block Grant 2015 Entitlement | 14.218 | B-15-MC-12-0055 | 223,733 | |
| Community Development Block Grant 2016 Entitlement | 14.218 | B-16-MC-12-0055 | 4,804 | |
| Community Development Block Grant 2020 Entitlement | 14.218 | B-20-MC-12-0055 | 1,950 | |
| Community Development Block Grant CARES ACT 2020 | 14.218 | B-20-MW-12-0055 | 14,619 | |
| Community Development Block Grant CARES ACT 2021 | 14.218 | B-20-MW-12-0055 | 25,978 | |
| Community Development Block Grant 2021 Entitlement | 14.218 | B-21-MC-12-0055 | 102,948 | \$ 40,534 |
| Subtotal Direct Programs | | | <u>385,492</u> | <u>40,534</u> |
| Total CDBG Entitlement Grants Cluster | | | 385,492 | 40,534 |
| Passed thru the State of Florida, Department of Economic Opportunity: | | | | |
| Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii | 14.228 | I0128 | 1,700 | |
| Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii | 14.228 | I0127 | 1,700 | |
| Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii | 14.228 | IR006 | 142,540 | |
| Subtotal Passed thru the State of Florida, Department of Economic Opportunity | | | <u>145,940</u> | |
| Total U.S. Department of Housing and Urban Development | | | <u>531,432</u> | |
| U.S. Department of Justice | | | | |
| Direct programs: | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2020-DJ-BX-0899 | 14,781 | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 15PBJA-21-GG-01307-JAGX | 27,902 | |
| Passed Through Florida Department of Law Enforcement: | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2021-JAGC-DADE-21-3B-011 | 6,242 | |
| Subtotal Edward Byrne Memorial Justice Assistance Grant Programs | | | <u>48,925</u> | |
| Byrne Criminal Justice Innovation Program | 16.817 | 15PBJA-21-GG-04115-BCJI | 35,040 | |
| Federal Equitable Sharing | 16.922 | N/A | 24,410 | |
| Subtotal Direct Programs | | | <u>108,375</u> | |
| Passed Through State of Florida, Office of Attorney General: | | | | |
| Victims of Crime Act (VOCA) | 16.575 | VOCA-2021-00734 | 153,610 | |
| Subtotal Passed Through State of Florida, Office of Attorney General | | | <u>153,610</u> | |
| Passed Through Florida Department of Children and Families: | | | | |
| Violence Against Women Formula Grants | 16.588 | LN185 | 77,747 | |
| Subtotal Passed Through Florida Department of Children and Families | | | <u>77,747</u> | |
| Passed Through Florida Department of Law Enforcement: | | | | |
| Project Safe Neighborhoods | 16.609 | 2021-PSNS-DADE-1-X3-003 | 137,545 | |
| Total U.S. Department of Justice | | | <u>477,277</u> | |
| U.S. Department of Treasury | | | | |
| Direct programs: | | | | |
| Federal Equitable Sharing | 21.016 | N/A | 145,421 | |
| Coronavirus State and Local Fiscal Recovery Funds | 21.027 | N/A | 800,111 | |
| Subtotal Direct Programs | | | <u>945,532</u> | |
| Total U.S. Department of Treasury | | | <u>945,532</u> | |
| U.S. Department of Homeland Security | | | | |
| Direct programs: | | | | |
| Hazard Mitigation Grant | 97.039 | 7920 | 1,588,768 | |
| Subtotal Direct Programs | | | <u>1,588,768</u> | |
| Passed Through Florida Division of Emergency Management: | | | | |
| Disaster Relief Funding, Hurricane Irma | 97.036 | Z1835 | 914,797 | |
| Disaster Relief Funding, COVID-19 | 97.036 | Z0379 | 461,351 | |
| Subtotal Passed Through Florida Department of Emergency Management | | | <u>1,376,148</u> | |
| Passed Through Florida Department of Transportation | | | | |
| Highway Safety Cluster: | | | | |
| National Priority Safety Programs | 20.616 | G2338 | 65,958 | |
| State and Community Highway Safety | 20.600 | G2040 | 35,912 | |
| Total Highway Safety Cluster | | | <u>101,870</u> | |
| Subtotal Passed Through Florida Department of Transportation | | | <u>101,870</u> | |
| Total U.S. Department of Homeland Security | | | <u>3,066,786</u> | |

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

CITY OF HOMESTEAD, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022
(CONTINUED)

| <u>Federal/State Agency, Pass Through Entity Federal Program/State Project</u> | <u>Assistance Listing / CSFA Number</u> | <u>Grant Identifying Number</u> | <u>Expenditures</u> | <u>Provided to Sub recipients</u> |
|--|---|---------------------------------|---------------------|-----------------------------------|
| U.S. Department of Transportation | | | | |
| Direct programs: | | | | |
| Federal Transit Cluster: | | | | |
| Federal Transit Formula Grants | 20.507 | FL 2019-094-00 | 370,854 | |
| Total Federal Transit Cluster | | | <u>370,854</u> | |
| Subtotal Direct Programs | | | 370,854 | |
| Total U.S. Department of Transportation | | | <u>370,854</u> | |
| U.S. Department of the Interior | | | | |
| Passed Through State of Florida, Department of Environmental Protection: | | | | |
| Outdoor Recreation Acquisition, Development and Planning | 15.916 | LW712 | 7,736 | |
| Subtotal State of Florida, Department of Environmental Protection: | | | <u>7,736</u> | |
| Total U.S. Department of the Interior | | | <u>7,736</u> | |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u>\$ 5,399,617</u> | <u>\$ 81,068</u> |
| Florida Department of Transportation | | | | |
| Direct programs: | | | | |
| Florida Shared-Used Nonmotorized (SUN) Trail Network Program | 55.038 | G1B15 | \$ 1,331,165 | |
| Subtotal Direct Programs | | | <u>1,331,165</u> | |
| Total Florida Department of Transportation | | | <u>1,331,165</u> | |
| Florida Department of State and Secretary of State | | | | |
| Direct programs: | | | | |
| Historic Preservation Grants | 45.031 | 22.h.sm.300.062 | 49,789 | |
| General Program Support | 45.061 | 22.c.ps.180.212 | 74,774 | |
| Subtotal Direct Programs | | | <u>124,563</u> | |
| Total Florida Department of State and Secretary of State | | | <u>124,563</u> | |
| Florida Department of Environmental Protection | | | | |
| Direct programs: | | | | |
| Statewide Water Quality Restoration Projects | 37.039 | LPA0017 | 23,300 | |
| Statewide Water Quality Restoration Projects | 37.039 | LP13208 | 15,750 | |
| Subtotal Direct Programs | | | <u>39,050</u> | |
| Total Florida Department of Environmental Protection | | | <u>39,050</u> | |
| Florida Department of Law Enforcement | | | | |
| Direct programs: | | | | |
| Florida Incident Based Reporting System | 71.043 | 2021-FBSFA-F2017 | 25,079 | |
| Subtotal Direct Programs | | | <u>25,079</u> | |
| Total Florida Department of Law Enforcement | | | <u>25,079</u> | |
| TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE | | | <u>\$ 1,519,857</u> | |
| TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE | | | <u>\$ 6,919,474</u> | |

N/A - None available

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

CITY OF HOMESTEAD, FLORIDA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the “Schedule”) includes the federal activity and state grant activity of the City of Homestead, Florida (the “City”) for the fiscal year ended September 30, 2022. 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”), and Chapter 10.550, Rules of the Auditor General. 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/fund balance or cash flows of the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and the Florida Single Audit Act, 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.

CITY OF HOMESTEAD, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED SEPTEMBER 30, 2022

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

CITY OF HOMESTEAD, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FISCAL YEAR ENDED SEPTEMBER 30, 2022

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 No

Significant deficiency(ies) identified? Yes None reported

Non-compliance material to financial statements noted? Yes No

Federal Awards and State Projects

Internal control over major federal programs and major state project:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

Type of auditors’ report issued on compliance for major federal programs and state projects: ***Unmodified Opinion***

Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a) or Chapter 10.557, Rules of the Auditor General? Yes No

Identification of major programs and project:

| <u>Federal Program</u> | <u>AL No.</u> |
|---|---------------|
| Department of Homeland Security - Hazard Mitigation Grant | 97.039 |
| Coronavirus State and Local Fiscal Recovery Funds | 21.027 |
| Disaster Grants – Public Assistance | 97.036 |

| <u>State Project</u> | <u>CSFA No.</u> |
|---|-----------------|
| Florida Department of Transportation - Florida Shared-Used Nonmotorized (SUN) Trail Network | 55.038 |

Dollar threshold used to distinguish between Type A and Type B Federal program: \$750,000

Dollar threshold used to distinguish between Type A and Type B – State project: \$750,000

Auditee qualified as low risk auditee for Federal awards? Yes No

CITY OF HOMESTEAD, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARDS AND STATE PROJECTS 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, 2022, and have issued our report thereon dated June 30, 2023. We did not audit the financial statements of the Pension Trust Funds, which represent 87%, 92%, and -92%, respectively, of the assets, net position/fund balance and revenues/additions of the aggregate remaining fund information. This management letter does not include any matters reported on separately by those other auditors in their management letter, if any.

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 Programs and Major State Project; Report on Internal Control over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General; 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 June 30, 2023, 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. There were no findings or recommendations made in the preceding annual financial audit report.

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
June 30, 2023

**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, Florida's (the "City") compliance with Section 218.415 Florida Statutes, Local Government Investment Policies for the fiscal year ended September 30, 2022. 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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, 2022.

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
June 30, 2023

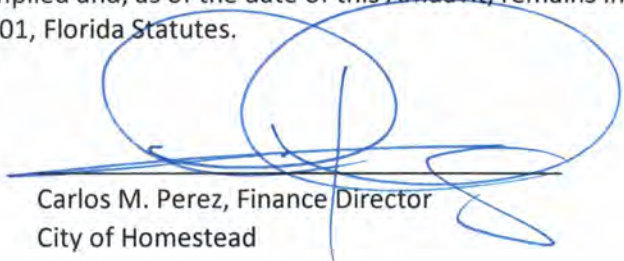


IMPACT FEE AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Carlos M. Perez, who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer of the City of Homestead which is a local governmental entity of the State of Florida;
2. The governing body of the City of Homestead adopted Ordinances 2001-09-31 and 2001-10-69 implementing impact fees, and Ordinances 2005-11-159 and 2011-10-19 amending the impact fees.
3. The City of Homestead has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

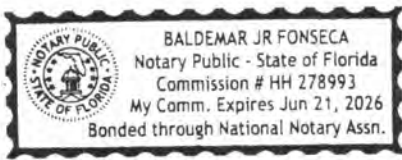
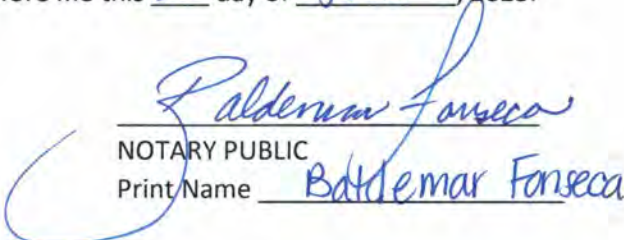
FURTHER AFFIANT SAYETH NAUGHT.



Carlos M. Perez, Finance Director
City of Homestead

STATE OF FLORIDA
COUNTY OF MIAMI DADE

SWORN TO AND SUBSCRIBED before me this 22 day of June, 2023.

NOTARY PUBLIC
Print Name Baldeemar Fonseca

Personally known or produced identification _____

Type of identification produced: _____

My Commission Expires:
June 21, 2026



2022

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended September 30, 2022



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