



COMPREHENSIVE ANNUAL FINANCIAL REPORT

SERVING THE COMMUNITY WITH P.R.I.D.E!



CITY OF COCOA, FLORIDA
FISCAL YEAR ENDED SEPTEMBER 30, 2019
PREPARED BY: FINANCE DEPARTMENT

CITY OF COCOA, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2019**

**Prepared by:
Finance Department**

CITY OF COCOA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
Year Ended September 30, 2019

	<u>Page Number</u>
INTRODUCTORY SECTION	
Table of Contents.....	1
City Manager’s Letter of Transmittal	5
Certificate of Achievement for Excellence in Financial Reporting	12
City Council Members and Executive Management Team	13
City of Cocoa, Florida Organizational Chart.....	14
FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT	15
MANAGEMENT’S DISCUSSION AND ANALYSIS	17
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	30
Statement of Activities	31
Fund Financial Statements:	
Balance Sheet – Governmental Funds	32
Reconciliation of Balance Sheet to the Statement of Net Position	33
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	34
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	35
Statement of Net Position – Proprietary Funds	36
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.....	38
Statement of Cash Flows – Proprietary Funds.....	39
Statement of Fiduciary Net Position – Fiduciary Funds.....	40
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	41
Notes to the Financial Statements	42
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Proportionate Share of Net Pension Liability – Florida Retirement System – Last Ten Fiscal years	104
Schedule of Contributions – Florida Retirement System – Last Ten Fiscal Years	105
Schedule of Changes in Net Pension Liability and Related Ratios – Last Ten Fiscal Years	106
Schedule of Contributions – Last Ten Fiscal Years	109
Notes to Schedule.....	110
Schedule of Investment Returns – Last Ten Fiscal Years.....	113
Schedule of Changes in the City’s Total OPEB Liability and Related Ratios	114
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	115
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Cocoa Redevelopment Agency	118
Note to Schedule	119

CITY OF COCOA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
 TABLE OF CONTENTS – Continued
 Year Ended September 30, 2019

	<u>Page Number</u>
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES:	
Combining Balance Sheet – Nonmajor Governmental Funds	122
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	124
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Community Development Block Grant Program	126
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Brevard County Home Program Fund	127
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Cocoa Housing Assistance Trust Fund	128
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Loan Guarantee Fund	129
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Police Confiscated Funds	130
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Police Special Education Fund	131
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Projects Fund	132
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Debt Service Fund	133
Balance Sheet – Taylor Creek Project Agency Fund	137
Statement of Changes in Assets and Liabilities – Taylor Creek Project Agency Fund	138
Combining Statement of Net Position – Internal Service Funds	141
Combining Statement of Revenues, Expenses, and Changes in Net Fund Position – Internal Service Funds	142
Combining Statement of Cash Flows – Internal Service Funds	143
 STATISTICAL SECTION	
Schedule 1 Net Position by Component	148
Schedule 2 Changes in Net Position	150
Schedule 3 Fund Balances, Governmental Funds	154
Schedule 4 Changes in Fund Balances, Governmental Funds	156
Schedule 5 General Governmental Revenues by Source	158
Schedule 6 Assessed Value and Actual Value of Taxable Property	160
Schedule 7 Direct and Overlapping Property Tax Rates	162
Schedule 8 Principal Taxpayers	164
Schedule 9 Property Tax Levies and Collections	166
Schedule 10 Water Rates	167
Schedule 11 Waste Water Rates	168
Schedule 12 Water and Waste Water System Growth	169
Schedule 13 Ratio of Outstanding Debt by Type	170
Schedule 14 Ratio of Net General Bonded Debt Outstanding	172
Schedule 15 Legal Debt Limit Information	173
Schedule 16 Direct and Overlapping Governmental Activities Debt	174
Schedule 17 Pledged Revenue Coverage	175
Schedule 18 Demographic and Economic Statistics	176
Schedule 19 Principal Employers	178
Schedule 20 Full-Time Equivalent City Government Employees by Function/Program	180
Schedule 21 Operating Indicators by Function/Program	182
Schedule 22 Capital Assets by Function/Program	184

CITY OF COCOA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS – Continued
Year Ended September 30, 2019

	<u>Page Number</u>
COMPLIANCE SECTION	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	187
Independent Auditor’s Management Letter	189
Independent Accountant’s Report.....	191
Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control over Compliance and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	193
Schedule of Expenditures of Federal Awards	196
Schedule of Findings and Questioned Costs	197
Affidavit of Impact Fee Compliance.....	199

THIS PAGE IS INTENTIONALLY LEFT BLANK



April 29, 2020

The Honorable Mayor,
City Council Members, and
Citizens of the
City of Cocoa, Florida

The Comprehensive Annual Financial Report of the City of Cocoa, Florida (the "City"), for the fiscal year ended September 30, 2019, as presented by the Finance Department of the City, is hereby submitted pursuant to Florida Statutes Chapter 166.241, Chapter 218.3, and Chapter 10.500 of the Rules of the Auditor General of the State of Florida and Article XIV, Section 1 of the City Charter.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. Proper management of the government requires establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City has established an internal control structure designed to provide reasonable, but not absolute, assurance that the financial statements will be free from material misstatements. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and presents fairly the financial position and the results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City's financial statements have been audited by the City's independent Certified Public Accountants, MSL, P.A. The goal of the independent audit is to provide a reasonable assurance that the financial statements of the City for the year ended September 30, 2019 are free of material misstatements. 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 auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2019, are fairly presented in conformity with GAAP. The Independent Auditors' Report is presented as the first component of the financial section of this report.

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). The MD&A provides additional narrative and analysis of the basic financial statements; it complements this letter of transmittal and should be read in conjunction with it.

GOVERNMENT PROFILE

The City of Cocoa has a population of 19,328 and is located in central Brevard County, Florida, midway between the cities of Titusville to the north and Melbourne to the south. It was incorporated as a village in 1895 and as a City in 1913. The City Charter, as adopted in 1959, provides for a Council-City Manager form of government. The elected council consists of a Mayor and four Council Members. The City Manager is appointed by the City Council.

The City provides a wide range of services normally associated with a municipality. These services include police and fire protection, the construction and maintenance of highways, streets, and infrastructure (public works), community services, recreational activities, and cultural events. In addition to the general government activities, the governing body exercises, or has the ability to exercise, oversight of the Water and Sewer Utility Systems; therefore, these activities are included in the reporting entity.

The City of Cocoa has a regional water system that provides and sells water for a profit within an area extending approximately 268 square miles. The City has supplied water to the residents of Cocoa and adjacent communities since 1927 and is the sole supplier of water to Central Brevard County between the NASA and Pineda Causeways, including the cities of Cocoa, Rockledge, Cocoa Beach and Cape Canaveral as well as unincorporated areas on the mainland, Merritt Island, Port Canaveral and the beach area. Federal facilities serviced include Patrick Air Force Base, Kennedy Space Center and Cape Canaveral Air Force Station. The City owns, operates and maintains 48 wells, groundwater pretreatment plant, intake structure/surface water pretreatment plant, two water treatment trains, aquifer storage and recovery system, a transmission and distribution system, and five water storage tanks. The Water Treatment System has a ground water capacity of 48 million gallons per day and a surface water capacity of 12 million gallons per day, although our current consumptive use permit allows for withdrawals of 31 million gallons per day groundwater and 8.83 million gallons per day surface water. The City also provides sanitary sewer service to Cocoa and unincorporated areas adjacent to Cocoa. A water reuse system distributes reclaimed water for irrigation purposes and is available to both residential and commercial customers.

The Cocoa Community Redevelopment Agency (CRA) came into existence in 1981. Currently the agency is overseen by its own governing board consisting of the City of Cocoa, Florida, City Council and two additional members, appointed by the City Council, who reside in, own property in, or are engaged in business in the area of the Agency's

operation. The CRA is included within the governmental activities in the City's financial statements. The Agency uses property tax incremental revenues derived from taxable real property within the geographic boundaries of the redevelopment area to finance streetscape and façade programs as well as other redevelopment projects within the redevelopment area. During fiscal year 1998, the City created two new redevelopment agencies: The Diamond Square Community Redevelopment Agency(CRA) and the U.S. 1 Corridor Community Redevelopment Agency with a sunset date of 2023. Through partnership with Brevard County the Diamond Square CRA was extended and additional 10 years (2033) and the U.S. 1 Corridor CRA will sunset in 2020. The governing boards of these agencies are appointed by the Cocoa City Council and are made up of City residents and/or Cocoa business and property owners. These agencies also make use of property tax incremental revenues derived from taxable real property within the geographic boundaries of the areas to finance redevelopment of those areas.

The annual budget serves as the foundation for the City of Cocoa, Florida's financial planning and control. Budgetary control is maintained to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The Capital Improvement Program (CIP) is a short-range plan which identifies capital projects and equipment purchases, provides a planning schedule, and identifies options for financing the plan. The link between the CIP and the budget is essential and in fiscal year 2015, the City began including the CIP in the annual budget. All departments are required to submit their requests to the City Manager who uses these requests as a starting point for developing a proposed budget to submit to the City Council. The City Council is required to hold two public hearings and adopt a final budget, by Resolution, no later than September 30th of each year.

Budget-to-actual comparisons are provided in this report for each major governmental fund for which an appropriated annual budget has been adopted. This comparison is presented as part of the Required Supplementary Information.

FACTORS AFFECTING FINANCIAL CONDITIONS

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

LOCAL ECONOMY

The City of Cocoa is located on the scenic Indian River Lagoon in east central Florida. With direct access to Interstate-95, US Highway 1, State Road 528 and State Road 520, Cocoa is positioned to take advantage of its close proximity to Port Canaveral, Orlando International Airport and Melbourne International Airport. With just a short trip to the beaches, theme parks, Kennedy Space Center and a variety of other local attractions, the City of Cocoa is the perfect location to live, work, play, and do business.

Eastern Florida State College has four campuses in Brevard County, the oldest of which is located in Cocoa and houses the administrative and business offices of the College. The City of Cocoa is also the home of the University of Central Florida (UCF) Brevard Campus, offering convenient, cost-effective educational opportunities to earn Bachelor's and Master's Degrees in high-demand fields of study including Business Administration, Education and Human Performance, Engineering and Computer Science, and Health and Public Affairs. Adjacent to and in conjunction with UCF is the Florida Solar Energy Center which is primarily engaged in the research and development of alternative energy technologies. Also located in the City of Cocoa are the Brevard Museum of History and Natural Science, UCF's Observatory and Planetarium, and Florida Historical Society's Museum and Headquarters.

After another year of solid job growth, declining unemployment, and high consumer confidence, the Florida economy is expected to continue to strengthen in 2020. Florida's job market continues to be strong, with the State unemployment rate decrease of 1% from a 3.9% rate in September 2018 to 2.9% in September 2019. This trend is also evident in the local unemployment rate (Palm Bay-Melbourne-Titusville, Florida metropolitan statistical area) which increased from 2.9% to 3.0% in the same time frame, an annual increase of .1%. While the City has higher levels of unemployment and poverty and the City's ad valorem tax base is growing at a slower rate than other Brevard municipalities, the economic recovery for Cocoa steadily continues. It should be noted that the City experienced strong new construction activity during the year. In fiscal year 2019, 2,087 building permits were issued with a permit valuation of \$55,769,915. The City's fiscal year 2019 certified assessed property valuation experienced an increase of \$77,160,397 from the fiscal year 2018 final valuation, an increase of 8.6%. Of that, \$25,192,917 was attributable to new construction. For fiscal year 2019, the City adopted a tax millage rate of 5.9790 mills. The millage rate has remained at 5.9790 mills since fiscal year 2015. This millage rate, coupled with property value increases and new construction, provides sufficient revenue to fund the current level of services to the citizens and business owners of Cocoa.

It is the City's continuous goal is to preserve essential and critical services, maintain the adequate funding of reserves and provide resources to promote affordable and sustainable growth in the City of Cocoa. The City faces the challenges of meeting multi-year labor contract obligations and the continued rise in operating costs despite the slower than average increase in revenue trends as compared to peer cities. In May of 2016 Cocoa City Council adopted a community-based strategic plan (2016-2021). The strategic plan serves as a guiding document for the City to ensure resources are strategically allocated to achieve the community vision. A number of the initiatives within the plan have been implemented, and the success of the implementation can be seen within the organization as well as in the community. The strategic plan will be updated in 2020 and will continue to serve as the guiding document for the City's annual budget process.

The City continues to progress on the recovery from the damage impacts of Hurricane Irma (2016) and anticipates the conclusion of the activities in 2020. While the City did not suffer the direct impacts of Hurricane Dorian (September 2019), the City did take preventative measures to ensure the City was in the best position to prepare and respond to any impacts to the category 5 hurricane. The City is following the FEMA guidelines for reimbursement and has submitting all applicable costs associated with the event to FEMA and the State of Florida.

LONG-TERM FINANCIAL PLANNING

The City adopts a multi-year Capital Improvement Program (CIP) annually as part of the budgetary process. The CIP is a planning tool to recognize when major cash expenditures may be necessary. The revenue sources for these projects may come from the issuance of debt, grants, new revenue sources, impact fees and/or fund reserves. Some of the major projects included in the CIP for 2020-2024 that will impact the future are:

- SR 520 Interim Safety Improvements
- Fiske Boulevard Streetscape
- Harrison Street Streetscape Project
- Riverfront Park Improvement Project
- Southern Gateway Traffic Circle Project
- Pineda Street Roadway and Sidewalk Reconstruction
- Cocoa Civic Center Building Improvements
- City Fiber Expansion Project
- Dyal Plant Chemical Conversion & Reliability Improvement Project
- Replacement, Repair and Improvements to Utility Infrastructure
- Vehicle and Machinery Replacements

RELEVANT FINANCIAL POLICIES

The Fund Balance Reserve Policy was revised in October 2011 to comply with the new fund balance reporting requirements defined in GASB Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions. This policy, utilized by management as a budgetary tool, establishes a Capital Replacement Reserve (not less than 5% of total capital outlay reported in the prior year audited CAFR) and a Stabilization Reserve (no less than \$9.5 M or 33% of the total operating expenditures reported in the prior year audited CAFR, whichever is greater) for the General Fund. These reserves are approved by Council by a resolution and are reported in the CAFR as Committed Fund Balances. The policy states that reserves should only be used for one-time emergency expenditures. The reserves also should not be used for ongoing expenditures unless a viable revenue plan designated to sustain the expenditures is simultaneously adopted. In the event the funds are not available to establish or replenish the minimum required balances, the target goals shall be achieved by adding a designated amount to the budget to cover the deficiencies over a period not to exceed five years.

MAJOR INITIATIVES

The City of Cocoa manages an extensive Stormwater Utility System that serves to protect individual and personal property, while reducing the impacts of urban runoff to the natural environment and specifically the ecological significant Indian River Lagoon. During the fiscal year 2019 the City completed a 10-year Stormwater Utility Capital Improvement Plan. While at the same time the capital plan was being completed, a Study was completed to develop a sustainable financial plan and modern assessment structure that satisfies the project cost of providing the service. The stormwater fee structure was modified to ensure an equitable allocation of costs to different parcel types and a complete evaluation of each parcel within the corporate limits of Cocoa was completed to determine impervious area associated with each. Based on the needs of the capital improvement plan, the revenue requirements will be evaluated on an annual basis.

The City recognizes the need for repair, maintenance and replacement of streets and roads throughout the City for which the City is responsible. Some of these street projects include the Fiske Boulevard Streetscape, Harrison Street Streetscape, the Pineda Street Reconstruction, and the State Road 520 Interim Safety Improvements. These projects are in addition to the annual street paving program.

In 2019 the City and the Cocoa Redevelopment Agency finalized the design and engineering as well as began construction on the reimagined waterfront due to the impacts of Hurricane Irma. These projects include more resilient and user friendly designs to ensure the waterfront amenities will be available for future generations. These projects include a 250' publicly accessible t-dock, 14 boat slips for day dockage and waterfront promenade designed to provide enhanced engagement with the waterfront. The City is partnering with FEMA, Florida Inland Navigational District and the Cocoa Redevelopment Agency to fund the projects with a completion anticipated of July 2020.

The City also began the construction of a 16,000 sq.ft. community recreation center in the heart of the Diamond Square Community Redevelopment Area in FY 2019. The facility has an overall budget of \$4.7 million and will provide programming to address systemic social and economic issues beyond just recreation. The funding for the project is from a variety of partners to include the use of City general fund reserves (\$3.5 million), Diamond Square Community Redevelopment Agency (\$47,488), Housing and Urban Development Community Development Block Grant (CDBG), Section 108 Loan (\$894,000), Brevard County Parks and Recreation (\$200,000), and Brevard County CDBG (\$175,000). The current center was constructed in 1962 and is in need of significant repair and is functionally obsolete.

included an unmodified ("clean") opinion, is located at the front of the financial section of this report.

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 Cocoa for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. Management believes that the City's fiscal year 2019 comprehensive annual financial report (CAFR) continues to meet the Certificate of Achievement Program's requirements. This CAFR is being submitted to GFOA to determine its eligibility for award of a certificate for the fiscal year 2019 CAFR.

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Finance Department. Sincere appreciation for the contributions made in the preparation of this report are extended to each member of the Finance Department.

Sincerely,



Matthew Fuhrer
Interim City Manager



Rebecca J. Bowman
Finance Director



Government Finance Officers Association

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

Presented to

**City of Cocoa
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morrell

Executive Director/CEO



Serving the Community

COUNCIL

Henry U. Parrish, III	Mayor
Jeri Blanco	Deputy Mayor
Brenda Warner	Council Member
Clarence Whipple Jr.	Council Member
Donald Boisvert	Council Member

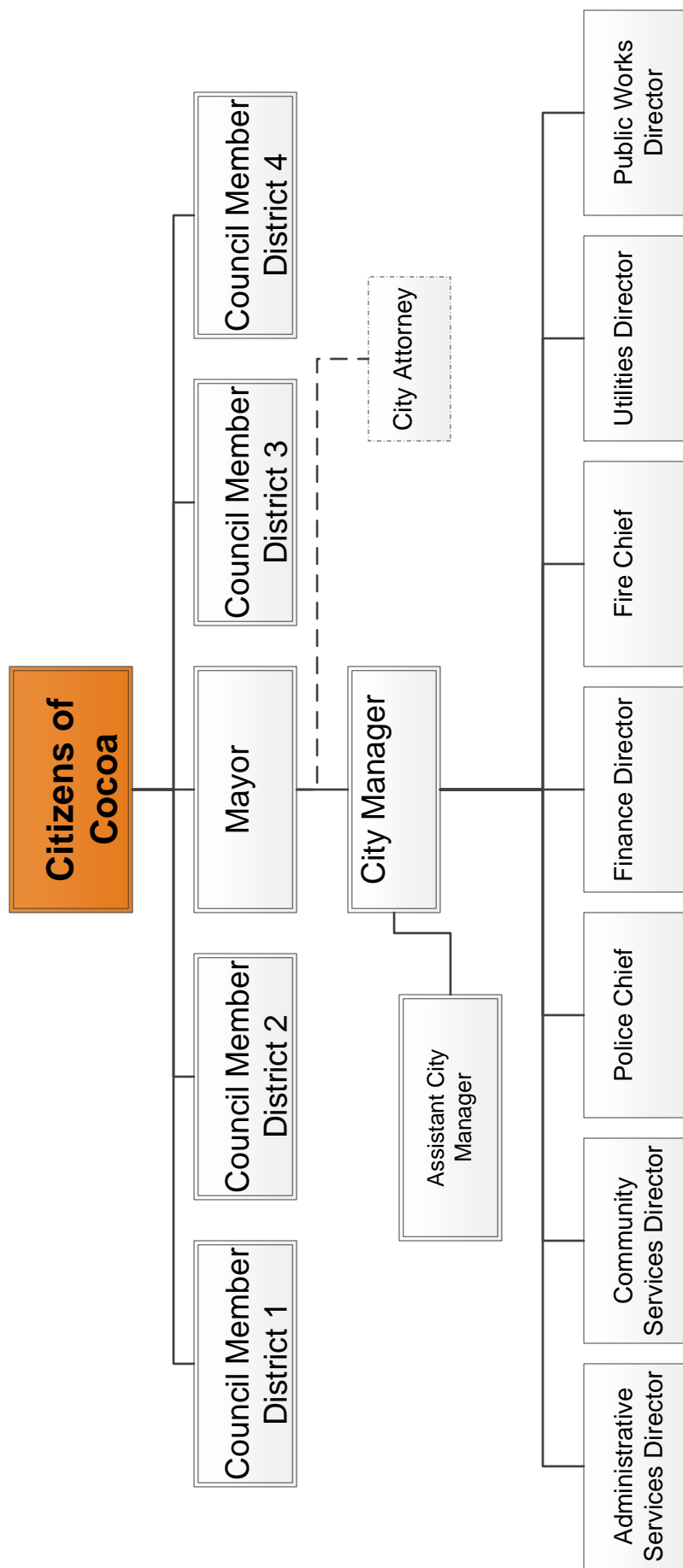
EXECUTIVE MANAGEMENT TEAM

John A. Titkanich, Jr., AICP, ICMA-CM	City Manager
Anthony Garganese	City Attorney
Matthew Fuhrer	Assistant City Manager
Rebecca Bowman, CGFO, CGFM	Finance Director
Karen D. Hamilton	Community Services Director
Gene Prince	Fire Chief
Mike Cantaloupe	Police Chief
John Walsh II, P.E.	Utilities Director
Everett J. Wegerif, P.E.	Public Works/Stormwater Director
Tammy Gemmati, PHR	Administrative Services Director

As of September 30, 2019



City of Cocoa Organizational Chart





INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Cocoa, Florida

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable Mayor and
Members of the City Council
City of Cocoa, Florida

INDEPENDENT AUDITOR'S REPORT
(Concluded)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the other supplementary information section, and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
April 29, 2020

Management's Discussion and Analysis

As management of the City of Cocoa (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal.

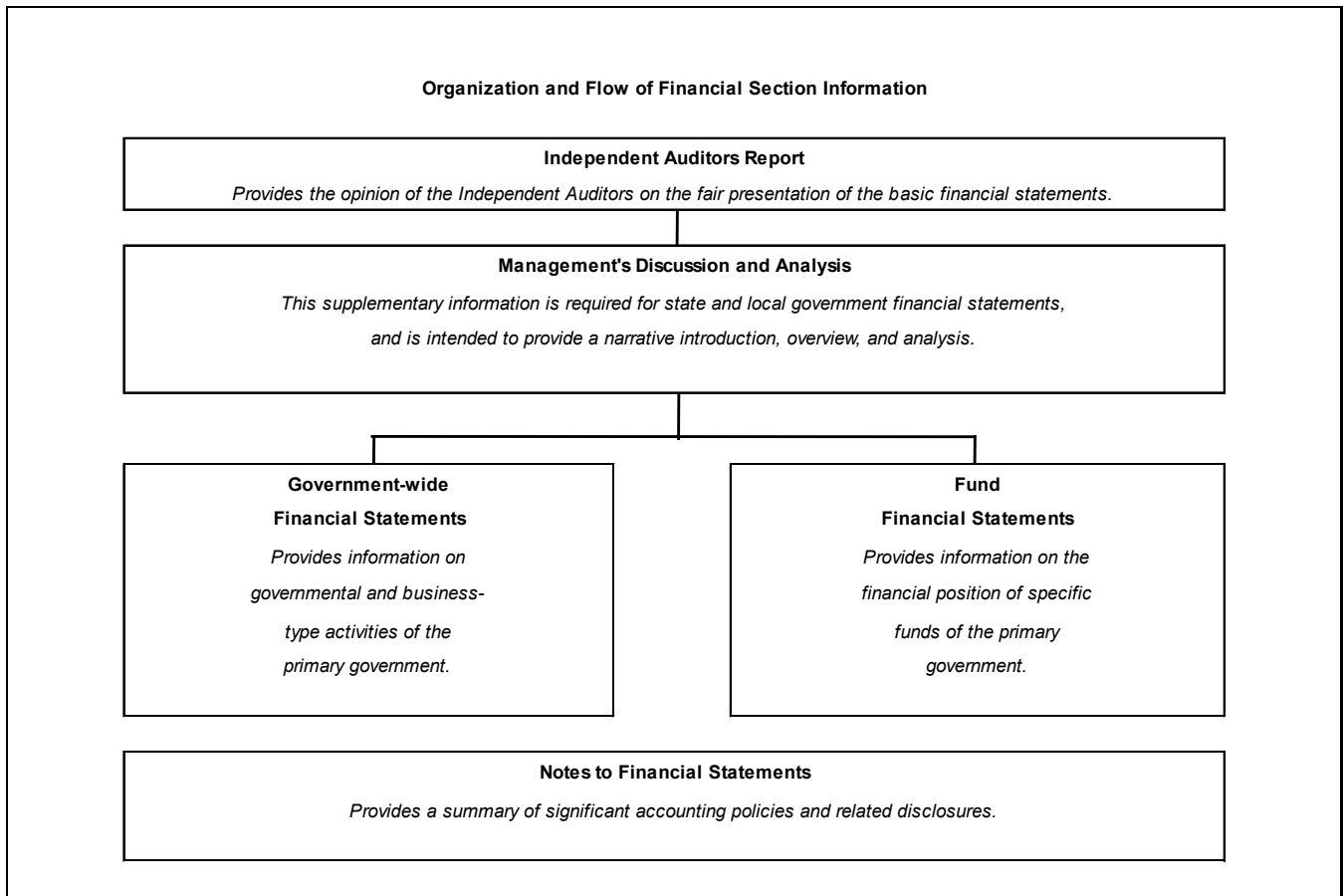
Financial Highlights

- The assets and deferred outflows of resources of the City of Cocoa exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$193,946,122 (net position). Of this amount, \$7,683,377 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The primary government's total net position increased \$7,910,863 or 4.3% from the previous year. This increase was attributed to the decrease of \$2,036,164 in the governmental activities and an increase of \$9,947,027 in the business-type activities.
- At September 30, 2019, the City's governmental funds reported combined ending fund balance of \$36,838,611, a decrease of \$245,951 compared to the prior year. The City's governmental fund balance consists of the following:

Non-spendable -	\$ 1,673,192 (inventory, prepaid items and certain long-term receivables)
Restricted -	\$ 3,314,866 (grants and other restricted revenue sources)
Committed -	\$ 20,270,184 (stabilization and capital replacement reserves)
Assigned -	\$ 6,250,000 (community improvement projects/debt service payments)
Unassigned -	\$ 5,330,369 (available for spending at the government's discretion)
- At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$5,396,667 or 14.3% of total general fund expenditures.
- The City's total long-term liabilities increased \$38,428,572 (23.9%) during the current fiscal year. The governmental activities long-term liabilities increased by \$2,418,548 due mainly to increased net pension liability. The business-type activities long-term liabilities increased by \$36,010,024 due to issuance of the Series 2018B bond offset by the normal reductions resulting from annual debt service payments.

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, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.



Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between the assets and liabilities is 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.

The *Statement of Activities* presents information showing how the government'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 reflect the City's basic services, including general government, public safety, physical environment, economic environment and recreation. The business-type activities of the City include the Water and Sewer Utility System and the Stormwater Utility System.

The government-wide financial statements include the City itself (known as the primary government), and two legally separate redevelopment agencies for which the City is financially accountable – Diamond Square Community Redevelopment Agency and U.S. 1 Corridor Community Redevelopment Agency. Financial information for these component units are reported separately from the financial information presented for the primary government itself. The Cocoa Community Redevelopment Agency, although also legally separate, functions for all practical purposes as a department of the City and, therefore, has been included as an integral part of the primary government.

Fund financial statements. A *fund* is a grouping of related accounts used to maintain control over resources that are 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. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources* and *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 government'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 City maintains nine individual governmental funds: the General Fund, Cocoa Housing Assistance Trust Fund, Cocoa Community Redevelopment Agency and six non-major funds. The non-major funds are the Community Development Block Grant, Brevard County Home Program, Police Confiscated Funds, Police Special Education, Loan Guarantee and Debt Service 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 Capital Improvement Fund, and the Cocoa Community Redevelopment Agency, each of which is reported as a major fund. The Cocoa Community Redevelopment Agency Fund does not qualify as a major fund but the City desires to report this fund separately to bring the activities of this fund to the reader's attention. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund and Special Revenue Funds. A budgetary comparison schedule has been provided for the General Fund and each major Special Revenue Fund to demonstrate compliance with this budget.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses Enterprise Funds to account for its Water and Sewer Utility System and Stormwater Utility System activities. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses Internal Service Funds to account for the activity of its worker's compensation and self-insured health plans. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fiduciary funds. Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. 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 programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

Notes to the 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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required Supplementary Information can be found in a separate section of this report.

The combining statements referred to earlier in connection with Non-major Governmental Funds and Internal Service Funds are presented immediately following the required supplementary information on pensions.

Government-wide Financial Analysis

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 exceeded liabilities by \$193,946,122 at the close of fiscal year September 30, 2019.

By far the largest portion of the City's net position (\$134,883,703 or 69.6%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure and improvements, and intangibles); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

City of Cocoa						
Net Position						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 45,050,855	\$ 45,635,661	\$ 101,126,831	\$ 55,861,422	\$ 146,177,686	\$ 101,497,083
Capital Assets (Net)	<u>47,942,708</u>	<u>48,495,915</u>	<u>207,507,528</u>	<u>209,984,868</u>	<u>255,450,236</u>	<u>\$ 258,480,783</u>
Total Assets	<u>92,993,563</u>	<u>94,131,576</u>	<u>308,634,359</u>	<u>265,846,290</u>	<u>401,627,922</u>	<u>359,977,866</u>
Deferred Outflow s of Resources						
Deferred Outflow s related to refundings	-	-	4,718,314	2,160,243	4,718,314	2,160,243
Deferred Outflow s for OPEB	1,199,505	7,471,926	812,165	3,527,271	2,011,670	10,999,197
Deferred Outflow s for Pensions	<u>6,751,645</u>	<u>763,218</u>	<u>3,186,911</u>	<u>518,192</u>	<u>9,938,556</u>	<u>1,281,410</u>
Total Deferred Outflow s of Resources	<u>7,951,150</u>	<u>8,235,144</u>	<u>8,717,390</u>	<u>6,205,706</u>	<u>16,668,540</u>	<u>14,440,850</u>
Noncurrent Liabilities	67,264,669	64,846,121	132,175,686	96,165,662	199,440,355	161,011,783
Other Liabilities	<u>2,592,185</u>	<u>3,270,908</u>	<u>16,814,704</u>	<u>17,406,487</u>	<u>19,406,889</u>	<u>20,677,395</u>
Total Liabilities	<u>69,856,854</u>	<u>68,117,029</u>	<u>148,990,390</u>	<u>113,572,149</u>	<u>218,847,244</u>	<u>181,689,178</u>
Deferred Inflow s of Resources						
Deferred Inflow s for OPEB	2,020,899	972,076	1,343,166	636,465	3,364,065	1,608,541
Deferred Inflow s for Pensions	<u>1,306,507</u>	<u>3,480,998</u>	<u>832,524</u>	<u>1,604,740</u>	<u>2,139,031</u>	<u>5,085,738</u>
Total Deferred Inflow s of Resources	<u>3,327,406</u>	<u>4,453,074</u>	<u>2,175,690</u>	<u>2,241,205</u>	<u>5,503,096</u>	<u>6,694,279</u>
Net Position:						
Net Investment in						
Capital Assets	29,498,816	28,913,932	142,364,912	138,261,322	171,863,728	167,175,254
Restricted	941,298	695,990	11,381,896	11,227,943	12,323,194	11,923,933
Unrestricted	<u>(2,679,661)</u>	<u>186,695</u>	<u>12,438,861</u>	<u>6,749,377</u>	<u>9,759,200</u>	<u>6,936,072</u>
Total Net Position	<u>\$ 27,760,453</u>	<u>\$ 29,796,617</u>	<u>\$ 166,185,669</u>	<u>\$ 156,238,642</u>	<u>\$ 193,946,122</u>	<u>\$ 186,035,259</u>

An additional portion of the City's net position (\$51,379,042 or 26.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$7,683,377, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole and for its separate governmental and business-type activities except for the Loan Guarantee Fund, which reports a negative unrestricted fund balance. The chart on the following page provides information on the City's net position.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
REVENUES						
Program Revenues:						
Charges for Services and Fees	\$ 15,083,760	\$ 14,252,008	\$ 66,952,175	\$ 64,187,799	\$ 82,035,935	\$ 78,439,807
Operating Grants and Contributions	2,439,991	1,953,430	-	-	2,439,991	1,953,430
Capital Grants and Contributions	600,292	72,781	3,324,099	3,783,027	3,924,391	3,855,808
General Revenues:						
Property Taxes	5,635,515	5,168,838	-	-	5,635,515	5,168,838
Shared Revenues	2,435,036	3,706,378	-	-	2,435,036	3,706,378
Other Taxes and Fees	4,167,397	4,083,556	-	-	4,167,397	4,083,556
Unrestricted Investment Earnings	668,857	142,396	2,041,815	217,198	2,710,672	359,594
Other	195,168	404,879	73,980	5,549	269,148	410,428
Total Revenues	31,226,016	29,784,266	72,392,069	68,193,573	103,618,085	97,977,839
EXPENSES						
General Government	14,712,121	14,324,743	-	-	14,712,121	14,324,743
Public Safety	18,071,667	16,768,238	-	-	18,071,667	16,768,238
Physical Environment	2,376,579	2,304,779	-	-	2,376,579	2,304,779
Transportation	1,221,639	774,532	-	-	1,221,639	774,532
Economic Environment	3,008,059	1,192,366	-	-	3,008,059	1,192,366
Culture/Recreation	1,607,032	1,476,661	-	-	1,607,032	1,476,661
Interest on Long-term Debt	649,182	676,437	-	-	649,182	676,437
Water and Sewer	-	-	52,538,165	47,733,339	52,538,165	47,733,339
Stormwater	-	-	1,522,778	1,218,376	1,522,778	1,218,376
Unallocated Depreciation	-	-	-	-	41,646,279	-
Total Expenses	41,646,279	37,517,756	54,060,943	48,951,715	137,353,501	86,469,471
Increase/(Decrease) in Net Assets before						
Transfers	(10,420,263)	(7,733,490)	18,331,126	19,241,858	(33,735,416)	11,508,368
Transfers	8,384,099	7,280,466	(8,384,099)	(7,280,466)	(33,735,416)	-
Increase/(Decrease) in Net Position	(2,036,164)	(453,024)	9,947,027	11,961,392	7,910,863	11,508,368
Net Position - Beginning of Year	29,796,617	30,249,641	156,238,642	144,277,250	(25,824,553)	176,026,553
Net Position - End of Year	\$ 27,760,453	\$ 29,796,617	\$166,185,669	\$ 156,238,642	\$ 193,946,122	\$ 187,534,921

Governmental activities. Governmental activities decreased the City's net position by \$2,036,164. Key elements of this decrease are as follows:

- The City's total governmental revenues, excluding transfers, increased by \$1,490,022 (5.0%) from the prior year. Charges for services, operating and capital grants and contributions revenue increased \$1,845,824, largely due to increased grant revenue from obligations and reimbursements from FEMA for Hurricanes Irma and Matthew. Property taxes, other taxes, shared revenues and miscellaneous income remained consistent with the prior year.
- Expenses related to public safety activities increased by \$1,303,429 (7.7%) from the prior year. This increase can be attributed to an increase in capital spending and an increase in personal services due to negotiated salary increases.
- Although governmental expenditures exceeded revenues by \$10,420,263, the net contributions from other funds (transfers) of \$8,384,099 decreased the deficit to \$2,036,164.

Business-type activities. Business-type activities increased the City's net position by \$9,947,027. Key elements of this increase are as follows:

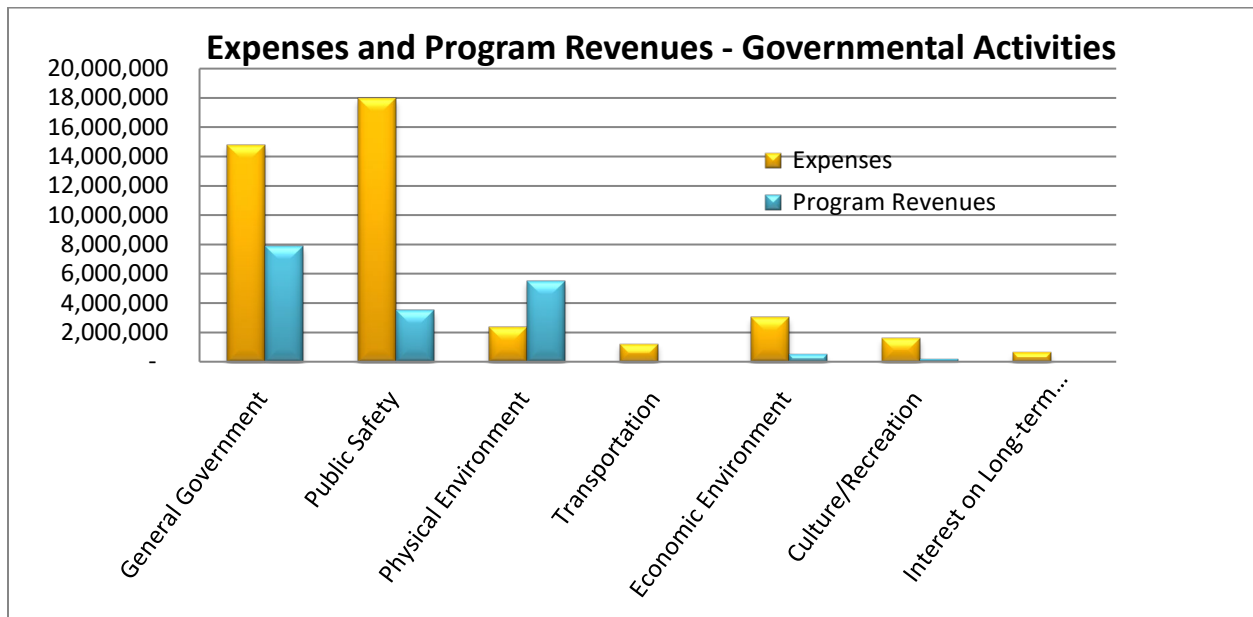
- Business-type activities reflect a 6.0% increase in revenues in the amount of \$4,124,516. This increase can be attributed an increase in charges for services of \$2,764,376 and in an increase of investment earnings of \$1,824,617. There were decreases of \$464,477 in capital and operating grants and contributions and other revenue.
- Business-type revenues exceeded expenses by \$18,331,126 before transfers to the General Fund. Expenses before transfers related to business-type activities increased \$5,109,228 (10.4%) from the previous year. This increase can be attributed to a change in the calculation of the transfers to the general fund for cost of services, return on investment and payment in lieu of franchise fees.

The following charts and graphs show the results of governmental activities for fiscal year ended 2019:

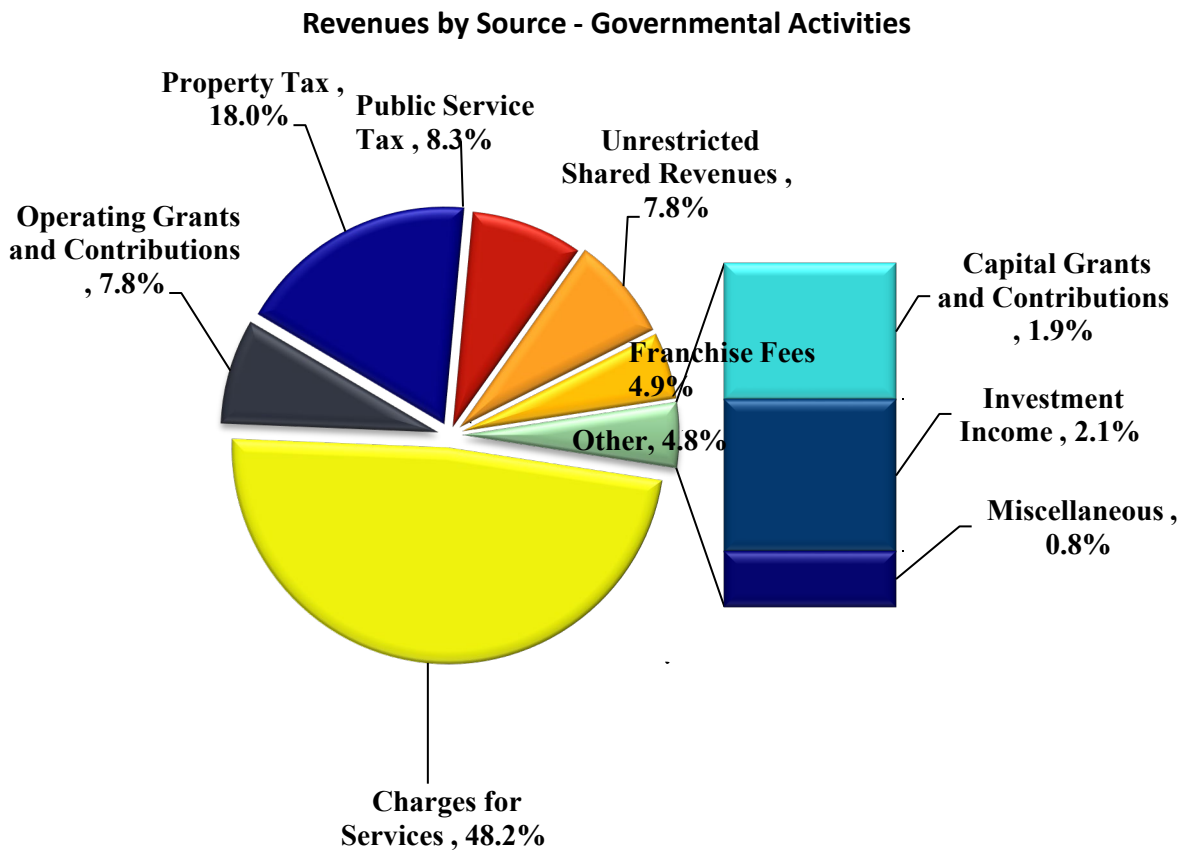
Expenses and Program Revenues - Governmental Activities

For the Year Ended September 30, 2019

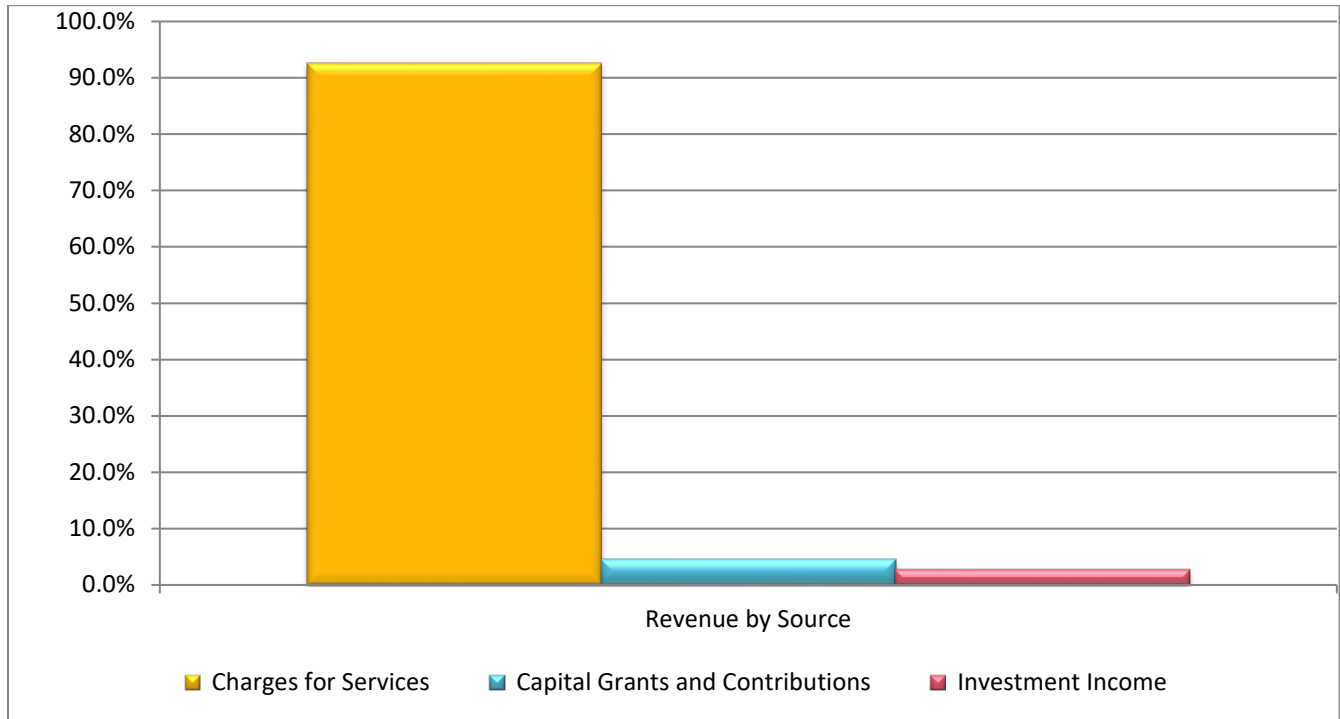
Functions/Programs	Expenses	% of Total	Program Revenues	% of Total	Net (Expense) Revenue
General Government	14,712,121	35.3%	\$ 7,871,472	43.5%	\$ (6,840,649)
Public Safety	18,071,667	43.3%	3,480,814	19.2%	(14,590,853)
Physical Environment	2,376,579	5.7%	5,517,667	30.4%	3,141,088
Transportation	1,221,639	2.9%	-	0.0%	(1,221,639)
Economic Environment	3,008,059	7.2%	1,113,293	6.1%	(1,894,766)
Culture/Recreation	1,607,032	3.9%	140,797	0.8%	(1,466,235)
Interest on Long-term Debt	649,182	1.7%	-	-	(649,182)
	<u>\$ 41,646,279</u>	<u>100.0%</u>	<u>\$ 18,124,043</u>	<u>100.0%</u>	<u>\$ (23,522,236)</u>



Description	Revenues	% of Total
Charges for Services	\$ 15,083,760	48.3%
Operating Grants and Contributions	2,439,991	7.8%
Capital Grants and Contributions	600,292	1.9%
Property Tax	5,635,515	18.0%
Public Service Tax	2,611,295	8.4%
Unrestricted Shared Revenues	2,435,036	7.8%
Gain on Sale of Capital Assets	-	0.0%
Franchise Fees	1,556,102	5.0%
Investment Revenue	668,857	2.1%
Miscellaneous	195,168	0.6%
	\$ 31,226,016	99.9%



Revenues by Source - Business-type Activities



The largest portion of revenues for business type funds is charges for services. This is comprised of charges for water and sewer services in the Water and Sewer System and stormwater fees in the Stormwater Fund.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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. The equity section indicates the extent to which the government is bound to honor constraints on the specific purpose for which amounts in the fund can be spent. The five components of fund balance are as follows:

- Non-spendable fund balance – the portion of the fund balance that cannot be spent because of its form or must be maintained intact. Examples are inventory, prepaid items and certain long-term receivables.
- Restricted fund balance – the portion of the fund balance subject to externally enforceable legal restrictions. Examples are grants, contributions and restricted debt service requirements.
- Committed fund balance – the portion of the fund balance constrained by limitations imposed by the City Council, by resolution, for specific purposes. Examples are stabilization reserve and capital replacement reserve.
- Assigned fund balance – the portion of the fund balance assigned to specific projects or items by the City Council or City Manager. Examples are reserves dedicated to future specific projects and debt service reserves that are not legally restricted.
- Unassigned fund balance – the remaining portion of the fund balance available for spending at the government's discretion.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$36,838,611 a decrease of \$245,951 in comparison to the prior year. The amount of \$5,141,406 constitutes the unassigned portion of the fund balance which is available for spending at the government's discretion. The remainder of fund balance is non-spendable, restricted, committed or assigned to indicate restriction requirements depending on the classification. Major restrictions, commitments or assignments include 1) \$3,504,264 is restricted by grant requirements and state statutes, 2) \$20,270,184 is committed for capital replacement and unanticipated events adversely affecting the financial condition of the City and jeopardizing the continuation of necessary public services, and 3) \$6,250,000 is assigned for future expenses for Cocoa park improvements, city-wide software upgrade, city-wide roadway construction, economic incentives, sustainability and resilience initiatives and fleet fueling replacement.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance of the general fund was \$25,412,668, a decrease of \$7,398,822 from the previous year primarily due to interfund transfers to capital projects funds. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total expenditures. This amount represents 14.4% of total general fund expenditures.

The Capital Projects fund has a total fund balance of \$7,981,809. The net increase in fund balance during the current year in the Capital Projects fund was \$6,265,177. The increase in fund balance is due to transfers from General Fund to provide resources for the Dr. Joe Lee Smith Community Center, Fiske Boulevard improvements and Lee Wenner Park improvements.

The Cocoa Community Redevelopment Agency fund has a total fund balance of \$1,980,227. The increase in fund balance of \$686,314 over the prior year is primarily due to an increase in tax increment financing due to higher taxable values, offset by decreases in capital outlay and other expenditures.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Fund at the end of the current fiscal year amounted to \$9,550,871, an increase of \$3,244,576. This increase can be attributed to decreased capital spending, as a result of bond funded capital projects and increases in revenue due to planned rate increases.

The unrestricted net position for the Stormwater Utility amounted to \$812,602, an increase of \$369,520. The stormwater revenue increased by \$50,461 due to the annual rate increase. The expenses increased by \$304,402 with administration costs increasing by \$284,320 and depreciation increasing by \$20,082.

General Fund Budgetary Highlights

	Original Budget	Final Budget	Change
General Government	\$ 14,054,534	\$ 14,357,366	\$ 302,832
Public Safety	16,414,981	16,630,263	215,282
Physical Environment	2,647,374	3,072,885	425,511
Transportation	1,261,483	1,311,543	50,060
Culture/Recreation	1,441,638	1,543,964	102,326
Economic Environment	433,387	2,457,499	2,024,112
Other Sources/(Uses)	1,655,314	1,432,497	(222,817)
	<u>\$ 37,908,711</u>	<u>\$ 40,806,017</u>	<u>\$ 2,897,306</u>

The net differences between the original budget and the final amended budget expenditures resulted in an increase in the amount appropriated for expenditures, including transfers out, of \$2,897,306 which is a result of an increase of \$2,000,000 for an economic development incentive and various other budgetary changes.

	Actual			
	Expenditures	Final Budget	Change	
General Government	\$ 13,074,948	\$ 14,357,366	\$ 1,282,418	8.9%
Public Safety	15,660,861	16,630,263	969,402	5.8%
Economic Environment	2,252,073	2,457,499	205,426	8.4%
Physical Environment	2,781,133	3,072,885	291,752	9.5%
Transportation	1,098,194	1,311,543	213,349	16.3%
Culture/Recreation	1,391,843	1,543,964	152,121	9.9%
Other Sources/(Uses)	860,210	1,432,497	(572,287)	-40.0%
	<u>\$ 37,119,262</u>	<u>\$ 40,806,017</u>	<u>\$ 2,542,181</u>	6.2%

The actual net expenditures were \$2,595,001 under the final budget projections. This is due to conservative spending in various divisions, with the largest variance of actual expenditures vs. budget occurring the General Operations division. This division accounts for \$540,866 of the variance due to decreased professional and legal costs and a reduction in bad debt expense.

Actual resources available for appropriation were more than the final budget. The final revenue budgeted for the general fund was \$26,410,519; actual receipts of \$27,947,200 indicated an excess of 5.8% or \$1,536,881 from anticipated revenues. This was due variances in contributions from private sources (\$329,314), higher investments earnings (\$410,084), increased revenue from federal grants (\$172,687), increased franchise fee collections (\$183,610), increased utility services taxes (\$211,761) and other miscellaneous budgetary variances in other revenue accounts.

Capital Assets and Long-term Liabilities

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounts to \$255,450,236 (net of accumulated depreciation). This represents a net decrease of \$3,030,547 (1.2%) from the previous year. There was a decrease in governmental activities of \$553,207 representing 18.3 % of the total change in capital assets and a \$2,477,340 decrease in business-type activities' capital assets, or 81.7% of the total change in capital assets. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, intangibles and construction in progress.

Major capital asset events during the current fiscal year included the following:

- 25 MSA Self-Contained Breathing Apparatuses - \$150,926
- Dr. Joe Lee Smith Community Center - \$121,553
- Lee Wenner Park Stabilization - \$583,504
- Continued Lee Wenner T-Dock/Waterfront Projects - \$312,677
- Well Hydrogeological Services - \$272,017
- Dyal Water Plant HVAC Chillers - \$273,618
- Redundant Finish Flow Pipe - \$2,097,220
- Biological Nutrient Removal Efficiency Improvement - \$181,809
- Parkson Barscreen Project - \$183,049
- John Deere Tractor - \$119,063

These asset additions were offset by depreciation expense.

City's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 6,876,215	\$ 6,876,215	\$ 2,919,197	\$ 2,919,197	\$ 9,795,412	\$ 9,795,412
Buildings and Improvements	25,865,715	25,865,248	10,918,043	10,918,043	36,783,758	36,783,291
Machinery and Equipment	15,030,403	16,430,915	24,810,437	24,407,342	39,840,840	40,838,257
Intangible	2,138,750	2,123,750	3,381,928	2,707,027	5,520,678	4,830,777
Infrastructure/Imp Other	72,446,465	71,793,763	368,753,732	343,637,980	441,200,197	415,431,743
Construction in Progress	<u>1,738,883</u>	<u>679,916</u>	<u>17,562,755</u>	<u>34,960,230</u>	<u>19,301,638</u>	<u>35,640,146</u>
	124,096,431	123,769,807	428,346,092	419,549,819	552,442,523	543,319,626
Less: Accumulated Depreciation	<u>(76,153,723)</u>	<u>(75,273,892)</u>	<u>(220,838,563)</u>	<u>(209,564,952)</u>	<u>(296,992,286)</u>	<u>(284,838,844)</u>
Capital Assets, net	<u>\$ 47,942,708</u>	<u>\$ 48,495,915</u>	<u>\$ 207,507,529</u>	<u>\$ 209,984,867</u>	<u>\$ 255,450,237</u>	<u>\$ 258,480,782</u>

Long-term Liabilities. At the end of the current fiscal year, the City had total bonded debt outstanding of \$108,902,457. The entire amount of the City's bonded debt represents bonds secured by specified revenue sources (i.e., revenue bonds).

City of Cocoa
Outstanding Long-term Debt

The City's long-term debt increased by \$36,200,665 (39.7%) during the current fiscal year. There was a new bond issue in the fiscal year of \$37,540,000 and a bond refinancing in the amount of \$20,835,000 in the Water and Sewer Utility. This was offset by reduction in outstanding debt due debt service payments in accordance with established amortization schedules. More detailed information on the City's long-term debt can be found in the footnote **2 G. Long-term Debt** of the financial statements.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Bonds Payable	\$ 15,916,240	\$ 16,410,421	\$ 92,986,217	\$ 53,625,144	\$ 108,902,457	\$ 70,035,565
Notes and Loans Payable	2,492,000	3,103,000	15,930,126	17,952,442	18,422,126	21,055,442
Capital Leases	<u>35,652</u>	<u>68,562</u>	<u>-</u>	<u>-</u>	<u>35,652</u>	<u>68,562</u>
	<u>\$ 18,443,892</u>	<u>\$ 19,581,983</u>	<u>\$ 108,916,343</u>	<u>\$ 71,577,586</u>	<u>\$ 127,360,235</u>	<u>\$ 91,159,569</u>

Economic Factors and Next Year's Budgets and Rates

Local, national and international economic factors influence the City's revenues in a variety of ways. Positive economic growth is correlated with increased revenues from property taxes, sales taxes, fuel taxes, charges for services, state revenue sharing as well as state and federal grants. Economic growth may be measured by a variety of indicators such as employment growth, new construction, assessed property values and enterprise fund revenues and net asset growth. New residential and commercial developments have been occurring in the City in recent years and the national economy was at near full employment. The local economy continued its recovery since the Great Recession until the COVID19 pandemic. As of the issuance of the City's financial statements, the economic impact of COVID19 is unknown. In the State of Florida, the governor issued a "safer at home" executive order, allowing for only essential businesses to operate from April 1, 2020 to April 30, 2020. Conservative estimates for revenue will be used for the upcoming budget year and costs will be scrutinized to ensure the sustainability of City operations.

The City maintained its millage rate of 5.979 mills, and, as a result, no reduction in the level of services were required for the FY 2019 budget. This was accomplished by adhering to the City's comprehensive financial policies, a thorough reassessment of the base budget and a critical review of all proposed additions to the budget.

The unemployment rate for the City and the surrounding area at September 30, 2019, was 3.3%, a .4% increase from the previous year. This compares to an unemployment rate of 2.9% for the state of Florida and 3.5% nationally.

The City Council adopted the tax millage rate of 5.9790 in FY 2019 to sufficiently fund the current level of services to the citizens and business owners of Cocoa. The taxable value of real property increased 13.0% in 2019. A local dealership that moved into the City and a major retail chain with a distribution center in the City came on the tax rolls in FY 2019. Other revenue increases in FY 2019 are attributable to planned rate increases for fire assessment, water and sewer, and stormwater.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 65 Stone Street, Cocoa, Florida 32922.

BASIC FINANCIAL STATEMENTS

City of Cocoa, Florida
Statement of Net Position
September 30, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Diamond Square Redevelopment Agency	U.S. 1 Corridor Redevelopment Agency
Assets:					
Cash and cash equivalents	\$ 31,973,339	\$ 14,788,762	\$ 46,762,101	\$ 247,915	\$ 6,187
Investments	11,006,413	6,578,274	17,584,687	-	-
Receivables	952,999	8,104,937	9,057,936	30	-
Receivables, earned but not billed	64,539	5,438,368	5,502,907	-	-
Tax receivable	34,910	-	34,910	-	-
Due from other governments	229,873	-	229,873	-	-
Deposits	4,350	-	4,350	-	-
Inventory	50,485	883,393	933,878	-	-
Prepaid items	462,056	171,636	633,692	5,999	7,308
Restricted assets:					
Cash and cash equivalents	-	13,592,020	13,592,020	-	-
Investments	-	51,569,441	51,569,441	-	-
Other receivable	271,891	-	271,891	-	-
Capital assets:					
Land	6,876,215	2,919,197	9,795,412	181,192	286,391
Buildings	25,865,715	10,918,043	36,783,758	-	-
Improvements other than buildings	-	368,753,731	368,753,731	-	-
Machinery and equipment	15,030,403	24,810,437	39,840,840	-	-
Infrastructure	72,446,465	-	72,446,465	430,362	692,313
Intangibles	2,138,750	3,381,928	5,520,678	-	-
Construction in progress	1,738,883	17,562,755	19,301,638	-	-
Less accumulated depreciation	(76,153,723)	(220,838,563)	(296,992,286)	(86,983)	(162,696)
Total assets	92,993,563	308,634,359	401,627,922	778,515	829,503
Deferred Outflows of Resources:					
Deferred outflows related to refundings	-	4,718,314	4,718,314	-	-
Deferred outflows related to pensions	6,751,645	3,186,911	9,938,556	-	-
Deferred outflows related to OPEB	1,199,505	812,165	2,011,670	-	-
Total deferred outflows of resources	7,951,150	8,717,390	16,668,540	-	-
Liabilities:					
Accounts, contracts and retainage payable	1,658,088	12,485,283	14,143,371	9,847	62
Accrued payroll and related liabilities	713,555	292,528	1,006,083	647	-
Accrued interest payable	-	141,128	141,128	-	-
Due to other governments	4,663	7,902	12,565	-	-
Payable from restricted assets:					
Customer and developer escrow deposits	-	2,865,893	2,865,893	-	-
Escrow deposits	33,622	1,021,970	1,055,592	-	-
Unearned revenue	104,939	-	104,939	-	-
Other liabilities	77,318	-	77,318	-	-
Noncurrent liabilities:					
Due within one year:					
Revenue bonds payable	480,000	3,445,000	3,925,000	-	-
Notes payable	625,000	-	625,000	-	-
Capital lease	32,910	-	32,910	-	-
State revolving loans payable	-	2,075,388	2,075,388	-	-
Accrued claims payable	2,426,924	-	2,426,924	-	-
Compensated absences	546,944	260,997	807,941	-	-
Due in more than one year:					
Revenue bonds payable	15,436,240	89,541,218	104,977,458	-	-
Notes payable	1,867,000	-	1,867,000	-	-
Capital lease	2,742	-	2,742	-	-
State revolving loans payable	-	13,854,737	13,854,737	-	-
Accrued claims payable	2,383,000	-	2,383,000	-	-
Total OPEB liability	20,173,006	13,040,463	33,213,469	-	-
Compensated absences	719,554	344,302	1,063,856	-	-
Net pension liability	22,571,349	9,613,581	32,184,930	-	-
Total liabilities	69,856,854	148,990,390	218,847,244	10,494	62
Deferred Inflows of Resources:					
Deferred inflows related to pensions	1,306,507	832,524	2,139,031	-	-
Deferred inflows related to OPEB	2,020,899	1,343,166	3,364,065	-	-
Total deferred inflows of resources	3,327,406	2,175,690	5,503,096	-	-
Net Position:					
Net investment in capital assets	29,498,816	142,364,912	171,863,728	524,571	816,008
Restricted for:					
Public safety	125,928	-	125,928	-	-
Housing assistance	815,370	-	815,370	-	-
Debt service	-	5,586,408	5,586,408	-	-
Renewal and replacement	-	5,795,488	5,795,488	-	-
Unrestricted	(2,679,661)	12,438,861	9,759,200	243,450	13,495
Total net position	\$ 27,760,453	\$ 166,185,669	\$ 193,946,122	\$ 768,021	\$ 829,441

The accompanying notes are an integral part of the financial statements.

City of Cocoa, Florida
Statement of Activities
Year Ended September 30, 2019

					Net (Expense) Revenue and Changes in Net Position				
	Program Revenues				Primary Government			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total	Diamond Square Redevelopment Agency	U.S. 1 Corridor Redevelopment Agency
Functions/Programs:									
Primary Government									
Governmental activities:									
General government	\$ 14,712,121	\$ 6,599,101	\$ 1,272,371	\$ -	\$ (6,840,649)	\$ -	\$ (6,840,649)	\$ -	\$ -
Public safety	18,071,667	3,013,695	467,119	-	(14,590,853)	-	(14,590,853)	-	-
Recreation	1,607,032	140,797	-	-	(1,466,235)	-	(1,466,235)	-	-
Economic development	3,008,059	-	513,001	600,292	(1,894,766)	-	(1,894,766)	-	-
Physical environment	2,376,579	5,330,167	187,500	-	3,141,088	-	3,141,088	-	-
Transportation	1,221,639	-	-	-	(1,221,639)	-	(1,221,639)	-	-
Interest on long-term debt	649,182	-	-	-	(649,182)	-	(649,182)	-	-
Total governmental activities	41,646,279	15,083,760	2,439,991	600,292	(23,522,236)	-	(23,522,236)	-	-
Business-type activities:									
Water and sewer	52,538,165	65,298,095	-	3,324,099	-	16,084,029	16,084,029	-	-
Stormwater utility	1,522,778	1,654,080	-	-	-	131,302	131,302	-	-
Total business-type activities	54,060,943	66,952,175	-	3,324,099	-	16,215,331	16,215,331	-	-
Total primary government	\$ 95,707,222	\$ 82,035,935	\$ 2,439,991	\$ 3,924,391	\$ (23,522,236)	\$ 16,215,331	\$ (7,306,905)	\$ -	\$ -
Component Units									
Diamond Square									
Redevelopment Agency	\$ 139,557	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (139,557)	\$ -
U.S. 1 Corridor									
Redevelopment Agency	363,992	-	-	-	-	-	-	-	(363,992)
Total component units	\$ 503,549	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (139,557)	\$ (363,992)
General revenues:									
Property taxes					\$ 5,635,515	\$ -	\$ 5,635,515	\$ -	\$ -
Public utility and communication taxes					2,611,295	-	2,611,295	-	-
Franchise fees					1,556,102	-	1,556,102	-	-
Shared revenues not restricted to specific programs					2,435,036	-	2,435,036	201,756	335,518
Gain on sale of capital assets					-	73,980	73,980	-	-
Unrestricted investment earnings					668,857	2,041,815	2,710,672	972	744
Miscellaneous					195,168	-	195,168	-	-
Transfers, net					8,384,099	(8,384,099)	-	-	-
Total general revenues					21,486,072	(6,268,304)	15,217,768	202,728	336,262
Change in net position					(2,036,164)	9,947,027	7,910,863	63,171	(27,730)
Net position, beginning					29,796,617	156,238,642	186,035,259	704,850	857,171
Net position, ending					\$ 27,760,453	\$ 166,185,669	\$ 193,946,122	\$ 768,021	\$ 829,441

The accompanying notes are an integral part of the financial statements.

City of Cocoa, Florida
Balance Sheet - Governmental Funds
September 30, 2019

	General Fund	Cocoa Redevelopment Agency	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 18,603,480	\$ 2,672,370	\$ 7,476,075	\$ 1,009,952	\$ 29,761,877
Investments	7,429,591	-	-	557,367	7,986,958
Accounts receivable, net	949,705	-	-	-	949,705
Accounts receivable earned, but not billed	64,539	-	-	-	64,539
Tax receivable	34,910	-	-	-	34,910
Due from other funds	56,519	-	56,791	-	113,310
Due from other governments	145,075	-	-	84,798	229,873
Inventory	50,485	-	-	-	50,485
Prepaid items	305,066	6,168	-	435	311,669
Deposits	-	4,350	-	-	4,350
Deferred charges	-	1,311,037	-	-	1,311,037
Other receivable	-	271,891	-	-	271,891
Advance to other funds	1,311,038	-	731,344	-	2,042,382
Total assets	<u>\$ 28,950,408</u>	<u>\$ 4,265,816</u>	<u>\$ 8,264,210</u>	<u>\$ 1,652,552</u>	<u>\$ 43,132,986</u>
Liabilities:					
Liabilities					
Accounts payable	\$ 1,131,324	\$ 45,846	\$ 282,401	\$ 162,087	\$ 1,621,658
Accrued payroll and related liabilities	711,752	1,123	-	680	713,555
Unearned revenue	104,939	-	-	-	104,939
Due to other funds	-	113,310	-	-	113,310
Due to other governments	4,663	-	-	-	4,663
Escrow deposits	7,744	-	-	25,878	33,622
Other liabilities	77,318	-	-	-	77,318
Advance from other funds	-	2,042,382	-	-	2,042,382
Total liabilities	<u>2,037,740</u>	<u>2,202,661</u>	<u>282,401</u>	<u>188,645</u>	<u>4,711,447</u>
Deferred Inflows of Resources:					
Deferred inflows - sale of building	1,311,037	-	-	-	1,311,037
Deferred inflow - Whitley Marina settlement revenue	-	271,891	-	-	271,891
Total deferred inflows of resources	<u>1,311,037</u>	<u>271,891</u>	<u>-</u>	<u>-</u>	<u>1,582,928</u>
Fund Balances:					
Nonspendable	1,666,589	6,168	-	435	1,673,192
Restricted	-	1,785,096	-	1,529,770	3,314,866
Committed	12,288,375	-	7,981,809	-	20,270,184
Assigned	6,250,000	-	-	-	6,250,000
Unassigned	5,396,667	-	-	(66,298)	5,330,369
Total fund balances	<u>25,601,631</u>	<u>1,791,264</u>	<u>7,981,809</u>	<u>1,463,907</u>	<u>36,838,611</u>
Total liabilities and fund balances	<u>\$ 28,950,408</u>	<u>\$ 4,265,816</u>	<u>\$ 8,264,210</u>	<u>\$ 1,652,552</u>	<u>\$ 43,132,986</u>

The accompanying notes are an integral part of the financial statements.

City of Cocoa, Florida
Reconciliation of Balance Sheet to the Statement of Net Position
September 30, 2019

Total fund balances of governmental funds		\$ 36,838,611
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred inflows (related to the Whitley Marina settlement) recorded in the funds was previously recorded as revenue in governmental activities but deferred in governmental funds.		271,891
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		47,942,708
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in governmental funds.		
Deferred outflows of resources for pensions	\$ 6,751,645	
Deferred inflows of resources for pensions	<u>(1,306,507)</u>	5,445,138
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in governmental funds.		
Deferred outflows of resources for OPEB	1,199,505	
Deferred inflows of resources for OPEB	<u>(2,020,899)</u>	(821,394)
Long-term liabilities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities--both current and long-term--are reported in the statement of net position. Long-term liabilities at year-end consist of:		
Bonds payable	(15,495,000)	
Add: Unamortized bond premium/discount (to be amortized as interest expense)	(421,240)	
Notes payable	(2,492,000)	
Capital lease	(35,652)	
Other postemployment benefits	(20,173,006)	
Net pension liability	(22,571,349)	
Compensated absences	<u>(1,266,498)</u>	(62,454,745)
Internal service funds are used by management to charge the costs of certain activities, such as workers' compensation and health insurance to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position		<u>538,244</u>
Total net position of governmental activities		<u><u>\$ 27,760,453</u></u>

The accompanying notes are an integral part of the financial statements.

City of Cocoa, Florida
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
Year Ended September 30, 2019

	General Fund	Cocoa Redevelopment Agency	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 8,258,422	\$ -	\$ -	\$ 571,342	\$ 8,829,764
Licenses, permits, and fees	3,674,524	-	-	810,811	4,485,335
Intergovernmental	2,902,052	1,427,156	-	230,442	4,559,650
Charges for services	11,637,669	-	-	-	11,637,669
Fines and forfeitures	24,529	-	-	4,273	28,802
Investment earnings	452,710	11,270	2,497	26,206	492,683
Miscellaneous	1,239,077	39,027	-	8,431	1,286,535
Total revenues	28,188,983	1,477,453	2,497	1,651,505	31,320,438
Expenditures:					
Current:					
General government	12,770,519	-	-	-	12,770,519
Public safety	15,082,113	-	-	-	15,082,113
Recreation	1,391,840	-	-	-	1,391,840
Economic development	2,252,073	334,162	-	267,679	2,853,914
Physical environment	2,266,188	-	9,136	-	2,275,324
Transportation	1,070,922	-	-	-	1,070,922
Capital outlay	1,392,487	37,361	836,430	228,591	2,494,869
Debt service:					
Principal	32,910	188,963	-	1,081,000	1,302,873
Interest	-	52,820	-	673,363	726,183
Total expenditures	36,259,052	613,306	845,566	2,250,633	39,968,557
Excess (deficiency) of revenues over (under) expenditures	(8,070,069)	864,147	(843,069)	(599,128)	(8,648,119)
Other Financing Sources (Uses):					
Transfers in	8,386,899	-	7,111,046	800,508	16,298,453
Transfers out	(7,544,758)	(366,796)	(2,800)	-	(7,914,354)
Proceeds from sales of capital assets	18,069	-	-	-	18,069
Total other financing sources (uses)	860,210	(366,796)	7,108,246	800,508	8,402,168
Net change in fund balances	(7,209,859)	497,351	6,265,177	201,380	(245,951)
Fund Balances, Beginning of Year	32,811,490	1,293,913	1,716,632	1,262,527	37,084,562
Fund Balances, End of Year	\$ 25,601,631	\$ 1,791,264	\$ 7,981,809	\$ 1,463,907	\$ 36,838,611

The accompanying notes are an integral part of the financial statements.

City of Cocoa, Florida
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended September 30, 2019

Net change in fund balances - total governmental funds		\$ (245,951)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital purchases as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.		
Expenditures for capital assets	\$ 2,559,537	
Less current year depreciation	<u>(3,046,179)</u>	(486,642)
In the statement of activities, only the gain or loss on the sale of capital assets are reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the capital assets sold or disposed.		
Proceeds from sale of capital of assets		(18,069)
Gain (loss) on sale of capital assets		(48,496)
Cash pension contributions reported in the funds were less than the calculated pension expense on the statement of activities and therefore decreased net position.		(2,317,244)
Internal service funds are used by management to charge the costs of certain activities, such as workers' compensation and health insurance to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		279,407
The issuance of long-term debt (e.g., bonds and notes payable) provide current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas those amounts are deferred and amortized in the statement of activities.		
Principal payments	1,302,873	
Amortization of premium and discount	<u>24,181</u>	1,327,054
Some revenues are recorded in the statement of activities, but since they do not provide current financial resources are not reported as revenues in the funds. This is the net amount of revenues recorded in the statement of activities in the current year.		(217,776)
Some expenses reported in the statement of activities (e.g., compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(109,330)
The increase in the other post-employment benefit obligation reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.		<u>(199,117)</u>
Change in Net Position of Governmental Activities		<u><u>\$ (2,036,164)</u></u>

The accompanying notes are an integral part of the financial statements.

City of Cocoa, Florida
Statement of Net Position -
Proprietary Funds
September 30, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer System	Stormwater Fund (Non-Major)	Total	
Assets:				
Current assets:				
Cash and cash equivalents	\$ 13,821,322	\$ 967,440	\$ 14,788,762	\$ 2,211,462
Restricted current assets:				
Cash and cash equivalents	13,592,020	-	13,592,020	-
Investments	6,395,124	183,150	6,578,274	3,019,455
Accounts receivable, net	7,865,177	239,760	8,104,937	3,294
Accounts receivable earned, but not billed	5,438,368	-	5,438,368	-
Inventory	883,393	-	883,393	-
Prepaid items	167,259	4,377	171,636	150,387
Total current assets	<u>48,162,663</u>	<u>1,394,727</u>	<u>49,557,390</u>	<u>5,384,598</u>
Noncurrent assets:				
Restricted noncurrent assets:				
Investments	51,569,441	-	51,569,441	-
Capital assets:				
Land	2,795,148	124,049	2,919,197	-
Buildings	10,918,043	-	10,918,043	-
Improvements other than buildings	363,127,787	5,625,944	368,753,731	-
Machinery and equipment	23,089,162	1,721,275	24,810,437	-
Intangibles	3,381,928	-	3,381,928	-
Construction in progress	17,503,555	59,200	17,562,755	-
Less accumulated depreciation/amortization	<u>(218,046,341)</u>	<u>(2,792,222)</u>	<u>(220,838,563)</u>	<u>-</u>
Total capital assets, net of accumulated depreciation/amortization	<u>202,769,282</u>	<u>4,738,246</u>	<u>207,507,528</u>	<u>-</u>
Total noncurrent assets	<u>254,338,723</u>	<u>4,738,246</u>	<u>259,076,969</u>	<u>-</u>
Total assets	<u>302,501,386</u>	<u>6,132,973</u>	<u>308,634,359</u>	<u>5,384,598</u>
Deferred Outflows of Resources:				
Deferred outflows related to refundings	4,718,314	-	4,718,314	-
Deferred outflows related to pensions	3,064,149	122,762	3,186,911	-
Deferred outflows related to OPEB	797,767	14,398	812,165	-
Total deferred outflows of resources	<u>8,580,230</u>	<u>137,160</u>	<u>8,717,390</u>	<u>-</u>

The accompanying notes are an integral part of the financial statements.

City of Cocoa, Florida
Statement of Net Position -
Proprietary Funds (Continued)
September 30, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer System	Stormwater Fund (Non-Major)	Total	
Liabilities:				
Current liabilities (payable from current assets):				
Accounts and claims payable	\$ 3,109,640	\$ 160,910	\$ 3,270,550	\$ 36,430
Contracts payable	9,213,388	-	9,213,388	-
Retainage payable	1,345	-	1,345	-
Accrued payroll and related liabilities	273,774	18,754	292,528	-
Compensated absences	252,979	8,018	260,997	-
Accrued claims payable	-	-	-	2,426,924
Due to other governments	7,902	-	7,902	-
State revolving loan payable	2,075,388	-	2,075,388	-
Current liabilities (payable from restricted assets):				
Accrued interest	141,128	-	141,128	-
Customer and developer deposits	2,865,893	-	2,865,893	-
Other deposits	1,021,970	-	1,021,970	-
Revenue bonds payable	3,445,000	-	3,445,000	-
Total current liabilities	22,408,407	187,682	22,596,089	2,463,354
Noncurrent liabilities:				
State revolving loan payable	13,854,737	-	13,854,737	-
Compensated absences	334,621	9,681	344,302	-
Accrued claims payable	-	-	-	2,383,000
Total OPEB Liability	12,900,761	139,702	13,040,463	-
Net pension liability	9,285,027	328,554	9,613,581	-
Revenue bonds payable, net of unamortized bond discount/premium	89,541,218	-	89,541,218	-
Total noncurrent liabilities	125,916,364	477,937	126,394,301	2,383,000
Total liabilities	148,324,771	665,619	148,990,390	4,846,354
Deferred Inflows of Resources:				
Deferred inflows related to pensions	808,637	23,887	832,524	-
Deferred inflows related to OPEB	1,313,387	29,779	1,343,166	-
Total deferred inflows of resources	2,122,024	53,666	2,175,690	-
Net Position:				
Net investment in capital assets	137,626,666	4,738,246	142,364,912	-
Restricted for:				
Debt service	5,586,408	-	5,586,408	-
Renewal and replacement	5,795,488	-	5,795,488	-
Unrestricted	11,626,259	812,602	12,438,861	538,244
Total net position	\$ 160,634,821	\$ 5,550,848	\$ 166,185,669	\$ 538,244

The accompanying notes are an integral part of the financial statements.

City of Cocoa, Florida
Statement of Revenues, Expenses and Changes in Net Position -
Proprietary Funds
Year Ended September 30, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities -
	Water and Sewer System	Stormwater Fund (Non-Major)	Total	Internal Service Funds
Operating revenues:				
Charges for services	\$ 59,101,266	\$ 1,633,224	\$ 60,734,490	\$ 7,743,756
Physical environment	-	20,856	20,856	-
Impact fees	2,465,963	-	2,465,963	-
Fire protection	3,312,848	-	3,312,848	-
Miscellaneous revenue	418,018	-	418,018	135,067
Total operating revenues	65,298,095	1,654,080	66,952,175	7,878,823
Operating expenses:				
Water/sewer treatment	11,831,089	-	11,831,089	-
Administration	13,267,635	1,214,822	14,482,457	-
Depreciation/amortization	11,448,371	307,956	11,756,327	-
Insurance claims and expenses	-	-	-	7,775,590
Transmission and distribution	8,921,145	-	8,921,145	-
Lift stations and lines	2,673,875	-	2,673,875	-
Total operating expenses	48,142,115	1,522,778	49,664,893	7,775,590
Operating income (loss)	17,155,980	131,302	17,287,282	103,233
Nonoperating revenues (expenses):				
Gain (loss) on disposal of assets	73,980	-	73,980	-
Investment earnings	2,031,125	10,690	2,041,815	176,174
Interest expense	(4,396,050)	-	(4,396,050)	-
Total nonoperating revenues (expenses)	(2,290,945)	10,690	(2,280,255)	176,174
Income before contributions and transfers	14,865,035	141,992	15,007,027	279,407
Capital contributions and transfers				
Capital contributions	3,233,025	-	3,233,025	-
Capital grant	91,074	-	91,074	-
Transfers out	(8,384,099)	-	(8,384,099)	-
Total capital contributions and transfers	(5,060,000)	-	(5,060,000)	-
Change in net position	9,805,035	141,992	9,947,027	279,407
Net position, beginning	150,829,786	5,408,856	156,238,642	258,837
Net position, ending	\$ 160,634,821	\$ 5,550,848	\$ 166,185,669	\$ 538,244

The accompanying notes are an integral part of the financial statements.

City of Cocoa, Florida
Statement of Cash Flows -
Proprietary Funds
Year Ended September 30, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer System	Stormwater Fund (Non-Major)	Total	
Cash flows from operating activities:				
Cash received from customers for sales and services	\$ 64,930,233	\$ 1,685,585	\$ 66,615,818	\$ 7,890,325
Cash payments to suppliers for goods and services	(22,235,596)	(658,753)	(22,894,349)	-
Cash payments to employees	(13,854,121)	(625,436)	(14,479,557)	-
Cash payments for insurance and claims expense	-	-	-	(7,684,005)
Net cash provided by (used in) operating activities	28,840,516	401,396	29,241,912	206,320
Cash flows from noncapital financing activities:				
Cash transfers out to other funds	(8,384,099)	-	(8,384,099)	-
Net cash provided by (used in) noncapital financing activities	(8,384,099)	-	(8,384,099)	-
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(5,965,534)	(80,428)	(6,045,962)	-
Proceeds from sale of capital assets	73,980	-	73,980	-
Principal paid on revenue bonds and loans	(30,423,795)	-	(30,423,795)	-
Interest paid on long-term debt	(6,635,064)	-	(6,635,064)	-
Proceeds from issuance of bonds	65,265,331	-	65,265,331	-
Capital contributions - grant	91,074	-	91,074	-
Net cash provided by (used in) in capital and related financing activities	22,405,992	(80,428)	22,325,564	-
Cash flows from investing activities:				
Investment income	2,031,125	10,690	2,041,815	176,174
Proceeds from sale/maturity of investments	-	11,261	11,261	24,033
Purchase of investments	(26,450,369)	-	(26,450,369)	-
Net cash provided by (used in) investing activities	(24,419,244)	21,951	(24,397,293)	200,207
Net increase (decrease) in cash and cash equivalents	18,443,165	342,919	18,786,084	406,527
Cash and cash equivalents, beginning	8,970,177	624,521	9,594,698	1,804,935
Cash and cash equivalents, ending	\$ 27,413,342	\$ 967,440	\$ 28,380,782	\$ 2,211,462
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 17,155,980	\$ 131,302	\$ 17,287,282	\$ 103,233
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation/amortization	11,448,371	307,956	11,756,327	-
Change in assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	(190,482)	31,505	(158,977)	11,502
Due from other governments	-	-	-	-
Inventory	50,705	-	50,705	-
Prepaid items	66,493	1,562	68,055	(73)
Deferred outflows of resources - pensions	332,285	(9,242)	323,043	-
Deferred outflows of resources - OPEB	(284,731)	8,075	(276,656)	-
Increase (decrease) in liabilities:				
Accounts and claims payable	(258,519)	(122,075)	(380,594)	2,384
Contracts payable	1,053,385	-	1,053,385	-
Accrued payroll and related liabilities	26,171	14,923	41,094	-
Accrued claims payable	-	-	-	89,274
Due to other governments	(1,088,440)	-	(1,088,440)	-
OPEB Liability	(269,805)	(8,758)	(278,563)	-
Net pension liability	1,059,230	28,916	1,088,146	-
Deferred inflows of resources - pensions	(767,230)	(4,986)	(772,216)	-
Deferred inflows of resources - OPEB	684,483	22,218	706,701	-
Deposits	(177,380)	-	(177,380)	-
Total adjustments	11,684,536	270,094	11,954,630	103,087
Net cash provided by (used in) operating activities	\$ 28,840,516	\$ 401,396	\$ 29,241,912	\$ 206,320
Noncash capital and related financing activities:				
Acquisition of capital assets through contributions from property owners, developers and other governments	\$ 3,233,025	\$ -	\$ 3,233,025	\$ -

The accompanying notes are an integral part of the financial statements.

City of Cocoa, Florida
Statement of Net Position -
Fiduciary Funds
September 30, 2019

	Employee Pension Trust Funds	Taylor Creek Project Agency Fund
Assets:		
Cash and cash equivalents	\$ 1,856,260	\$ -
Investments at fair value:		
Equity funds	10,329,437	-
Fixed income funds	11,474,218	-
Common stock	36,489,930	-
US real estate investment fund	6,562,809	-
Accounts receivable	1,555,563	-
Interest receivable	64,221	-
Total assets	<u>68,332,438</u>	<u>\$ -</u>
Liabilities:		
Accounts payable	66,657	\$ -
Refundable deposits	-	-
Deferred contributions	17,982	-
Total liabilities	<u>84,639</u>	<u>\$ -</u>
Net Position:		
Restricted for pension benefits	<u>\$ 68,247,799</u>	

The accompanying notes are an integral part of the financial statements.

City of Cocoa, Florida
Statement of Changes in Fiduciary Net Position -
Fiduciary Funds
Year Ended September 30, 2019

	Employee Pension Trust Funds
Additions	
Contributions:	
Employer contributions	\$ 2,815,683
Employee contributions	396,253
Employee voluntary contributions	2,013
State contributions	287,532
Total contributions	<u>3,501,481</u>
Investment earnings:	
Net increase in the fair value of investments	705,550
Interest and dividends	1,994,869
Total investment earnings	2,700,419
Less investment expense	315,487
Net investment earnings	<u>2,384,932</u>
Total Additions	<u>5,886,413</u>
Deductions	
Benefit payments	5,838,680
Administrative expenses	264,725
Total deductions	6,103,405
Change in net position	(216,992)
Net position, beginning of year	<u>68,464,791</u>
Net position, end of year	<u><u>\$ 68,247,799</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF COCOA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The City of Cocoa, Florida (the “City”) was incorporated as a village in 1895 and as a city in 1913. The City of Cocoa was re-created pursuant to House Bill 1348, as set forth in Chapter 59-1186, Laws of Florida. The City has a population of approximately 19,290 and is located on the central east coast of Florida. The City operates under a charter adopted in 1959 and provides for a Council-City Manager form of government. The governing body is a five-member elected City Council comprised of a Mayor and four Council members. The City Council appoints the City Manager who is responsible for the administration of all City services.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although separate legal entities, are, in substance, part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended Component Units

1. Cocoa Redevelopment Agency (the “Agency”) – The Agency was organized under Section 163 of the Florida Statutes and formally came into existence in 1981. The Agency uses property tax incremental revenues derived from taxable real property within the geographic boundaries of the community redevelopment area to finance the rehabilitation, conservation, and re-development of affordable housing and related facilities for residents of low or moderate income. The Agency’s Board is comprised of the City Council and two additional members who reside in, or are engaged in business in, the area of the Agency’s operation.
2. Cocoa Public Safety Employees’ Retirement Systems – The City’s public safety employees participate in two Public Safety Employees’ Retirement Systems (“PSERS”). Each single- employer PSERS plan (firefighters and police officers) functions for the benefit of its employees and is governed by a five-member pension Board, consisting of two City employees, two legal residents of the City, and one member appointed by the other four. The City and PSERS participants are obligated to fund all PSERS costs based upon actuarial valuations. The pension Board is authorized to establish benefit levels and to approve the actuarial assumptions used in the determination of contribution levels.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended component units (Continued)

3. Cocoa General Employees' Retirement System – City employees not participating in the PSERS or the 401(a) Defined Contribution Plan are covered under the General Employees' Retirement System ("GERS"), unless they opted out as of March 1, 2009, to be included in the Florida Retirement System (see Note IV.C.). The GERS functions for the benefit of its employees and is governed by a five-member pension board consisting of three elected City employees and two City Council appointees residing in the City. The City and GERS participants are obligated to fund all GERS costs based upon actuarial valuations. The pension Board is authorized to establish benefit levels and to approve the actuarial assumptions used in the determination of contribution levels.

Stand-alone financial statements for the PSERS and the GERS are contained in the annual actuarial reports that are prepared by an external consultant and can be obtained from the City Clerk.

Discretely Presented Component Units

1. Diamond Square Redevelopment Agency – The Diamond Square Redevelopment Agency was organized under Section 163 of the Florida Statutes and formally came into existence in 1998. The Diamond Square Redevelopment Agency uses property tax incremental revenues derived from taxable real property within the geographic boundaries of the community redevelopment area to finance development within that area. The Board is appointed by the City Council and is comprised of seven members who reside in, or are engaged in business in, the area of the Diamond Square Redevelopment Agency's operation. There is a potential for the Agency to provide specific financial benefits to, or impose specific financial burdens on, the City.
2. U.S. 1 Corridor Redevelopment Agency – The U.S. 1 Corridor Redevelopment Agency was organized under Section 163 of the Florida Statutes and formally came into existence in 1998. The U.S. 1 Corridor Redevelopment Agency uses property tax incremental revenues derived from taxable real property within the geographic boundaries of the community redevelopment area to finance development within that area. The Board is appointed by the City Council and is comprised of seven members who reside in, or are engaged in business in, the area of the U.S. 1 Corridor Redevelopment Agency's operation. There is a potential for the Agency to provide specific financial benefits to, or impose specific financial burdens on, the City.

There are no separately issued financial statements for the discretely presented component units. Financial information on the discretely presented component unit activity can be found in the Government-Wide Statement of Net Position, Statement of Activities, and footnote 2D Capital Assets/Discretely Presented Component Units.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

b. Government-Wide and Fund Financial Statements

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. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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. The agency fund has no measurement focus. 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.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, OPEB obligations and claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees, licenses, and interest 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Cocoa Redevelopment Agency Fund* accounts for incremental tax revenues within the downtown Cocoa Village area. The monies are restricted by State Statute to specific projects or a class of projects within this geographical area.

The *Capital Projects Fund* accounts for acquisition of capital assets or the construction of major capital projects

The City reports the following major proprietary fund:

The *Water and Sewer Fund* accounts for water and sewer operations that are financed and operated in a manner similar to private business enterprise. The fund is intended to be predominantly self-supported from user charges.

Additionally, the City reports the following fund types:

The *internal service funds* account for the activity of the City's workers' compensation self-insurance fund and healthcare self-insurance fund. Services are provided to various City departments on a cost-reimbursement basis.

The *pension trust funds* account for assets, liabilities, revenues and expenses of the pension plans of the City's general employees, firefighters and police officers and the defined contribution plan. The activities of these funds are subject to state mandatory regulations, local ordinances and the policies of the governing boards.

The *Taylor Creek project agency fund* accounts for funds received for the consumptive use permitting information development related to the Taylor Creek Water Supply Project via a Memorandum of Agreement with Orlando Utilities Commission; East Central Florida Services, Inc.; and Farmland Reserve, Inc. The monies are restricted for funding the above-mentioned project.

The City's nonmajor governmental funds consist of special revenue funds (Community Development Block Grant, Cocoa Housing Assistance Trust, Brevard County Home Program, Loan Guarantee, Police Confiscated Funds and police special education funds), and a debt service fund. The City's nonmajor enterprise fund consists of the stormwater utility fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation *(Continued)*

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, *general revenues* include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and providing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise fund and the City's internal service funds are charges to customers for sales and services. The Water and Sewer System fund also recognizes as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and the internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity

1. Cash, Cash Equivalents and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Deposits available within various funds, except pension trust funds, were consolidated for investment purposes. Substantially all deposits at September 30, 2019, were invested using the pooled investment concept. Interest earned was allocated to the various funds based on their average cash and investment balances.

Cash and cash equivalents for the purpose of the proprietary fund statement of cash flows include cash, short-term investments with original maturities of three months or less from the date of acquisition, and money market funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

1. Cash, Cash Equivalents and Investments (Continued)

Investments are reported at fair value, with the exception of external investment pools that comply with criteria set forth in Section I50: *Investments* of the GASB Codification and have elected to measure their investments at amortized cost. Accordingly, the fair value of the City's position in the external investment pools having met these criteria is equal to the value of pooled shares.

The City is authorized to invest surplus funds as follows:

- a. The State Pool, administered by the Florida State Board of Administration;
- b. U.S. Government securities and agencies of the U.S. Government;
- c. U.S.-sponsored agencies, including Federal Farm Credit Bank ("FFCB"), Federal Home Loan Bank or its City banks ("FHLB"), Federal National Mortgage Association ("FNMA"), Federal Home Loan Mortgage Corporation ("Freddie-Macs"), and Federal Home Loan Mortgage Corporation participation certificates;
- d. Interest-bearing time deposits or savings accounts;
- e. Repurchase agreements, commercial paper and bankers' acceptances;
- f. Corporate notes issued by corporations operating in the United States or by depository institutions licensed by the United States;
- g. State or local government taxable or tax-exempt debt, general obligation debt, or revenue bonds;
- h. Money market mutual funds, which are open-end, no load funds, where the share value of funds is equal to \$1.00;
- i. Intergovernmental investment pools that are authorized pursuant to the Florida Interlocal Cooperation Act, provided said funds contain no derivatives.

The General Employees' Pension Fund is authorized to invest surplus funds as follows:

- a. Corporate fixed income securities rated "BAA" or higher by Moody's or "BBB" by Standard & Poor's;
- b. Corporate fixed income securities rated "BAA" or higher by Moody's or "BBB" by Standard & Poor's;
- c. Collateralized mortgage obligations whose collateral is secured by Government National Mortgage Association ("GNMA"), Federal Home Loan Mortgage Corporation ("FHLMC") or Federal National Mortgage Association ("FNMA");
- d. The money market or short-term investment fund ("STIF") provided by the fund's custodian;
- e. Direct obligations of the U.S. Government with a maturity of one year or less;
- f. Commercial paper with a maturity of 270 days or less that is rated "A-1" by Moody's or "P-1" by Standard & Poor's; and
- g. Bankers acceptances issued by the 50 largest banks in the United States (in terms of total assets).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

1. Cash, Cash Equivalents and Investments (Continued)

The Police Officers Pension Fund is authorized to invest surplus funds as follows:

- a. Time, savings and money market deposit accounts of a national bank, a state bank or a savings and loan institution, insured by the Federal Deposit Insurance Corporation ("FDIC"), provided the amount deposited does not exceed the insured amount, and cash instruments that have a quality rating of at least Standard & Poor's "P-1" or Moody's "A-1";
- b. Obligations issued by the United States Government or obligations guaranteed as to principal and interest by the United States Government or by an agency of the United States Government;
- c. Bonds issued by the State of Israel;
- d. Bonds or other evidences or indebtedness issued or guaranteed by a corporation organized under the laws of the United States or the District of Columbia and the corporation is listed on one or more of the recognized national exchanges or on the National Market System of the NASDAQ stock market, provided the issuer has a quality rating of at least "A" by Standard & Poor's or Moody's;
- e. Equity investments (common stock, convertible bonds, and preferred stock) in a corporation listed on one or more of the recognized national exchanges or on the National Market System of the NASDAQ stock market;
- f. Commingled stock, bond or money market funds whose investments are restricted to securities meeting the requirements of Section 3 of the Investment policy related to liquidity, custodian, bid requirement and risk diversification;
- g. Investments in real estate are limited to real estate investment trusts ("REITs"); and
- h. Repurchase agreements adhering to the requirements of the Master Repurchase Agreement.

The Firefighters Pension Fund is authorized to invest surplus funds as follows:

- a. At all times, the Board's investments are subject to the limitations set forth in Florida Statute Sections 215.47(1-8), (10), and (16), except as otherwise permitted by Chapter 175 or by local ordinance;
- b. Equity investments (common stock, convertible bonds, and preferred stock) in a corporation listed on one or more of the recognized national exchanges or on the National Market System of the NASDAQ stock market;
- c. Fixed income investments shall be permitted in obligations of the United States or obligations guaranteed as to principal and interest by the Government of the United States, with a minimum quality rating of "A" or equivalent, as rated by one or more recognized bond rating services at the time of purchase;
- d. Fixed income investments in bonds issued by the State of Israel;
- e. Money market funds, short-term investment funds; securities rated "A-1" or better by Moody's or "P-1" or better by Standard & Poor's; and

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

1. Cash, Cash Equivalents and Investments (Continued)

- f. Time or savings accounts of a national bank, a state bank insured by the Bank Insurance Fund, or a savings, building, and loan association insured by the Savings Association Insurance Fund which is administered by the FDIC.

Investments for the City, as well as for its component units, are stated at fair value. Banks and savings and loans in which City funds are deposited must be classified as a qualified public depository, as defined in the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes, before any deposits are made with those institutions.

2. Receivables and Payables

Outstanding balances between funds are reported as “due to/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.”

All account and tax receivables are shown net of allowance for uncollectible accounts.

Property Taxes Receivable

The City is permitted by State law to levy taxes up to 10 mills on assessed valuation. However, Chapter 74-430, Laws of Florida, a special act applicable only to governmental units in Brevard County, limits the annual increase to 10% of the prior year’s millage. Pursuant to Ch. 200.065(5)(a), F.S. the maximum millage rate that the City may levy is a rolled-back rate based on the amount of taxes which would have been levied in the prior year if the maximum millage rate had been applied, adjusted for the change in per capita Florida personal income, unless a higher rate is adopted, in which case the maximum is the adopted rate. The Cocoa City Council levy for the fiscal year ended September 30, 2019 was 5.9790 mills, which represents an increase over the rolled back rate.

As provided by law, the Brevard County Property Appraiser assesses all properties for ad valorem taxing purposes and the Brevard County Tax Collector collects and distributes all taxes. Ad valorem taxes are levied based on property valuation as of January 1. The fiscal year for which ad valorem taxes are levied begins on October 1. Taxes are due beginning November 1, delinquent on April 1, and lien on May 30. Property tax revenues are recognized in the fiscal year for which they are budgeted and also become due and payable. Virtually all unpaid taxes are collected via tax sale certificates sold on or prior to June 1; therefore, no material taxes are receivable at fiscal year-end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity *(Continued)*

3. Inventories and Prepaid Items

All inventories are valued at cost. The cost is recorded in inventory at the time of purchase and is charged to the appropriate department when consumed using an average cost method. Inventories of the governmental funds consist principally of supplies for City vehicles and fuel. Inventories of the proprietary funds consist principally of maintenance supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid, using the consumption method, in both the government-wide and fund financial statements. Expenditures are incurred during the period benefited by the prepayment.

4. Deferred Outflows of Resources

The deferred amount for advance refunding of debt in the Water and Sewer fund is classified as deferred outflows of resources.

The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Total deferred outflows of resources related to pensions were \$9,938,556 for the year ended September 30, 2019.

The deferred outflows related to OPEB are an aggregate of items related to OPEB as calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Total deferred outflows of resources related to OPEB were \$2,011,670 for the year ended September 30, 2019.

5. Restricted Assets

Certain assets of the City's proprietary and general funds are classified as restricted assets on the statements of net position because their use is limited for specified purposes other than normal operations. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets, as follows:

- a) **Debt Service Accounts** – Includes proceeds from issuance of revenue bonds and state revolving loan draws to be used to pay future debt service costs.
- b) **Renewal and Replacement Account** – Includes water and sewer area-specific connection charges to be used for improvements to and rehabilitation of the utility system.
- c) **Community Development Projects** – Includes incremental revenue to be used to develop affordable housing and related facilities.
- d) **Public Safety** – Includes police confiscated funds and a portion of revenue from traffic fines used for police special education programs.
- e) **Housing Assistance** – Includes funds received to expand production of and preserve affordable housing.
- f) **Other** – Includes restriction of funds to be used for specific expenses as externally imposed by grantors or contributors .

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity *(Continued)*

6. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, pipelines, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by the government as assets with an estimated useful life in excess of two years and an individual cost of \$5,000 or more for equipment or an individual cost of \$25,000 or more for buildings, improvements other than buildings, and infrastructure. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated and confiscated capital assets are recorded at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Buildings	30 years
Infrastructure	11 to 50 years
Equipment	3 to 20 years
Vehicles	5 to 20 years

The City recognizes amortization of software over a period of 3 years using the straight-line method.

7. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and a portion of sick pay is accrued when incurred in the government-wide and proprietary fund type financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

8. Unearned Revenues

Unearned revenues include amounts collected before the revenue recognition criteria are met. The unearned items consist of grant and other revenues received in excess of amounts earned since the work has not been performed and, therefore, expenditures not incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

9. Deferred Inflows of Resources

Unavailable revenues and resources received before time requirements are met are classified as deferred inflows of resources.

The deferred inflows related to pensions are an aggregate of items related to pensions, as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Total deferred inflows of resources related to pensions were \$2,139,031 for the year ended September 30, 2019.

The deferred inflows related to OPEB are an aggregate of items related to OPEB, as calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Total deferred inflows of resources related to OPEB were \$3,364,065 for the year ended September 30, 2019.

10. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, and proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium and discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

11. Defined Benefit Pension Plans

The City participates in cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State, the Florida Retirement System. Additionally, the City participates in three separate single-employer defined benefit pension plans for firefighters, police officers and those full-time employees who did not elect to be in the Florida Retirement System. For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the City and state-administered defined benefit pension plans and additions to/deductions from the City and state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the City and state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City's employer contributions are recognized when due and the City has a legal requirement to provide the contributions. Benefits and refunds are recognized when due, and payable in accordance with the terms of the City and state-administered defined benefit pension plans.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

12. Fund Equity

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Non-spendable Fund Balance – Amounts that are inherently not spendable because of their form (such as inventory) and/or that cannot convert or are not readily convertible to cash (such as prepaid assets or the long-term portion of loans receivable).

Restricted Fund Balance – Amounts that have externally enforceable limitations on their use. These amounts are constrained to the specific purposes by their providers (such as grantors, bondholders, or higher levels of government pursuant to enabling legislation, e.g., gas tax revenues that must be used for road repairs).

Committed Fund Balance – Amounts that have self-imposed limitations established through actions of the City Council (the City's highest level of decision-making authority) set in place prior to the end of a financial reporting period. These amounts cannot be used for any other purpose, unless the City Council takes action by Resolution to remove or change the limitation.

Assigned Fund Balance – Amounts that the City intends to use for a specific purpose. The authority for such intent may be expressed by the City Council, the finance committee or the City Manager in accordance with the City's Fund Balance Reserve Policy.

Unassigned Fund Balance – The remaining portion of fund balance which is spendable and not obligated or specifically designated and, therefore, available for any purpose.

The City will use restricted amounts to be spent first when both restricted and unrestricted fund balance is available, unless there are legal documents or contracts that prohibit doing this, such as in grant agreements requiring dollar-for-dollar spending. Additionally, the City would first use Unassigned Fund Balance, unless the expenditure is identified as a component of the Committed or Assigned Fund Balance, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**d. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)****12. Fund Equity (Continued)**

At September 30, 2019, the City's fund balances were classified as follows:

September 30, 2019	General	Cocoa Redevelopment Agency	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Fund balances:					
Non-spendable:					
Inventory	\$ 50,485	\$ -	\$ -	\$ -	\$ 50,485
Prepays	305,066	6,168	-	435	311,669
Long-term receivable	1,311,038	-	-	-	1,311,038
Restricted:					
Public safety	-	-	-	125,928	125,928
Housing assistance	-	-	-	457,060	457,060
Community improvement projects	-	1,974,059	-	358,310	2,332,369
Debt service payments	-	-	-	588,472	588,472
Committed:					
Encumbrances rolled from prior year	293,269	-	-	-	293,269
Other Community Improvements	-	-	-	-	-
Stabilization fund	11,495,106	-	-	-	11,495,106
Capital replacement	500,000	-	-	-	500,000
Capital Projects	-	-	7,981,809	-	7,981,809
Assigned:					
Economic incentives	500,000	-	-	-	500,000
Fleet Fuel Replacement	500,000	-	-	-	500,000
City wide software upgrade	1,500,000	-	-	-	1,500,000
Cocoa Park Improvements	1,500,000	-	-	-	1,500,000
City wide roadway construction	1,250,000	-	-	-	1,250,000
Sustainability/Resiliency Initiatives	1,000,000	-	-	-	1,000,000
Unassigned	5,207,704	-	-	(66,298)	5,141,406
Total fund balances	\$ 25,412,668	\$ 1,980,227	\$ 7,981,809	\$ 1,463,907	\$ 36,838,611

13. Fund Deficit

At September 30, 2019, the Health Insurance Internal Service fund had a deficit fund balance of \$304,273 and the loan guarantee fund had a deficit of \$66,298. As more historical information becomes available for the Health Insurance Internal Service Fund, adjustments in fees will be made. The Loan Guarantee Fund is negative due to timing of reimbursement for a HUD Section 108 loan.

e. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from management's estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

f. GASB Pronouncements

The City has implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This standard clarifies which liabilities governments should include in their note disclosures related to debt. This standard requires that all debt disclosures present direct borrowings and direct placements of debt separately from other types of debt. This standard also requires the disclosure of additional essential debt-related information for all types of debt.

The City has implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of the Construction Period*, which requires such interest to be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. Therefore, interest cost incurred before the end of a construction period will no longer be added to the cost of construction-in-progress and capital assets reported in a business-type activity or enterprise fund. This will improve financial reporting by providing more relevant information about capital assets and the cost of borrowing for the reporting period. This treatment also provides comparability with financial statements prepared using the current financial resources measurement, where the interest cost is recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of this statement did not result in any change in the City's financial statements.

NOTE 2 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The City invests certain surplus funds in an external investment pool, the Local Government Surplus Funds Trust Fund (the "Florida Prime"). The State Pool is administered by the Florida State Board of Administration ("SBA"), who provides regulatory oversight.

Under GASB Codification I50: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost, it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements.

As of September 30, 2019, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the City's access to 100 percent of its account value in either external investment pool.

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

At September 30, 2019, the City's carrying amount of cash deposits was \$43,423,522 and the bank balance was \$44,489,432. In addition, the City holds \$2,750 of petty cash. The component units' carrying amount of deposits with banks was \$254,102 and the bank balance was \$254,102. The Agency Fund has deposits with a carrying amount and bank balance of \$0. As of September 30, 2019, \$250,000 of the City's bank balances is covered by the FDIC. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the City pursuant to Section 280.08, Florida Statutes.

Credit Risk

The City's investment policy and the investment policies for the City's General Employees', Police Officers' and Firefighters' Pension Funds limit investments to securities with specific ranking criteria.

Interest Rate Risk

The City's investment policy limits interest rate risk by requiring that investment maturities shall not be greater than seven years. In addition, the overall required weighted average duration is required to be less than three years. The City's General Employees', Police Officers' and Firefighters' Pension Funds do not address interest rate risk.

Concentration of Credit Risk

The City's Police Officers' and Firefighters' Pension Funds do not allow for an investment in any one issuer that is in excess of five percent of the respective funds' total investments, except for securities issued by the U.S. Government or its agencies, which may be held without limitation. The City's investment policy and the investment policy of the City's General Employees' Pension Fund do not address concentration of credit risk.

Foreign Currency Risk

The City's pension funds contain investments in foreign stock mutual funds and foreign corporate bonds; however, all of the investments are denominated in U.S. Dollars and are not exposed to foreign currency risk.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's investment policy does not contain requirements that would limit exposure to custodial credit risk for investments. Pension plans operate under separate investment policies. The fiduciary funds' U.S. Real Estate Investments are not covered by the SIPC (Securities Investor Protection Corporation) insurance, are uncollateralized and held by the pension funds' broker-dealer (counterparty); therefore, the balance as of September 30, 2019 of \$4,502,877 is subject to custodial credit risk. The fiduciary funds' remaining investments are covered by SIPC insurance.

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

At September 30, 2019, the City had the following investments:

Investment Type	Fair Value	Less than 1	1 - 5	6 - 10	More than 10	Rating	Agency	Level
SBA (Florida Prime)	\$ 592,050	\$ 592,050	\$ -	\$ -	\$ -	AAAm	S&P	-
Money Market Fund								
Money Market Fund	11,892,388	11,892,388	-	-	-	AAAm	S&P	-
Money Market Fund	2,092,066	2,092,066	-	-	-	Not Rated		-
Corporate Bonds								
Corporate Bonds (Aaa - A1)	1,431,032	456,435	974,597	-	-	AA - A+	S&P	L2
Asset-Backed Securities								
Asset-Backed Securities (Aaa)	1,632,175	-	435,766	1,196,409	-	AA+	S&P	L2
US Treasuries								
US Treasuries (Aaa-Aa1)	37,556,136	25,895,672	11,660,464	-	-	AA+	S&P	L2
US Agencies								
US Agencies (Aaa)	12,265,239	6,267,487	5,552,733	-	445,019	AA+	S&P	L2
Total primary government cash equivalents and investments	<u>\$ 67,461,086</u>	<u>\$ 47,196,098</u>	<u>\$ 18,623,560</u>	<u>\$ 1,196,409</u>	<u>\$ 445,019</u>			
Cash Equivalents, at cost								
Money Market Fund	<u>\$ 13,984,454</u>							
Less: Total Cash Equivalents, at cost	<u>13,984,454</u>							
Total Investments	<u>\$ 53,476,632</u>							

At September 30, 2019, the fiduciary funds had the following investments

Investment Type	Fair Value	Less than 1	1 - 5	6 - 10	More than 10	Rating	Agency	Level
Bond Mutual Fund	\$ 225,995	\$ -	\$ 200,181	\$ 25,814	\$ -	AAA - AA	S&P	L1
Fixed Income US Government (AAA)	1,858,827	-	1,047,299	-	811,528	AAA	S&P	L2
Corporate Fixed Income	5,179,424	149,563	3,858,051	481,476	690,334	AAA-A-, BBB+-B-, CCC+	S&P	L2
Master Limited Partnership	-	-	-	-	-			
Mutual Funds	35,736,085	35,736,085	-	-	-	Not Rated		L1
Equities	13,187,141	13,187,141	-	-	-	Not Rated		L1
Fixed Income	830,805	830,805	-	-	-	Not Rated		L2
Real Estate Investment Fund	6,562,809	6,562,809	-	-	-	Not Rated		L3
Alternative Investments	670,455	670,455	-	-	-	Not Rated		-
Global Fixed Income	669,073	669,073	-	-	-	Not Rated		-
Total Investments	<u>\$ 64,920,614</u>	<u>\$ 57,805,931</u>	<u>\$ 5,105,531</u>	<u>\$ 507,290</u>	<u>\$ 1,501,862</u>			
Total Cash Equivalents, at cost	<u>1,856,260</u>							
Total Fiduciary Fund Cash Equivalents and Investments	<u>\$ 66,776,874</u>							

GASB Codification Section 3100: *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under GASB 72 are described as follows:

Level 1 (L1): Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 (L2): Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

NOTE 2 - DETAILED NOTES ON ALL FUNDS *(Continued)*

A. Deposits and Investments *(Continued)*

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 (L3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2019.

Equities: Valued at quoted market prices.

Mutual Funds: Valued at quoted market prices for Level 2 investments and net asset value if the quoted market price is unavailable.

U.S. Real Estate Investment: Valued at net asset value, which approximates fair value.

American Core Realty: Valued using pricing models maximizing the use of observable inputs for similar securities.

SEI Trust Company: Valued at last quoted sale price on the primary exchange or market on which they are traded or at the most recent quoted bid price

Fixed Income Funds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yield currently available on comparable securities of issuers with similar credit ratings.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Level Three Financial Instruments

The following table summarizes the City's Fiduciary Funds' Level 3 financial instruments, the value technique used to measure the fair value of those financial instruments as of September 30, 2019, and the significant unobservable inputs and the ranges of those values for those inputs.

Instrument	Fair Value 09/30/2019	Principal Valuation Technique	Significant Unobservable Inputs	Range of Significant Input Values	Weighted Average
American Realty Advisors	\$ 2,059,932	Discounted Cash Flow	Going-In Cap Rate Exit Cap Rate Discount Rate	.22% to 6.94% 4.50% to 8.5% 5.25% to 10%	4.27% 5.56% 5.94%
Barings	1,517,063	Discounted Cash Flow	Discount Rate Terminal Cap Rate DCF Term (years)	5.25% to 11.70% 4.5% to 7.0% 10 to 11 years	6.81% 5.38% 10.08 years
U.S. Realty	2,985,814	Discounted Cash Flow Direct Capitalization	Exit Cap Rate Discount Rate Market rent Growth Rate DCF Term	4.75% to 8.63% 5.75% to 8% 3.0% to 3.05% 8 to 12 years	6.14% 7.22% 3.00% 10 years
	<u>\$ 6,562,809</u>				

Fair Value of Investments in Entities that Use Net Asset Value (NAV)

The following table summarizes investments measured at fair value based on NAV per share as of September 30, 2019:

	Fair Value	Unfunded Commitments	Redemption Frequency (If currently eligible)	Redemption Notice Period
Westwood Trust Large Cap Value Equity	\$ 3,288,781	N/A	Monthly	None
TA Realty	\$ -	1,500,000	Monthly	None
SEI Aristotle	\$ 3,297,952	N/A	Monthly	None

B. Receivables

Receivables as of September 30, 2019, for the government's individual major funds and nonmajor, enterprise major and non-major, and internal service funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General Fund	Water and Sewer System Fund	Nonmajor Enterprise Fund	Internal Service Funds	Total
Accounts receivable	\$ 1,078,747	\$ 8,049,739	\$ 250,798	\$ 3,294	\$ 9,382,578
Accounts receivable earned, but not billed	64,539	5,438,368	-	-	5,502,907
Interest receivable	-	-	-	-	-
Tax receivable	34,910	-	-	-	34,910
Gross receivables	1,178,196	13,488,107	250,798	3,294	14,920,395
Less: allowance for uncollectible accounts	(129,042)	(184,562)	(11,038)	-	(324,642)
Total net receivables	<u>\$ 1,049,154</u>	<u>\$ 13,303,545</u>	<u>\$ 239,760</u>	<u>\$ 3,294</u>	<u>\$ 14,595,753</u>

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)**B. Receivables (Continued)**

The City provides an allowance for accounts receivable that may become uncollectible. At September 30, 2019, this allowance was \$129,042 in the general fund, \$184,562 in the water and sewer system fund, and \$11,038 in the stormwater fund. No other allowances for doubtful accounts are maintained since all other accounts receivable are considered collectible at September 30, 2019.

C. Restricted Net Position

The balance of the restricted net position at September 30, 2019 in the enterprise funds are as follows:

Debt service – revenue bonds	\$ 4,505,993
Debt service – State revolving loans	1,080,415
Renewal and replacement	<u>5,795,488</u>
Total restricted net position	<u><u>\$ 11,381,896</u></u>

D. Capital Assets

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

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 6,876,215	\$ -	\$ -	\$ 6,876,215
Construction in progress	<u>679,916</u>	<u>1,716,989</u>	<u>(658,022)</u>	<u>1,738,883</u>
Total capital assets, not being depreciated/amortized	<u>7,556,131</u>	<u>1,716,989</u>	<u>(658,022)</u>	<u>8,615,098</u>
Capital assets, being depreciated/amortized:				
Buildings	25,865,248	467	-	25,865,715
Equipment	16,430,915	832,401	(2,232,913)	15,030,403
Intangibles	2,123,750	15,000	-	2,138,750
Infrastructure	<u>71,793,763</u>	<u>654,604</u>	<u>(1,902)</u>	<u>72,446,465</u>
Total capital assets being depreciated/amortized	<u>116,213,676</u>	<u>1,502,472</u>	<u>(2,234,815)</u>	<u>115,481,333</u>
Less accumulated depreciation/amortization for:				
Buildings	(7,309,169)	(831,957)	-	(8,141,126)
Equipment	(11,031,684)	(1,452,002)	2,166,348	(10,317,338)
Intangibles	(2,092,182)	(24,411)	-	(2,116,593)
Infrastructure	<u>(54,840,857)</u>	<u>(737,809)</u>	<u>-</u>	<u>(55,578,666)</u>
Total accumulated depreciation/amortization	<u>(75,273,892)</u>	<u>(3,046,179)</u>	<u>2,166,348</u>	<u>(76,153,723)</u>
Total capital assets being depreciated/amortized, net	<u>40,939,784</u>	<u>(1,543,707)</u>	<u>(68,467)</u>	<u>39,327,610</u>
Governmental activities capital assets, net	<u>\$ 48,495,915</u>	<u>\$ 173,282</u>	<u>\$ (726,489)</u>	<u>\$ 47,942,708</u>

Depreciation/amortization expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	\$ 1,771,939
Public safety	856,915
Recreation	142,819
Economic development	140,204
Physical environment	1,506
Transportation	132,796
Total depreciation/amortization expense – governmental activities	<u>\$ 3,046,179</u>

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
Business-type activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 2,919,197	\$ -	\$ -	\$ 2,919,197
Construction in progress	34,960,230	5,420,462	(22,817,937)	17,562,755
Total capital assets, not being depreciated/amortized	37,879,427	5,420,462	(22,817,937)	20,481,952
Capital assets, being depreciated/amortized:				
Buildings	10,918,043	-	-	10,918,043
Improvements other than buildings	343,637,980	25,115,751	-	368,753,731
Equipment	24,407,342	911,846	(508,751)	24,810,437
Intangibles	2,707,027	680,035	(5,134)	3,381,928
Total capital assets, being depreciated/amortized	381,670,392	26,707,632	(513,885)	407,864,139
Less accumulated depreciation/amortization for:				
Buildings	(4,877,951)	(278,000)	-	(5,155,951)
Improvements other than buildings	(184,282,020)	(9,576,705)	-	(193,858,725)
Equipment	(18,074,061)	(1,511,251)	482,716	(19,102,596)
Intangibles	(2,330,920)	(390,371)	-	(2,721,291)
Total accumulated depreciation/amortization	(209,564,952)	(11,756,327)	482,716	(220,838,563)
Total capital assets, being depreciated/amortized, net	172,105,440	14,951,305	(31,169)	187,025,576
Business-type activities capital assets, net	<u>\$ 209,984,867</u>	<u>\$ 20,371,767</u>	<u>\$ (22,849,106)</u>	<u>\$ 207,507,528</u>

Depreciation/amortization expense was charged to functions/programs of the City as follows:

Business-type activities:	
Water and Sewer System	\$ 11,448,371
Stormwater Utility	307,956
Total depreciation/amortization expense - business-type activities	<u>\$ 11,756,327</u>

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Discretely Presented Component Units

Activity for the Diamond Square Redevelopment Agency for the year ended September 30, 2019 was as follows:

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 181,192	\$ -	\$ -	\$ 181,192
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	181,192	-	-	181,192
Capital assets, being depreciated:				
Improvements other than buildings	430,362	-	-	430,362
Less accumulated depreciation for:				
Improvements other than buildings	(72,687)	(14,296)	-	(86,983)
Total capital assets, being depreciated, net	357,675	(14,296)	-	343,379
Diamond Square Agency capital assets, net	<u>\$ 538,867</u>	<u>\$ (14,296)</u>	<u>\$ -</u>	<u>\$ 524,571</u>

Activity for the U.S. 1 Corridor Redevelopment Agency for the year ended September 30, 2019 was as follows:

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 286,391	\$ -	\$ -	\$ 286,391
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	286,391	-	-	286,391
Capital assets, being depreciated:				
Improvements other than buildings	692,313	-	-	692,313
Less accumulated depreciation for:				
Improvements other than buildings	(140,606)	(22,090)	-	(162,696)
Total capital assets, being depreciated, net	551,707	(22,090)	-	529,617
U.S. 1 Corridor Agency capital assets, net	<u>\$ 838,098</u>	<u>\$ (22,090)</u>	<u>\$ -</u>	<u>\$ 816,008</u>

Net investment in capital assets component of net position consisted of the following components as of September 30, 2019:

	Governmental Activities	Business-type Activities	Diamond Square Redevelopment Agency	U.S. 1 Corridor Redevelopment Agency
Capital Assets, Net of Depreciation	<u>\$ 47,942,708</u>	<u>\$ 207,507,528</u>	<u>\$ 524,571</u>	<u>\$ 816,008</u>
Calculation of Outstanding Capital Debt				
Revenue Bonds Payable	15,495,000	47,104,587	-	-
Unamortized Premiums/Discounts	421,240	6,826,218	-	-
Notes Payable	2,492,000	15,930,125	-	-
Capital Lease	35,652	-	-	-
Total Outstanding Capital Debt	18,443,892	69,860,930	-	-
Add:				
Deferred Outflow Related to Refundings	-	4,718,314	-	-
Total Adjustments	-	4,718,314	-	-
Net Investment in Capital Assets	<u>\$ 29,498,816</u>	<u>\$ 142,364,912</u>	<u>\$ 524,571</u>	<u>\$ 816,008</u>

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)**D. Capital Assets (Continued)****Construction Commitments**

The City has active construction commitments as of September 30, 2019. At fiscal year-end, the City's commitments with such contracts totaling more than \$100,000 are summarized by project as follows:

Project	Spent-to-Date	Remaining Commitment
Industrial Park Pump Station	\$ 4,795	\$ 420,315
Redundant Finish Flow Pipe	1,773,126	804,493
Chase Hammock Road Looping	820,474	394,554
Dyal Reactor Pipeline Replacement	148,579	168,619
Dyal Cal-Flo pH Adjustment	30,323	102,288
Dyal Filter 1-5 Rehabilitation	-	518,073
Cure-in-Place Pipeline	78,620	121,380
Dr. Joe Lee Smith Community Center	528,137	2,848,762
Total	<u>\$ 3,384,055</u>	<u>\$ 5,378,483</u>

The above remaining commitment balances include accounts and retainages payable recorded in the City's financial statements as of September 30, 2019.

E. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2019 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Cocoa Redevelopment Agency	\$ 56,519
Capital Projects Fund	Cocoa Redevelopment Agency	56,791
Total		<u>\$ 113,310</u>

Advance to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Cocoa Redevelopment Agency	\$ 1,311,038
Capital Projects Fund	Cocoa Redevelopment Agency	731,344
Total		<u>\$ 2,042,382</u>

The balance due to the General Fund by the Cocoa Redevelopment Agency fund represents a loan to pay for the purchase of certain real property within the boundaries of the redevelopment area. The balance due to the Capital Projects Fund by the Cocoa Redevelopment Agency represents a loan to pay for certain capital improvement projects within the boundaries of the redevelopment area. All remaining interfund receivables and payables within the primary government represent cash transfers for operating and capital purposes.

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)**E. Interfund Receivables, Payables and Transfers****Interfund Transfers:**

	Transfers In	Transfers Out	Purpose
Major Funds:			
General Fund	\$ 8,439,719	\$ 7,544,758	Transfer for franchise fees and cost of services, funding for capital projects and debt service
Community Redevelopment Agency	-	419,616	Transfer for administrative costs
Utility Funds	-	8,384,099	Transfer for franchise fee and cost of services
Nonmajor Governmental Funds:			
Special Revenue Funds	430,369	-	To fund capital projects
Debt Service Fund	370,139	-	To fund current year debt service payments
Capital Projects Funds	7,111,046	2,800	To fund capital projects and equipment
Total Interfund Transfers	<u>\$ 16,351,273</u>	<u>\$ 16,351,273</u>	

F. Contracts Payable and Due to Other Governments

The City bills and collects charges for sewer and other services on behalf of Brevard County; the Cities of Cape Canaveral, Cocoa Beach, Rockledge, and Titusville; and Sun Lake and Merritt Island Utility Company. Cash collections are remitted to these entities monthly. At September 30, 2019, the balance recorded as contracts payable due to these entities was \$9,213,388, which includes amounts billed but not yet collected of \$6,618,142 and revenue earned but not yet billed of \$2,594,329. Amounts collected and not yet remitted to these entities at year-end totaled \$3,628,624 in the Water and Sewer System fund. The City has collected for and not yet remitted to the County permit fees totaling \$7,902.

G. Long-term Debt**Changes in Long-term Liabilities**

Long-term liability activity for the year ended September 30, 2019 is as follows:

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance	Due Within One Year
Governmental Activities					
Bond payable:					
Revenue bonds payable	\$ 15,965,000	\$ -	\$ (470,000)	\$ 15,495,000	\$ 480,000
Less unamortized amounts:					
For issuance discounts	(40,644)	-	1,401	(39,243)	-
For issuance premium	486,065	-	(25,582)	460,483	-
Total bonds payable	<u>16,410,421</u>	<u>-</u>	<u>(494,181)</u>	<u>15,916,240</u>	<u>480,000</u>
Notes from Direct Borrowing and Direct Placements	3,103,000	-	(611,000)	2,492,000	625,000
Capital leases	68,562	-	(32,910)	35,652	32,910
Accrued claims payable	4,720,650	7,775,590	(7,686,316)	4,809,924	2,426,924
OPEB liability	20,586,425	352,149	(765,568)	20,173,006	-
Net pension liability	18,799,895	6,278,192	(2,506,738)	22,571,349	-
Compensated absences	<u>1,719,539</u>	<u>876,411</u>	<u>(1,329,452)</u>	<u>1,266,498</u>	<u>546,944</u>
Governmental activities long-term liabilities	<u>\$ 65,408,492</u>	<u>\$ 15,282,342</u>	<u>\$ (13,426,165)</u>	<u>\$ 67,264,669</u>	<u>\$ 4,111,778</u>

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)**G. Long-term Debt (Continued)****Changes in Long-term Liabilities (Continued)**

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance	Due Within One Year
Business-type Activities					
Bond payable:					
Revenue bonds payable	\$ 34,330,000	\$ 58,375,000	\$ (28,350,000)	\$ 64,355,000	\$ 2,195,000
Less unamortized amounts:					
For issuance discounts	(595,593)	-	595,593	-	-
For issuance premium	245,567	6,890,332	(309,681)	6,826,218	-
Total bonds payable	33,979,974	65,265,332	(28,064,088)	71,181,218	2,195,000
Direct Placement					
Revenue bonds payable	21,805,000	-	-	21,805,000	1,250,000
Total all bonds payable	55,784,974	65,265,332	(28,064,088)	92,986,218	3,445,000
Due to other governments:					
State revolving loans payable	17,952,442	-	(2,022,317)	15,930,125	2,075,388
OPEB liability	5,181,743	8,374,563	(515,843)	13,040,463	-
Net pension liability	8,525,435	1,628,760	(540,614)	9,613,581	-
Compensated absences	583,372	877,476	(855,549)	605,299	260,997
Business-type activities long-term liabilities	<u>\$ 88,027,966</u>	<u>\$ 76,146,131</u>	<u>\$ (31,998,411)</u>	<u>\$ 132,175,686</u>	<u>\$ 5,781,385</u>

For the governmental activities, capital leases and compensated absences are generally liquidated by the General Fund.

Principal and interest paid in the current fiscal year for the Fire Protection Revenue Bonds, Series 2016, was \$459,863 and pledged gross revenue was \$2,469,303. As of September 30, 2019, principal and interest to maturity in 2046 to be paid from pledged future revenues totaled \$12,479,506. Principal and interest paid in the current fiscal year for the Capital Improvement Revenue Bond, Series 2016, was \$614,913 and pledged gross revenue was \$4,167,398. As of September 30, 2019, principal and interest to maturity in 2037 to be paid from pledged future revenues totaled \$11,008,825.

Principal and interest paid in the current fiscal year for the Water and Sewer System Revenue Bonds, Capital Improvement Revenue Notes, and the State Revolving Loan Funds was \$11,412,716 and pledged net revenue and impact fees was \$34,114,510. As of September 30, 2019, principal and interest to maturity in 2040 to be paid from pledged future revenues totaled \$158,525,816.

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term Debt (Continued)

Revenue Bonds

Revenue bonds in the City's Water and Sewer System Fund are secured by and payable from the gross revenues of the City's water and sewer system. The bond resolutions provide that certain revenues in excess of debt service requirements may be used for general operating purposes.

The resolutions applicable to the revenue bonds require the establishment of various bond principal and interest sinking funds and reserve accounts with various requirements for deposit. These requirements have been met for the fiscal year ended September 30, 2019. Revenue bonds outstanding at year-end are as follows:

Governmental Activities

Capital Improvement Refunding Revenue Bond, Series 2016, original issuance amount of \$8,865,000 to the Capital Projects Fund, due \$295,000 to \$590,000 annually through 2037; interest at 2.000% to 4.000% (plus bond premium \$486,065)	\$ 8,395,483
Fire Protection Assessment Revenue Bond, Series 2016, original issuance amount of \$8,000,000 to the Capital Projects Fund, due \$160,000 to \$445,000 annually through 2046; interest at 2.000% to 4.125% (less bond discount of \$40,644)	<u>7,520,757</u>
Total governmental activities	<u>\$ 15,916,240</u>

Business-type Activities

Water and Sewer System Refunding Revenue Bonds, Series 2003, original issuance amount of \$23,985,000, due \$1,370,000 to \$1,790,000 annually through 2023; interest at 2.000% to 5.500% (plus bond premium of \$196,453)	\$ 6,816,453
Water and Sewer Revenue Bond, Series 2018B, original issuance amount of \$37,540,000, due \$640,000 to \$2,270,000 annually in 2019 through 2048; interest at 3-5% (plus bond premium of \$4,341,952)	41,097,220
Water and Sewer System Refunding Revenue Bond, Series 2018C, original issuance amount of \$20,835,000, due \$980,000 to \$2,050,000 annually in 2027 through 2040; interest at 4-5% (plus bond premium of \$2,548,379)	<u>23,267,544</u>
Total Bonds Payable	<u>71,181,217</u>
Direct Placement Bonds	
Water and Sewer System Refunding Revenue Bond, Series 2018A-2, original issuance amount of \$21,805,000, due \$3,645,000 to \$1,175,000 annually in 2018 through 2031; interest at 3.63% (issued at par value)	<u>21,805,000</u>
Total business-type activities	<u>\$ 92,986,217</u>

All outstanding bonds are subject to Federal Arbitrage

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)**G. Long-term Debt (Continued)**

Annual debt service requirements to maturity for revenue bonds outstanding are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities			
	Principal	Interest	Bonds Payable		Direct Placement Bonds	
			Principal	Interest	Principal	Interest
2020	\$ 480,000	\$ 590,675	\$ 2,195,000	\$ 3,045,950	\$ 1,250,000	\$ 791,522
2021	495,000	576,275	2,295,000	2,941,975	1,300,000	746,146
2022	510,000	561,425	2,410,000	2,833,000	1,345,000	698,956
2023	535,000	541,025	2,530,000	2,711,100	1,400,000	650,134
2024	555,000	519,625	765,000	2,583,050	3,340,000	599,312
2025-2029	3,110,000	2,253,063	6,385,000	12,357,588	10,690,000	1,357,621
2030-2034	3,775,000	1,603,069	11,620,000	10,416,750	2,480,000	135,218
2035-2039	3,265,000	874,531	15,225,000	7,590,300	-	-
2040-2044	1,900,000	419,400	12,475,000	3,731,250	-	-
2045-2049	870,000	54,244	8,455,000	1,082,750	-	-
Totals	<u>\$ 15,495,000</u>	<u>\$ 7,993,332</u>	<u>\$ 64,355,000</u>	<u>\$ 49,293,713</u>	<u>\$ 21,805,000</u>	<u>\$ 4,978,909</u>

Governmental Activities

- 1) On November 1, 2016, the City issued \$8,865,000 Capital Improvement Refunding Revenue Bonds, Series 2016, a refunding bond. These bonds were sold to: (i) fully refund \$9,550,000 of outstanding Capital Improvement Revenue Bonds, Series 2007, maturing on and after October 1, 2018, and defeasing the lien on all of the Series 2007 Bonds, and (ii) paying certain costs and expenses relating to the issuance of the Series 2016 Bonds. The City completed the refunding to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$925,052. The City's decision to advance refund the Capital Improvement Revenue Bonds, Series 2007, resulted in a reduction of total debt service payments over the next twenty years of \$2,230,407. The Series 2016 bonds bear interest at 2.00% to 4.00% per annum, payable semi-annually on April 1 and October 1. Principal is due annually beginning October 1, 2017, in amounts that range from \$295,000 to \$590,000, until final maturity on October 1, 2037.

This refunding constituted an economic defeasance, but did not legally release the City from its obligation to repay the Capital Improvement Revenue Bonds, Series 2007. Under the terms of the refunding bond, sufficient assets to pay all principal and interest on the fully refunded bond issue were placed into an irrevocable trust account at a commercial bank. The assets, liabilities and financial transactions of this trust account are not reflected in the financial statements of the City.

Default under the Capital Improvement Refunding Revenue Bonds, Series 2016 includes non-payment of amounts due (principal and interest), failure to perform bond covenants without remedy within a 30-day period and bankruptcy or receivership for longer than 90 days. Upon an event of default, registered owners of not less than 25% of aggregate principal outstanding can appoint a trustee to represent them in legal proceedings related to the rights of the bondholders. In no case, however, shall any holder, trustee or receiver have the right to declare the bonds immediately due and payable.

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term Debt (Continued)

Governmental Activities (Continued)

- 2) On December 20, 2016, the City issued \$8,000,000 in Fire Protection Assessment Revenue Bonds, Series 2016, with interest rates ranging from 2.000% to 4.125%. The total amount of the debt, principal of \$8,000,000 and interest of \$5,763,711, is to be paid through fiscal year 2047, with annual debt service payments ranging from \$160,000 to \$445,000 beginning in fiscal year 2017. The Series 2016 Bonds were issued by the City for the purpose of, together with other available funds of the City, (i) financing a portion of the costs of acquisition and construction of three fire station facilities and other equipment for the City's fire protection services, (ii) making a deposit to the Series 2016 Reserve Fund Subaccount, and (iii) paying certain costs and expenses relating to the issuance of the Series 2016 Bonds. Debt service will be paid from certain non-ad valorem special assessments (fire protection assessments), with the rates established each year by Resolution.

Default under the Fire Protection Assessment Revenue Bonds, Series 2016 includes non-payment of amounts due (principal and interest), failure to perform bond covenants without remedy within a 30-day period and bankruptcy or receivership for longer than 90 days. Upon an event of default, registered owners of not less than 25% of aggregate principal outstanding can appoint a trustee to represent them in legal proceedings related to the rights of the bondholders. In no case, however, shall any holder, trustee or receiver have the right to declare the bonds immediately due and payable.

Business-Type Activities

- 1) The Water and Sewer System Refunding Revenue Bonds, Series 2003, are not subject to redemption prior to maturity at the option of the City. However, bonds maturing on October 1, 2019 are subject to mandatory redemption prior to maturity, at the option of the paying agent, at 100% of the principal amount of the bond to be redeemed, on October 1, 2018. In addition, bonds maturing on October 1, 2023 are subject to mandatory redemption prior to maturity, at the option of the paying agent, at 100% of the principal amount of the bonds to be redeemed, on October 1, 2018 and on each October 1 thereafter, through and including October 1, 2023.

Default under the 2003 Bonds includes non-payment of principal and interest when due, failure to perform bond covenants without remedy within 30 days and insolvency or bankruptcy. Upon an event of default, registered owners of not less than 51% of the aggregate principal outstanding and accreted value as of the most recent interest payment date, may declare the bonds due and payable immediately. For the Series 2003 bonds, this requires the consent of AMBAC, insurer of the bonds.

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term Debt (Continued)

Business-Type Activities (Continued)

- 2) The Water and Sewer System Revenue Bonds, Series 2009A, are subject to redemption prior to their respective stated dates of maturity at the option of the City, in whole or in part, on or after October 1, 2019, at 100% of the principal amount of the bond to be redeemed, together with accrued interest to the date set for redemption. Bonds maturing on October 31, 2034 are subject to mandatory redemption prior to maturity, at the option of the paying agent, at 100% of the principal amount of the bond to be redeemed, on October 1, 2030 and on each October 1 thereafter, through and including October 1, 2034. In addition, bonds maturing on October 1, 2039 are subject to mandatory redemption prior to maturity, at the option of the paying agent, at 100% of the principal amount of the bond to be redeemed, on October 1, 2035 and on each October 1 thereafter, through and including October 1, 2039.

The Water and Sewer Revenue Refunding Bonds, Series 2009B, maturing in the year 2019 are not subject to optional maturity prior to their stated date of maturity. Bonds maturing on or after October 1, 2020, are subject to redemption prior to their respective stated dates of maturity at the option of the City, in whole or in part, on or after October 1, 2019, at 100% of the principal amount of the bond to be redeemed, together with accrued interest to the date set for redemption. The outstanding balance for 2009A and 2009B bonds is \$0 at September 30, 2019.

The refunding described subsequently in Note G (4) Long-term Debt/Business-Type Activities constituted an economic defeasance, but did not legally release the City from its obligation to repay the Water and Sewer Revenue Bonds, Series 2009A and the Water and Sewer System Refunding Revenue Bonds, Series 2009B. Under the terms of the refunding bond, sufficient assets to pay all principal and interest on the fully refunded bond issues were placed into an irrevocable trust at a commercial bank. The assets, liabilities and financial transactions of this trust account are not reflected in the financial statements of the City.

- 3) Water and Sewer System Revenue Bonds, Series 2010 (Federally Taxable-Build America Bonds - Direct Subsidy) are subject to redemption prior to their stated dates of maturity, at the option of the City, in whole or in part, on October 1, 2020, or any date thereafter, in such order as may be determined by the City and, by lot, within a maturity, at the redemption price of the principal amount to be redeemed, plus accrued interest to the redemption date. The Series 2010 Bonds maturing on October 1, 2030 are subject to mandatory redemption prior to maturity, by lot, in such manner as the paying agent may deem appropriate, at 100% of the principal amount to be redeemed plus accrued interest to the date of redemption, without premium, on October 1, 2027 and on each October 1 thereafter. The Series 2010 Bonds maturing on October 1, 2035 are subject to mandatory redemption prior to maturity, by lot, in such manner as the paying agent may deem appropriate, at 100% of the principal amount to be redeemed plus accrued interest to the date of redemption, without premium, on October 1, 2031 and on each October 1 thereafter. The Series 2010 Bonds maturing on October 1, 2040 are subject to mandatory redemption prior to maturity, by lot, in such manner as the paying agent

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term Debt (Continued)

Business-Type Activities (Continued)

may deem appropriate, at 100% of the principal amount to be redeemed plus accrued interest to the date of redemption, without premium, on October 1, 2036 and on each October 1 thereafter. The Series 2010 Bonds are subject to extraordinary optional redemption prior to their maturity date at the option of the City, in whole or in part, on any date prior to October 1, 2020 in such maturities as the City shall determine, only upon the occurrence of an extraordinary event (as defined in the bond agreement), at a redemption price equal to the greater of: (1) 100% of the principal amount of the Series 2010 Bonds to be redeemed; or (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2010 Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2010 Bonds are to be redeemed, discounted to the date on which the Series 2010 Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year, consisting of twelve 30-day months, at the treasury rate (as defined in the bond agreement), plus 100 basis points; plus, in each case, accrued interest on the Series 2010 Bonds to be redeemed to the redemption date.

The Series 2010 Bonds were advance refunded via the Water and Sewer System Refunding Revenue Bonds, Series 2018C.

- 4) On August 22, 2018, the City issued \$21,805,000 Water and Sewer System Revenue Refunding Bonds, Series 2018A-1, a refunding bond. These bonds were sold to: (1) fully refund \$8,795,000 of Outstanding Water and Sewer Revenue Bonds, Series 2009A maturing October 1, 2039 and defease the lien on all of the Series 2009B bonds and \$12,325,000 of Water and Sewer System Refunding Revenue Bonds, Series 2009B maturing October 1, 2031 and defease the lien on all of the Series 2009B bonds and (2) pay certain costs and expenses relating to the issuance of the Series 2018A-1 Bonds. The City completed the refunding to obtain an economic gain (the difference between the present values of the old and new debt service payments) of \$1,369,098. The City's decision to advance refund the Water and Sewer Revenue Bonds, Series 2009A and the Water and Sewer System Refunding Revenue Bonds, Series 2009B resulted in a reduction of total debt service payments over the next thirteen years of \$2,965,093. The Series 2018A-1 Bonds were exchanged for a 2018A-2 Tax Exempt Bond on July 15, 2019. The Series 2018A-1 bonds bear taxable fixed interest at 3.1% until the exchange date, payable semi-annually on April 1 and October 1. The interest rate has been fixed to change from the Exchange Date of July 15, 2019 to the Maturity Date to a tax-exempt rate of 3.63%. The principal amount of the 2018 Tax-Exempt Bond Series A-2 will be payable beginning October 1, 2020. Final maturity of the Series A-2 tax-exempt bond will be October 1, 2031.

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term Debt (Continued)

Business-Type Activities (Continued)

Default under the 2018A-2 Bonds includes non-payment of principal and interest when due, failure to perform bond covenants without remedy within 30 days and insolvency or bankruptcy. Upon an event of default, registered owners of not less than 51% of the aggregate principal outstanding and accreted value as of the most recent interest payment date, may declare the bonds due and payable immediately. Water and Sewer System Revenue Bonds, Series 2010 (Federally Taxable-Build America Bonds - Direct Subsidy) are subject to redemption prior to their stated dates of maturity, at the option of the City, in whole or in part, on October 1, 2020, or any date thereafter, in such order as may be determined by the City and, by lot, within a maturity, at the redemption price of the principal amount to be redeemed, plus accrued interest to the redemption date. The Series 2010 Bonds maturing on October 1, 2030 are subject to mandatory redemption prior to maturity, by lot, in such manner as the paying agent may deem appropriate, at 100% of the principal amount to be redeemed plus accrued interest to the date of redemption, without premium, on October 1, 2027 and on each October 1 thereafter. The Series 2010 Bonds maturing on October 1, 2035 are subject to mandatory redemption prior to maturity, by lot, in such manner as the paying agent may deem appropriate, at 100% of the principal amount to be redeemed plus accrued interest to the date of redemption, without premium, on October 1, 2031 and on each October 1 thereafter. The Series 2010 Bonds maturing on October 1, 2040 are subject to mandatory redemption prior to maturity, by lot, in such manner as the paying agent may deem appropriate, at 100% of the principal amount to be redeemed plus accrued interest to the date of redemption, without premium, on October 1, 2036 and on each October 1 thereafter. The Series 2010 Bonds are subject to extraordinary optional redemption prior to their maturity date at the option of the City, in whole or in part, on any date prior to October 1, 2020 in such maturities as the City shall determine, only upon the occurrence of an extraordinary event (as defined in the bond agreement), at a redemption price equal to the greater of: (1) 100% of the principal amount of the Series 2010 Bonds to be redeemed; or (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2010 Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2010 Bonds are to be redeemed, discounted to the date on which the Series 2010 Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year, consisting of twelve 30-day months, at the treasury rate (as defined in the bond agreement), plus 100 basis points; plus, in each case, accrued interest on the Series 2010 Bonds to be redeemed to the redemption date. The Series 2010 bonds were advance refunded with the issuance of Series 2018C bonds.

NOTE 2 - DETAILED NOTES ON ALL FUNDS *(Continued)*

G. Long-term Debt *(Continued)*

Business-Type Activities *(Continued)*

- 5) On October 3, 2018, the City issued \$37,540,000 Water and Sewer System Revenue Bonds, Series 2018B and Water and Sewer System Refunding Revenue Bonds, Series 2018C. The 2018B Bonds are being issued to fund the 2018B Project consisting of the acquisition, construction and equipping of certain capital improvements to the Water and Sewer System. The bonds bear interest at a rate of 3-5% with semi-annual payments due each April 1 and October 1 through October 1, 2048. The 2018C Bonds are being issued to advance refund the Water and Sewer System Revenue Bonds, Series 2010 (Federally Taxable – Build America Bonds – Direct Subsidy). Immediately upon issuance, a portion of the proceeds of the 2018C bonds, together with other available funds of the City, were deposited into an escrow account for the purpose of paying principal and interest on the Series 2010 bonds as they come due. Interest on these bonds are 4-5% with payment of interest only due until October 1, 2027 at which time principal installments are due each April 1 and October 1 through October 1, 2040.

The City completed the refunding to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$2,023,448. The City's decision to advance refund the Water and Sewer System Revenue Bonds, Series 2010, resulted in a reduction of total debt service payments over the next 22 years of \$8,788,883.

Default under the 2018B and 2018C Bonds includes non-payment of principal and interest when due, failure to perform bond covenants without remedy within 30 days and insolvency or bankruptcy. Upon an event of default, registered owners of not less than 51% of the aggregate principal outstanding and accreted value as of the most recent interest payment date, may declare the bonds due and payable immediately.

Notes Payable

Governmental Activities

- 1) On December 7, 2010, the City entered into a Capital Improvement Refunding Note, Series 2010, in the principal amount of \$3,200,000 to refund the remaining amount of the Capital Improvement Revenue Bonds, Series 1998, outstanding and to finance certain costs of capital expenditures for the City's public purposes. The note bears interest at a fixed rate of 2.50%.

Upon an Event of Default, registered owners of not less than 25% of the aggregate principal outstanding can appoint a trustee to represent them in legal proceedings related to the rights of the bondholders. In no case, however, shall any holder, trustee or receiver have the right to declare the bonds immediately due and payable

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term Debt (Continued)

Notes Payable (Continued)

- 2) On November 14, 2012, the City entered into a Transportation Improvement Revenue Note, Series 2012, in the principal amount of \$1,250,000 for the purpose of financing the City's payment obligations under a funding agreement with the Florida Department of Transportation. The note bears interest at a fixed rate of 1.90%.

Upon an Event of Default, the owner of the note can declare the entire debt immediately due and payable. Issuer may then be obligated for collection and enforcement costs, including attorney's fees.

- 3) On November 26, 2014, the City entered into a Capital Improvement Revenue Note, Series 2014, in the principal amount of \$2,010,000 in order to finance the City's purchase of three fire vehicles, consisting of one ladder truck and two rescue pumper trucks. The note bears interest at a fixed rate of 2.20%.

Upon an event of default, the interest rate increases to the default rate after 5 days past any due date for principal and interest.

Notes payable outstanding at year-end are as follows:

<u>Governmental Activities</u>	
Capital Improvement Refunding Note, Series 2010, original issuance amount of \$3,200,000, payments range from \$277,000 to \$303,000 annually through 2022; interest at 2.5%	\$ 887,000
Transportation Revenue Note, Series 2012, original issuance amount of \$1,250,000, payments range from \$125,000 to \$135,000 annually through 2023; interest at 1.9%	530,000
Capital Improvement Revenue Note, Series 2014, original issuance amount of \$2,010,000, payments range from \$195,000 to \$225,000 annually through 2024; interest at 2.20%	<u>1,075,000</u>
Total governmental activities	<u>\$ 2,492,000</u>

Annual debt service requirements to maturity for the notes are as follows:

Year Ending September 30,	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 625,000	\$ 54,660
2021	634,000	40,430
2022	653,000	25,943
2023	355,000	16,023
2024	<u>225,000</u>	<u>-</u>
Totals	<u>\$ 2,492,000</u>	<u>\$ 137,056</u>

The note agreements provide for certain debt covenant requirements, including debt service and reserve requirements. The City is currently in compliance with each of these covenants.

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term Debt (Continued)

State Revolving Fund Loans

- 1) On March 20, 2001, the City was awarded financial assistance from the Florida Department of Environmental Protection in the form of a Drinking Water State Revolving Fund Loan (DW0517010), for the purpose of financing construction of the Banana River 36-inch Water Main project. The amount of the loan payable at September 30, 2019 is \$859,978. The loan bears interest at fixed rates ranging from 3.05% to 3.27% per annum, with principal and interest payments due in January and July of each fiscal year until the loan is paid in full in fiscal year 2022.
- 2) During 2003, the City was awarded an additional construction loan under the Florida Department of Environmental Protection's Drinking Water State Revolving Fund Loan (DW0517020), for the purpose of financing Phase I of a 54-inch water main from State Road 524 to the St. John's River. The amount of the loan payable at September 30, 2019 is \$1,227,541. The loan bears interest at fixed rates ranging from 2.67% to 2.93% per annum, with principal and interest payments due in February and August of each fiscal year until the loan is paid in full in fiscal year 2024.
- 3) During 2003, the City was awarded an additional construction loan under the Florida Department of Environmental Protection's Clean Water State Revolving Fund (WWG12081202P), for the purpose of preconstruction activities, which consist of the planning, administrative, and engineering work necessary for the City to qualify for Clean Water State Revolving Fund financing, for construction of wastewater transmission, collection, reuse, and treatment facilities. The amount of the loan payable at September 30, 2019 is \$1,101,443. The loan bears interest at fixed rates ranging from 1.89% to 2.04% per annum, with principal and interest payments due in June and December of each year until the loan is paid in full in fiscal year 2025.
- 4) During 2004, the City was awarded an additional construction loan under the Florida Department of Environmental Protection's State Revolving Fund (DW0517030), in order to finance the City's 54-inch Water Transmission Main Phase 2 construction project. The amount of the loan payable at September 30, 2019 is \$3,404,062. The loan bears interest at fixed rates ranging from 2.58% to 2.96% per annum, with principal and interest payments due in February and August of each year until the loan is repaid in full in fiscal year 2025.
- 5) During 2009, the City was awarded an additional construction loan under the Florida Department of Environmental Protection Clean Water State Revolving Fund (WW812030), for the waste water portion related to the Widening of US 1 from Park to Rosa L. Jones and from Rosa L. Jones to Pine, including a force main and reclaimed water main. The amount of the loan payable at September 30, 2019 is \$3,886,648. The loan bears interest at 2.92% per annum, with 40 principal and interest payments due in April and October of each fiscal year until the loan is repaid in full in fiscal year 2031.

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)**G. Long-term Debt (Continued)**State Revolving Fund Loans (Continued)

- 6) During 2009, the City was awarded an additional construction loan under the Florida Department of Environmental Protection Drinking Water State Revolving Fund (DW0517040), for the water main portion related to the widening of US 1 from Park to Rosa L. Jones and from Rosa L. Jones to Pine. The maximum amount of the loan is \$3,200,000. The amount of the loan payable at September 30, 2019 is \$1,332,394. The loan bears interest at 2.77% per annum, with 40 principal and interest payments due in June and December of each fiscal year until the loan is repaid in full in fiscal year 2031.
- 7) During 2009, the City was awarded an additional construction loan under the Florida Department of Environmental Protection Drinking Water State Revolving Fund (DW0517050), for South Mainland 42-inch Water Main Project. The maximum amount of the loan is \$6,400,000. The amount of the loan payable at September 30, 2019 is \$4,039,277. The loan bears interest at fixed rates ranging from 2.77% to 2.84% per annum, with 40 principal and interest payments due in April and October of each fiscal year until the loan is repaid in full in fiscal year 2030.
- 8) During 2009, the City was awarded an additional construction loan under the Florida Department of Environmental Protection Drinking Water State Revolving Fund (DW0517060), for the South Atlantic Avenue Water Main Replacement Phase I Project. The amount of the loan payable at September 30, 2019 is \$78,782. The loan bears interest at fixed rates ranging from 2.57% to 2.82% per annum, with 40 principal and interest payments due in June and December of each fiscal year until the loan is repaid in full in fiscal year 2031.

The City's direct borrowings with the State Revolving Fund (SRF) contain provisions that in the event of default, notification of such default may be made to the Florida Auditor General and Chief Financial Officer, and the SRF may intercept the unpaid amounts from unobligated funds due to the City under revenue or tax sharing programs. The SRF may impose a penalty of an interest rate from 6-18% annually on the amount due. Additionally, the SRF may accelerate the repayment schedule or increase the financing rate on unpaid principal to as much as 1.667-3.333 times the original financing rate.

The balances outstanding under State Revolving Loan Funds as of September 30, 2019 are as follows:

Year Ending September 30,	Business-type Activities	
	Principal	Interest
2020	\$ 2,075,388	\$ 434,092
2021	2,134,170	375,309
2022	2,014,250	314,839
2023	1,887,305	261,392
2024	1,792,761	209,395
2025-2029	4,939,766	536,615
2030-2034	1,086,485	31,426
Totals	<u>\$15,930,125</u>	<u>\$ 2,163,068</u>

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term Debt (Continued)

Pledged Revenue

The following is a summary schedule of the City's long-term obligations, including their impact on those present and future pledged revenue sources:

	Debt Service Paid	Principal Outstanding	Interest Outstanding	Years Remaining
Business-type Activities:				
Revenue Bonds:				
Water and Sewer System Refunding Revenue Bonds, Series 2003 original issuance amount of \$23,985,000, due \$1,370,000 to \$1,790,000 annually through 2023; interest at 2.0% to 5.5% (plus bond premium of \$196,453)	\$ 1,888,575	\$ 6,620,000	\$ 934,725	4
Water and Sewer System Revenue Bond, Series 2018B original issuance amount of \$37,540,000, due \$640,000 to \$2,270,000 annually in 2019 through 2048; interest at 3-5% (plus bond premium of \$4,341,952)	2,366,206	36,900,000	32,287,850	29
Water and Sewer System Revenue Bond, Series 2018C original issuance amount of \$20,835,000, due \$980,000 to \$2,050,000 annually in 2027 through 2040; interest at 4-5% (plus bond premium of \$2,548,379)	-	20,835,000	16,071,138	22
Direct Placement Bonds:				
Water and Sewer System Revenue Refunding Bonds, Series 2018A-2 original issuance amount of \$21,805,000, due \$3,645,000 to \$1,175,000 annually in 2018 through 2031; interest at 3.63% (issued at par value)	700,352	21,805,000	4,978,909	12
Total Bonds - Business-type Activities	4,955,133	86,160,000	54,272,622	
Subordinate Debt (Direct Borrowing):				
State Revolving Loans - Florida Department of Environmental Protection and Florida Water Pollution Control Financing Corporation original issuance amounts of \$22,262,404, with annual installments ranging from \$3,977 to \$597,586 through 2031, interest at 1.89-3.27%.	2,505,520	15,930,125	2,163,068	
Total Business-type Activities	\$ 7,460,653	102,090,125	\$ 56,435,690	
Less: Premium/ Discount		6,826,218		
Total Principal Outstanding Less Premium / Discount		\$ 95,263,907		
(1) Debt service payments in FY2019 for Water and Sewer System Revenue Bond, Series 2009B was \$2,085,750; for Water and Sewer System Revenue Bond, Series 2018BA was \$1,866,313. Both of these bonds were refunded in FY2019, so there will be no further debt service for these bonds.				
(2) See the following table for the pledged revenue calculation.				
Water & Sewer System Pledged Revenue Calculation				
Operating Revenues	\$ 65,298,095			
Add: Gain/Loss on Sale of Capital Assets	73,980			
Add: Interest Income	2,031,125			
Less: Impact Fees	(2,465,963)			
Total Applicable Revenues	64,937,237			
Less: Operating Expense	(48,142,115)			
GF Admin Fee	5,701,690			
Add back depreciation	11,448,371			
Net Revenues	33,945,183			
Pledged Impact Fees	2,465,963			
Net Revenues Plus Pledged Impact Fees	\$ 36,411,146			

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term Debt (Continued)

Capital Leases

The City has entered into a lease agreement as lessee for financing the acquisition of certain equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The assets acquired through capital lease are as follows:

<u>Year Ending September 30,</u>	
2020	\$ 32,910
2021	<u>2,742</u>
Total minimum future rental expense	<u>\$ 35,652</u>

H. Operating Leases

The City leases various equipment under operating leases. The following schedule represents minimum future rental expense related to the leases:

<u>Year Ending September 30,</u>	
2020	\$ 13,964
2021	4,207
2022	3,320
2023	3,320
2024	<u>2,490</u>
Total minimum future rental expense	<u>\$ 27,301</u>

NOTE 3 - OTHER INFORMATION

A. Risk Management

The City adopted a self-insurance program for workers' compensation, effective January 1, 1990. The City is self-insured during each one-year liability period for the first \$650,000 of each workers' compensation claim and for any losses incurred exceeding \$25,000,000 per incident. For the year ended September 30, 2019, the City had an estimated \$884,821 in claims expense, including \$17,393 in incurred but not reported claims, and \$210,824 in administrative costs recorded in the self-insurance fund. At September 30, 2019, the actuarially determined net loss reserve for all fund years is \$4,119,000 (undiscounted). On a discounted basis (discounted at 3.0%), the actuarial net loss reserve is \$3,400,000. This liability is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. To estimate this liability, the incurred but not reported factors are applied to trended claims history. Settled claims have not exceeded coverage in any of the past three fiscal years.

NOTE 3 - OTHER INFORMATION (Continued)**A. Risk Management (Continued)**

Effective October 1, 2015, the City changed from a hybrid fully insured healthcare plan to a self-funded healthcare plan, engaging Cigna Health and Life Insurance Company (“Cigna”) to act as third-party administrator in exchange for a medical administrative fee per covered employee. Funds are deposited into an imprest account from which Cigna, as third-party administrator, pays plan claims in accordance with plan benefits. The City has obtained Specific Stop Loss Insurance and Aggregate Stop Loss Insurance to protect its assets in the event of a large individual claim (greater than \$125,000) or in the event claim costs exceed a predetermined amount (125% of the expected annual claims amount). For the year ended September 30, 2019, the City had \$5,557,945 in claims expense, including \$388,041 in incurred but not reported claims and \$1,122,000 in administrative costs recorded in the self-insurance fund. At September 30, 2019, the actuarially determined net loss reserve is \$1,409,924. This liability is based on the requirements of GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues. To estimate this liability, the incurred but not reported factors are applied to trended claims history. Settled claims have not exceeded coverage in the past fiscal year.

Changes in the estimated accrued claims payable in fiscal years 2019 and 2018 were as follows:

	2019	2018
Balance at beginning of year	\$ 4,720,650	\$ 4,152,457
Current year claims and changes in estimate	7,775,590	9,451,426
Claims payments	<u>(7,686,316)</u>	<u>(8,883,233)</u>
Balance at end of fiscal year	4,809,924	4,720,650
Less: amount due within one year	<u>(2,426,924)</u>	<u>(2,359,650)</u>
Noncurrent portion	<u>\$ 2,383,000</u>	<u>\$ 2,361,000</u>

There have been no significant reductions in insurance coverage during fiscal year 2019.

B. Major Customers

The City’s Water and Sewer System Fund had one major customer in 2019. Sales to this customer aggregated \$2,716,851. At September 30, 2019, the amount due from this customer included in accounts receivable is \$570,402.

C. Pension Plan Summary

	FRS	HIS	Fire	Police	General	Total
Deferred Outflow	\$ 4,797,383	\$ 1,274,016	\$ 2,072,055	\$ 1,795,102	\$ -	\$ 9,938,556
Deferred Inflow	\$ 775,254	\$ 426,802	\$ 433,086	\$ 337,512	\$ 166,377	\$ 2,139,031
Net Pension Liability	\$ 12,093,584	\$ 5,144,901	\$ 9,043,413	\$ 3,221,897	\$ 2,681,135	\$ 32,184,930

NOTE 3 - OTHER INFORMATION *(Continued)*

D. State of Florida Pension Plans

Defined Benefit Plans

The City participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The Florida Retirement System ("FRS") Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program ("DROP") available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy ("HIS") Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

NOTE 3 - OTHER INFORMATION (Continued)**D. State of Florida Pension Plans (Continued)***Contributions*

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan. The employer's contribution rates as of September 30, 2019, were as follows:

	<u>FRS</u>	<u>HIS</u>
Regular Class	6.81%	1.66%
Special Risk Class	23.82%	1.66%
Senior Management Service Class	23.75%	1.66%
Elected Officials	47.16%	1.66%
DROP from FRS	12.94%	1.66%

The employer's contributions for the year ended September 30, 2019, were \$1,088,861 to the FRS Defined Benefit Pension Plan and Defined Contribution Investment Plan and \$255,332 to the HIS Program.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2019, the City reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2019. The City's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	<u>FRS</u>	<u>HIS</u>
Net pension liability	\$ 12,093,584	\$ 5,144,901
Proportion at:		
Current measurement date	0.0351%	0.0460%
Prior measurement date	0.0339%	0.0448%
Pension expense	\$ 3,123,673	\$ 529,205

NOTE 3 - OTHER INFORMATION (Continued)**D. State of Florida Pension Plans (Continued)***Deferred Outflows/Inflows of Resources Related to Pensions*

At September 30, 2019, the City has reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 717,305	\$ 7,505	\$ 62,491	\$ 6,300
Changes of assumptions	3,106,153	-	595,731	420,502
Net difference between projected and actual earnings on pension plan investments	-	669,079	3,320	-
Changes in proportion and differences between City pension plan contributions and proportionate share of contributions	666,387	98,670	544,344	-
Employer contributions subsequent to the measurement date	307,538	-	68,130	-
Totals	<u>\$ 4,797,383</u>	<u>\$ 775,254</u>	<u>\$ 1,274,016</u>	<u>\$ 426,802</u>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2020. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending September 30,	FRS	HIS
2020	\$ 1,274,248	\$ 234,644
2021	464,357	196,341
2022	976,505	151,095
2023	732,125	72,269
2024	211,718	62,334
Thereafter	55,638	62,401
Totals	<u>\$ 3,714,591</u>	<u>\$ 779,084</u>

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2019. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2019. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2018, rolled-forward using standard actuarial procedures. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	6.90%	N/A
Discount rate	7.00%	3.50%

Mortality assumptions for the FRS Pension Plan was based off the PUB-2010 base table that varies by member category and sex, projected generationally. The HIS plan was based on the Generational RP-2000 with Projection Scale BB.

NOTE 3 - OTHER INFORMATION (Continued)

D. State of Florida Pension Plans (Continued)

The most recent experience study for the FRS Pension Plan was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The following changes in key actuarial assumptions occurred in 2019:

FRS: The long-term expected rate of return was decreased from 7.00% to 6.90%, and the mortality assumption was changed from the Generational RP-2000 with Projection Scale BB tables to the PUB-2010 base table, projected generationally with Scale MP-2018.

HIS: The municipal rate used to determine total pension liability was increased from 3.87% to 3.50%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	3.3%	3.3%
Fixed income	18%	4.1%	4.1%
Global equity	54%	8.0%	6.8%
Real estate	10%	6.7%	6.1%
Private equity	11%	11.2%	8.4%
Strategic investments	6%	5.9%	5.7%
	100%		

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.90%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.87% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

NOTE 3 - OTHER INFORMATION (Continued)**D. State of Florida Pension Plans (Continued)***Sensitivity Analysis*

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate:

	FRS			HIS		
	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Employer's proportionate share of the net pension liability	\$ 20,905,782	\$ 12,093,584	\$ 4,733,911	\$ 5,873,169	\$ 5,144,901	\$ 4,538,337

Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the FRS in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class.

E. Retirement Commitments – Defined Benefit Plans

The City maintains three separate single-employer defined benefit pension plans for firefighters, police officers and those full-time City employees who did not elect to be in the Florida Retirement System as of March 1, 2009. They are accounted for as pension trust funds and reported herein as part of the City's reporting entity. Each plan is administered through its own Board of Trustees.

Summary of Significant Accounting Policies – The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Investments are reported at fair value.

Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value.

NOTE 3 - OTHER INFORMATION (Continued)

E. Retirement Commitments – Defined Benefit Plans (Continued)

The City recognized as revenues and expenditures-on-behalf-of payments relating to pension contributions for its public safety employees that the State of Florida paid to the Police Officers and Firefighters retirement plans in the amounts of \$182,386 and \$105,146, respectively. These contributions are funded by an excise tax upon certain casualty insurance companies on their gross receipts of premiums from policyholders.

Funding Policy – The City uses the Entry Age Normal Actuarial Cost Method (“EANACM”) for the General Employees Retirement Plan, the Firefighters Retirement Plan and the Police Officers Retirement Plan to determine required contributions under its retirement systems because it provides for the systematic funding of the normal cost and any unfunded actuarial accrued liabilities. This is an acceptable method to the State of Florida. These liabilities are being funded over a 20-year period for the General Employees Retirement Plan, Police Officers Retirement Plan Firefighters Retirement Plan.

The State of Florida has established guidelines for state and local pension plan funding and requires submission to and approval of the local government’s actuarial reports by a State Bureau, at least every third year. The City’s pension plans, by policy, require the following:

- a. Annual actuarial reports as of October 1 of each year to determine the next year’s required contributions.
- b. Employee contributions at 5% of compensation for the General Employees Retirement System, and 6.5% of compensation for the Police Officers Retirement Plan and the Firefighters Retirement Plan.
- c. Employer contributions in accordance with the actuarially determined requirement using the EANACM for the General Employees Retirement Plan, the Firefighters Retirement Plan, and the Police Officers Retirement Plan.

Plan Description

<u>General Employees’ Pension Plan</u>	<u>Police Officers’ Pension Plan</u>	<u>Firefighters’ Pension Plan</u>
<i>Plan Administration</i> The Plan is administered by a Board of Trustees comprised of: a) Two Council appointees (City residents), and b) Three Plan Members elected by the Membership.	<i>Plan Administration</i> The Plan is administered by a Board of Trustees comprised of: a) Two City Council appointees, b) Two Members of the System elected by a majority of the other covered Police Officers, and c) A fifth Member elected by the other 4 and appointed by Council.	<i>Plan Administration</i> The Plan is administered by a Board of Trustees comprised of: a) Two City Council appointees, b) Two Members of the System elected by a majority of the other covered Firefighters, and c) A fifth Member elected by the other 4 and appointed by Council.

NOTE 3 - OTHER INFORMATION (Continued)**E. Retirement Commitments – Defined Benefit Plans (Continued)**

<u>Plan membership as of October 1, 2018</u>	<u>General Employees' Pension Plan</u>	<u>Police Officers' Pension Plan</u>	<u>Firefighters' Pension Plan</u>
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	48	51	45
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-	12	6
Active Plan Members	1	59	36
Total Plan Members	<u>49</u>	<u>122</u>	<u>87</u>

Benefits Provided

All three plans provide retirement, termination, disability and death benefits.

General Employees' Pension Plan:**Normal Retirement:**

Date: Age 50 and 25 years of Credited Service, or age 57 (age 57 and 10 years of service if hired after 3/31/94).

Benefit: 3% of Average Final Compensation times Credited Service.

Early Retirement:

Date: Age 55 and 10 years of Credited Service.

Benefit: Accrued benefit, reduced 1/15th for each of the first 5 years and 1/30th for each of the next 5 years prior to Normal Retirement.

Cost of Living Increases for Retirees:

3% per year beginning at age 65.

Vesting:

Less Than 10 Years: Refund of Member Contributions, with interest.

10 or More Years: Accrued pension payable at Normal Retirement, or refund of Member Contributions, with interest.

Disability:

Eligibility: Total and permanent; unable to perform any regular and continuous duties as a General Employee (as determined by the Board).

Benefit: Service Incurred 50% of average pay for the 12 months preceding disability.

Non-Service Incurred: 25% of average pay for the 12 months preceding disability.

Benefit Offsets: If Plan benefit plus Social Security and/or Workers' Compensation exceeds 100% of pay, Plan benefit is reduced so total is 100% of pay.

Pre-Retirement Death Benefits:

Vested or Eligible to Retire: Beneficiary receives accrued benefit for 10 years at the otherwise Normal (unreduced) or Early (reduced) Retirement Date, or refund of Member Contributions, with interest.

Not Vested or Eligible to Retire: Refund of Member Contributions, with interest.

NOTE 3 - OTHER INFORMATION (Continued)

E. Retirement Commitments – Defined Benefit Plans (Continued)

Police Officers' Pension Plan:

Normal Retirement:

Date: Earlier of: 1) Age 50 and 10 years of Credited Service, or 2) 25 years of Credited Service, regardless of age.

Benefit: 3% of Average Monthly Earnings ("AME") times Years of Credited Service.

Vesting (Termination of Employment):

Less than 10 Years: Refund of Member Contributions, with interest.

10 Years or More: Accrued pension payable at age 50, or Refund of Member Contributions with interest.

Cost of Living Adjustment:

Up to 3% per year beginning at age 65.

Disability:

Eligibility: Total and permanent; not able to perform useful and efficient service as a police officer. Board can require periodic re-examination. 10 years of service required for Non-Service Incurred benefits.

Benefit: Service Connected: Greater of 1) Accrued benefit, 2) 42% of Average Monthly Earnings, or 3) 50% of regular base pay on date of disability.

Non-Service Connected: Accrued benefit.

Benefit Offsets: If the 50% or 25% of pay benefit plus all Primary and Family Social Security benefits and/or all regular or periodic payments under Workers' Compensation exceeds 100% of regular base pay on the date of disability, the Plan benefit will be reduced so that the sum of all such payments equal 100% of pay. (In no event will offset reduce benefits below 42% of AME for service connected, or 25% of AME for Non-Service Connected disability.)

Pre-Retirement Death Benefits:

Vested or Eligible to Retire: Accrued benefits payable to beneficiary for 10 years, or in accordance with available options.

If Not Vested or Eligible for Early or Normal Retirement: Refund of contributions plus 4.5% interest.

NOTE 3 - OTHER INFORMATION (Continued)

E. Retirement Commitments – Defined Benefit Plans (Continued)

Firefighters' Pension Plan:

Normal Retirement:

Date: Earlier of age 55 with 10 years of service or the completion of 25 years of Credited Service. Members with at least 10 years of Credited Service on October 27, 2015, as well as Members who were within 7 years of Normal Retirement eligibility on that date retain the Normal Retirement date previously in effect: Earlier of age 52 and 10 years of Credited Service or the completion of 25 years of Credited Service.

Benefit: 3% of AME times Years of Credited Service.

Early Retirement:

Date: Age 50 and 10 years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year.

Delayed Retirement:

Allowable beyond age 70, with consent of the Board. Benefit continued to accrue.

Cost of Living Adjustment for Retirees:

Up to 3% per year beginning at age 65.

Vesting (Termination of Employment):

Less than 10 years of Service: Refund of Member Contributions, with interest.

10 years or more: Accrued pension payable at Normal Retirement, or, on a reduced basis at Early Retirement, or refund of contributions with interest.

Disability:

Eligibility: Total and permanent; not able to perform any useful duties or service for Fire Department. Board can require periodic re-examination.

Waiting Period Service Connected: At expiration of sick pay and accrued vacation pay.

Waiting Period Non-Service Connected: 6 months from date of disability.

Benefit Amount Service Connected: Accrued benefit (at the 3% benefit rate) with a minimum of 42% of AME.

Benefit Amount Non-Service Connected: 25% of pay on date of disability.

Pre-Retirement Death Benefits:

Vested: Accrued Benefit (determined using a 2.0% Benefit Multiplier Rate) payable to Beneficiary for 120 months at the Normal Retirement Date (unreduced), Early Retirement Date (reduced as for Early Retirement), or immediately (actuarially reduced for commencement prior to the Early Retirement Date).

Non-Vested: Refund of contributions plus 4.5% interest.

NOTE 3 - OTHER INFORMATION (Continued)**E. Retirement Commitments – Defined Benefit Plans (Continued)***Investment Policy:*

The following was the Board's adopted asset allocation policy as of September 30, 2019:

Asset Class	Target Allocation		
	General Employees' Pension Plan	Police Officers' Pension Plan	Firefighters' Pension Plan
Domestic Equity	45%	35%	-
International Equity	15%	15%	10%
Broad Market Fixed Income	10%	-	-
Global Fixed Income	5%	-	-
Real Estate	15%	-	15%
Bonds	-	25%	-
Convertibles	-	10%	-
REITS	-	10%	-
MLPs	-	-	-
Large Cap Equity	-	-	40%
Smid Cap Equity	-	-	20%
Fixed Income	-	-	15%
Alternative	10%	-	-
Infrastructure	-	5%	-
Total	100%	100%	100%

Concentrations:

The Plan did not hold investments in any one organization that represents 5 percent or more of the Pension Plans' fiduciary net position.

Rate of Return:

For the year ended September 30, 2019, the annual money-weighted rate of return on General Employees', Police Officers' and Firefighters' Pension Plan investments, net of pension plan investment expense, was 2.59%, 4.93% and 2.36%, respectively.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 3 - OTHER INFORMATION (Continued)

E. Retirement Commitments – Defined Benefit Plans (Continued)

Deferred Retirement Option Program:

	General Employees' Pension Plan	Police Officers' Pension Plan	Firefighters' Pension Plan
Eligibility	Satisfaction of Normal Retirement requirements.	Satisfaction of Normal Retirement requirements.	Satisfaction of Normal Retirement requirements.
Participation	Not to exceed 60 months.	Not to exceed 60 months.	Not to exceed 60 months.
Rate of Return	Actual net rate of investment return (total return net of brokerage commissions, transaction costs, and management fees) based on Actuarial Value of plan assets.	Actual net investment rate or fixed interest, at member's election.	DROP Entry prior to April 1, 2012: At Participant's election (may change semi-annually), either: a) Actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs), credited each fiscal year quarter, or b) 7.99% fixed. DROP Entry after March 31, 2012: At Participant's election (may change semi-annually), either: a) Actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs), credited each fiscal year quarter, or b) Net rate of investment return, not less than 4%, not greater than 6.5%.

Net Pension Liability of the City:

The components of the net pension liability of the City on September 30, 2019 were as follows:

	General Employees' Pension Plan	Police Officers' Pension Plan	Firefighters' Pension Plan
Total Pension Liability	\$ 16,638,723	\$ 34,567,360	\$ 29,540,519
Plan Fiduciary Net Position	(13,957,588)	(31,345,463)	(20,497,106)
City's Net Pension Liability	<u>\$ 2,681,135</u>	<u>\$ 3,221,897</u>	<u>\$ 9,043,413</u>

NOTE 3 - OTHER INFORMATION (Continued)

E. Retirement Commitments – Defined Benefit Plans (Continued)

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2018 updated to September 30, 2019 using the following actuarial assumptions applied to all measurement periods.

	General Employees' Pension Plan	Police Officers' Pension Plan	Firefighters' Pension Plan
Inflation	2.50%	2.70%	3.00%
Salary Increases	6.50%	service based	service based
Discount Rate	6.80%	7.50%	7.60%
Investment Rate of Return	6.80%	7.50%	7.60%

General Employees' Pension Plan	Police Officers' Pension Plan	Firefighters' Pension Plan
Mortality Rate Healthy Lives: RP2000 Generational with Scale BB, with collar and annuitant adjustments as follows: Males – 50% Annuitant White Collar, 50% Annuitant Blue Collar; Females – 100% Annuitant White Collar. Mortality Rate Disabled Lives: Mortality Table - RP2000 without projection, with the following adjustments: Males – 100% Disabled Male with four year setback; Females – 100% Disabled Female with two year set forward.	Mortality Rate Healthy Lives: Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB; Male: RP2000 Generational, 10% Annuitant White Collar /90% Annuitant Blue Collar, Scale BB. Mortality Rate Disabled Lives: Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale. Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.	Mortality Rate Healthy Lives: Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB. Male: RP2000 Generational, 10% Annuitant White Collar /90% Annuitant Blue Collar, Scale BB. Mortality Rate Disabled Lives: Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale. Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.
The date of the most recent experience study for which significant assumptions are based upon is not available.	The most recent actuarial experience study used to review the other significant assumptions was dated August 17, 2018.	The most recent actuarial experience study used to review the other significant assumptions was dated August 15, 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

NOTE 3 - OTHER INFORMATION (Continued)**E. Retirement Commitments – Defined Benefit Plans (Continued)**Actuarial Assumptions: (Continued)

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2019 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return		
	General Employees' Pension Plan	Police Officers' Pension Plan	Firefighters' Pension Plan
Domestic Equity	7.50%	7.30%	-
International Equity	8.50%	2.70%	3.45%
Broad Market Fixed Income	2.50%	-	-
Global Fixed Income	3.50%	-	-
Real Estate	4.50%	-	6.81%
Bonds	-	3.60%	-
Convertibles	-	6.30%	-
REITS	-	4.90%	-
Infrastructure	-	8.10%	-
Large Cap Equity	-	-	5.71%
Smid Cap Equity	-	-	8.15%
Fixed Income	-	-	2.69%
Alternative	6.00%	-	-

Discount Rate:

The discount rate used to measure the total pension liability for the General Employees, Police Officers and Firefighters Pension Plan investments was 6.80%, 7.50% and 7.60%, respectively.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plans' 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 was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 3 - OTHER INFORMATION (Continued)

E. Retirement Commitments – Defined Benefit Plans (Continued)

Change in Net Pension Liability:

General Employees' Pension Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2018	\$ 17,100,204	\$ 14,587,473	\$ 2,512,731
Changes for a Year:			
Service Cost	8,673	-	8,673
Interest	1,146,191	-	1,146,191
Differences between Expected and Actual Experience	(449,972)	-	(449,972)
Changes of Assumptions	303,069	-	303,069
Contributions - Employer	-	540,614	(540,614)
Contributions - Employee	-	3,631	(3,631)
Net Investment Income	-	364,341	(364,341)
Benefit Payments, including Refunds of Employees Contributions	(1,469,442)	(1,469,442)	-
Administrative Expense	-	(69,029)	69,029
Net Changes	(461,481)	(629,885)	168,404
Balances at September 30, 2019	\$ 16,638,723	\$ 13,957,588	\$ 2,681,135

Police Officers' Pension Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2018	\$ 32,448,317	\$ 30,379,434	\$ 2,068,883
Changes for a Year:			
Service Cost	622,141	-	622,141
Interest	2,416,957	-	2,416,957
Differences between Expected and Actual Experience	768,679	-	768,679
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	867,341	(867,341)
Contributions - State	-	182,386	(182,386)
Contributions - Employee	-	212,363	(212,363)
Net Investment Income	-	1,488,348	(1,488,348)
Benefit Payments, including Refunds of Employees Contributions	(1,688,734)	(1,688,734)	-
Administrative Expense	-	(95,675)	95,675
Net Changes	2,119,043	966,029	1,153,014
Balances at September 30, 2019	\$ 34,567,360	\$ 31,345,463	\$ 3,221,897

NOTE 3 - OTHER INFORMATION (Continued)

E. Retirement Commitments – Defined Benefit Plans (Continued)

Change in Net Pension Liability: (Continued)

Firefighters' Pension Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2018	\$ 28,085,627	\$ 20,295,657	\$ 7,789,970
Changes for a Year:			
Service Cost	485,600	-	485,600
Interest	2,188,638	-	2,188,638
Differences between Expected and Actual Experience	(415,884)	-	(415,884)
Changes of assumptions	949,138	-	949,138
Changes of benefit terms	18,691	-	18,691
Contributions - Employer	-	1,351,865	(1,351,865)
Contributions - State	-	105,146	(105,146)
Contributions - Employee	-	143,125	(143,125)
Net Investment Income	-	472,802	(472,802)
Benefit Payments, including Refunds of Employees Contributions	(1,771,291)	(1,771,291)	-
Administrative Expense	-	(100,198)	100,198
Net Changes	1,454,892	201,449	1,253,443
Balances at September 30, 2019	\$ 29,540,519	\$ 20,497,106	\$ 9,043,413

Sensitivity of the Net Pension Liability to Changes in the Discount Rate.

The following presents the net pension liability of the City, calculated using the discount rate, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Sponsor's Net Pension Liability	1% Decrease	Discount Rate	1% Increase
	5.80%	6.80%	7.80%
General Employees' Pension Plan	\$ 4,371,012	\$ 2,681,135	\$ 1,261,438
Sponsor's Net Pension Liability	1% Decrease	Current Discount Rate	1% Increase
	6.50%	7.50%	8.50%
Police Officers' Pension Plan	\$ 7,830,763	\$ 3,221,897	\$ (534,002)
Sponsor's Net Pension Liability	1% Decrease	Current Discount Rate	1% Increase
	6.60%	7.60%	8.60%
Firefighters' Pension Plan	\$ 12,654,325	\$ 9,043,413	\$ 6,076,555

NOTE 3 - OTHER INFORMATION (Continued)**E. Retirement Commitments – Defined Benefit Plans (Continued)***Pension Plan Fiduciary Net Position*

Detailed information about the pension Plan's Fiduciary Net Position is available in a separately issued Plan financial report.

For the year ended September 30, 2019, the pension expense recognized on the General Employees', Police Officers' and Firefighters' Pension Plans, was \$103,105, \$1,745,392 and \$1,917,597, respectively.

On September 30, 2019, the City reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>General Employees' Pension Plan</u>		
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 166,377
Total General Employees' Pension Plan	-	166,377
<u>Police Officers' Pension Plan</u>		
Differences between expected and actual experience	653,392	337,512
Change of assumptions	512,406	-
Net difference between projected and actual earnings on pension plan investments	629,304	-
Total Police Officers' Pension Plan	1,795,102	337,512
<u>Firefighters' Pension Plan</u>		
Differences between expected and actual experience	784,468	346,570
Change of assumptions	1,015,476	86,516
Net difference between projected and actual earnings on pension plan investments	272,111	-
Total Firefighters' Pension Plan	2,072,055	433,086
Total deferred outflows and deferred inflows of resources related to pensions	<u>\$ 3,867,157</u>	<u>\$ 936,975</u>

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	General Employees' Pension Plan	Police Officers' Pension Plan	Firefighters' Pension Plan
2020	\$ (159,996)	\$ 336,859	\$ 596,102
2021	(137,578)	355,229	296,787
2022	6,800	457,661	273,191
2023	124,397	307,841	384,013
2024	-	-	88,876
Total	<u>\$ (166,377)</u>	<u>\$ 1,457,590</u>	<u>\$ 1,638,969</u>

NOTE 3 - OTHER INFORMATION *(Continued)*

F. Defined Contribution Plans

Defined Contribution 401(a) Retirement Plan

During July 1996, the City made available to all permanent, full-time personnel who were not certified firefighters or sworn police officers an opportunity to participate in a Defined Contribution 401(a) Retirement Plan. This Plan was established under the authority of, and governed by, the United States Internal Revenue Code, as amended; Part VII, Chapter 112, Florida Statutes; and ordinances as adopted by the City. The Plan is administered by the City through the Human Resources Department, with SunTrust Investments (“STI”) serving as the investment manager and trustee. The effective date of the City of Cocoa, Florida Defined Contribution Plan is July 1, 1996. Participation in the Plan was mandatory. Any individual who was a permanent, full-time employee of the City on or after July 1, 1996 but prior to March 1, 2009 (other than certified firefighters and sworn police officers) became a participant of the Plan on the date of their employment. Effective March 1, 2009, when the city began participation in FRS, the Plan was closed to new participants.

The Plan requires the employer to contribute an amount equal to 12% of each participant’s compensation. Pursuant to the provisions of the Defined Contribution Plan, any amounts forfeited by employees as a result of termination prior to vesting shall be used to reduce contributions of the employer. During 2019, the Plan had no forfeitures. Employer contributions for 2019 totaled \$52,115. At September 30, 2019, the remaining forfeiture balance from previous years was \$-0-. The employee contributes 5% of their compensation. Employee contributions for 2019 totaled \$21,715. Employees may also make voluntary contributions to the Plan. Total voluntary contributions made by the employees in the amount of \$2,012 are not matched by the employer.

401(a) Money Purchase Plan and Trust

In February 2013, the City established a 401(a) Money Purchase Plan and Trust with ICMA Retirement Corporation exclusively for the City Manager, in accordance with an employment agreement with the City Manager. During the year ended September 30, 2019, employer contributions were \$21,731 and employee contributions were \$15,419.

NOTE 3 - OTHER INFORMATION (Continued)

G. Employee Retirement Plans – Combining Fund Information

The pension trust funds' fiduciary net position activity as of September 30, 2019 was as follows:

	General Employees' Pension Plan	Police Officers' Pension Plan	Firefighters' Pension Plan	Defined Contribution Plans	Total
ASSETS					
Cash and cash equivalents	\$ 205,928	\$ 706,486	\$ 943,846	\$ -	\$ 1,856,260
Investments at fair value:					
Equity funds	9,625,805	16,712,286	3,332,690	1,254,303	30,925,084
Blended mutual funds	-	-	-	765,399	765,399
Fixed income funds	669,073	7,801,015	-	345,292	8,815,380
Mortgage-backed securities	498,284	-	1,016,069	-	1,514,353
Corporate stock	-	827,712	9,856,116	-	10,683,828
Corporate bonds	698,923	2,232,388	1,575,860	-	4,507,171
Foreign equity funds	-	-	-	100,629	100,629
Government securities	191,097	-	790,644	-	981,741
US real estate investment fund	2,059,932	1,517,063	2,985,814	-	6,562,809
Accounts receivable	-	1,555,510	53	-	1,555,563
Interest receivable	8,545	26,977	28,699	-	64,221
Total assets	13,957,587	31,379,437	20,529,791	2,465,623	68,332,438
LIABILITIES					
Accounts payable	-	33,972	32,685	-	66,657
Deferred contributions	17,982	-	-	-	17,982
Total liabilities	17,982	33,972	32,685	-	84,639
NET POSITION					
Held in trust for pension benefits	\$ 13,939,605	\$ 31,345,465	\$ 20,497,106	\$ 2,465,623	\$ 68,247,799

The pension trust funds' change in fiduciary net position activity as of September 30, 2019 was as follows:

	General Employees' Pension Plan	Police Officers' Pension Plan	Firefighters' Pension Plan	Defined Contribution Plans	Total
ADDITIONS					
Contributions:					
Employer contributions	\$ 522,632	\$ 867,341	\$ 1,351,864	\$ 73,846	\$ 2,815,683
Employee contributions	3,631	212,362	143,125	37,135	396,253
Employee voluntary contributions	-	-	-	2,013	2,013
State contributions	-	182,386	105,146	-	287,532
Total contributions	526,263	1,262,089	1,600,135	112,994	3,501,481
Investment earnings:					
Net increase (decrease) in the fair value of investments	(152,017)	665,583	217,289	(25,305)	705,550
Interest and dividends	549,467	963,445	394,088	87,869	1,994,869
Total investment earnings	397,450	1,629,028	611,377	62,564	2,700,419
Less investment expense	(33,108)	(140,682)	(138,572)	(3,125)	(315,487)
Net investment earnings	364,342	1,488,346	472,805	59,439	2,384,932
Total additions	890,605	2,750,435	2,072,940	172,433	5,886,413
DEDUCTIONS					
Benefit payments	1,469,442	1,688,734	1,771,291	909,213	5,838,680
Administrative expenses	69,029	95,498	100,198	-	264,725
Total deductions	1,538,471	1,784,232	1,871,489	909,213	6,103,405
Change in net position	(647,866)	966,203	201,451	(736,780)	(216,992)
Net position, beginning of year	14,587,471	30,379,262	20,295,655	3,202,403	68,464,791
Net position, end of year	\$ 13,939,605	\$ 31,345,465	\$ 20,497,106	\$ 2,465,623	\$ 68,247,799

NOTE 3 - OTHER INFORMATION *(Continued)*

H. Other Postemployment Benefits

The City follows Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“OPEB”), for certain postemployment healthcare benefits provided by the City.

Plan Description and Benefits Provided. The City administers a single-employer defined benefit healthcare plan (the “Plan”) that provides medical insurance to its employees and their eligible dependents. Pursuant to Section 112.0801, Florida Statutes, the City is required to provide eligible retirees (as defined in the City’s pension plans) the opportunity to participate in this Plan at the same cost that is applicable to active employees.

Employees and their dependents may elect to remain in the Plan upon retirement up to age 65. After age 65, the City’s insurance coverage becomes secondary to the retirees’ Medicare insurance. The Plan has 135 retirees and spouses receiving benefits and has a total of 387 active participants and dependents.

Benefit provisions for the Plan were established by the City Council by Resolution on June 27, 1995 (amended as of July 22, 2008) and may only be amended by the City Council. The City has not established a trust or agency fund for the Plan. The City does not issue standalone financial statements for this Plan. All financial information related to the Plan is accounted for in the City’s basic financial statements.

Funding Policy. The City is funding the Plan on a pay-as-you-go basis. The City pays insurance premiums for medical, dental and vision incurred by pre-Medicare retirees at rates of 100% for retirees hired prior to January 14, 1992 and 50% for retirees hired after January 14, 1992. Regardless of their date of hire, Department Directors and the Assistant City Manager receive 100% of the premium for life. These members are generally eligible for this benefit after ten years of employment with the City and having reached the age of 55. In all cases, retirees may purchase coverage for dependents at their expense. In addition to the explicit subsidies described above, there is an implied subsidy in the insurance premiums for all employees because the premium charged for retirees is the same as the premium charged for active employees, who are younger than retirees on average.

For the year ended September 30, 2019, the City’s contribution was \$1,281,410, which included both an estimate of the implied subsidy described above, and the explicit subsidy paid on behalf of eligible retirees. Contributions by the City for Plan members not eligible for an explicit subsidy totaled \$-0- for retirees and approximately \$248,222 for spouses for the year ended September 30, 2019.

Total OPEB Liability. The City’s total OPEB liability of \$33,213,469 was measured as of September 30, 2018 and was determined by an actuarial valuation as of September 30, 2018.

NOTE 3 - OTHER INFORMATION (Continued)

H. Other Postemployment Benefits (Continued)

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on values that the City's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

In the September 30, 2018 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions used for the September 30, 2018 calculations included a 3.50% investment rate of return (including inflation of 2.50%) and an annual healthcare cost trend rate of 6.75% assumed for the year beginning October 1, 2019, reduced by decrements to an ultimate rate of 4.24% in 2040. The discount rate utilized was 3.83%. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Changes in Total OPEB Liability

Service Cost	\$ 950,505
Interest on the Total OPEB Liability	1,197,534
Changes of benefit terms	(12,150)
Difference between expected and actual experience of the Total OPEB Liability	788,341
Changes of assumptions and other inputs	(2,334,802)
Benefit payments	(1,281,410)
Net change in Total OPEB Liability	(691,982)
Total OPEB Liability – Beginning	33,905,451
Total OPEB Liability – Ending	<u><u>\$ 33,213,469</u></u>

Changes in assumptions reflect a change in the discount rate from 3.50% for the fiscal year ended September 30, 2017 to 3.83% for the fiscal year ended September 30, 2018.

NOTE 3 - OTHER INFORMATION (Continued)**H. Other Postemployment Benefits (Continued)****Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

	Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
	2.83%	3.83%	4.83%
Total OPEB liability	<u>\$ 37,844,833</u>	<u>\$ 33,213,469</u>	<u>\$ 29,389,846</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

	Healthcare Cost Trend Rate		
	1% Decrease	Current Healthcare Cost Rate	1% Increase
	5.75%	6.75%	7.75%
Total OPEB liability	<u>\$ 29,139,833</u>	<u>\$ 33,213,469</u>	<u>\$ 38,843,311</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

OPEB expense for the fiscal year ended September 30, 2019 was \$1,664,603. On September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	\$ 3,364,065
Differences between expected and actual experience	680,349	
Transactions after measurement date	<u>1,331,321</u>	<u>-</u>
Totals	<u>\$ 2,011,670</u>	<u>\$ 3,364,065</u>

Deferred Outflows/Inflows of Resources Schedule for Future Years

The amount of \$1,331,321 reported as deferred outflows of resources related to OPEB resulting from benefit payments made subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in fiscal year 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30,	
2020	\$ (471,286)
2021	(471,286)
2022	(471,286)
2023	(471,286)
2024	(471,286)
Thereafter	<u>(327,286)</u>
Totals	<u>\$ (2,683,716)</u>

NOTE 3 - OTHER INFORMATION (Continued)

I. Litigation

The City was involved in a lawsuit filed by the Petitioner against the Florida Department of Environmental Protection and the City of Cocoa to obtain a 25-year sovereign submerged land lease related to a boardwalk and promenade constructed jointly by the City and the Petitioner. On November 8, 2005, the parties reached a settlement agreement whereby the Petitioner agreed to reimburse the City for its portion of construction costs in the amount of \$607,837 to be paid in installments through 2009. In accordance with the settlement agreement, the City received \$135,946 and \$200,000 during 2007 and 2006, respectively. During 2008, the Petitioner suspended payments, as the note payable to the City is subordinate to other debt of the Petitioner. At such time as the priority debt is paid by the Petitioner, they will resume payments to the City. A receivable for the remaining amount due, \$271,891, is recorded as of September 30, 2019 in the Cocoa Redevelopment Agency fund as a settlement receivable. The related revenue has been deferred in the governmental fund statements, as it is not collectible soon enough to pay liabilities of the current period.

Various other suits in the ordinary course of operations are pending against the City. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the City, the liabilities that may arise from such actions would not result in losses that would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial position of the City or results of operations.

J. Concentration – Collective Bargaining Unit

Substantially all of the City's non-management operations, maintenance and public safety employees are covered by collective bargaining agreements. The agreements with the employees covered by the Laborers' International Union of North America ("LIUNA"), the International Association of Firefighters (IAFF) and the Coastal Florida Police Benevolent Association (PBA) extend through September 30, 2021. The agreements covering police lieutenants (PBA) and fire district chiefs (Teamsters) expire September 30, 2020.

K. Future Accounting Pronouncements

The Governmental Accounting Standards Board has issued statements that will become effective in 2020. The statements address:

- Fiduciary Activities
- Majority Equity Interests

The City is currently evaluating the effects that these statements will have on its 2020 financial statements.

NOTE 3 - OTHER INFORMATION (Continued)

L. Subsequent Event

On December 31, 2019, the first cases of what would become the COVID-19 virus were reported in China. Since then the virus has spread across the globe and has been declared a global pandemic by the World Health Organization. The City continues to monitor the situation; however, the impact to the City, if any, cannot be determined at this time. Florida Governor Ron DeSantis issued Executive Order 91 –“Safer at Home”- declaring that only essential businesses are allowed to operate from April 1, 2020 to April 30, 2020.

THIS PAGE IS INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Cocoa, Florida
Required Pension Supplementary Information - Schedule of Proportionate
Share of Net Pension Liability - Florida Retirement System
Last Ten Fiscal Years*

Florida Retirement System (FRS)					
	2019	2018	2017	2016	2015
City's proportion of the collective net pension liability	0.0351%	0.0339%	0.0329%	0.0290%	0.0309%
City's proportionate share of the collective net pension liability	\$ 12,093,584	\$ 10,208,790	\$ 9,723,144	\$ 7,318,096	\$ 3,984,745
City's covered payroll	\$ 15,476,496	\$ 14,746,847	\$ 12,997,287	\$ 13,039,745	\$ 10,982,455
City's proportionate share of the collective net pension liability as a percentage of its covered payroll	78.14%	69.23%	74.81%	56.12%	36.28%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	84.26%	83.89%	84.88%	92.00%

Health Insurance Subsidy (HIS)					
	2019	2018	2017	2016	2015
City's proportion of the collective net pension liability	0.0459%	0.0449%	0.0428%	0.0385%	0.0383%
City's proportionate share of the collective net pension liability	\$ 5,144,901	\$ 4,744,957	\$ 4,579,133	\$ 4,490,228	\$ 3,908,990
City's covered payroll	\$ 15,476,496	\$ 14,746,847	\$ 12,997,287	\$ 13,039,745	\$ 10,982,455
City's proportionate share of the collective net pension liability as a percentage of its covered payroll	33.24%	32.18%	35.23%	34.43%	35.59%
Plan fiduciary net position as a percentage of the total pension liability	2.63%	2.15%	1.64%	0.97%	0.50%

* GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information only for the years for which information is available.

Note 1: The Plan's fiduciary net position as a percentage of the total pension liability is published in Note 3K of the Plan's Comprehensive Annual Financial Report.

Note 2: The amounts presented for each fiscal year were determined as of 6/30, the measurement date.

City of Cocoa, Florida
Required Pension Supplementary Information - Schedule of Contributions
Florida Retirement System
Last Ten Fiscal Years*

Florida Retirement System (FRS)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,135,700	\$ 981,272	\$ 883,954	\$ 823,709	\$ 824,677
Contributions in relation to the contractually required contribution	<u>(1,135,700)</u>	<u>(981,272)</u>	<u>(883,954)</u>	<u>(823,709)</u>	<u>(824,677)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 15,868,536	\$ 14,757,014	\$ 13,532,920	\$ 12,170,167	\$ 10,982,455
Contributions as a percentage of covered payroll	7.16%	6.65%	6.53%	6.77%	7.51%

Health Insurance Subsidy (HIS)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 262,384	\$ 242,596	\$ 235,608	\$ 216,473	\$ 10,524
Contributions in relation to the contractually required contribution	<u>(262,384)</u>	<u>(242,596)</u>	<u>(235,608)</u>	<u>(216,473)</u>	<u>(10,524)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 15,868,356	\$ 14,757,014	\$ 13,532,920	\$ 12,170,167	\$ 10,982,455
Contributions as a percentage of covered payroll	1.65%	1.64%	1.74%	1.78%	0.10%

* GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information only for the years for which information is available.

Note 1: Amounts are presented as of 9/30, the report date.

City of Cocoa, Florida
Required Other Pension Supplementary Information - Schedule of Changes in
Net Pension Liability and Related Ratios
Last Ten Fiscal Years*

General Employees' Pension Plan						
	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service Cost	\$ 8,673	\$ 16,218	\$ 14,181	\$ 29,795	\$ 42,355	\$ 47,142
Interest	1,146,191	1,180,886	1,249,866	1,188,448	1,212,220	1,212,422
Differences between Expected and Actual Experience	(449,972)	(353,443)	(810,338)	90,981	(148,809)	-
Changes of Assumptions	303,069	-	320,883	1,307,508	280,514	-
Benefit payments, including Refunds of Employee Contributions	<u>(1,469,442)</u>	<u>(1,194,075)</u>	<u>(1,338,089)</u>	<u>(1,265,867)</u>	<u>(1,261,866)</u>	<u>(1,253,011)</u>
Net Change in Total Pension Liability	(461,481)	(350,414)	(563,497)	1,350,865	124,414	6,553
Total Pension Liability - Beginning	<u>17,100,204</u>	<u>17,450,618</u>	<u>18,014,115</u>	<u>16,663,250</u>	<u>16,538,836</u>	<u>16,532,283</u>
Total Pension Liability - Ending (a)	<u>16,638,723</u>	<u>17,100,204</u>	<u>17,450,618</u>	<u>18,014,115</u>	<u>16,663,250</u>	<u>16,538,836</u>
Plan Fiduciary Net Position						
Contributions - Employer	540,614	585,825	622,133	651,442	711,229	789,489
Contributions - Employee	3,631	3,954	4,993	8,293	11,199	14,167
Net Investment Income	364,341	1,525,741	1,621,502	1,014,663	88,087	1,269,824
Benefit Payments, Including Refunds of Employee Contributions	(1,469,442)	(1,194,075)	(1,338,089)	(1,265,867)	(1,261,866)	(1,253,011)
Administrative Expense	<u>(69,029)</u>	<u>(65,202)</u>	<u>(58,842)</u>	<u>(58,000)</u>	<u>(63,707)</u>	<u>(48,959)</u>
Net Change in Plan Fiduciary Net Position	(629,885)	856,243	851,697	350,531	(515,058)	771,510
Plan Fiduciary Net Position - Beginning	<u>14,587,473</u>	<u>13,731,230</u>	<u>12,879,533</u>	<u>12,529,002</u>	<u>13,044,060</u>	<u>12,272,550</u>
Plan Fiduciary Net Position - Ending (b)	<u>13,957,588</u>	<u>14,587,473</u>	<u>13,731,230</u>	<u>12,879,533</u>	<u>12,529,002</u>	<u>13,044,060</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,681,135</u>	<u>\$ 2,512,731</u>	<u>\$ 3,719,388</u>	<u>\$ 5,134,582</u>	<u>\$ 4,134,248</u>	<u>\$ 3,494,776</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 83.89%	 85.31%	 78.69%	 71.50%	 75.19%	 78.87%
 Covered Payroll	 <u>\$ 79,071</u>	 <u>\$ 79,071</u>	 <u>\$ 99,870</u>	 <u>\$ 165,865</u>	 <u>\$ 360,114</u>	 <u>\$ 282,176</u>
 Net Pension Liability as a Percentage of Covered Payroll	 3390.79%	 3177.82%	 3724.23%	 3095.64%	 1148.04%	 1238.51%

* The amounts presented for each fiscal year were determined as of September 30. The City implemented GASB Statement No. 67 for the fiscal year ending September 30, 2014. As a result the City is presenting information only for the years for which the information is available

Notes to the schedules:

- (1) The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the September 30, 2015 measurement period which includes DROP payroll.

City of Cocoa, Florida
Required Other Pension Supplementary Information - Schedule of Changes in
Net Pension Liability and Related Ratios (Continued)
Last Ten Fiscal Years*

Police Officers' Pension Plan						
	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service Cost	\$ 622,141	\$ 674,529	\$ 635,256	\$ 618,297	\$ 618,844	\$ 674,987
Interest	2,416,957	2,446,824	2,321,762	2,201,265	2,131,633	2,089,717
Changes of Benefit Terms	-	308,630	-	-	(997,832)	-
Differences between Expected and Actual Experience	768,679	(562,521)	153,793	(374,962)	(513,866)	-
Changes of Assumptions	-	854,009	-	1,036,841	-	-
Contributions - Buy Back	-	-	-	10,045	6,362	-
Benefit Payments, Including Refund of Employee Contributions	(1,688,734)	(1,750,601)	(2,040,254)	(1,964,221)	(1,414,928)	(958,641)
Net Change in Total Pension Liability	2,119,043	1,970,870	1,070,557	1,527,265	(169,787)	1,806,063
Total Pension Liability - Beginning	32,448,317	30,477,447	29,406,890	27,879,625	28,049,412	26,243,349
Total Pension Liability - Ending (a)	34,567,360	32,448,317	30,477,447	29,406,890	27,879,625	28,049,412
Plan Fiduciary Net Position						
Contributions - Employer	867,341	829,616	586,260	943,008	1,052,280	1,247,515
Contributions - State	182,386	171,608	154,134	146,531	135,036	137,207
Contributions - Employee	212,363	208,055	195,078	206,653	197,582	188,931
Contributions - Buy Back	-	-	-	10,045	6,362	-
Net Investment Income	1,488,348	1,849,653	2,676,958	2,337,754	(751,053)	2,455,052
Benefit Payments, Including Refunds of Employee Contributions	(1,688,734)	(1,750,601)	(2,040,254)	(1,964,221)	(1,414,928)	(958,641)
Administrative Expense	(95,675)	(80,644)	(65,640)	(68,661)	(70,689)	(64,627)
Net Change in Plan Fiduciary Net Position	966,029	1,227,687	1,506,536	1,611,109	(845,410)	3,005,437
Plan Fiduciary Net Position - Beginning	30,379,434	29,151,747	27,645,211	26,034,102	26,879,512	23,874,075
Plan Fiduciary Net Position - Ending (b)	31,345,463	30,379,434	29,151,747	27,645,211	26,034,102	26,879,512
Net Pension Liability - Ending (a) - (b)	<u>\$ 3,221,897</u>	<u>\$ 2,068,883</u>	<u>\$ 1,325,700</u>	<u>\$ 1,761,679</u>	<u>\$ 1,845,523</u>	<u>\$ 1,169,900</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.68%	93.62%	95.65%	94.01%	93.38%	95.83%
Covered Payroll	<u>\$ 3,267,124</u>	<u>\$ 3,200,845</u>	<u>\$ 3,001,194</u>	<u>\$ 3,179,278</u>	<u>\$ 3,657,284</u>	<u>\$ 2,906,638</u>
Net Pension Liability as a Percentage of Covered Payroll	98.62%	64.64%	44.17%	55.41%	50.46%	40.25%

* The amounts presented for each fiscal year were determined as of September 30. The City implemented GASB Statement No. 67 for the fiscal year ending September 30, 2014. As a result the City is presenting information only for the years for which the information is available

Notes to the schedules:

- (1) The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the September 30, 2015 measurement period which includes DROP payroll.

City of Cocoa, Florida
Required Other Pension Supplementary Information - Schedule of Changes in
Net Pension Liability and Related Ratios (Continued)
Last Ten Fiscal Years*

	Firefighters' Pension Plan					
	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service Cost	\$ 485,600	\$ 517,114	\$ 497,902	\$ 437,785	\$ 428,719	\$ 433,714
Interest	2,188,638	2,105,795	1,964,536	1,793,566	1,712,414	1,731,706
Change in Excess State Money	-	-	-	-	-	34,809
Changes of Benefit Terms	18,691	-	-	-	(1,070,557)	-
Differences between Expected and Actual Experience	(415,884)	556,795	786,130	494,099	7,133	-
Changes of Assumptions	949,138	(129,772)	-	1,122,630	-	-
Benefit Payments, Including Refund of Employee Contributions	(1,771,291)	(1,539,253)	(1,464,836)	(2,077,311)	(1,309,918)	(1,352,119)
Net Change in Total Pension Liability	1,454,892	1,510,679	1,783,732	1,770,769	(232,209)	848,110
Total Pension Liability - Beginning	28,085,627	26,574,948	24,791,216	23,020,447	23,252,656	22,404,546
Total Pension Liability - Ending (a)	29,540,519	28,085,627	26,574,948	24,791,216	23,020,447	23,252,656
Plan Fiduciary Net Position						
Contributions - Employer	1,351,865	1,279,709	1,306,976	1,391,074	1,442,906	1,720,919
Contributions - State	105,146	109,866	130,749	115,233	128,299	129,468
Contributions - Employee	143,125	142,644	146,845	152,199	140,228	134,687
Net Investment Income	472,802	2,019,990	1,977,411	1,340,094	(79,330)	1,370,989
Benefit Payments, Including Refunds of Employee Contributions	(1,771,291)	(1,539,253)	(1,464,836)	(2,077,311)	(1,309,918)	(1,352,119)
Administrative Expense	(100,198)	(88,571)	(63,579)	(84,495)	(95,930)	(56,334)
Net Change in Plan Fiduciary Net Position	201,449	1,924,385	2,033,566	836,794	226,255	1,947,610
Plan Fiduciary Net Position - Beginning	20,295,657	18,371,272	16,337,706	15,500,912	15,274,657	13,327,047
Plan Fiduciary Net Position - Ending (b)	20,497,106	20,295,657	18,371,272	16,337,706	15,500,912	15,274,657
Net Pension Liability - Ending (a) - (b)	<u>\$ 9,043,413</u>	<u>\$ 7,789,970</u>	<u>\$ 8,203,676</u>	<u>\$ 8,453,510</u>	<u>\$ 7,519,535</u>	<u>\$ 7,977,999</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.39%	72.26%	69.13%	65.90%	67.34%	65.69%
Covered Payroll	<u>\$ 2,201,921</u>	<u>\$ 2,194,527</u>	<u>\$ 2,259,154</u>	<u>\$ 2,341,531</u>	<u>\$ 2,257,178</u>	<u>\$ 2,072,106</u>
Net Pension Liability as a Percentage of Covered Payroll	410.71%	354.97%	363.13%	361.02%	333.14%	385.02%

* The amounts presented for each fiscal year were determined as of September 30. The City implemented GASB Statement No. 67 for the fiscal year ending September 30, 2014. As a result the City is presenting information only for the years for which the information is available

Notes to the schedules:

- (1) The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the September 30, 2015 measurement period which includes DROP payroll.

City of Cocoa, Florida
Required Other Pension Supplementary Information - Schedule of Contributions
Last Ten Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Employees' Pension Plan						
Actuarially Determined Contribution	\$ 522,632	\$ 585,687	\$ 622,133	\$ 651,442	\$ 711,229	\$ 789,489
Contributions in Relation to the Actuarially Determined Contributions	<u>(540,614)</u>	<u>(585,825)</u>	<u>(622,133)</u>	<u>(651,442)</u>	<u>(711,229)</u>	<u>(789,489)</u>
Contribution Deficiency (Excess)	<u>\$ (17,982)</u>	<u>\$ (138)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 79,071	\$ 79,071	\$ 99,870	\$ 165,865	\$ 360,114	\$ 282,176
Contributions as a Percentage of Covered Payroll	660.97%	740.71%	622.94%	392.75%	197.50%	279.79%
Police Officers' Pension Plan						
Actuarially Determined Contribution	\$ 1,049,727	\$ 1,001,224	\$ 740,394	\$ 1,089,539	\$ 1,187,316	\$ 1,384,722
Contributions in Relation to the Actuarially Determined Contributions	<u>(1,049,727)</u>	<u>(1,001,224)</u>	<u>(740,394)</u>	<u>(1,089,539)</u>	<u>(1,187,316)</u>	<u>(1,384,722)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 3,267,124	\$ 3,200,845	\$ 3,001,194	\$ 3,179,278	\$ 3,657,284	\$ 2,906,638
Contributions as a Percentage of Covered Payroll	32.13%	31.28%	24.67%	34.27%	32.46%	47.64%
Firefighters' Pension Plan						
Actuarially Determined Contribution	\$ 1,457,011	\$ 1,389,575	\$ 1,437,725	\$ 1,506,307	\$ 1,571,205	\$ 1,815,579
Contributions in Relation to the Actuarially Determined Contributions	<u>(1,457,011)</u>	<u>(1,389,575)</u>	<u>(1,437,725)</u>	<u>(1,506,307)</u>	<u>(1,571,205)</u>	<u>(1,815,579)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 2,201,921	\$ 2,194,527	\$ 2,259,157	\$ 2,341,531	\$ 2,257,178	\$ 2,072,106
Contributions as a Percentage of Covered Payroll	66.17%	63.32%	63.64%	64.33%	69.61%	87.62%

* The amounts presented for each fiscal year were determined as of September 30. The City implemented GASB Statement No. 67 for the fiscal year ending September 30, 2014. As a result the City is presenting information only for the years for which the information is available

Notes to the schedules:

(2) The Covered Payroll numbers shown are in compliance with GASB 82, except for the September 30, 2015 measurement period which includes DROP payroll.

City of Cocoa, Florida
Required Other Pension Supplementary Information – Notes to Schedule

Notes to Schedule

Valuation Date: 10/01/2017

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

<u>GENERAL EMPLOYEES' PENSION PLAN</u>			
Valuation Date:	10/01/2017		
Mortality	<i>Healthy Lives :</i> Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB. Male: RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB <i>Disabled Lives :</i> Female: 100% RP2000 Disabled Female set forward two years. Male: 100% RP2000 Disabled Male setback four years.		
Interest Rate	7.00% per year compounded annually, net of investment related expenses.		
Retirement Age	Age 50 and 25 years of service or age 57. Any member who has reached Normal Retirement on the valuation date is assumed to continue employment for one additional year.		
Early Retirement	Commencing at the earliest Early Retirement Age (55), members are assumed to retire with an immediate subsidized benefit at the rate of 2% per year.		
Salary Increases	6.50% per year until the assumed retirement age. Projected salary at retirement is increased by 20% to account for non-regular compensation.		
Payroll Growth	None.		
Cost of Living Increase	3.0% per year beginning at age 65.		
Funding Method	Entry Age Normal Actuarial Cost Method. The following funding loads are utilized for determination of the funding requirements: Interest - A half-year, based on the current 7.20% assumption. Salary - A full-year, based on the current 6.50% assumption.		
Asset Valuation Method	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below Market Value.		
Termination and Disability			
Rate Table		% Terminating	% Becoming Disabled
	Age	During the Year	During the Year
	20	17.2%	0.051%
	30	15.0%	0.058%
	40	8.2%	0.121%
	50	1.7%	0.429%

City of Cocoa, Florida
Required Other Pension Supplementary Information – Notes to Schedule (Continued)

<u>POLICE OFFICERS' PENSION PLAN</u>			
Valuation Date:	10/01/2017		
Mortality	<i>Healthy Lives :</i> Female: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB. Male: RP2000 Generational, 10% Combined Healthy White Collar / 90% Annuitant Blue Collar, Scale BB <i>Disabled Lives :</i> Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale. Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.		
Interest Rate	8.0% per year compounded annually, net of investment related expenses.		
Retirement Age	Earlier of age 50 with 10 years of Credited Service or 25 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.		
Salary Increases	6.50% per year until the assumed retirement age.		
Payroll Growth	None.		
Cost of Living Increase	3.0% per year beginning at age 65.		
Funding Method	Entry Age Normal Actuarial Cost Method		
Asset Smoothing Methodology	The Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below Market Value.		
Termination and Disability Rate Table		% Terminating <u>During the Year</u>	% Becoming Disabled <u>During the Year</u>
	<u>Age</u>		
	20	9.3%	0.14%
	30	7.9%	0.18%
	40	4.3%	0.30%
	50	1.1%	1.00%

City of Cocoa, Florida
Required Other Pension Supplementary Information – Notes to Schedule (Continued)

<u>FIRE FIGHTERS' PENSION PLAN</u>			
Valuation Date:	10/01/2017		
Mortality	<i>Healthy Lives :</i> Female: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB. Male: RP2000 Generational, 10% Combined Healthy White Collar / 90% Annuitant Blue Collar, Scale BB <i>Disabled Lives :</i> Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale. Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.		
Interest Rate	8.0% per year compounded annually, net of investment related expenses.		
Retirement Age	Earlier of age 55 (age 52 for Members unaffected by the change to normal retirement provisions described in Ordinance 14-2015) with 10 years of Credited Service or 25 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.		
Salary Increases	5.0% per year until the assumed retirement age.		
Payroll Growth	None.		
Cost of Living Increase	3.0% per year beginning at age 65.		
Funding Method	Entry Age Normal Actuarial Cost Method		
Asset Smoothing Methodology	The Actuarial Value of Assets is brought forward utilizing the historic geometric 4-year average Market Value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below Market Value.		
Termination and Disability Rate Table			
	<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>
	20	6.0%	0.14%
	30	5.0%	0.18%
	40	2.6%	0.30%
	50	0.8%	1.00%

City of Cocoa, Florida
Required Other Pension Supplementary Information - Schedule of Investment Returns
Last Ten Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual Money-Weighted Rate of Return Net of Investment Expense						
General Employees' Pension Plan	2.59%	11.42%	13.04%	8.39%	0.69%	10.60%
Police Officers' Pension Plan	4.93%	6.41%	9.83%	9.11%	-2.80%	10.27%
Firefighters' Pension Plan	2.36%	11.12%	12.23%	9.03%	-0.19%	10.29%

* The amounts presented for each fiscal year were determined as of September 30.
The City implemented GASB Statement No. 67 for the fiscal year ending September 30, 2014. As a result the City is presenting information only for the years for which the information is available

City of Cocoa, Florida
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Last Ten Fiscal Years*

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 950,505	\$ 1,007,663
Interest on the Total OPEB Liability	1,197,534	1,092,025
Changes in benefit terms	(12,150)	-
Difference between expected and actual experience of the Total OPEB Liability	788,341	-
Changes of assumptions and other inputs	(2,334,802)	(1,867,983)
Benefit payments	(1,281,410)	(1,090,399)
Net Change in Total OPEB Liability	<u>(691,982)</u>	<u>(858,694)</u>
 Total OPEB Liability (Beginning)	 <u>33,905,451</u>	 <u>34,764,145</u>
 Total OPEB Liability (Ending)	 <u><u>\$ 33,213,469</u></u>	 <u><u>\$ 33,905,451</u></u>
 Covered Employee Payroll at Measurement Period	 \$ 21,560,496	 \$ 21,096,736
 Total OPEB Liability as a Percentage of Covered Employee Payroll	 154.05%	 160.71%

* GASB Statement No. 75 was implemented during the 2017-2018 fiscal year. Therefore, data for a full 10-year presentation was not available. Additional years' information will be displayed as it becomes available.

The discount rate was changed from 3.50% as of the beginning of the measurement period to 3.83% as of September 30, 2018.

City of Cocoa, Florida
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - General Fund
Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Taxes	\$ 7,629,129	\$ 7,629,129	\$ 8,258,422	\$ 629,293
Licenses and permits	3,342,581	3,342,581	3,674,524	331,943
Intergovernmental	2,924,473	3,058,323	2,902,052	(156,271)
Charges for services	11,694,432	11,694,432	11,637,669	(56,763)
Fines and forfeitures	26,000	26,000	24,529	(1,471)
Miscellaneous (including investment earnings)	660,054	660,054	1,691,787	1,031,733
Total revenues	26,276,669	26,410,519	28,188,983	1,778,464
Expenditures:				
Category:				
City Council:				
Personal services	99,926	99,926	98,019	1,907
Operating expenditures	50,709	50,709	38,309	12,400
	150,635	150,635	136,328	14,307
City manager:				
Personal services	603,367	644,894	644,894	-
Operating expenditures	70,790	65,413	58,945	6,468
	674,157	710,307	703,839	6,468
Information technology:				
Personal services	714,722	714,722	692,642	22,080
Operating expenditures	1,224,047	1,245,106	1,132,406	112,700
Capital outlay	107,059	86,000	125,672	(39,672)
	2,045,828	2,045,828	1,950,720	95,108
General accounting:				
Personal services	947,358	946,538	885,386	61,152
Operating expenditures	21,025	24,525	16,194	8,331
Capital outlay	3,500	-	-	-
	971,883	971,063	901,580	69,483
Purchasing:				
Personal services	241,589	242,409	238,854	3,555
Operating expenditures	5,474	5,474	734	4,740
	247,063	247,883	239,588	8,295
Utility accounting:				
Personal services	1,142,743	1,171,876	1,130,356	41,520
Operating expenditures	711,519	743,775	646,894	96,881
	1,854,262	1,915,651	1,777,250	138,401
General operations:				
Personal services	1,111,325	1,111,025	1,007,121	103,904
Operating expenditures	1,992,338	1,806,807	1,465,519	341,288
Aid to government agencies	1,096,657	1,146,659	1,050,986	95,673
	4,200,320	4,064,491	3,523,626	540,865
Emergency disaster:				
Personal services	-	128,930	128,924	6
Operating expenditures	45,820	48,220	22,252	25,968
Capital outlay	-	35,074	35,074	-
	45,820	212,224	186,250	25,974
Human resources:				
Personal services	516,821	516,185	516,185	-
Operating expenditures	18,696	20,778	20,176	602
	535,517	536,963	536,361	602
City clerk:				
Personal services	203,714	231,025	212,977	18,048
Operating expenditures	32,105	31,705	19,799	11,906
	235,819	262,730	232,776	29,954

The accompanying note to required supplementary information is an integral part of this schedule.

City of Cocoa, Florida
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - General Fund (Continued)
Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Expenditures:				
Category:				
Police administration:				
Personal services	\$ 7,126,495	\$ 7,126,495	\$ 6,563,644	\$ 562,851
Operating expenditures	1,059,481	1,150,041	934,178	215,863
Capital outlay	326,656	236,096	226,526	9,570
	<u>8,512,632</u>	<u>8,512,632</u>	<u>7,724,348</u>	<u>788,284</u>
Police communications:				
Personal services	1,154,494	1,154,494	1,146,471	8,023
Operating expenditures	103,896	103,896	82,627	21,269
	<u>1,258,390</u>	<u>1,258,390</u>	<u>1,229,098</u>	<u>29,292</u>
Police code enforcement:				
Personal services	329,704	329,704	309,895	19,809
Operating expenditures	50,140	50,140	42,259	7,881
	<u>379,844</u>	<u>379,844</u>	<u>352,154</u>	<u>27,690</u>
Fire department administration:				
Personal services	556,384	556,384	547,932	8,452
Operating expenditures	27,259	64,503	55,491	9,012
Capital outlay	100,163	100,163	89,152	11,011
	<u>683,806</u>	<u>721,050</u>	<u>692,575</u>	<u>28,475</u>
Fire department operations:				
Personal services	4,781,639	4,869,751	4,796,574	73,177
Operating expenditures	605,033	622,933	603,049	19,884
Capital outlay	193,637	265,663	263,063	2,600
	<u>5,580,309</u>	<u>5,758,347</u>	<u>5,662,686</u>	<u>95,661</u>
Community services administration:				
Personal services	741,637	712,637	663,711	48,926
Operating expenditures	103,841	289,979	235,803	54,176
Capital outlay	25,726	23,676	20,361	3,315
	<u>871,204</u>	<u>1,026,292</u>	<u>919,875</u>	<u>106,417</u>
Economic development:				
Personal services	300,242	292,892	195,696	97,196
Operating expenditures	133,145	158,607	50,377	108,230
Aid to government agencies	-	2,006,000	2,006,000	-
	<u>433,387</u>	<u>2,457,499</u>	<u>2,252,073</u>	<u>205,426</u>
Leisure services:				
Personal services	321,109	328,049	308,171	19,878
Operating expenditures	54,664	54,664	44,075	10,589
	<u>375,773</u>	<u>382,713</u>	<u>352,246</u>	<u>30,467</u>
Public works administration:				
Personal services	129,810	138,068	138,056	12
Operating expenditures	3,780	3,780	2,391	1,389
	<u>133,590</u>	<u>141,848</u>	<u>140,447</u>	<u>1,401</u>
Street Management:				
Personal services	274,717	254,356	187,297	67,059
Operating expenditures	491,766	992,254	883,622	108,632
Capital outlay	495,000	64,933	27,275	37,658
	<u>1,261,483</u>	<u>1,311,543</u>	<u>1,098,194</u>	<u>213,349</u>
Parks and beautification:				
Personal services	741,578	747,964	695,391	52,573
Operating expenditures	324,287	413,287	344,206	69,081
	<u>1,065,865</u>	<u>1,161,251</u>	<u>1,039,597</u>	<u>121,654</u>
Fleet maintenance:				
Personal services	520,664	492,331	442,527	49,804
Operating expenditures	94,550	155,248	155,248	-
	<u>615,214</u>	<u>647,579</u>	<u>597,775</u>	<u>49,804</u>
Sanitation:				
Operating expenditures	1,908,500	1,943,820	1,943,820	-
	<u>1,908,500</u>	<u>1,943,820</u>	<u>1,943,820</u>	<u>-</u>

The accompanying note to required supplementary information is an integral part of this schedule.

City of Cocoa, Florida
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - General Fund (Continued)
Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Expenditures:				
Category:				
Facility management:				
Personal services	\$ 607,415	\$ 589,415	\$ 554,978	\$ 34,437
Operating expenditures	908,897	876,985	723,579	153,406
Capital outlay	90,500	99,320	90,423	8,897
	<u>1,606,812</u>	<u>1,565,720</u>	<u>1,368,980</u>	<u>196,740</u>
Capital projects management:				
Personal services	126,614	149,969	149,969	-
Operating expenditures	11,370	34,658	31,955	2,703
Capital outlay	467,300	802,590	514,942	287,648
	<u>605,284</u>	<u>987,217</u>	<u>696,866</u>	<u>290,351</u>
 Total expenditures	 <u>36,253,397</u>	 <u>39,373,520</u>	 <u>36,259,052</u>	 <u>3,114,468</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(9,976,728)</u>	 <u>(12,963,001)</u>	 <u>(8,070,069)</u>	 <u>4,892,932</u>
Other Financing Sources (Uses):				
Transfers in	8,436,919	8,439,719	8,386,899	(52,820)
Proceeds from sales of capital assets	-	-	18,069	18,069
Proceeds from capital lease	195,509	195,509	-	(195,509)
Transfers out	<u>(6,977,114)</u>	<u>(7,202,731)</u>	<u>(7,544,758)</u>	<u>(342,027)</u>
 Net other financing sources (uses)	 <u>1,655,314</u>	 <u>1,432,497</u>	 <u>860,210</u>	 <u>(572,287)</u>
 Net change in fund balance	 <u>(8,321,414)</u>	 <u>(11,530,504)</u>	 <u>(7,209,859)</u>	 <u>4,320,645</u>
Fund balances, beginning of year	<u>32,811,490</u>	<u>32,811,490</u>	<u>32,811,490</u>	<u>-</u>
Fund balances, end of year	<u>\$ 24,490,076</u>	<u>\$ 21,280,986</u>	<u>\$ 25,601,631</u>	<u>\$ 4,320,645</u>

The accompanying note to required supplementary information is an integral part of this schedule.

City of Cocoa, Florida
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - Cocoa Redevelopment Agency
Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	\$ 1,448,703	\$ 1,448,703	\$ 1,427,156	\$ (21,547)
Investment Earnings	-	-	11,270	11,270
Miscellaneous	39,027	39,027	39,027	-
Total revenues	<u>1,487,730</u>	<u>1,487,730</u>	<u>1,477,453</u>	<u>(10,277)</u>
Expenditures:				
Economic development	1,067,603	819,136	334,162	484,974
Capital outlay	330,000	264,052	37,361	226,691
Total expenditures	<u>1,397,603</u>	<u>1,083,188</u>	<u>371,523</u>	<u>711,665</u>
Excess (deficiency) of revenues over (under) expenditures	90,127	404,542	1,105,930	701,388
Transfers out	<u>(90,127)</u>	<u>(419,616)</u>	<u>(366,796)</u>	<u>52,820</u>
Other financing sources	<u>(90,127)</u>	<u>(419,616)</u>	<u>(366,796)</u>	<u>52,820</u>
Net change in fund balance	-	(15,074)	739,134	754,208
Fund balances, beginning of year	<u>1,293,913</u>	<u>1,293,913</u>	<u>1,293,913</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 1,293,913</u></u>	<u><u>\$ 1,278,839</u></u>	<u><u>\$ 2,033,047</u></u>	<u><u>\$ 754,208</u></u>

The accompanying note to required supplementary information is an integral part of this schedule.

CITY OF COCOA, FLORIDA

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2019

NOTE A - BUDGETARY INFORMATION

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. Complete copies of the proposed budget are open for public inspection until the budget is finally adopted.
- The required number of public hearings are held by the City Council.
- Prior to October 1, the budget is legally enacted through passage of a resolution, which indicates amounts appropriated. The appropriated budget is prepared by fund, function and department.
- The budgets for governmental funds are adopted on a basis that is consistent with generally accepted accounting principles (GAAP). Budgeted amounts reflected in the accompanying budget and actual comparisons are as adopted, and subsequently amended, by the City Council.
- All appropriations which are not expended or accrued lapse at year end.
- The City's Charter establishes the level at which expenditures may not exceed appropriations at the general classification level. Resolution 2006-142, which amended the Office of Management and Budget (OMB) Policies and Procedures now known as the Financial Operations Manual (Policy), defines "general classification" as the object level as defined by the State of Florida Uniform Accounting System Manual. Expenditures are monitored and adjusted by management in accordance with the City's policies and procedures. In addition, management may not amend the original budget without approval of the City Council. The City Council, by majority vote, may amend the budget at any time during the fiscal year during its regular meetings.

Final adopted budgeted expenditures exceeded budgeted revenues in the General Fund, Community Development Block Grant Fund, Brevard County Home Program Fund, Cocoa Housing Assistance Trust Fund, Loan Guarantee Fund, Police Confiscated Fund Capital Projects Fund, and Debt Service Fund pursuant to the legally adopted budgets.

THIS PAGE IS INTENTIONALLY LEFT BLANK

CITY OF COCOA, FLORIDA

Nonmajor Governmental Funds

Special Revenue and Debt Service Funds

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

Debt service funds are used to account for financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Community Development Block Grant – This fund is used to account for revenues received from the Department of Housing and Urban Development (HUD). These monies are restricted to specific projects approved by HUD under the terms of the agreement.

Brevard County Home Program – This fund is used to account for revenues received from the Department of Housing and Urban Development (HUD). The City has executed an interlocal agreement with Brevard County to act as the Participating Jurisdiction (lead agency) in the Brevard Consortium agreement with HUD. These monies are restricted by statute to specific projects approved by HUD under the terms of the interlocal agreement with Brevard County.

Cocoa Housing Assistance Trust Fund – This fund is used to account for funds received for the State Housing Initiatives Partnership (SHIP), enacted by the State of Florida through the Florida Housing Finance Agency. The purpose of the program is to provide funds to local governments as an incentive for the creating of partnerships to produce and preserve affordable housing.

Loan Guarantee Fund – This is a special revenue fund to track debt proceeds (Section 108 Loan Guarantee Program) of \$894,000 from HUD/U.S. Department of Housing & Urban Development to partially fund the Dr. Joe Lee Smith Community Center capital project.

Police Confiscated Funds – This fund is used to account for police confiscated funds.

Police Special Education – This fund is used to account for portions of revenues received from traffic fines. The purpose of the fund is to administer police special education programs.

Debt service fund – This fund is used to account for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

City of Cocoa, Florida
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2019

	Special Revenue			
	Community Development Block Grant	Brevard County Home Program	Cocoa Housing Assistance Trust Fund	Loan Guarantee
Assets:				
Cash and cash equivalents	\$ 438,740	\$ 353,650	\$ 34,786	\$ -
Investments	-	-	-	-
Due from other governments	79,867	4,796	-	-
Prepaid	-	-	-	-
Total assets	<u>\$ 518,607</u>	<u>\$ 358,446</u>	<u>\$ 34,786</u>	<u>\$ -</u>
Liabilities:				
Accounts and retainage payable	\$ 95,130	\$ -	\$ 659	66,298
Accrued payroll and related liabilities	544	136	-	-
Escrow deposits	-	-	-	-
Total liabilities	<u>95,674</u>	<u>136</u>	<u>659</u>	<u>66,298</u>
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	422,933	358,310	34,127	-
Unassigned	-	-	-	(66,298)
Total fund balances (deficits)	<u>422,933</u>	<u>358,310</u>	<u>34,127</u>	<u>(66,298)</u>
Total liabilities and fund balances (deficits)	<u>\$ 518,607</u>	<u>\$ 358,446</u>	<u>\$ 34,786</u>	<u>\$ -</u>

Police Confiscated Funds	Police Special Education	Total	Debt Service	Total Nonmajor Governmental Funds
\$ 123,345	28,326	\$ 978,847	\$ 31,105	\$ 1,009,952
-	-	-	557,367	557,367
-	135	84,798	-	84,798
-	435	435	-	435
<u>\$ 123,345</u>	<u>\$ 28,896</u>	<u>\$ 1,064,080</u>	<u>\$ 588,472</u>	<u>\$ 1,652,552</u>
\$ -	\$ -	\$ 162,087	\$ -	\$ 162,087
-	-	680	-	680
25,878	-	25,878	-	25,878
<u>25,878</u>	<u>-</u>	<u>188,645</u>	<u>-</u>	<u>188,645</u>
-	435	435	-	435
97,467	28,461	941,298	588,472	1,529,770
-	-	(66,298)	-	(66,298)
<u>97,467</u>	<u>28,896</u>	<u>875,435</u>	<u>588,472</u>	<u>1,463,907</u>
<u>\$ 123,345</u>	<u>\$ 28,896</u>	<u>\$ 1,064,080</u>	<u>\$ 588,472</u>	<u>\$ 1,652,552</u>

City of Cocoa, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended September 30, 2019

	Special Revenue			
	Community Development Block Grant	Brevard County Home Program	Cocoa Housing Assistance Trust Fund	Loan Guarantee
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees	-	-	-	-
Intergovernmental	196,385	6,138	27,919	-
Fines and forfeitures	-	-	-	-
Investment earnings	144	1,299	200	-
Miscellaneous	7,195	-	-	-
Total revenues	203,724	7,437	28,119	-
Expenditures				
Current:				
Economic development	101,751	6,591	148,036	-
Capital outlay	162,293	-	-	66,298
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	264,044	6,591	148,036	66,298
Excess (deficiency) of revenues over (under) expenditures	(60,320)	846	(119,917)	(66,298)
Other Financing Sources				
Transfers in	430,369	-	-	-
Other financing sources	430,369	-	-	-
Net change in fund balances	370,049	846	(119,917)	(66,298)
Fund balances, beginning of year	52,884	357,464	154,044	-
Fund balances (deficits), end of year	\$ 422,933	\$ 358,310	\$ 34,127	\$ (66,298)

Police Confiscated Funds	Police Special Education	Total	Debt Service	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 571,342	\$ 571,342
-	-	-	810,811	810,811
-	-	230,442	-	230,442
-	4,273	4,273	-	4,273
458	99	2,200	24,006	26,206
1,236	-	8,431	-	8,431
1,694	4,372	245,346	1,406,159	1,651,505
11,301	-	267,679	-	267,679
-	-	228,591	-	228,591
-	-	-	1,081,000	1,081,000
-	-	-	673,363	673,363
11,301	-	496,270	1,754,363	2,250,633
(9,607)	4,372	(250,924)	(348,204)	(599,128)
-	-	430,369	370,139	800,508
-	-	430,369	370,139	800,508
(9,607)	4,372	179,445	21,935	201,380
107,074	24,524	695,990	566,537	1,262,527
\$ 97,467	\$ 28,896	\$ 875,435	\$ 588,472	\$ 1,463,907

City of Cocoa, Florida
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - Community Development Block Grant Program
Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	\$ 178,889	\$ 358,084	\$ 196,385	\$ (161,699)
Investment earnings	-	-	144	144
Miscellaneous	-	-	7,195	7,195
Total revenues	<u>178,889</u>	<u>358,084</u>	<u>203,724</u>	<u>(154,360)</u>
Expenditures:				
Economic development:				
Housing grants:				
Personal services	30,157	30,157	24,184	5,973
Operating expenditures	5,620	5,620	3,233	2,387
Capital Outlay	-	448,202	162,293	285,909
	<u>35,777</u>	<u>483,979</u>	<u>189,710</u>	<u>294,269</u>
Public service:				
Grants and aids	<u>371,161</u>	<u>353,903</u>	<u>74,334</u>	<u>279,569</u>
Total expenditures	<u>406,938</u>	<u>837,882</u>	<u>264,044</u>	<u>573,838</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(228,049)</u>	<u>(479,798)</u>	<u>(60,320)</u>	<u>419,478</u>
Other Financing Sources:				
Transfers in	-	450,306	430,369	19,937
Net change in fund balances	<u>(228,049)</u>	<u>(29,492)</u>	<u>370,049</u>	<u>399,541</u>
Fund balances, beginning of year	<u>52,884</u>	<u>52,884</u>	<u>52,884</u>	<u>-</u>
Fund balances, end of year	<u>\$ (175,165)</u>	<u>\$ 23,392</u>	<u>\$ 422,933</u>	<u>\$ 399,541</u>

City of Cocoa, Florida
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - Brevard County Home Program Fund
Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	\$ 71,828	\$ 136,195	\$ 6,138	\$ (130,057)
Investment earnings	-	-	1,299	1,299
Total revenues	<u>71,828</u>	<u>136,195</u>	<u>7,437</u>	<u>(128,758)</u>
Expenditures:				
Economic development:				
Personnel Services	7,539	7,539	6,045	1,494
Operating expenditures	2,540	2,540	546	1,994
Aid to private organization	<u>531,749</u>	<u>436,394</u>	<u>-</u>	<u>436,394</u>
Total expenditures	<u>541,828</u>	<u>446,473</u>	<u>6,591</u>	<u>438,388</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(470,000)</u>	<u>(310,278)</u>	<u>846</u>	<u>311,124</u>
Fund balances, beginning of year	<u>357,464</u>	<u>357,464</u>	<u>357,464</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ (112,536)</u></u>	<u><u>\$ 47,186</u></u>	<u><u>\$ 358,310</u></u>	<u><u>\$ 311,124</u></u>

City of Cocoa, Florida
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - Cocoa Housing Assistance Trust Fund
Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	\$ 27,919	\$ 27,919	\$ 27,919	\$ -
Investment earnings	-	-	200	200
Total revenues	<u>27,919</u>	<u>27,919</u>	<u>28,119</u>	<u>200</u>
Expenditures:				
Economic development:				
Operating expenditures	2,791	4,571	2,543	2,028
Grants and aids	<u>223,193</u>	<u>223,643</u>	<u>145,493</u>	<u>78,150</u>
Total expenditures	<u>225,984</u>	<u>228,214</u>	<u>148,036</u>	<u>80,178</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(198,065)</u>	<u>(200,295)</u>	<u>(119,917)</u>	<u>(79,978)</u>
Fund balances, beginning of year	<u>154,044</u>	<u>154,044</u>	<u>154,044</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ (44,021)</u></u>	<u><u>\$ (46,251)</u></u>	<u><u>\$ 34,127</u></u>	<u><u>\$ (79,978)</u></u>

City of Cocoa, Florida
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - Loan Guarantee Fund
Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Expenditures:				
Economic development:				
Capital outlay	\$ -	\$ 894,000	\$ 66,298	\$ 827,702
Total expenditures	<u>-</u>	<u>894,000</u>	<u>66,298</u>	<u>827,702</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(894,000)</u>	<u>(66,298)</u>	<u>(827,702)</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ -</u></u>	<u><u>\$ (894,000)</u></u>	<u><u>\$ (66,298)</u></u>	<u><u>\$ (827,702)</u></u>

City of Cocoa, Florida
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - Police Confiscated Funds
Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Investment earnings	\$ -	\$ -	\$ 458	\$ 458
Miscellaneous	-	-	1,236	1,236
Total revenues	-	-	1,694	1,694
Expenditures:				
Public Safety:				
Operating expenditures	-	12,488	11,301	(1,187)
Total expenditures	-	12,488	11,301	(1,187)
Excess (deficiency) of revenues over (under) expenditures	-	(12,488)	(9,607)	2,881
Fund balances, beginning of year	107,074	107,074	107,074	-
Fund balances, end of year	<u>\$ 107,074</u>	<u>\$ 94,586</u>	<u>\$ 97,467</u>	<u>\$ 2,881</u>

City of Cocoa, Florida
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - Police Special Education Fund
Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Fines and forfeitures	\$ 4,000	\$ 4,000	\$ 4,273	\$ 273
Interest and other	-	-	99	99
Total revenues	<u>4,000</u>	<u>4,000</u>	<u>4,372</u>	<u>372</u>
Expenditures:				
Public Safety:				
Operating expenditures	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Total expenditures	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>4,372</u>	<u>4,372</u>
Fund balances, beginning of year	<u>24,524</u>	<u>24,524</u>	<u>24,524</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 24,524</u></u>	<u><u>\$ 24,524</u></u>	<u><u>\$ 28,896</u></u>	<u><u>\$ 4,372</u></u>

City of Cocoa, Florida
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - Capital Projects Fund
Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	\$ -	\$ 652,100	\$ -	\$ (652,100)
Investment earnings	-	-	2,497	2,497
Total revenues	-	652,100	2,497	(649,603)
Expenditures:				
Physical environment:				
Operating expenditures	-	24,360	9,136	15,224
Capital outlay	6,744,250	7,698,679	836,430	6,862,249
	6,744,250	7,723,039	845,566	6,877,473
Debt service:	37,307	37,307	-	37,307
Total expenditures	6,781,557	7,760,346	845,566	6,914,780
Excess (deficiency) of revenues over (under) expenditures	(6,781,557)	(7,108,246)	(843,069)	6,265,177
Other Financing Sources:				
Transfers in	6,781,557	7,111,046	7,111,046	-
Transfers out	-	(2,800)	(2,800)	-
Net other financing sources	6,781,557	7,108,246	7,108,246	-
Net change in fund balance	-	-	6,265,177	6,265,177
Fund balances, beginning of year	1,716,632	1,716,632	1,716,632	-
Fund balances, end of year	<u>\$ 1,716,632</u>	<u>\$ 1,716,632</u>	<u>\$ 7,981,809</u>	<u>\$ 6,265,177</u>

City of Cocoa, Florida
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - Debt Service Fund
Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Taxes	\$ 571,342	\$ 571,342	\$ 571,342	\$ -
Licenses and permits	813,211	813,211	810,811	(2,400)
Investment earnings	-	-	24,006	24,006
Total revenues	<u>1,384,553</u>	<u>1,384,553</u>	<u>1,406,159</u>	<u>21,606</u>
Expenditures:				
Debt service	<u>1,746,156</u>	<u>1,754,363</u>	<u>1,754,363</u>	<u>-</u>
Total expenditures	<u>1,746,156</u>	<u>1,754,363</u>	<u>1,754,363</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(361,603)</u>	<u>(369,810)</u>	<u>(348,204)</u>	<u>21,606</u>
Other Financing Sources:				
Transfers in	<u>-</u>	<u>8,175</u>	<u>370,139</u>	<u>361,964</u>
Net other financing sources	<u>-</u>	<u>8,175</u>	<u>370,139</u>	<u>361,964</u>
Net change in fund balance	(361,603)	(361,635)	21,935	383,570
Fund balances, beginning of year	<u>566,537</u>	<u>566,537</u>	<u>566,537</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 204,934</u></u>	<u><u>\$ 204,902</u></u>	<u><u>\$ 588,472</u></u>	<u><u>\$ 383,570</u></u>

THIS PAGE IS INTENTIONALLY LEFT BLANK

CITY OF COCOA, FLORIDA

Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in a fiduciary capacity for individuals, governmental entities and others. Such funds are operated by carrying out specific terms of trust indentures, statutes, ordinances, or other governing regulation.

The City maintains the following Agency Fund:

Taylor Creek Project Agency Fund – This fund is used to account for funds received for the consumptive use permitting information development related to the Taylor Creek Water Supply Project via a Memorandum of Agreement with Orlando Utilities Commission; East Central Florida Services, Inc.; and Farmland Reserve, Inc. The monies are restricted for funding the above-mentioned project.

THIS PAGE IS INTENTIONALLY LEFT BLANK

City of Cocoa, Florida
Balance Sheet - Taylor Creek Project Agency Fund
September 30, 2019

	<u>Taylor Creek Project Agency Fund</u>
Assets	
Cash and cash equivalents	-
Total assets	<u>\$ -</u>
Liabilities	
Refundable deposits	-
Total liabilities	<u>\$ -</u>

City of Cocoa, Florida
Statement of Changes in Assets and Liabilities - Taylor Creek Project Agency Fund
Year Ended September 30, 2019

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash and cash equivalents	\$ 3,519	\$ -	\$ 3,519	\$ -
Total assets	<u>\$ 3,519</u>	<u>\$ -</u>	<u>\$ 3,519</u>	<u>\$ -</u>
Liabilities				
Refundable deposits	\$ 3,519	\$ -	\$ 3,519	\$ -
Total liabilities	<u>\$ 3,519</u>	<u>\$ -</u>	<u>\$ 3,519</u>	<u>\$ -</u>

CITY OF COCOA, FLORIDA

Internal Service Funds

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its workers compensation insurance and health care insurance.

The City maintains the following Internal Service Funds:

Workers Compensation Internal Service Fund – This fund is used to account for workers compensation services provided to other funds and the component units of the City on a cost reimbursement basis.

Health Care Internal Service Fund – This fund is used to account for health care insurance services provided to employees and eligible retirees of the City on a cost reimbursement basis.

THIS PAGE IS INTENTIONALLY LEFT BLANK

City of Cocoa, Florida
Combining Statement of Net Position – Internal Service Funds
September 30, 2019

	Internal Service Fund		
	Workers' Compensation	Health Care Insurance	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,105,811	\$ 1,105,651	\$ 2,211,462
Investments	3,019,455	-	3,019,455
Accounts receivable, net	3,294	-	3,294
Prepaid items	150,387	-	150,387
Total assets	<u>4,278,947</u>	<u>1,105,651</u>	<u>5,384,598</u>
Liabilities			
Current liabilities (payable from current assets):			
Accounts and claims payable	36,430	-	36,430
Accrued claims payable	1,017,000	1,409,924	2,426,924
Total current liabilities	<u>1,053,430</u>	<u>1,409,924</u>	<u>2,463,354</u>
Noncurrent liabilities:			
Accrued claims payable	2,383,000	-	2,383,000
Total noncurrent liabilities	<u>2,383,000</u>	<u>-</u>	<u>2,383,000</u>
Total liabilities	<u>3,436,430</u>	<u>1,409,924</u>	<u>4,846,354</u>
Net Position			
Unrestricted (deficit)	842,517	(304,273)	538,244
Total net position	<u>\$ 842,517</u>	<u>\$ (304,273)</u>	<u>\$ 538,244</u>

City of Cocoa, Florida
Combining Statement of Revenue, Expenses, and Changes in Fund Net Position –
Internal Service Funds
Year Ended September 30, 2019

	Internal Service Fund		
	Workers' Compensation	Health Care Insurance	Total
Operating revenues:			
Charges for services	\$ 974,017	\$ 6,769,739	\$ 7,743,756
Other charges and fees	134,040	1,027	135,067
Total operating revenues	1,108,057	6,770,766	7,878,823
Operating expenses:			
Insurance claims and expenses	1,095,645	6,679,945	7,775,590
Total operating expenses	1,095,645	6,679,945	7,775,590
Operating income (loss)	12,412	90,821	103,233
Nonoperating revenues (expenses):			
Investment earnings	122,533	53,641	176,174
Total nonoperating revenues (expenses)	122,533	53,641	176,174
Income before contributions and transfers	134,945	144,462	279,407
Change in net position	134,945	144,462	279,407
Net position (deficit), beginning	707,572	(448,735)	258,837
Net position (deficit), end of year	<u>\$ 842,517</u>	<u>\$ (304,273)</u>	<u>\$ 538,244</u>

City of Cocoa, Florida
Combining Statement of Cash Flows – Internal Service Funds
Year Ended September 30, 2019

	Internal Service Fund		
	Workers' Compensation	Health Care Insurance	Total
Cash flows from operating activities			
Cash received from customers for sales and services	\$ 1,119,544	\$ 6,770,781	\$ 7,890,325
Cash payments for insurance and claims expenses	(1,308,334)	(6,375,671)	(7,684,005)
Net cash provided (used) in operating activities	(188,790)	395,110	206,320
Cash flows from investing activities:			
Investment income	122,533	53,641	176,174
Proceeds from sale/maturity of investments	24,033	-	24,033
Net cash provided by investing activities	146,566	53,641	200,207
Net increase (decrease) in cash and cash equivalents	(42,224)	448,751	406,527
Cash and cash equivalents, beginning of year	1,148,035	656,900	1,804,935
Cash and cash equivalents, end of year	\$ 1,105,811	\$ 1,105,651	\$ 2,211,462
Reconciliation of operating income (loss) to net cash used in operating activities			
Operating income (loss)	\$ 12,412	\$ 90,821	\$ 103,233
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Change in assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	11,487	15	11,502
Prepaid items	(73)	-	(73)
Increase (decrease) in liabilities:			
Accounts and claims payable	2,384	-	2,384
Accrued claims payable	(215,000)	304,274	89,274
Total adjustments	(201,202)	304,289	103,087
Net cash used in operating activities	\$ (188,790)	\$ 395,110	\$ 206,320
Noncash capital and related financing activities:			
There were no significant non-cash transactions			

THIS PAGE IS INTENTIONALLY LEFT BLANK

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Cocoa, Florida's Comprehensive Annual Financial Report presents 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.

Table of Contents

A. Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

- Schedule 1** Net Position by Component
- Schedule 2** Changes in Net Position
- Schedule 3** Fund Balances, Governmental Funds
- Schedule 4** Changes in Fund Balances, Governmental Funds

B. Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local own-source revenues such as ad valorem property taxes, local business taxes, and building permits revenues.

- Schedule 5** General Governmental Revenues by Source
- Schedule 6** Assessed Value and Estimated Actual Value of Taxable Property
- Schedule 7** Direct and Overlapping Property Tax Rates
- Schedule 8** Principal Taxpayers
- Schedule 9** Property Tax Levies and Collections
- Schedule 10** Water Rates
- Schedule 11** Waste Water Rates
- Schedule 12** Water and Waste Water System Growth

C. Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of debt outstanding and the City's ability to issue additional debt in the future, as necessary.

Schedule 13 Ratio of Outstanding Debt by Type

Schedule 14 Ratio of Net General Bonded Debt Outstanding

Schedule 15 Legal Debt Limit Information

Schedule 16 Direct and Overlapping Governmental Activities Debt

Schedule 17 Pledged Revenue Coverage

D. Demographic and Economic Information Financial Trends

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Schedule 18 Demographic and Economic Statistics

Schedule 19 Principal Employers

E. Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Schedule 20 Full-Time Equivalent City Government Employees by Function/Program

Schedule 21 Operating Indicators by Function/Program

Schedule 22 Capital Assets by Function/Program

Additional Notes

Unless otherwise noted, the information in these schedules is derived from the City's Comprehensive Annual Financial Report (CAFR), financial records, and other departmental sources for the relevant year.

City of Cocoa, Florida

Net Position by Component

Last Ten Fiscal Years - (accrual basis of accounting)

	2019	2017	2016	2015
Governmental activities				
Net investment in capital assets	\$ 29,498,816	\$ 19,280,723	\$ 25,293,324	\$ 20,134,496
Restricted	941,298	260,393	281,203	252,338
Unrestricted	(2,679,661)	17,399,902	11,063,634	10,786,642
Total governmental activities net position	27,760,453	36,941,018	36,638,161	31,173,476
Business-type activities				
Net investment in capital assets	142,364,912	132,683,806	115,435,116	103,777,006
Restricted	11,381,896	12,395,504	11,818,615	11,822,514
Unrestricted	12,438,861	7,335,232	12,143,637	16,743,125
Total business-type activities net position	166,185,669	152,414,542	139,397,368	132,342,645
Primary government				
Net investment in capital assets	171,863,728	151,964,529	140,728,440	123,911,502
Restricted	12,323,194	12,655,897	12,099,818	12,074,852
Unrestricted	9,759,200	24,735,134	23,207,271	27,529,767
Total primary government net position	\$ 193,946,122	\$ 189,355,560	\$ 176,035,529	\$ 163,516,121

Note: Accounting standards require that net position be reported in three components in the financial statements: Net investment in capital assets; restricted; and unrestricted. Net position is considered restricted only when an external party, such as the state or federal government, places a restriction on how the resources may be used, or through enabling legislation enacted by the City.

Schedule 1

2014	2013	2012	2011	2010
\$ 19,145,644	\$ 18,770,655	\$ 19,517,843	\$ 20,830,311	\$ 22,376,942
87,030	80,456	136,559	308,046	4,506,016
23,184,495	18,771,455	15,114,446	11,516,849	10,650,945
42,417,169	37,622,566	34,768,848	32,655,206	37,533,903
93,350,606	81,193,813	77,709,201	76,709,974	84,985,494
11,824,666	12,658,876	13,061,321	13,393,511	11,477,638
29,178,323	36,216,604	34,727,175	31,122,453	17,340,366
134,353,595	130,069,293	125,497,697	121,225,938	113,803,498
112,496,250	99,964,468	97,227,044	97,540,285	107,362,436
11,911,696	12,739,332	13,197,880	13,701,557	15,983,654
52,362,818	54,988,059	49,841,621	42,639,302	27,991,311
\$ 176,770,764	\$ 167,691,859	\$ 160,266,545	\$ 153,881,144	\$ 151,337,401

City of Cocoa, Florida

Changes in Net Position

Last Ten Fiscal Years - (accrual basis of accounting)

	2019	2018	2017	2016
Expenses				
Governmental activities:				
General government	\$ 14,712,121	\$ 14,324,743	\$ 13,131,276	\$ 12,001,545
Public safety	18,071,667	16,768,238	16,180,830	12,593,567
Recreation	1,607,032	1,476,661	1,404,532	1,221,987
Economic development	3,008,059	1,192,366	1,534,682	817,422
Physical environment	2,376,579	2,304,779	3,144,201	3,055,646
Transportation	1,221,639	774,532	-	-
Interest on long-term debt	649,182	676,437	1,180,788	565,742
Unallocated depreciation	-	-	129,012	128,124
Total governmental activities expenses	41,646,279	37,517,756	36,705,321	30,384,033
Business-type activities:				
Water and sewer	52,538,165	47,733,339	46,549,681	44,710,558
Stormwater utility	1,522,778	1,218,376	1,152,168	1,167,900
Total business-type activities	54,060,943	48,951,715	47,701,849	45,878,458
Total primary government activities	\$ 95,707,222	\$ 86,469,471	\$ 84,407,170	\$ 76,262,491
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 6,599,101	\$ 6,254,900	\$ 7,095,604	\$ 6,040,226
Public safety	3,013,695	2,560,844	2,292,471	2,219,789
Recreation	140,797	123,745	132,735	197,801
Economic development	-	-	195,121	78,120
Physical environment	5,330,167	5,312,519	5,346,364	5,367,608
Operating grants and contributions	2,439,991	1,953,430	2,862,670	2,070,571
Capital grants and contributions	600,292	72,781	946,130	1,650,174
Total governmental activities program revenues	18,124,043	16,278,219	18,871,095	17,624,289
Business-type activities:				
Charges for services:				
Water and sewer	65,298,095	62,391,805	59,695,998	56,433,043
Stormwater utility	1,654,080	1,704,541	1,481,312	1,376,341
Operating grants and contributions	-	-	762,202	608,791
Capital grants and contributions	3,324,099	3,783,027	5,098,296	1,283,545
Total business-type activities program revenues	70,276,274	67,879,373	67,037,808	59,701,720
Total primary government program revenues	\$ 88,400,317	\$ 84,157,592	\$ 85,908,903	\$ 77,326,009

Schedule 2

2015	2014	2013	2012	2011	2010
\$ 12,192,945	\$ 11,008,561	\$ 10,744,769	\$ 10,528,005	\$ 14,265,207	\$ 15,491,497
15,887,751	15,569,379	15,157,432	14,294,202	13,951,279	13,878,749
1,236,510	1,248,559	1,153,649	1,085,098	1,130,151	1,252,356
1,075,995	849,547	943,819	686,310	1,155,249	1,584,027
3,061,232	2,774,929	2,875,482	2,688,133	1,487,530	2,158,716
-	-	-	-	-	-
592,542	608,239	624,801	645,198	697,413	765,015
1,303,323	1,720,039	1,703,523	1,689,124	1,595,419	1,601,323
35,350,298	33,779,253	33,203,475	31,616,070	34,282,248	36,731,683
43,873,364	41,911,372	41,298,779	39,776,639	39,731,176	42,417,064
1,023,881	1,014,924	950,220	784,328	718,825	722,058
44,897,245	42,926,296	42,248,999	40,560,967	40,450,001	43,139,122
\$ 80,247,543	\$ 76,705,549	\$ 75,452,474	\$ 72,177,037	\$ 74,732,249	\$ 79,870,805
\$ 5,975,125	\$ 5,969,111	\$ 5,988,279	\$ 5,925,745	\$ 6,772,756	\$ 8,272,795
2,000,615	1,669,761	1,294,010	1,280,764	1,183,748	869,942
182,574	253,249	269,316	267,345	226,203	168,550
166,553	232,543	374,430	169,286	217,943	406,155
5,374,671	5,275,079	5,161,816	5,069,250	5,136,179	4,964,543
2,082,850	2,528,861	2,128,951	1,643,910	1,707,691	1,652,316
683,729	628,308	562,776	545,217	418,612	323,663
16,466,117	16,556,912	15,779,578	14,901,517	15,663,132	16,657,964
54,719,795	55,488,254	53,740,469	50,553,130	48,657,881	43,125,335
1,312,233	1,212,723	1,154,911	1,092,791	1,046,929	994,226
605,525	606,178	624,792	653,209	504,423	-
2,797,467	2,123,484	862,205	395,816	703,953	4,043,799
59,435,020	59,430,639	56,382,377	52,694,946	50,913,186	48,163,360
\$ 75,901,137	\$ 75,987,551	\$ 72,161,955	\$ 67,596,463	\$ 66,576,318	\$ 64,821,324

City of Cocoa, Florida

Changes in Net Position (Continued)

Last Ten Fiscal Years - (accrual basis of accounting)

Net (Expense)/Revenue	2019	2018	2017	2016
Governmental activities	\$ (23,522,236)	\$ (21,239,537)	\$ (17,834,226)	\$ (12,759,744)
Business-type activities	16,215,331	18,927,658	19,335,959	13,823,262
Total primary government net revenue (expense)	\$ (7,306,905)	\$ (2,311,879)	\$ 1,501,733	\$ 1,063,518

General Revenues and Other Changes in Net Assets

Governmental activities:

Property taxes	\$ 5,635,515	\$ 5,168,838	\$ 5,000,611	\$ 4,699,241
Public utility and telecommunication taxes	2,611,295	2,628,618	2,169,692	2,179,176
Franchise taxes	1,556,102	1,454,938	1,438,506	1,418,014
Shared revenues not restricted to specific programs	2,435,036	3,706,378	2,340,469	2,088,744
Gain on sale of capital assets	-	9,271	-	-
Unrestricted investment earnings	668,857	142,396	56,406	100,577
Miscellaneous	195,168	395,608	550,203	503,570
Transfers, net	8,384,099	7,280,466	6,590,172	7,226,129
Special item	-	-	-	-
Total governmental activities	21,486,072	20,786,513	18,146,059	18,215,451

Business-type activities:

Unrestricted investment earnings	2,041,815	217,198	175,279	235,491
Miscellaneous	-	-	42,959	69,094
Gain on sale of capital assets	73,980	97,002	53,149	153,005
Transfers, net	(8,384,099)	(7,280,466)	(6,590,172)	(7,226,129)
Special item	-	-	-	-
Total business-type activities	(6,268,304)	(6,966,266)	(6,318,785)	(6,768,539)
Total primary government	\$ 15,217,768	\$ 13,820,247	\$ 11,827,274	\$ 11,446,912

Change in Net Position

Governmental activities	\$ (2,036,164)	\$ (453,024)	\$ 311,833	\$ 5,455,707
Business-type activities	9,947,027	11,961,392	13,017,174	7,054,723
Total primary government	\$ 7,910,863	\$ 11,508,368	\$ 13,329,007	\$ 12,510,430

Schedule 2 (continued)

2015	2014	2013	2012	2011	2010
\$ (18,884,181)	\$ (17,222,341)	\$ (17,423,897)	\$ (16,714,553)	\$ (18,619,116)	\$ (20,073,719)
14,537,775	16,504,343	14,133,378	12,133,979	10,463,185	5,024,238
<u>\$ (4,346,406)</u>	<u>\$ (717,998)</u>	<u>\$ (3,290,519)</u>	<u>\$ (4,580,574)</u>	<u>\$ (8,155,931)</u>	<u>\$ (15,049,481)</u>
\$ 4,528,807	\$ 4,520,106	\$ 4,435,865	\$ 4,331,898	\$ 4,371,564	\$ 4,480,212
2,142,546	2,011,573	2,152,855	1,999,902	2,062,808	2,178,588
1,427,925	1,392,338	1,332,827	1,327,365	1,414,456	1,400,508
2,012,550	1,983,054	1,917,889	1,864,355	1,814,427	1,920,196
-	-	-	-	-	-
154,667	90,445	182,955	246,918	274,572	400,133
829,289	529,855	739,177	792,711	359,300	623,192
11,102,408	11,706,620	9,516,047	8,265,045	3,443,292	3,786,597
-	-	-	-	-	-
<u>22,198,192</u>	<u>22,233,991</u>	<u>20,277,615</u>	<u>18,828,194</u>	<u>13,740,419</u>	<u>14,789,426</u>
283,248	232,887	(90,540)	361,168	282,282	267,867
75,422	127,933	44,805	41,657	135,265	67,564
-	-	-	-	-	-
(11,102,408)	(11,706,620)	(9,516,047)	(8,265,045)	(3,458,292)	(3,786,597)
-	-	-	-	-	-
<u>(10,743,738)</u>	<u>(11,345,800)</u>	<u>(9,561,782)</u>	<u>(7,862,220)</u>	<u>(3,040,745)</u>	<u>(3,451,166)</u>
<u>\$ 11,454,454</u>	<u>\$ 10,888,191</u>	<u>\$ 10,715,833</u>	<u>\$ 10,965,974</u>	<u>\$ 10,699,674</u>	<u>\$ 11,338,260</u>
\$ 3,314,011	\$ 5,011,650	\$ 2,853,718	\$ 2,113,642	\$ (4,878,697)	\$ (5,284,293)
3,794,037	5,158,543	4,571,596	4,271,759	7,422,440	1,573,072
<u>\$ 7,108,048</u>	<u>\$ 10,170,193</u>	<u>\$ 7,425,314</u>	<u>\$ 6,385,401</u>	<u>\$ 2,543,743</u>	<u>\$ (3,711,221)</u>

City of Cocoa, Florida

Fund Balances, Governmental Funds

Last Ten Fiscal Years - (modified accrual basis of accounting)

	2019	2018	2017	2016
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	1,666,589	1,768,057	297,130	172,051
Restricted	-	-	-	-
Committed	12,288,375	11,400,743	10,403,251	10,000,000
Assigned	6,250,000	14,494,250	11,600,000	10,855,020
Unassigned	5,396,667	5,148,440	9,877,964	11,976,517
Total general fund	\$ 25,601,631	\$ 32,811,490	\$ 32,178,345	\$ 33,003,588
All other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds (deficit)	-	-	-	-
Nonspendable	6,603	4,915	848,268	898,415
Restricted	3,314,866	2,551,525	1,236,715	281,203
Committed	7,981,809	1,716,632	-	-
Assigned	-	-	5,860,345	1,915,995
Unassigned (deficit)	(66,298)	-	(123,735)	237,552
Total all other government funds	\$ 11,236,980	\$ 4,273,072	\$ 7,821,593	\$ 3,333,165

Note: The City began to report fund balance definitions under GASB Statement 54 in fiscal year 2011.

Schedule 3

2015	2014	2013	2012	2011	2010
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 231,855
-	-	-	-	-	14,777,066
438,024	232,583	245,679	205,131	291,487	-
-	-	-	18,836	152,993	-
10,000,000	10,200,000	10,200,000	10,200,000	10,200,000	-
10,855,020	1,520,181	1,370,443	1,387,461	-	-
14,297,920	18,192,939	11,823,962	6,181,283	2,838,599	-
<u>\$ 35,590,964</u>	<u>\$ 30,145,703</u>	<u>\$ 23,640,084</u>	<u>\$ 17,992,711</u>	<u>\$ 13,483,079</u>	<u>\$ 15,008,921</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,485,811
-	-	-	-	-	(1,119,152)
968,115	996,435	1,041,106	1,082,334	1,109,870	-
252,338	87,030	80,456	117,723	155,053	-
-	-	-	-	-	-
2,358,327	2,674,300	3,020,454	2,961,538	3,321,783	-
(63,357)	(271,886)	(426,370)	(567,998)	(997,823)	-
<u>\$ 3,515,423</u>	<u>\$ 3,485,879</u>	<u>\$ 3,715,646</u>	<u>\$ 3,593,597</u>	<u>\$ 3,588,883</u>	<u>\$ 3,366,659</u>

City of Cocoa, Florida

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years - (modified accrual basis of accounting)

	2019	2018	2017	2016
Revenues				
Taxes*	\$ 8,829,764	\$ 7,797,456	\$ 7,170,303	\$ 8,296,431
Licenses and permits*	4,485,335	4,122,684	5,005,518	313,935
Intergovernmental*	4,559,650	5,342,696	6,091,329	5,495,267
Charges for services*	11,637,669	11,376,107	11,247,118	13,404,589
Fines and forfeitures	28,802	43,643	42,184	93,881
Investment earnings	492,683	73,525	89,494	131,533
Miscellaneous	1,286,535	1,269,512	732,555	705,100
Total revenues	31,320,438	30,025,623	30,378,501	28,440,736
Expenditures				
General government	12,770,519	11,940,914	11,519,260	10,342,933
Public safety	15,082,113	14,249,945	13,586,273	14,348,468
Economic development	1,391,840	1,003,355	1,563,100	959,938
Recreation	2,853,914	1,231,144	1,203,552	1,106,032
Physical environment	2,275,324	2,198,447	3,188,741	2,826,143
Transportation	1,070,922	621,326	-	-
Capital outlay	2,494,869	7,210,525	7,759,900	6,431,769
Principal	1,302,873.00	1,084,910.00	1,031,000	1,143,729
Interest	726,183	700,618	628,762	557,042
Bond issuance costs	-	-	283,542	-
Total expenditures	39,968,557	40,241,184	40,764,130	37,716,054
Deficiency of revenues under expenditures	(8,648,119)	(10,215,561)	(10,385,629)	(9,275,318)
Other financing sources (uses)				
Transfers in	16,298,453	7,990,703	7,014,528	7,873,404
Transfers out	(7,914,354)	(816,158)	(424,356)	(1,457,807)
Proceeds from sale of capital assets	18,069	23,773	52,486	90,087
Capital lease proceeds	-	101,472	-	-
Payment to refunded debt escrow agent	-	-	(9,928,053)	-
Bond discount	-	-	(42,045)	-
Bond premium	-	-	511,647	-
Proceeds from issuance of debt	-	-	16,865,000	-
Special item	-	-	-	-
Total other financing sources (uses)	8,402,168	7,299,790	14,049,207	6,505,684
Net change in fund balances	\$ (245,951)	\$ (2,915,771)	\$ 3,663,578	\$ (2,769,634)
Debt service as a percentage of noncapital expenditures				
	5.4%	5.4%	5.0%	5.4%

*2012 thru 2009 amounts have been restated to be consistent with the 2013 presentation.

Schedule 4

2015	2014	2013	2012*	2011*	2010*
\$ 8,099,278	\$ 7,924,017	\$ 7,921,547	\$ 7,264,458	\$ 7,848,828	\$ 7,053,106
181,103	167,418	203,595	574,997	287,748	1,329,956
5,238,875	4,512,528	4,361,263	4,165,693	3,835,207	4,587,230
13,292,807	12,917,593	12,458,121	12,301,178	12,896,817	13,881,460
42,560	62,464	35,669	47,110	115,644	74,093
192,048	70,053	173,736	215,347	233,303	361,877
858,069	885,609	1,576,734	493,033	413,166	734,815
27,904,740	26,539,682	26,730,665	25,061,816	25,630,713	28,022,537
9,987,287	9,199,043	9,186,111	8,599,636	10,534,019	11,189,063
13,521,776	13,588,277	13,124,375	12,530,027	11,987,883	12,205,485
1,155,565	950,343	1,048,240	782,058	1,383,005	1,903,508
1,142,761	1,194,672	1,061,993	998,205	1,031,054	1,178,717
3,161,046	2,498,692	2,685,860	2,506,411	3,135,701	3,449,537
-	-	-	-	-	-
5,028,077	3,022,931	2,808,239	1,857,266	1,269,705	4,702,761
1,070,500	934,036	1,198,393	916,238	891,371	829,737
583,843	599,540	616,102	636,499	688,739	756,316
-	-	-	-	-	-
35,650,855	31,987,534	31,729,313	28,826,340	30,921,477	36,215,124
(7,746,115)	(5,447,852)	(4,998,648)	(3,764,524)	(5,290,764)	(8,192,587)
11,159,572	11,877,562	9,564,909	8,620,442	4,011,651	3,921,449
(57,164)	(170,942)	(48,862)	(355,397)	(568,359)	(134,852)
108,512	17,084	2,023	13,825	24,420	77,901
-	-	-	-	69,434	61,380
-	-	-	-	(2,750,000)	-
-	-	-	-	-	-
-	-	-	-	-	-
2,010,000	-	1,250,000	-	3,200,000	-
-	-	-	-	-	-
13,220,920	11,723,704	10,768,070	8,278,870	3,987,146	3,925,878
\$ 5,474,805	\$ 6,275,852	\$ 5,769,422	\$ 4,514,346	\$ (1,303,618)	\$ (4,266,709)
5.4%	5.3%	6.3%	5.8%	5.3%	5.0%

City of Cocoa, Florida

General Governmental Revenues by Source

Last Ten Fiscal Years - (accrual basis of accounting)

Schedule 5

Fiscal Year	Property Taxes	Utility Taxes and Franchise Fees	Inter-governmental (1)*	Other*	Totals
2019	\$ 5,635,515	\$ 4,167,397	\$ 4,559,650	\$ 16,716,093	\$ 31,078,655
2018	5,168,838	4,083,555	5,342,696	15,430,534	30,025,623
2017	5,000,611	3,608,198	6,091,329	15,678,363	30,378,501
2016	4,699,241	3,597,190	5,495,267	14,570,284	28,361,982
2015	4,528,807	3,570,471	5,238,875	14,501,130	27,839,283
2014	4,520,106	3,403,911	4,512,528	14,041,442	26,477,987
2013	4,435,865	3,485,682	4,361,263	14,018,816	26,301,626
2012*	4,331,898	3,327,267	4,165,693	13,236,958	25,061,816
2011*	4,371,564	3,477,264	3,835,207	13,946,678	25,630,713
2010*	4,480,212	2,572,894	4,587,230	16,382,201	28,022,537

(1) Includes local option gas tax.

*2012 thru 2009 amounts have been restated to be consistent with the 2013 presentation.

Note: Includes General, Special Revenue, Capital Projects and Debt Service Funds, as applicable.

THIS PAGE IS INTENTIONALLY LEFT BLANK

City of Cocoa, Florida

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Centrally Assessed Property	Less: Tax-Exempt Property
2019	\$ 1,090,255,400	\$ 271,171,634	\$ 4,097,166	\$ 393,758,161
2018	940,958,240	270,529,563	3,869,600	355,293,089
2017	874,284,810	277,265,631	3,514,003	337,493,706
2016	838,137,370	268,432,534	2,656,441	328,336,969
2015	820,754,020	277,223,578	2,335,457	325,183,520
2014	846,372,850	284,164,503	2,089,111	334,960,096
2013	961,539,190	306,406,665	2,019,635	363,813,856
2012	1,159,589,630	341,024,797	2,313,993	478,190,225
2011	1,371,082,320	369,202,673	3,420,128	581,568,187
2010	1,413,286,040	337,859,014	2,358,254	579,265,306

Source: Brevard County Property Appraiser.

Schedule 6

Total Taxable Assessed Value		Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
\$	971,766,039	5.979%	\$ 967,726,786	100.417%
	860,064,314	5.979%	857,337,863	100.318%
	817,570,738	5.979%	818,427,691	99.895%
	780,889,376	5.979%	782,374,729	99.810%
	775,129,535	5.981%	775,765,766	99.918%
	797,666,368	5.981%	798,015,398	99.956%
	906,151,634	5.581%	906,819,814	99.926%
	1,024,738,195	4.966%	1,025,224,075	99.953%
	1,162,136,934	4.489%	1,484,851,266	78.266%
	1,174,238,002	4.489%	1,753,503,308	66.965%

City of Cocoa, Florida

Direct and Overlapping Property Tax Rates (1)

Last Ten Fiscal Years

Schedule 7

Fiscal Year	City Direct Rate	Overlapping Rates			Total Direct and Overlapping Rates
	Basic Rate	Brevard County	Brevard County Public School	Independent Special Districts	
2019	5.9790	5.2553	6.0860	0.2734	17.5937
2018	5.9790	5.4432	6.2990	0.2882	18.0094
2017	5.9790	5.8130	6.9160	0.4823	19.1903
2016	5.9790	5.4692	7.2750	0.3343	19.0575
2015	5.9790	5.6310	7.3390	0.3509	19.2999
2014	5.9811	5.7979	7.6060	0.3628	19.7478
2013	5.9811	5.9199	8.0960	0.3658	20.3628
2012	5.5813	5.9199	8.1120	0.3658	19.9790
2011	4.9662	5.2249	7.6530	0.4503	18.2944
2010	4.4891	4.5211	7.6870	0.4503	17.1475

(1) Per \$1,000 of assessed value.

Source: Brevard County Tax Collector.

THIS PAGE IS INTENTIONALLY LEFT BLANK

City of Cocoa, Florida

Principal Taxpayers

Current and Nine Years Ago

2019

Rank	Taxpayer	Amount Levied	Percentage of Total City Levy
1	Wal-Mart Stores East LP	\$ 434,798	7.48%
2	East Florida Motor Sales Inc.	64,868	1.12%
3	Cocoa Commons Station LLC	55,306	0.95%
4	Sam's East Inc	43,567	0.75%
5	Mike Erdman Motors Inc	42,935	0.74%
6	12550 LC	37,229	0.64%
7	Monmouth Real Estate Investment	30,919	0.53%
8	Sunris Mobile Home Park LLC	28,386	0.49%
9	ATC Clearlake LLC	27,211	0.47%
10	Beyel Brothers Inc	24,817	0.43%
Total		\$ 790,036	13.60%
Total Amount Levied		<u>\$ 5,810,115</u>	

Source: Brevard County Tax Collector.

Schedule 82010

Rank	Taxpayer	Amount Levied	Percentage of Total City Levy
1	Wal-Mart	\$ 52,480	1.01%
2	Monmouth Real Estate Investment	35,913	0.69%
3	RLV Cocoa Commons	35,015	0.67%
4	12550, LC	29,628	0.57%
5	Home Depot USA, Inc	29,628	0.57%
6	Emerald Lakes of Cocoa, LLC	20,002	0.38%
7	Sam's East Inc.	18,364	0.35%
8	Cocoa Master Development, LLC	18,245	0.35%
9	Peoples First Community Bank	18,073	0.35%
10	Hopper, Gertrude K., Trust	17,621	0.34%
Total		\$ 274,969	5.27%
Total Amount Levied		<u>\$ 5,216,952</u>	

Source: Brevard County Tax Collector

City of Cocoa, Florida

Property Tax Levies and Collections

Last Ten Fiscal Years

Schedule 9

Fiscal Year	Amount Levied	Current Year Collections		Delinquent Tax Collections (1)	Total Collections to Date	
		Amount Collected	Percentage of Levy		Total Amount Collected	Percentage of Levy
2019	\$ 5,810,115	\$ 5,399,899	92.94%	\$ 235,616	\$ 5,635,515	96.99%
2018	5,324,625	4,947,189	92.91%	224,292	5,171,481	97.12%
2017	5,142,260	4,768,944	92.74%	231,667	5,000,611	97.25%
2016	4,888,261	4,454,794	91.13%	244,447	4,699,241	96.13%
2015	4,668,943	4,275,053	91.56%	253,754	4,528,807	97.00%
2014	4,636,129	4,235,126	91.35%	284,980	4,520,107	97.50%
2013	4,452,014	4,173,107	93.74%	262,758	4,435,865	99.64%
2012	4,500,137	4,022,600	89.39%	309,298	4,331,898	96.26%
2011	4,600,154	4,040,240	87.83%	331,324	4,371,564	95.03%
2010	5,216,952	4,066,535	77.95%	413,677	4,480,212	85.88%

Source: Tax Certificate, Brevard County Property Appraiser.
Financial records of the City of Cocoa, Florida.

(1) Includes delinquent taxes, penalties and tax certificates.

Note: 2012 thru 2008 have been restated to be consistent with the 2013 presentation.

City of Cocoa, Florida

Water Rates

Last Ten Fiscal years

Schedule 10

TIER RATE STRUCTURE BY METER SIZE EFFECTIVE 10/01/2010

Meter Size	1st Tier	2nd Tier	3rd Tier	4th Tier
3/4"	0-6	7-12	13-24	over 24
1"	0-15	16-30	31-60	over 60
1.5"	0-42	43-84	85-168	over 168
2"	0-102	103-204	205-408	over 408
3"	0-420	421-840	841-1,680	over 1,680
4"	0-690	691-1,380	1,381-2,760	over 2,760
6"	0-3,300	3,301-6,600	6,601-13,200	over 13,200
8"	0-12,000	12,001-24,000	24,001-48,000	over 48,000
10"	0-21,000	21,001-42,000	42,001-84,000	over 84,000

TIER RATE STRUCTURE BY METER SIZE THROUGH 09/30/2010

Meter Size	1st Tier	2nd Tier	3rd Tier	4th Tier
3/4"	0-8	9-16	17-24	over 24
1"	0-20	21-40	41-60	over 60
1.5"	0-40	41-80	81-120	over 120
2"	0-100	101-200	201-300	over 300
3"	0-400	401-800	801-1,200	over 1,200
4"	0-600	601-1,200	1,200-1,800	over 1,800
6"	0-2,000	2,000-4,000	4,000-6,000	over 6,000
10"	0-20,000	20,001-40,000	40,001-60,000	over 60,000

INSIDE COCOA CITY LIMITS

BASE RATES

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
3/4"	\$ 15.66	\$ 14.91	\$ 14.34	\$ 13.66	\$ 13.26	\$ 13.26	\$ 12.63	\$ 12.03	\$ 11.40	\$ 10.47
1"	37.92	36.11	34.72	33.07	32.11	32.11	30.58	29.12	27.60	25.30
1.5"	68.78	65.50	62.98	59.98	58.23	58.23	55.46	52.82	50.07	46.00
2"	172.03	163.84	157.54	150.04	145.67	145.67	138.73	132.12	125.23	115.00
3"	412.97	393.30	378.17	360.16	349.67	349.67	333.02	317.16	300.63	276.00
4"	619.45	589.95	567.26	540.25	524.51	524.51	499.53	475.74	450.94	414.00
6"	1,170.12	1,114.40	1,071.54	1,020.51	990.79	990.79	943.61	898.68	851.83	782.00
8"	1,626.18	1,548.74	1,489.17	1,418.26	1,376.95	1,376.95	1,311.38	1,248.93	1,183.82	N/A
10"	2,082.05	1,982.90	1,906.63	1,815.84	1,762.95	1,762.95	1,679.00	1,599.05	1,515.69	1,391.50

VOLUME RATES PER THOUSAND GALLONS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
1st Tier	\$ 3.26	\$ 3.10	\$ 2.98	\$ 2.84	\$ 2.76	\$ 2.76	\$ 2.63	\$ 2.50	\$ 2.37	\$ 2.10
2nd Tier	\$ 6.24	\$ 5.94	\$ 5.71	\$ 5.44	\$ 5.28	\$ 5.28	\$ 5.03	\$ 4.79	\$ 4.54	\$ 3.07
3rd Tier	\$ 8.13	\$ 7.74	\$ 7.44	\$ 7.09	\$ 6.88	\$ 6.88	\$ 6.55	\$ 6.24	\$ 5.91	\$ 4.53
4th Tier	\$ 10.95	\$ 10.43	\$ 10.03	\$ 9.55	\$ 9.27	\$ 9.27	\$ 8.83	\$ 8.41	\$ 7.97	\$ 6.50

OUTSIDE COCOA CITY LIMITS

BASE RATES

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
3/4"	\$ 17.23	\$ 16.40	\$ 15.77	\$ 15.03	\$ 14.59	\$ 14.59	\$ 13.89	\$ 13.23	\$ 12.54	\$ 11.52
1"	41.71	39.72	38.19	36.38	35.32	35.32	33.64	32.03	30.36	27.83
1.5"	75.66	72.05	69.28	65.98	64.06	64.06	61.01	58.10	55.08	50.60
2"	189.23	180.22	173.29	165.04	160.23	160.23	152.60	145.33	137.75	126.50
3"	454.27	432.63	415.99	396.18	384.64	384.64	366.32	348.88	330.69	303.60
4"	681.40	648.95	623.99	594.28	576.96	576.96	549.48	523.31	496.03	455.40
6"	1,287.13	1,225.84	1,178.69	1,122.56	1,089.87	1,089.87	1,037.97	988.55	937.01	860.20
8"	1,788.80	1,703.61	1,638.09	1,560.09	1,514.65	1,514.65	1,442.52	1,373.82	1,302.20	N/A
10"	2,290.26	2,181.19	2,097.29	1,997.42	1,939.25	1,939.25	1,846.90	1,758.96	1,667.26	1,530.65

VOLUME RATES PER THOUSAND GALLONS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
1st Tier	\$ 3.59	\$ 3.41	\$ 3.28	\$ 3.12	\$ 3.04	\$ 3.04	\$ 2.89	\$ 2.75	\$ 2.61	\$ 2.31
2nd Tier	\$ 6.86	\$ 6.53	\$ 6.28	\$ 5.98	\$ 5.81	\$ 5.81	\$ 5.53	\$ 5.27	\$ 4.99	\$ 3.38
3rd Tier	\$ 8.94	\$ 8.51	\$ 8.18	\$ 7.80	\$ 7.57	\$ 7.57	\$ 7.21	\$ 6.86	\$ 6.50	\$ 4.98
4th Tier	\$ 12.05	\$ 11.47	\$ 11.03	\$ 10.51	\$ 10.20	\$ 10.20	\$ 9.71	\$ 9.25	\$ 8.77	\$ 7.15

City of Cocoa, Florida

Waste Water Rates

Last Ten Fiscal years

Schedule 11**BASE RATES - INSIDE COCOA CITY LIMITS:**

Meter Size	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
3/4"	\$ 15.13	\$ 14.41	\$ 13.86	\$ 13.20	\$ 12.82	\$ 12.82	\$ 12.21	\$ 11.63	\$ 11.51	\$ 9.77
1"	28.31	26.96	25.92	24.69	23.97	23.97	22.83	21.74	21.52	18.31
1.5"	56.78	54.08	52.00	49.52	48.08	48.08	45.79	43.61	43.18	36.64
2"	141.87	135.11	129.91	123.72	120.12	120.12	114.40	108.95	107.87	91.59
3"	567.76	540.72	519.92	495.16	480.74	480.74	457.85	436.05	431.73	366.39
4"	851.64	811.09	779.89	742.75	721.12	721.12	686.78	654.08	647.60	549.59
6"	1,532.96	1,459.96	1,403.81	1,336.96	1,298.02	1,298.02	1,236.21	1,177.34	1,165.68	989.26
8"	2,452.85	2,336.05	2,246.20	2,139.24	2,076.93	2,076.93	1,978.03	1,883.84	1,865.19	N/A
10"	3,525.99	3,358.09	3,228.93	3,075.17	2,985.60	2,985.60	2,843.43	2,708.03	2,681.22	N/A

Volume Rate

Per 1,000 Gal. \$ 7.17 \$ 6.83 \$ 6.57 \$ 6.26 \$ 6.08 \$ 6.08 \$ 5.79 \$ 5.51 \$ 5.46 \$ 4.63

BASE RATES - OUTSIDE COCOA CITY LIMITS:

Meter Size	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
3/4"	\$ 18.92	\$ 18.02	\$ 17.33	\$ 16.50	\$ 16.03	\$ 16.03	\$ 15.26	\$ 14.54	\$ 14.39	\$ 12.21
1"	35.39	33.70	32.40	30.86	29.96	29.96	28.54	27.18	26.90	22.89
1.5"	70.98	67.60	65.00	61.90	60.10	60.10	57.24	54.51	53.98	45.80
2"	177.32	168.88	162.38	154.65	150.15	150.15	143.00	136.19	134.84	114.49
3"	709.70	675.90	649.90	618.95	600.93	600.93	572.31	545.06	539.66	457.99
4"	1,064.54	1,013.85	974.86	928.44	901.40	901.40	858.48	817.60	809.50	686.99
6"	1,916.20	1,824.95	1,754.76	1,671.20	1,622.53	1,622.53	1,545.26	1,471.68	1,457.10	989.26
8"	3,066.06	2,920.06	2,807.75	2,674.05	2,596.16	2,596.16	2,472.54	2,354.80	2,331.49	N/A
10"	4,407.49	4,197.61	4,036.16	3,843.96	3,732.00	3,732.00	3,554.29	3,385.04	3,351.53	N/A

Volume Rate

Per 1,000 Gal. \$ 8.98 \$ 8.22 \$ 7.83 \$ 7.60 \$ 7.60 \$ 7.24 \$ 6.89 \$ 6.83 \$ 5.79 \$ 5.87

Source: Financial records of the City of Cocoa, Florida.

City of Cocoa, Florida

Water and Waste Water System Growth

Last Ten Fiscal Years

Schedule 12

Water System

Year	Number of Customers	Increase in Customers	Annual Revenue*	Increase in Revenue	Avg. Daily Flow (mdg**)	Change in Avg. Daily Flow
2019	83,649	1.71%	\$ 52,215,889	6.02%	20.166	-0.65%
2018	82,246	2.06%	49,249,171	0.75%	20.298	-7.44%
2017	80,582	0.47%	48,880,866	6.78%	21.929	3.21%
2016	80,206	0.78%	45,776,069	3.15%	21.247	-3.22%
2015	79,589	1.52%	44,378,086	-2.15%	21.954	3.44%
2014	78,398	-2.24%	45,354,935	3.20%	21.223	-5.13%
2013	80,198	0.69%	43,949,338	5.08%	22.370	-0.27%
2012	79,647	0.53%	41,823,688	4.11%	22.430	-2.51%
2011	79,228	0.38%	40,171,798	14.15%	23.007	-10.74%
2010	78,928	3.00%	35,192,798	-2.40%	25.776	2.42%

Waste Water System

Year	Number of Customers	Increase in Customers	Annual Revenue*	Increase in Revenue	Avg. Daily Flow (mdg**)	Change in Avg. Daily Flow
2019	7,336	4.00%	\$ 5,570,678	7.72%	2.040	-11.61%
2018	7,054	0.96%	5,171,562	-1.85%	2.308	6.07%
2017	6,987	-0.77%	5,269,276	5.25%	2.176	4.77%
2016	7,041	1.53%	5,006,306	2.99%	2.077	-2.90%
2015	6,935	0.52%	4,860,790	2.52%	2.139	19.10%
2014	6,899	12.16%	4,741,096	2.40%	1.796	-10.65%
2013	6,151	-8.63%	4,629,901	3.62%	2.010	3.61%
2012	6,732	-0.77%	4,468,058	-2.16%	1.940	-3.96%
2011	6,784	0.70%	4,566,617	14.13%	2.020	-1.94%
2010	6,737	-0.55%	4,001,072	-2.35%	2.060	6.74%

* Revenues exclude miscellaneous charges for services not directly related to consumption.

** mgd = million gallons per day.

Source: Financial records of the City of Cocoa, Florida.

City of Cocoa, Florida

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

Governmental Activities							Net Issuance Discounts & Premiums
Fiscal Year	Capital Improvement Revenue Bonds	Fire Protection Assessment Revenue Bond	Cocoa Redevelopment Agency Revenue Bonds	Capital Leases	Note Payable		
2019	\$ 7,935,000	\$ 7,560,000	\$ -	\$ 35,652	\$ 2,492,000	\$ 421,240	
2018	8,731,065	7,679,356	-	68,562.00	3,103,000	445,421	
2017	9,051,647	7,837,955	-	-	3,700,000	469,602	
2016	9,376,026	-	-	-	4,286,000	(173,974)	
2015	9,642,327	-	297,729	-	4,857,000	(182,673)	
2014	9,898,628	-	573,229	-	3,377,000	(191,372)	
2013	10,144,929	-	838,729	64,536	3,726,000	(200,701)	
2012	10,381,230	-	1,378,500	236,158	2,718,000	(208,770)	
2011	10,607,531	-	1,625,000	435,801	2,953,000	(217,469)	
2010	13,573,832	-	1,863,000	547,833	-	(226,168)	

(1) See Schedule 18 - Demographic and Economic Statistics.

Schedule 13

Business-type Activities						
Water and Sewer Bonds	Capital Leases	Note and Loans Payable	Net Issuance Discounts & Premiums	Total Primary Government	Percentage of Personal Income (1)	Per capita (1)
\$ 86,160,000	\$ -	\$ 15,930,125	\$ 6,826,218	\$ 127,360,235	14.5%	\$ 6,589
56,135,000	-	17,952,442	(350,026)	93,764,820	11.2%	4,862
57,739,956	-	19,919,095	(380,044)	98,338,211	12.9%	5,181
60,295,739	-	22,026,569	(369,261)	95,441,099	12.5%	5,068
62,726,522	-	24,059,149	(358,478)	101,041,576	14.1%	5,517
65,037,304	-	26,161,299	(347,696)	104,508,392	15.5%	5,912
65,224,990	-	28,332,602	(336,913)	107,794,172	16.2%	6,180
67,212,256	-	30,451,616	(326,131)	111,842,859	16.8%	6,480
69,625,331	44,559	32,701,997	(315,348)	117,460,402	18.5%	6,814
47,093,879	264,029	33,837,921	47,526	97,001,852	15.8%	5,659

City of Cocoa, Florida

Ratio of Net General Bonded Debt Outstanding

Last Ten Fiscal Years

Schedule 14

General Bonded Debt Outstanding							
Fiscal Year	Capital Improvement Revenue Bonds	Fire Protection Assessment Revenue Bond	Total	Percentage of Actual Taxable Value of Property (in thousands)	Per Capita	Population (1)	Net Assessed Value (in thousands)
2019	\$ 7,935,000	\$ 7,560,000	\$ 15,495,000	0.016	801.69	19,328	\$ 967,727
2018	8,731,065	7,679,356	16,410,421	0.019	850.90	19,286	857,338
2017	9,051,647	7,837,955	16,889,602	0.020	889.77	18,982	857,338
2016	9,376,026	-	9,376,026	0.011	497.85	18,833	817,571
2015	9,642,327	-	9,642,327	0.012	526.53	18,313	817,571
2014	9,898,628	-	9,898,628	0.013	559.94	17,678	780,889
2013	10,144,929	-	10,144,929	0.013	581.60	17,443	775,130
2012	10,381,230	-	10,381,230	0.013	601.50	17,259	797,666
2011	10,607,531	-	10,607,531	0.012	615.36	17,238	906,152
2010	13,573,832	-	13,573,832	0.013	813.49	16,686	1,024,738

(1) Source: Bureau of Economic and Business Research, University of Florida.

City of Cocoa, Florida

Legal Debt Limit Information

September 30, 2019

Schedule 15

State Statutes impose no limitation on the amount of bonded debt the City can issue and the City has not adopted a legal debt limit.

City of Cocoa, Florida

Direct and Overlapping Governmental Activities Debt

September 30, 2019

Schedule 16

Governmental Unit	Debt Outstanding (1)	Applicable Percentage (2)	City's Estimated Share of Direct and Overlapping Debt
Brevard County	\$ 46,145,107	2.28%	\$ 1,052,108
City of Cocoa Direct Debt (Governmental Activities)			
Revenue Bonds net of related premiums and discounts			15,916,240
Revenue Notes			2,492,000
Capital Leases			35,652
			18,408,240
Total Direct and Overlapping Debt			\$ 19,460,348

(1) Source: Brevard County Comprehensive Annual Financial Report. Table 12

(2) Source: Brevard County Comprehensive Annual Financial Report. Table 7

City of Cocoa, Florida

Pledged Revenue Coverage

Last Ten Fiscal Years - (in thousands of dollars)

Schedule 17

Water and Sewer System Revenue Bonds							
Fiscal Year	Pledged Revenues (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service		Total	Coverage (5)
				Principal (3)	Interest (4)		
2019	\$ 64,937	\$ 30,992	\$ 33,945	\$ 3,580	\$ 4,121	\$ 7,701	4.41
2018	59,569	32,889	26,680	2,670	3,071	5,741	4.65
2017	58,263	31,557	26,706	2,545	2,994	5,539	4.82
2016	55,856	30,195	25,661	2,420	3,124	5,544	4.63
2015	53,736	29,455	24,281	2,300	3,248	5,548	4.38
2014	54,392	27,793	26,599	2,180	3,362	5,542	4.80
2013	53,301	27,603	25,698	2,095	3,434	5,529	4.65
2012	50,601	26,627	23,974	2,295	3,492	5,787	4.14
2011	48,903	26,561	22,342	2,220	3,287	5,507	4.06
2010	43,621	31,174	12,447	2,160	2,410	4,570	2.72

(1) Pledged revenues include operating and non-operating revenues of the Water and Sewer System, excluding impact fees, capital contributions, and intergovernmental. Beginning in 2019, interfund administrative charges are excluded.

(2) Operating expenses excludes interest and depreciation.

(3) Bond proceeds from revenue refunding bonds are excluded since payments are made with proceeds and not pledged revenues. Accordingly, they are not included in the above calculation.

(4) Excludes subsidy received for Series 2010 Build America Bonds.

(5) Required coverage is 1.25.

City of Cocoa, Florida

Demographic and Economic Statistics

Last Ten Fiscal Years

Schedule 18

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Unemployment Rate (3)
2019	19,328	\$ 877,974,400	\$ 45,425	3.3%
2018	19,286	840,715,312	43,592	3.7%
2017	18,982	791,264,670	41,685	4.6%
2016	18,833	762,943,663	40,511	5.2%
2015	18,313	717,832,974	39,198	6.1%
2014	17,678	672,382,730	38,035	6.9%
2013	17,443	664,264,326	38,082	7.9%
2012	17,259	663,936,471	38,469	9.1%
2011	17,238	634,461,828	36,806	11.6%
2010	17,140	614,417,580	35,847	11.8%

(1) Source 2014, 2009: United States Census Bureau, American Fact Finder, Cocoa City, Florida.

(1) Source 2018-2015, 2013-2010: Bureau of Economic and Business Research, University of Florida.

(2) Source: U.S. Department of Commerce, Bureau of Economic Analysis

(3) Source: U.S. Department of Labor, Bureau of Labor Statistics, Palm Bay-Melbourne-Titusville, FL (Metropolitan Areas). Based on an average of the monthly unemployment rates throughout the fiscal year.

THIS PAGE IS INTENTIONALLY LEFT BLANK

City of Cocoa, Florida

Principal Employers

Current and Nine Years Ago

2019			
Rank	Employer	Employees (1)	% of Total Employment (2)
1	Eastern Florida State College - Cocoa Campus	521	4.38%
2	City of Cocoa	456	3.83%
3	Beyel Brothers Inc..	432	3.63%
4	Wal-Mart Distribution	425	3.57%
5	Wal-Mart Associates Inc.	340	2.86%
6	Erdman Automotive (Nissan & Toyota)	243	2.04%
7	Brevard Robotics	188	1.58%
8	Sam's Club	150	1.26%
9	Aging Matters in Brevard	129	1.08%
10	Bob Steel Chevrolet Inc.	120	1.01%
		3,004	25.23%

(1) Source: The companies listed above.

(2) Source: Space Coast Economic Development Council.

Schedule 19

2010			
Rank	Employer	Employees	% of Total Employment
1	Brevard Public Schools	524	6.57%
2	Brevard Community College	480	6.02%
3	City of Cocoa	438	5.49%
4	Wal-Mart Supercenter	353	4.43%
5	Beyel Brothers Crane & Rigging	202	2.53%
6	Florida Solar Energy Center	150	1.88%
7	Sam's Club	130	1.63%
8	Ocean Potion	129	1.62%
9	Publix	128	1.61%
10	Fed Ex Ground Distribution Center	120	1.51%
Total Employees		2,654	33.29%

Source: Bureau of Economic and Business Research.

City of Cocoa, Florida

Full-Time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years

Function/Program	2019	2018	2017	2016
General government				
City Manager/OMB	5.00	4.00	4.00	3.00
City Clerk	3.00	3.00	3.00	3.00
Finance	11.50	11.50	11.50	12.00
Customer Service	22.00	29.00	28.00	26.00
Human Resources	6.50	5.50	6.50	7.00
Purchasing	3.00	3.00	3.00	3.00
Information Technology	10.50	9.50	9.50	8.50
Fleet Services	6.50	6.00	7.00	7.00
Community Services	13.00	9.80	11.80	16.00
Other	0.00	0.00	0.00	0.00
Public Safety				
Police Department	97.00	95.00	92.50	89.50
Fire Department	47.00	48.00	45.00	44.00
Public Works	27.80	24.80	26.80	28.00
Water	150.50	150.00	149.00	128.00
Wastewater	37.00	36.00	36.00	33.00
Stormwater	7.60	5.40	7.40	6.00
Recreation	8.50	4.50	5.00	5.00
Total	456.40	445.00	446.00	419.00

Source: City of Cocoa Finance Department.

Note 1: In fiscal year 2017, the City of Cocoa moved Code Enforcement from Community Services to Public Safety - Police Department.

Note 2: For fiscal years 2010 to 2012, OMB reported to the City Manager department. Beginning in fiscal year 2013 OMB moved to the Finance department.

Schedule 20

2015	2014	2013	2012	2011	2010
3.00	3.00	1.00	4.00	7.00	5.00
3.00	3.00	3.00	3.00	3.00	3.50
11.00	12.00	10.50	8.50	8.50	8.00
25.00	25.00	18.00	20.00	18.00	18.50
6.00	4.00	4.00	3.50	4.34	5.25
3.00	2.00	2.00	2.00	2.00	4.25
7.50	8.00	7.00	8.00	8.33	7.25
7.00	7.00	7.00	7.50	7.33	6.25
18.00	17.00	15.00	17.00	18.00	15.00
0.00	0.00	0.00	2.50	5.00	5.00
95.25	92.00	90.00	87.50	89.00	94.00
44.00	43.00	39.00	39.00	41.00	39.00
27.00	27.00	26.00	26.00	28.00	22.00
127.00	129.00	135.50	140.00	133.50	142.00
33.00	28.00	30.00	29.00	28.00	34.00
5.00	7.00	3.00	5.00	5.00	5.00
5.00	3.00	2.00	3.50	6.00	10.00
419.75	410.00	393.00	406.00	412.00	424.00

City of Cocoa, Florida

Operating Indicators by Function/Program

Last Ten Fiscal Years

	2019	2018	2017 (1)	2016
Function/Program				
General government				
Building permits issued	2,012	1,503	1,084	1,063
Building inspections conducted	4,695	2,738	3,294	3,618
Police				
Physical arrests	1,450	1,451	1,274	1,054
Parking violations	34	31	49	48
Traffic violations	2,380	2,455	2,568	1,630
Fire				
Emergency responses	5,323	5,425	5,413	5,139
Fire responses	95	107	144	107
Inspections	1,226	252	199	83
Public Works				
Streets resurfacing (miles)	2.00	-	6	4
Water				
New connections	1,078	916	803	707
Water main breaks	84	75	135	83
Average daily consumption (thousands of gallons)	20,166	20,298	21,929	21,247
Peak daily consumption (thousands of gallons)	25,292	26,444	27,695	28,271
Wastewater				
Average daily sewage treatment (thousands of gallons)	2,040	2,308	2,176	2,077

Source: Various City of Cocoa departments.

(1) Beginning in fiscal year 2017, the Fire Department performs new business and annual fire inspections. The Building Division performs initial fire inspections during the building permit process (not included herein).

(2) In fiscal year 2013, the City discontinued annual fire inspections. The Building Division conducts inspections for state-licensed facilities upon request.

(3) Community Services employees provide services to the Community Redevelopment Agencies, whose costs are classified as Economic Environment in the Statement of Activities.

Schedule 21

2015	2014	2013 (2)	2012	2011	2010
996	917	815	700	775	824
3,669	2,890	2,118	1,838	2,142	2,860
1,543	1,636	1,510	1,501	1,938	2,239
24	12	19	57	34	33
2,096	3,161	2,455	2,162	3,877	4,835
4,835	4,481	4,085	4,253	4,092	3,125
96	108	90	117	221	268
73	102	349	2,123	2,332	2,298
2	4	-	1	3	3
719	522	612	463	359	442
107	118	105	128	105	126
21,954	21,223	22,370	22,430	23,008	25,758
27,550	26,867	29,028	27,093	31,179	34,258
2,139	1,796	1,930	2,020	2,570	2,300

City of Cocoa, Florida

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

	2019	2018	2017	2016	2015
Function/Program					
Police Stations	1	1	1	1	1
Fire Stations	3	3	3	3	3
Other Public Works					
Streets (miles)	79	79	79	79	79
Street Lights	2,182	2,182	2,182	2,182	2,004
Traffic Signals	146	146	146	146	146
Water					
Water mains (miles)	1,369	1,360	1,353	1,341	1,339
Fire Hydrants in Cocoa	701	699	689	687	685
Fire Hydrants - Total System	6,773	6,718	6,658	6,590	6,499
Storage capacity (thousands of gallons)	22,500	22,500	22,500	22,500	22,500
Wastewater					
Sanitary sewers (miles) (1)	130	130	119	118	118
Treatment capacity (thousands of gallons)	4,500	4,500	4,500	4,500	4,500

Sources: Various City of Cocoa departments.

(1) City of Cocoa, Sanitary Sewers (miles) for fiscal years 2017, 2016 and 2015 have been restated to exclude Private Sewer miles.

Schedule 22

2014	2013	2012	2011	2010
1	1	1	1	1
3	3	3	3	3
93	93	93	93	93
2,004	2,004	2,004	2,004	2,004
146	146	146	146	146
1,331	1,325	1,322	1,321	1,319
687	684	684	683	658
6,515	6,467	6,442	6,424	6,397
22,500	22,500	22,500	22,500	22,500
117	117	117	117	117
4,500	4,500	4,500	4,500	4,500

THIS PAGE IS INTENTIONALLY LEFT BLANK



**INDEPENDENT AUDITOR'S 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***

The Honorable Mayor and
Members of the City Council
City of Cocoa, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cocoa, Florida, (the "City") as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 29, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 over financial reporting 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 may exist that have not been identified.

The Honorable Mayor and
Members of the City Council
City of Cocoa, Florida

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, grant agreements and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Pursuant to provisions of Chapter 10.550, *Rules of the Auditor General*, we reported certain matters to management of the City in a separate management letter and Independent Accountant's Report dated April 29, 2020.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
April 29, 2020



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

The Honorable Mayor and
Members of the City Council
City of Cocoa, Florida

Report on the Financial Statements

We have audited the basic financial statements of the City of Cocoa, Florida (the "City") as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated April 29, 2020.

Auditor's 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 Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* ("Uniform Guidance"); and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have also issued our Independent Auditor's 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*, Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance, Schedule of Findings and Questioned Costs, and Independent Accountant's 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 schedule, which are dated April 29, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial report. Corrective actions have been taken to address findings and recommendations made in the preceding 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. The legal authority is disclosed in the notes to the financial statements.

The Honorable Mayor and
Members of the City Council
City of Cocoa, Florida

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 report 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 identification of the specific conditions 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. 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 the review of financial information provided by same. The assessment was done as of the fiscal year end.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicated the failure of a special district that is a component unit of a county, municipality, or special district, provided 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 determined that all special district component units provided 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 have 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, the Mayor, City Council, and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
April 29, 2020



INDEPENDENT ACCOUNTANT'S REPORT

The Honorable Mayor and
Members of the City Council
City of Cocoa, Florida

We have examined the City of Cocoa, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2019. Management is responsible for the City's compliance with those 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 with those requirements. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2019.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
April 29, 2020

THIS PAGE IS INTENTIONALLY LEFT BLANK



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable Mayor and
Members of the City Council
City of Cocoa, Florida

Report on Compliance for Each Major Federal Program

We have audited the compliance of the City of Cocoa, Florida (the “City”) with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the fiscal year ended September 30, 2019. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the City’s major federal based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Those standards, and the Uniform Guidance, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our unmodified opinions on compliance for each major federal program. However, our audit does not provide a legal determination of the City’s compliance.

The Honorable Mayor and
Members of the City Council
City of Cocoa, Florida

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to in the first paragraph of this section. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and state project 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

The Honorable Mayor and
Members of the City Council
City of Cocoa, Florida

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activity, each major fund, aggregate remaining fund information, and the aggregate discretely presented component units of the City as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon April 29, 2020, which contained unmodified opinions on those financial statements. Our report on the basic financial statements also contained references to the reports of other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis, as required by the Uniform Guidance, and is 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 auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
April 29, 2020

City of Cocoa, Florida
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2019

<i>Federal Agency/Pass-through Grantor/Program Title</i>	<i>Contract / Grant No.</i>	<i>CFDA No.</i>	<i>Expenditures</i>	<i>Transfers to Subrecipient</i>
U.S DEPARTMENT OF COMMERCE				
Indirect Program, Pass through State of Florida Department of Environmental Protection				
Vulnerability Assessment Grant DEP Agreement No. CM743	NA16NOS4190120	11.419	\$ 77,200	
Total U.S Department of Commerce			\$ 77,200	
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				
Direct Program				
Community Development Block Grants/Entitlement Grants	B-16-MC-12-0003	14.218	\$ 41,508	
Community Development Block Grants/Entitlement Grants	B-17-MC-12-0003	14.218	78,409	
Community Development Block Grants/Entitlement Grants	B-18-MC-12-0003	14.218	76,468	\$ 26,833
Subtotal - Direct Programs			\$ 196,385	
Indirect Program, Pass through Brevard County:				
Home Investment Partnerships Program	M-19-DC-12-00200	14.239	\$ 6,591	
Subtotal - Indirect Programs			\$ 6,591	
Total U.S Department of Housing & Urban Development			\$ 202,976	
U.S. DEPARTMENT OF JUSTICE				
Direct Program				
Bulletproof Vest Partnership Program				
Public Safety Partnership and Community Policing Grant	2017	16.607	\$ 7,085	
Edward Byrne Memorial Justice Assistance Grant Program - 2018	2018-DJ-BX-0546	16.738	24,879	
Body-Worn Camera Policy and Implementation Program	2017-BC-BX-0009	16.835	18,000	
Subtotal - Direct Programs			\$ 49,964	
Indirect Program, pass through Florida Attorney District General's Office				
Crime Victim Assistance	VOCA-2018-City of Cocoa Police Depa-00254	16.575	\$ 96,158	
Subtotal - Indirect Programs			96,158	
Total U.S. Department of Justice			\$ 146,122	
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Indirect Program, Pass through State of Florida, Division of Emergency Management				
Disaster Grants - Public Assistance - (Presidentially Declared Disasters)				
Hurricane Matthew (NOTE 5)	FEMA-4283-DR-FL	97.036	\$ 27,524	
Hurricane Irma (NOTE 5)	FEMA-4337-DR-FL	97.036	1,277,008	
Total Federal Emergency Management Agency			\$ 1,304,532	
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Indirect Program, Pass through State of Florida, Department of Health,				
Division of Emergency Preparedness and Community Support				
Emergency Medical Services Data Collection	6NU90TP9219980106	93.354	\$ 34,880	
Total U.S Department of Health and Human Services			\$ 34,880	
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,765,710	\$ 26,833

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 - REPORTING ENTITY

For reporting entity purposes, the Schedule of Expenditures of Federal Awards includes only the activities of the primary government of the City of Cocoa, Florida.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applicable to governmental organizations.

NOTE 3 - CONTINGENCIES

Grant monies received by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the City does not believe such disallowances, if any, would have a material effect on the financial position of the City. As of September 30, 2019, there were no material questioned or disallowed costs as a result of grant audits in process or completed of which management was aware. Any adjustments as a result of grant findings are recorded in the year the adjustment occurs.

NOTE 4 - INDIRECT COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 5 - DISASTER GRANTS - PUBLIC ASSISTANCE

Expenditures for Hurricane Matthew and Hurricane Irma were incurred during fiscal years 2017, 2018 and 2019. Emergency Assistance projects were approved and obligated by Florida Public Assistance in fiscal years 2018 and 2019. Projects not obligated by Florida Public Assistance are not considered as expenses towards a Disaster Grant, therefore the City did not meet the threshold of spending to meet the requirement for a "Schedule of Expenditures of Federal Awards (SEFA)" in fiscal year 2018. For full disclosure of federal funds received for both hurricanes, expenses incurred and covered by "Disaster Grants - Public Assistance - (Presidentially Declared Disasters)" for fiscal years 2017, 2018 and 2019 and obligated and/or reimbursed in FY2018 and 2019 have been included in the FY 2019 SEFA.

CITY OF COCOA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2019

SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued:

Unmodified Opinion

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Type of report issued on compliance for major federal programs:

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance? ☐ Yes ☒ No

Identification of Major Federal Programs and Major State Projects:

CFDA Number(s)

Name of Federal Program(s)

97.036

FEMA Disaster Grants – Public Assistance

Dollar threshold used to distinguish between
Type A and Type B programs: Federal

\$750,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

CITY OF COCOA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*)

For the Year Ended September 30, 2019

Section II - Findings Related to the Financial Statement Audit, as required to be reported in accordance with *Government Auditing Standards*.

No matters are reported.

Section III - Federal Award Findings and Questioned Costs Section reported in accordance with the Uniform Guidance.

No matters are reported.

Section IV - Status of Prior Year Findings

No matters were reported in the prior year affecting federal financial assistance programs.



Finance Department
65 Stone Street I Cocoa, FL 32922
Phone: (321) 433-8600 I Fax: (321) 433-8608

AFFIDAVIT OF IMPACT FEE COMPLIANCE

The City of Cocoa has complied with Section 163.31801 of Florida Statutes regarding accounting and reporting impact fee collections and expenditures for Fiscal Year 2019.

Rebecca Bowman, MBA, CGFO, CGFM
Finance Director

STATE OF FLORIDA
COUNTY OF BREVARD:

SWORN TO AND SUBSCRIBED before me this 30th day of April, 2020, by
Rebecca Bowman who is personally known to me.

SIGNATURE OF NOTARY PUBLIC-STATE OF FLORIDA

Colleen S. O'Donnell
NOTARY PUBLIC
STATE OF FLORIDA
Comm# GG087367
Expires 6/4/2021

THIS PAGE IS INTENTIONALLY LEFT BLANK