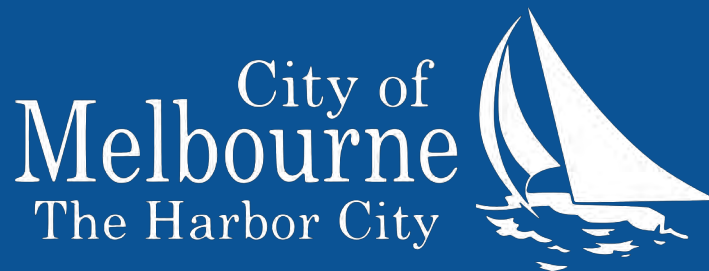


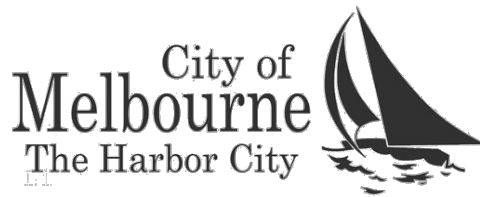
City of Melbourne, Florida 2019



Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2019

City of Melbourne, Florida
Comprehensive Annual
Financial Report

For The Fiscal Year Ended September 30, 2019



CITY COUNCIL

Kathleen H. Meehan..... Mayor
Deborah Thomas Vice Mayor, District 4
Timothy R. Thomas District 1
Mark LaRusso District 2
Yvonne Minus District 3
Paul S. Alfrey..... District 5
Julie Sanders District 6

CITY OFFICIALS

Shannon M. Lewis..... City Manager
Cathleen A. Wysor..... City Clerk
Alison L. Dawley City Attorney
Jeffrey C. Towne..... Director of Finance
Sondra L. D'Angelo, CGFO, CPA Assistant Finance Director

Prepared by: Financial Services Department



INTRODUCTORY SECTION

This section contains the following subsections:

- Table of Contents
- Letter of Transmittal
- Certificate of Achievement for
Excellence in Financial Reporting
- Organizational Chart



**CITY OF MELBOURNE, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019
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City of Melbourne



Financial Services Department

900 E. Strawbridge Avenue • Melbourne, FL 32901 • (321) 608-7010 • Fax (321) 608-7048

February 21, 2020

Honorable Mayor and City Council and Concerned Citizens
City of Melbourne, Florida

We are submitting the Comprehensive Annual Financial Report of the City of Melbourne, Florida (the "City") for the fiscal year ended September 30, 2019, as prepared by the City's Financial Services department. The report fulfills the requirements set forth in the City Charter, Section 3.20, Florida Statutes, Chapter 166.241; Chapter 218.39 and the Rules of the Auditor General, Chapter 10.550; and Rule 15c2-12 promulgated by the Securities and Exchange Commission.

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

The City's financial statements have been audited by the City's independent Certified Public Accountants, Carr, Riggs & Ingram, LLC. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City, for the year ended September 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent 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.

The independent audit of the financial statements of the City was part of a broader, federally and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. The independent auditors' reports on internal controls and compliance issued in connection with the Federal and State Single Audits are included in the Single Audit 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). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City is located on the central east coast of Florida in Brevard County. The City currently occupies a land area of 51.5 square miles and serves a population of 83,349. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City operates under the Council–City Manager form of government. The City of Melbourne has operated under the Council–Manager form of government since January 12, 1926. This is the date the voters in the old City of Melbourne approved the referendum called for in the special act adopted by the legislature in December 1925. When the former City of Eau Gallie and the old City of Melbourne merged in 1969, the council–manager form of government continued. Policy–making and legislative authority are vested in the city council, which consists of a mayor and six council members. The City Council is responsible for passing ordinances, adopting and amending the budget, appointing committee members and hiring the city manager and city attorney. The City Manager is responsible for carrying out the policies and ordinances of the city council, for overseeing the day to day operations of the City and for appointing the heads of the various departments.

The city council is elected on a non-partisan basis. Council members serve four-year staggered terms with three council members elected during an even year and mayor and three council members elected during the next even year. The six council members represent districts and must reside in their respective districts; however, they are elected at large. The mayor may reside anywhere within the city and is elected at large.

The City provides a full range of services including general government administration; police and fire protection; public works; water and sewer service; a stormwater utility; recreational activities, including two golf courses; and an airport. This report includes all funds of the City. In evaluating the City as a reporting entity, we have included all component units for which the City Council is financially accountable.

With the exception of the Melbourne International Airport (the "Airport"), the component units have been blended with the financial statements presented for the Primary Government because the component unit's governing body is the same as the City Council or because the component unit exclusively serves the City. The blended component units are the Downtown Community Redevelopment Agency, the Babcock Street Community Redevelopment Agency, the Olde Eau Gallie Riverfront Community Redevelopment Agency, the Firefighters' Retirement System, the Melbourne Police Officers' Retirement System, and the General Employees' and Special Risk Class Employees' Pension Plan. Additional information on the City's component units can be found in Note (1)A in the notes to the financial statements. The Airport is presented in the financial statements as a discretely presented component unit to emphasize that it is legally separate from the City. Financial statements for the Melbourne International Airport may be obtained from the Executive Director, Melbourne International Airport, One Air Terminal Parkway, Suite 220, Melbourne, FL 32901.

The annual budget serves as the foundation for the City of Melbourne's financial planning and control. The City Council is required to adopt a final budget no later than September 30. The appropriated budget is prepared by fund (e.g., General), function (e.g., Public Safety), and department (e.g., Police). The City Manager may make transfers of appropriations within a fund as long as the total budget of the fund is not increased. City Council action is required for the approval of a supplemental budget.

Factors Affecting Financial Condition

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. Melbourne has a diverse economy featuring cutting edge communication, electronics, aerospace, advanced security, emerging technologies, and medical and service industries. Melbourne provides the needed infrastructure to support a superb quality of life for growing residential, business, and technological communities. Melbourne is home to such progressive companies as Northrop Grumman, L3 Harris Technologies, Collins Aerospace, Embraer Executive Jets, and Teletech. Health First Holmes Regional Medical Center, Brevard County's only state-accredited Level II trauma center, is also located in Melbourne along with Melbourne Regional Medical Center. Melbourne continues to be a hub for a variety of medical services as specialists and affiliated businesses are located in close proximity to the hospitals.

Facilities of higher education include: Florida Institute of Technology (FIT), FIT Aviation, Eastern Florida State College (EFSC), Barry University, Embry-Riddle Aeronautical University, Keiser University, and Webster University.

L3 and Harris completed their merger on June 29, 2019. This merger made the company the seventh largest defense firm in the world. Their headquarters are now located in Melbourne, Florida. The combined

firm has approximately 50,000 employees worldwide and customers in 130 countries. L3Harris Technologies is the third highest principal employer in the City of Melbourne. Harris is responsible for building the main payload on the Air Force's next generation GPS III satellites. L3 is a major supplier of Intelligence, Surveillance, Reconnaissance (ISR) secure communications and electronic systems.

Melbourne Airport Authority approved a lease with ARES Defense Systems for a 25,200 square foot building. ARES is a small arms and outdoor gear design company that is expanding with plans to enter the aviation and aerospace industries. Right now, the company produces lightweight firearms and accessories for the military, law enforcement, foreign governments, and civilians.

Embraer is one of the world's leading executive jet manufacturers, with over 1,100 aircraft flying around the globe. This year, Embraer announced it will begin assembling two new lines of business jets at the Melbourne International Airport, the Praetor 500 and the Praetor 600. The Praetor 500 will be capable of reaching Europe from the west coast of the United States with only one stop and will be the fastest midsize jet. The Praetor 600 will be the furthest flying midsize jet, which will allow for nonstop flights from London to New York.

The number of building permits decreased in the past year as the City experienced a leveling in building activity. The number of new residential permits decreased 47% this year, the value of new residential construction increased 46%; and the overall residential property value within the City increased 14% for the fiscal year ending September 30, 2019. The number of new commercial permits increased 80%; and total commercial property values are 6% higher than the previous year. The population increased 2% this year, and the local unemployment rate increased from 3.0% to 3.1%.

Pursuant to Florida Statutes, Chapter 200.065(5)(a), 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 Melbourne City Council levy for the fiscal year ended September 30, 2019 was 7.1878 mills, which is greater than the computed rolled back rate of 6.7370.

Long-term financial planning. Assigned and unassigned fund balance in the General fund is 48% of total fiscal year 2019 General fund expenditures and 46% of fiscal year 2020 appropriations. The General fund policy adopted by the City Council requires all excess funds be transferred to assigned and unassigned fund balance until assigned and unassigned fund balance equals 25% of the general fund operating budget. Thereafter, any remaining excess funds shall be identified by the City Manager as available to fund capital purchases, capital construction, non-recurring expenditures, or to establish additional assignments of fund balance. At September 30, 2019, there is \$17,538,194 in excess funds available for assignment.

The Water and Sewer System fund Utility Rate of Return Policy requires excess funds to be transferred to the working capital reserve of the Water and Sewer System until that amount equals 25% of Water and Sewer System operating revenues. At September 30, 2019, the working capital reserves were 71% of fiscal year 2019 operating revenues. The remaining excess funds shall be transferred to the Water and Sewer System Capital Construction Reserve until that amount equals \$1,000,000. Once these two requirements are met, any excess funds shall be split evenly and distributed between the Water and Sewer System Working Capital and the Capital Construction Reserve. A transfer of \$3,375,101 to the Capital Construction Reserve was made, which decreased the working capital reserves to 65% of the fiscal year 2019 operating revenues. This is a 12% increase from the previous year, primarily due to the reduction in expenses and an increase in investment earnings. The Water and Sewer System fund transferred \$3,193,843 to the General fund, which represented 6.2% of sales as defined in the policy.

Major Initiatives. A \$12.8 million project to construct a new 16" water transmission main crossing the Indian River at the Pineda Causeway is underway. The new transmission main will improve water service to the entire beachside area and improve fire flow, pressure, quality and circulation of water in the north beach area.

Grant Street Water Reclamation facility improvements of \$9.9 million include rehabilitating and upgrading many of the systems. Some of which include grit handling, influent station, headworks, mechanical aerator systems and biological nutrient removal treatment train to accommodate the increasing flow demands and State and Federal regulations.

The Surface Water Treatment Plant's control hardware and instrumentation is being upgraded to improve the control systems infrastructure. The updates will increase the reliability of the plants functions and decrease process downtime.

The Melbourne International Airport has undertaken several major capital improvements including completion of a new air traffic control tower that became operational in October 2019.

By referendum vote, general obligation bonds in the amount of \$35 million were approved to construct a new Police Department Headquarters facility. This project is in the design phase with construction anticipated to begin in fiscal year 2021.

A \$10.1 million project to transform Hickory Street to a safe and accessible roadway for all users is underway. The project began on March 28, 2018, and is estimated to be completed in the Spring of 2020.

The third and final phase of the Babcock Street reconstruction project began in October 2019 and is expected to be completed in the Spring of 2021. The project includes landscaping, lighting, sidewalks, crosswalks, curbs, signage and drainage improvements.

Relevant Financial Policies. The City of Melbourne has adopted a comprehensive set of financial policies, including a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to or in excess of appropriations.). The original budget estimated revenues were more than appropriations (\$84,258,608 vs. \$83,355,238) as a result of debt service having been budgeted as an intra-fund transfer. In the final amended budget, estimated revenues were (\$1,609,507) less than appropriations due to debt service, implementation of the City wide compensation and classification plan, Police contracted retroactive pay and support of various capital projects. In such cases, the policy allows for the appropriation of fund balance to close the gap. However, the City of Melbourne ultimately experienced a \$7,315,654 operating surplus for the year as a result of FEMA revenue of \$2,958,633, interest earnings of \$2,680,771 and measures taken during the year to control expenditures.

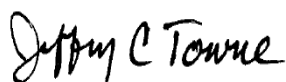
Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Melbourne for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2018. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Melbourne has received a Certificate of Achievement for 32 years. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire Financial Services staff under the direction of Sondra D'Angelo, Assistant Finance Director. Sincere appreciation is expressed to our accountants, who made significant contributions to this report. Appreciation is also expressed to the Mayor and Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Melbourne's finances.

Respectfully submitted,



Jeffrey C. Towne
Director of Finance



Shannon M. Lewis
City Manager



Government Finance Officers Association

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

Presented to

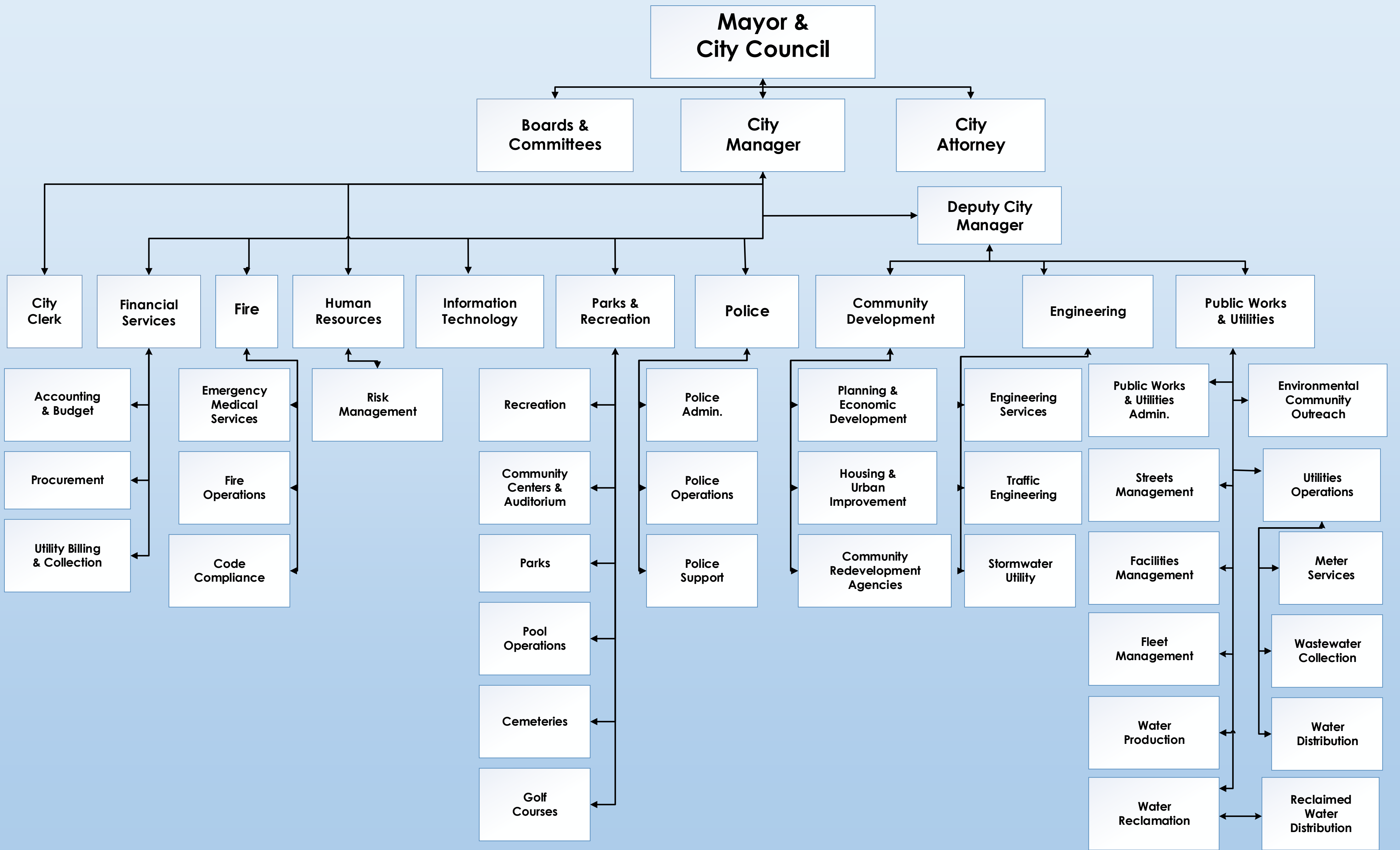
**City of Melbourne
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morrell

Executive Director/CEO



FINANCIAL SECTION

This section contains the following subsections:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements and Schedules





INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Melbourne, 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 unit, each major fund, and the aggregate remaining fund information of the City of Melbourne, Florida, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Melbourne, Florida's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Honorable Mayor and Members of the City Council
City of Melbourne, Florida
Page Two

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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Melbourne, Florida, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and other required supplementary information on pages 4-13, and pages 87-108 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 of Melbourne, Florida's basic financial statements. The introductory section, combining and individual non-major fund financial statements, budgetary schedules of special revenue funds, statistical section, and secondary market disclosures are presented for

purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and State of Florida financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.550 Rules of the Florida Auditor General is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary schedules of special revenue funds, and schedule of expenditures of federal awards and State of Florida financial assistance are the responsibility of management and were 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 combining and individual non-major fund financial statements, budgetary schedules of special revenue funds, and schedule of expenditures of federal awards and State of Florida financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section, statistical section and secondary market disclosures 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 February 21, 2020 on our consideration of the City of Melbourne, Florida'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 City of Melbourne's internal control over financial reporting and compliance.

Carly Riggs & Ingram, L.L.C.

Melbourne, Florida
February 21, 2020



**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

As management of the City of Melbourne (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 that we have furnished in our letter of transmittal, which can be found on pages vi-ix of this report.

Financial Highlights

- The assets and deferred outflows of the City of Melbourne exceeded its liabilities and deferred inflows at September 30, 2019 by \$281,505,457. Of this amount \$58,799,184 may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$33,005,698; \$18,300,733 in governmental activities and \$14,704,965 in business-type activities.
- As of September 30, 2019, the City's governmental funds reported combined ending fund balances of \$79,873,598 an increase of \$10,146,106 in comparison with the prior year. Approximately 35% of this amount (\$28,243,420) is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of assigned and unassigned components of fund balance) in the General fund was \$36,334,080 or 48% of total General fund expenditures for fiscal year 2019.
- The City's total debt decreased \$6,068,085 during the current fiscal year. This reflects normal reductions resulting from annual debt service and lease payments of \$5,535,723 and \$532,362 for net accretion on the Water and Sewer Refunding Revenue Bonds, Series 2002B.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The 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, with the difference between the four 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., earned but unused vacation leave).

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

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Melbourne International Airport, governed by the Melbourne Airport Authority, for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

The government-wide financial statements can be found on pages 14-17 of this report.

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. 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 fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, three community redevelopment funds, and one capital projects fund. The redevelopment funds do not qualify as major funds but have been shown as such to comply with Chapter 163.387(8), Florida Statutes that requires these funds be separately audited. Data from the other four governmental fund types are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor 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 three community redevelopment funds. A budgetary comparison statement has been provided for the General fund and Community Redevelopment funds as part of Required Supplementary Information, to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18-23 of this report.

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 system, two golf courses and a stormwater utility. *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 and insurance costs. Because both of these services benefit governmental and business-type functions, they have been allocated accordingly in the government-wide financial statements and are consolidated into governmental activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer system, which is considered to be a major fund of the City. Conversely, the golf courses and stormwater utility are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the golf courses, stormwater utility and internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 24-28 of this report.

**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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 statement 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.

The basic fiduciary fund financial statements can be found on pages 29-30 of this report.

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. The notes to the financial statements can be found on pages 31-86 of this report.

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 (RSI) can be found on pages 87-108 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on page 109-132 of this report.

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 of Melbourne, assets and deferred outflows exceeded liabilities and deferred inflows by \$281,505,457. By far, the largest portion (\$178,052,502) of the City's net position (63%) reflects its investment in capital assets (i.e., land, buildings, improvements other than buildings, machinery, equipment, intangibles, and general government infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to its citizens; consequently, these assets are not available for future spending. Although the City's investment in 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 Melbourne's Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current and other assets	\$ 95,631,384	\$ 83,459,907	\$ 115,236,489	\$ 104,803,647	\$ 210,867,873	\$ 188,263,554
Capital assets	104,743,734	98,636,260	165,019,108	163,983,731	269,762,842	262,619,991
Total assets	200,375,118	182,096,167	280,255,597	268,787,378	480,630,715	450,883,545
Total deferred outflows of resources	18,077,969	20,087,281	5,635,933	6,439,715	23,713,902	26,526,996
Liabilities						
Long-term liabilities outstanding	75,052,899	78,814,252	111,964,593	117,147,506	187,017,492	195,961,758
Other liabilities	8,481,531	6,681,967	14,275,342	13,467,841	22,756,873	20,149,808
Total liabilities	83,534,430	85,496,219	126,239,935	130,615,347	209,774,365	216,111,566
Total deferred inflows of resources	11,611,779	11,646,695	1,453,016	1,118,132	13,064,795	12,764,827
Net position						
Net investment in capital assets	95,990,767	89,050,264	82,061,735	76,184,071	178,052,502	165,234,335
Restricted	33,548,509	30,148,113	11,105,262	11,211,084	44,653,771	41,359,197
Unrestricted	(6,232,398)	(14,157,843)	65,031,582	56,098,459	58,799,184	41,940,616
Total net position	\$ 123,306,878	\$ 105,040,534	\$ 158,198,579	\$ 143,493,614	\$ 281,505,457	\$ 248,534,148

**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

An additional portion (\$44,653,771) of the City's net position (16%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$58,799,184 may be used to meet the City's ongoing obligations to citizens and creditors.

On September 30, 2019, the City is able to report positive balances in all three categories of net position for its business-type activities. The City's net position, excluding the Melbourne International Airport, a discretely presented component unit, increased by \$33,005,698 (13%) during the current fiscal year.

Key elements of the increase in net position are as follows:

City of Melbourne's Changes in Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Revenue						
Program revenue:						
Charges for services	\$ 14,102,960	\$ 14,999,954	\$ 58,594,941	\$ 59,183,574	\$ 72,697,901	\$ 74,183,528
Operating grants and contributions	10,069,629	8,052,739	504,861	56,673	10,574,490	8,109,412
Capital grants and contributions	5,696,923	12,056,046	4,607,559	5,049,854	10,304,482	17,105,900
General revenue:						
Property taxes	34,573,821	31,455,964	-	-	34,573,821	31,455,964
Other taxes	19,120,930	19,028,352	-	-	19,120,930	19,028,352
Grants and contributions not restricted to specific programs	10,340,833	10,453,445	-	-	10,340,833	10,453,445
Unrestricted investment earnings	3,401,963	539,344	3,590,799	676,055	6,992,762	1,215,399
Other	119,235	-	35,164	69,947	154,399	69,947
Total revenues	97,426,294	96,585,844	67,333,324	65,036,103	164,759,618	161,621,947
Expenses:						
General government	18,165,483	17,801,811	-	-	18,165,483	17,801,811
Public safety	41,630,408	38,947,712	-	-	41,630,408	38,947,712
Public works	10,252,960	9,126,029	-	-	10,252,960	9,126,029
Parks and recreation	7,393,800	7,060,525	-	-	7,393,800	7,060,525
Housing and urban improvement	1,816,562	1,710,006	-	-	1,816,562	1,710,006
Interest on long-term debt	173,634	306,969	-	-	173,634	306,969
Unallocated depreciation	3,512,757	3,335,756	-	-	3,512,757	3,335,756
Water and sewer	-	-	44,790,690	45,143,068	44,790,690	45,143,068
Golf courses	-	-	2,100,973	2,387,867	2,100,973	2,387,867
Stormwater utility	-	-	1,920,703	2,165,265	1,920,703	2,165,265
Total expenses	82,945,604	78,288,808	48,812,366	49,696,200	131,757,970	127,985,008
Increase in net position before contributions to permanent fund and transfers	14,480,690	18,297,036	18,520,958	15,339,903	33,001,648	33,636,939
Contributions to permanent fund	4,050	12,350	-	-	4,050	12,350
Transfers	3,815,993	3,046,607	(3,815,993)	(3,046,607)	-	-
Increase in net position	18,300,733	21,355,993	14,704,965	12,293,296	33,005,698	33,649,289
Net position - October 1, as previously stated	105,040,534	80,658,584	143,493,614	130,545,521	248,534,148	211,204,105
Adjustment (See Note (3))	(34,389)	3,025,957	-	654,797	(34,389)	3,680,754
Net position - October 1, restated	105,006,145	83,684,541	143,493,614	131,200,318	248,499,759	214,884,859
Net position - September 30	\$ 123,306,878	\$ 105,040,534	\$ 158,198,579	\$ 143,493,614	\$ 281,505,457	\$ 248,534,148

**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

Prior Period Adjustment. The adjustment decreasing beginning net position in governmental activities of \$34,389 is due to the implementation of GASB Statement No. 83, "Certain Asset Retirement Obligations" for the future retirement of two underground fiberglass-clad steel storage tanks at the City fleet fuel dispensing facility that were installed in 1992. Based on a quote from a licensed petroleum equipment distributor, the City recognized a governmental asset retirement liability of \$66,133, a \$34,389 prior period adjustment for the preceding 26 years, a current year governmental public works expense of \$1,323, and \$30,421 deferred outflow of resources for the remaining 23 years. Details of the adjustment are found in Note (3).

Governmental Activities. Governmental activities increased the City's net position by \$18,300,733. Charges for services decreased (\$896,994), primarily due to a decrease in administrative service fees charged to the Water and Sewer fund. The \$2,016,890 increase in operating grants is primarily due to FEMA reimbursements for hurricane Irma expenses. The (\$6,359,123) decrease in capital grants is primarily due to the prior year donation of right of way for Babcock Street from Brevard County and the Apollo Boulevard extension from Florida Department of Transportation. The \$3,117,857 increase in property taxes is due to the rise in taxable assessed value as the local economy continued to improve. Investment earnings increased by \$2,862,619 primarily due to the fair market value adjustment combined with a larger cash balance invested during the year and increased interest rates.

Total governmental activities expenses increased by \$4,656,796. Public safety expenses increased by \$2,682,696, primarily due to contracted pay adjustments including retroactive pay back to October 2017 for Police and October 2018 for Fire personnel. Public works expenses increased by \$1,126,931 primarily due to Hurricane Irma drainage repairs and road resurfacing.

Net transfers increased by \$769,386, primarily due to a decrease in prior year cash and capital contributions from governmental activities to business-type activities, offset by a slight increase in contributions from business type activities to governmental activities.

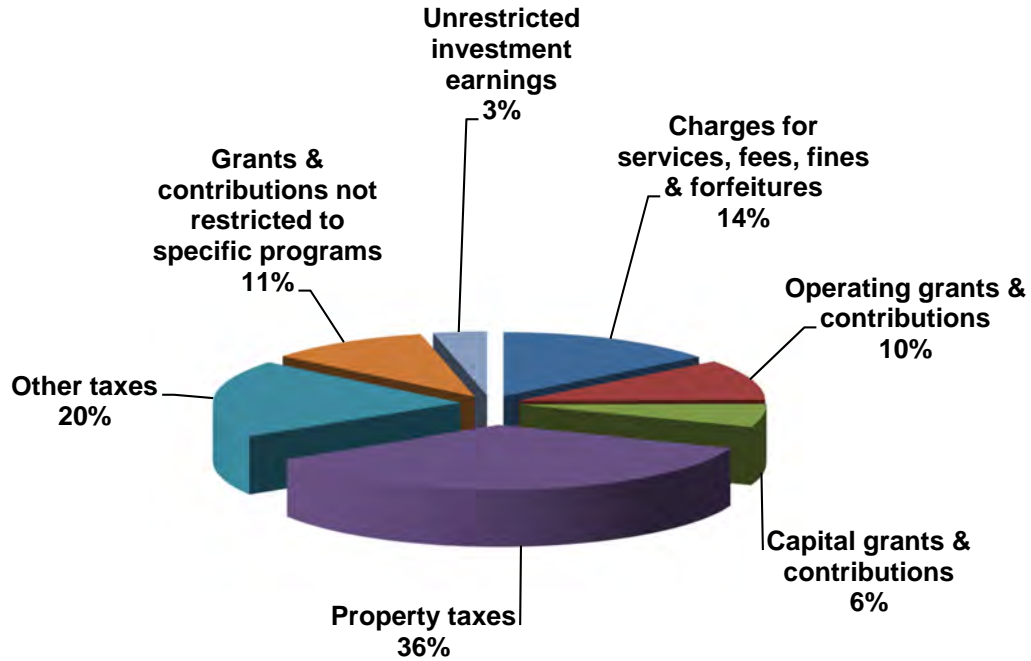
Business-type Activities. Business-type activities increased the City's net position by \$14,704,965. Charges for services decreased (\$588,633), primarily due to a decrease in bulk water sales to West Melbourne. Operating grants and contributions increased \$448,188 due to FEMA reimbursements for Hurricane Irma. Capital grants and contributions decreased by (\$442,295) primarily due to a decrease in contributions from other governments offset by an increase in developer dedications. Investment earnings increased \$2,914,744 due to the fair market value adjustment combined with a larger cash balance invested during the year and increased interest rates.

Water and Sewer expenses decreased (\$352,378) primarily due to a decrease in chemicals. Golf Courses fund expenses decreased (\$286,894) primarily due to a decrease in salaries offset by an increase in contract labor. Stormwater expenses also decreased (\$244,562) due to larger expense projects completed in the prior year.

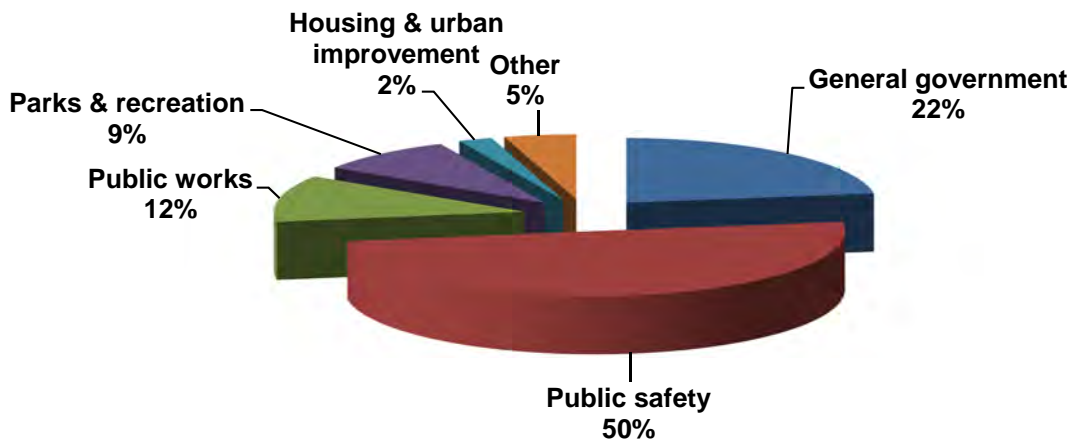
CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

The revenues by source and expenses by function for governmental activities are displayed in the following graphs:

Revenue by Source - Governmental Activities



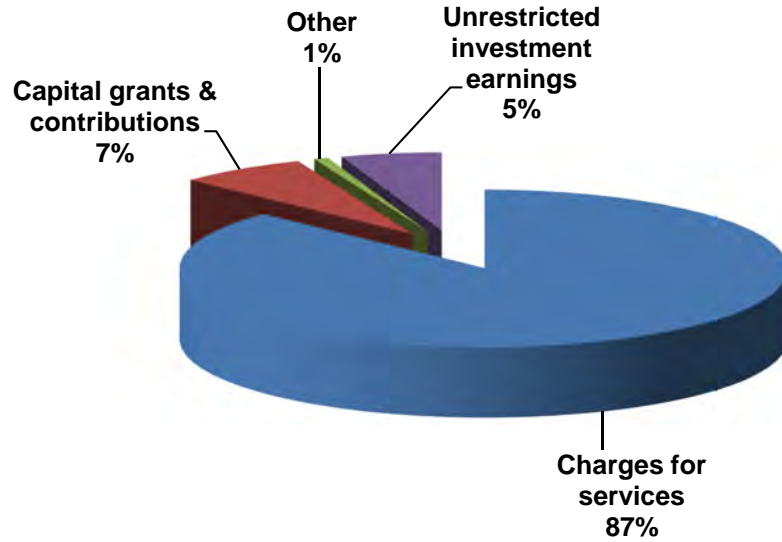
Expenditures by Function - Governmental Activities



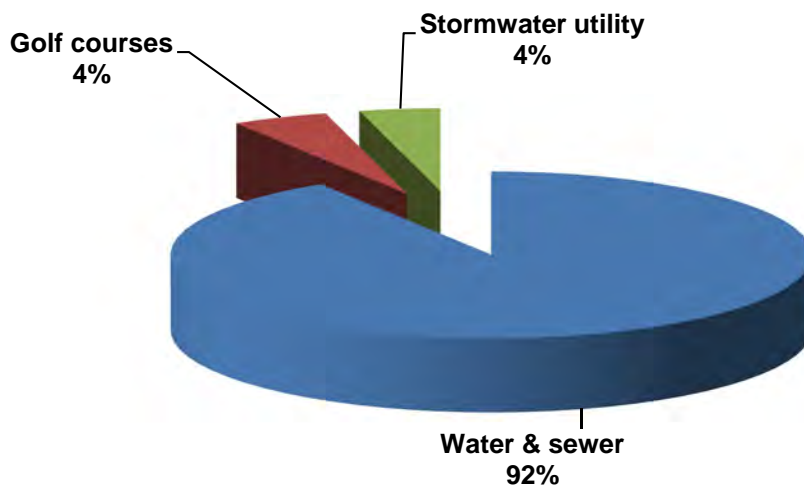
CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

The revenues by source and expenses by function for all business-type activities is demonstrated in the following graphs:

Revenues by Source - Business-type Activities



Expenses by Function - Business-type Activities



**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

Financial Analysis of the City'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. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$79,873,598, an increase of \$10,146,106 in comparison with the prior year. Approximately 35% (\$28,243,420) of this amount constitutes *unassigned 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 that it is not available for new spending because it is 1) obligated for long term advances to other funds; inventory; prepaids; land held for resale; and perpetual care (\$1,990,669), 2) restricted for specific purposes (\$32,483,851), 3) restricted for debt service (\$873,294), or 4) assigned to pay for obligations previously authorized by the City (\$16,282,364).

The General fund is the chief operating fund of the City. At the end of the current fiscal year, the total assigned and unassigned fund balance of the General fund was \$36,334,080 while total fund balance was \$40,362,451. As a measure of the General fund's liquidity, it may be useful to compare both total assigned and unassigned fund balance and total fund balance to total fund expenditures. Total assigned and unassigned fund balance represents 48% of total fiscal year 2019 General fund expenditures and 46% of fiscal year 2020 appropriations. Total fund balance represents 54% of total fiscal year 2019 General fund expenditures and 51% of fiscal year 2020 appropriations.

The fund balance of the City's General fund increased by \$8,118,309 during the current fiscal year, primarily a result of an increase in property tax, FEMA revenues, fair market adjustment on investments and interest earnings. All other governmental funds increased by \$2,027,797, a result of increased funding for transportation projects.

The Transportation Capital Improvement fund, a major fund, had an increase in fund balance during the current year of \$1,059,964 to bring the year end fund balance to \$26,004,424. Assigned fund balance increased \$330,829 due to additional funding from the General Fund for roads and streets. Fund balance restricted for transportation increased \$729,135 as restricted transportation impact fees and Local Option Gas Tax transfers in exceeded spending on road improvement projects funded from those restricted sources.

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 System at the end of the year amounted to \$57,026,069. The unrestricted net position for the Stormwater Utility and Golf Courses fund were \$8,996,360 and (\$1,106,713), respectively. The net position in the Water and Sewer System, Stormwater Utility and Golf Courses increased by \$13,429,001, \$1,154,561 and \$94,300 respectively due to normal growth and operating activities. The net position for total business-type activities increased \$27,103 to reflect the consolidation of the Internal Service fund activity in the Enterprise funds.

General Fund Budgetary Highlights

The following is a brief review of the budget changes from the original to the final amended budget, and a review of the final amended budget and actual amounts (presented on a budgetary basis). A detailed budgetary comparison schedule for the General fund is included on page 87 of the RSI section of the CAFR.

The original budget classifies all pending salary and benefit increases in the category, other-unclassified, while the final budget includes the various increases in each functional activity.

The variance between the final budget and the actual results in the General fund reflects total revenues, transfers in and sale of capital assets exceeding budget by \$5,621,847 and total expenditures and transfers out of \$3,303,314 less than appropriated. This is primarily a result of FEMA hurricane reimbursements in conjunction with appropriations exceeding actual expenditures across the board, therefore, the change in fund balance in the General fund was \$8,925,161 higher than budgeted.

**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

Capital Asset and Debt Administration

Capital assets. The City's capital assets for its governmental and business-type activities as of September 30, 2019 total \$269,762,842 (net of accumulated depreciation). The capital assets include land, buildings, improvements other than buildings, machinery and equipment, intangibles, and general governmental infrastructure. The total increase in the City's capital assets for the current fiscal year was 2.72% (a 6.19% increase in governmental activities and a 0.63% increase for business-type activities).

City of Melbourne's Capital Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Land	\$ 34,955,278	\$ 35,041,843	\$ 4,828,511	\$ 4,804,209	\$ 39,783,789	\$ 39,846,052
Buildings	18,220,218	18,996,812	26,771,211	25,631,898	44,991,429	44,628,710
Improvements other than buildings	3,501,169	3,544,518	119,912,367	118,675,411	123,413,536	122,219,929
Machinery and equipment	6,700,972	6,631,731	4,837,459	4,860,863	11,538,431	11,492,594
Intangibles, computer software	143,017	242,873	-	-	143,017	242,873
Infrastructure	30,513,096	28,014,123	-	-	30,513,096	28,014,123
Construction in progress	10,709,984	6,164,360	8,669,560	10,011,350	19,379,544	16,175,710
Total capital assets, net of depreciation/amortization	<u>\$ 104,743,734</u>	<u>\$ 98,636,260</u>	<u>\$ 165,019,108</u>	<u>\$ 163,983,731</u>	<u>\$ 269,762,842</u>	<u>\$ 262,619,991</u>

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

- \$2.2 million expended on a new Lake Washington Water Treatment Plant laboratory.
- \$1.4 million in sewer lines rehabilitation.
- \$6.1 million expended on street and intersection signal improvements.
- \$442,090 expended for new Sutphen S2 Pumper fire truck.
- \$1.9 million expended for replacement of water main in Central Satellite Beach.

Additional information on the City of Melbourne's capital assets can be found in Note (4) E on pages 48-50 of this report.

Long-term debt. At the end of the current fiscal year, the City of Melbourne had total debt outstanding of \$99,563,857. Of this amount, \$5,755,000 represents Public Improvement Bonds secured solely by specified revenue sources in the Governmental funds, \$83,504,533 for Water and Sewer Revenue Bonds and \$9,882,234 for state revolving loans, secured solely by revenues of the Water and Sewer fund.

City of Melbourne's Outstanding Debt

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Public improvement bonds	\$ 5,755,000	\$ 6,774,530	\$ -	\$ -	\$ 5,755,000	\$ 6,774,530
Revenue bonds	-	-	83,504,533	87,818,077	83,504,533	87,818,077
Capital leases	301,080	364,859	121,010	258,769	422,090	623,628
State Revolving Fund loans	-	-	9,882,234	10,415,707	9,882,234	10,415,707
Total	<u>\$ 6,056,080</u>	<u>\$ 7,139,389</u>	<u>\$ 93,507,777</u>	<u>\$ 98,492,553</u>	<u>\$ 99,563,857</u>	<u>\$ 105,631,942</u>

The City of Melbourne's total debt decreased 5.74%. The primary factor was a result of normal principal payments of outstanding debts.

**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

Governmental activities debt decreased \$1,083,309. The decrease reflects \$1,019,530 in normal bond principal payments and \$63,779 capital lease payments.

Business-type activities decreased \$4,984,776. The decrease reflects the \$3,781,182 in normal bonds principal payments, net accretion of \$532,362 in the Water and Sewer Refunding Bonds Series 2002B, State Revolving Fund loan repayment of \$533,473 and golf course capital lease payments of \$137,759.

The City has no outstanding general obligation debt. As a result, there is no overall bond rating for the City, but certain individual bonds do have ratings. Bond ratings have a significant influence in establishing the rate of interest expense the City must pay when the bonds are sold. The City previously received an underlying rating of AA from Fitch and an underlying rating of Aa2 from Moody's.

Additional information on the City of Melbourne's long-term debt can be found in Note (4) J on pages 55-62 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate as of September 30, 2019 for the City of Melbourne was 3.1%, which is an increase from a rate of 3.0% last year. This is lower than the national average unemployment rate of 3.3% and higher than the state average rate of 3.0%.
- The adopted water and sewer utility rate increases have been deferred since 2015.

Requests for Information

Questions about this report or requests for additional financial information should be addressed to:

City of Melbourne
Financial Services Department
900 E. Strawbridge Ave.
Melbourne, FL 32901
Telephone: (321) 608-7011

Or visit our website at: www.melbourneflorida.org

BASIC FINANCIAL STATEMENTS

These basic financial statements provide a summary overview of the financial position as well as the operating results of all funds. They also serve as an introduction to the more detailed statements and schedules that follow in subsequent sections:

The following statements and schedules are reported in this subsection:

- Government-wide Statement of Net Position
- Government-wide Statement of Activities
- Balance Sheet – Governmental Funds
- Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position
- Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
- Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
- Statement of Net Position - Proprietary Funds
- Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds
- Statement of Cash Flows – Proprietary Funds
- Statement of Fiduciary Net Position – Fiduciary Funds
- Statement of Changes in Fiduciary Net Position – Fiduciary Funds
- Notes to the Financial Statements

CITY OF MELBOURNE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	International Airport
ASSETS				
Cash and cash equivalents	\$ 22,593	\$ 3,615	\$ 26,208	\$ 14,718,993
Equity in pooled investments	82,911,785	88,508,561	171,420,346	-
Investments, at fair value	-	-	-	3,716,350
Receivables, net	2,978,553	8,935,513	11,914,066	528,145
Interest receivable	294,125	308,843	602,968	17,806
Internal balances	70,229	(70,229)	-	-
Due from fiduciary funds	7,325	-	7,325	-
Due from primary government	-	-	-	27,886
Due from other governments	6,022,420	46,329	6,068,749	189,527
Inventory	210,171	1,081,989	1,292,160	13,204
Prepaid items	462,589	99,031	561,620	786
Land held for resale	215,000	-	215,000	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-	9,738,303	9,738,303	373,927
Equity in pooled investments	-	1,797,026	1,797,026	-
Investments, at fair value	-	4,558,172	4,558,172	-
Interest receivable	-	6,074	6,074	-
Due from other governments	1,293,173	1,447	1,294,620	37,405
Permanently restricted:				
Equity in pooled investments	190,698	-	190,698	-
Noncurrent lease receivable	-	-	-	1,335,268
Net pension asset, city general pension	952,723	221,815	1,174,538	111,177
Capital assets:				
Nondepreciable:				
Land	34,955,278	4,828,511	39,783,789	6,513,866
Construction in progress	10,709,984	8,669,560	19,379,544	8,226,469
Depreciable:				
Buildings	34,957,527	85,075,034	120,032,561	127,604,028
Improvements other than buildings	14,725,405	296,001,079	310,726,484	101,502,309
Machinery and equipment	27,730,261	19,932,607	47,662,868	12,418,183
Intangibles, computer software	1,769,194	403,511	2,172,705	293,723
Infrastructure	144,463,547	-	144,463,547	-
Less accumulated depreciation/ amortization	(164,567,462)	(249,891,194)	(414,458,656)	(95,748,986)
Total assets	<u>200,375,118</u>	<u>280,255,597</u>	<u>480,630,715</u>	<u>181,880,066</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows, city pensions	11,655,619	26,388	11,682,007	103,710
Deferred outflows, FRS pension	5,150,349	2,995,195	8,145,544	824,946
Deferred outflows, FRS HIS pension	859,511	518,628	1,378,139	128,659
Deferred outflows, OPEB	382,069	105,491	487,560	24,379
Deferred outflows, asset retirement	30,421	-	30,421	-
Deferred amount on advance refunding	-	1,990,231	1,990,231	-
Total deferred outflows of resources	<u>18,077,969</u>	<u>5,635,933</u>	<u>23,713,902</u>	<u>1,081,694</u>

The statement of net position continues on the following page.
The accompanying notes are an integral part of this statement.

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	International Airport
LIABILITIES				
Accounts payable	4,416,941	4,893,710	9,310,651	596,385
Accrued payroll expenses	1,641,923	248,211	1,890,134	108,068
Accrued interest payable	52,754	-	52,754	-
Due to fiduciary funds	1,288,908	-	1,288,908	-
Due to component unit	27,886	-	27,886	-
Due to other governments	274,793	2,016,015	2,290,808	864,209
Deposits	414,000	-	414,000	-
Unearned revenue	364,326	42,022	406,348	4,854,283
Current liabilities payable from restricted assets	-	7,075,384	7,075,384	69,734
Noncurrent liabilities:				
Due within one year:				
Accrued claims	1,123,715	-	1,123,715	-
Compensated absences	1,501,655	378,878	1,880,533	160,376
State Revolving Fund loan payable	-	466,917	466,917	-
Other postemployment benefits	382,069	105,491	487,560	24,379
Capital leases payable	65,355	121,010	186,365	52,222
Bonds payable	725,000	-	725,000	-
Due in more than one year:				
Liabilities payable from restricted assets	-	3,765,286	3,765,286	341,598
Accrued claims	1,960,921	-	1,960,921	-
Compensated absences	2,043,372	396,590	2,439,962	283,878
Capital leases payable	235,725	-	235,725	327,121
State Revolving Fund loan payable	-	9,335,408	9,335,408	-
Other postemployment benefits	10,416,642	2,363,738	12,780,380	638,684
Net pension liability, city pensions	31,343,659	-	31,343,659	-
Net pension liability, FRS pension	14,671,383	8,684,112	23,355,495	2,398,847
Net pension liability, FRS HIS pension	5,487,270	3,198,761	8,686,031	865,703
Asset retirement obligation	66,133	-	66,133	-
Bonds payable, net of unamortized premium and discount	5,030,000	83,148,402	88,178,402	-
Total liabilities	83,534,430	126,239,935	209,774,365	11,585,487
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows, city pensions	6,272,258	74,628	6,346,886	93,140
Deferred inflows, FRS pension	1,320,719	680,748	2,001,467	201,680
Deferred inflows, FRS HIS pension	727,379	406,317	1,133,696	142,391
Deferred inflows, OPEB	2,550,768	291,323	2,842,091	62,644
Deferred revenue, business tax receipts	740,655	-	740,655	-
Total deferred inflows of resources	11,611,779	1,453,016	13,064,795	499,855
NET POSITION				
Net investment in capital assets	95,990,767	82,061,735	178,052,502	160,360,515
Restricted - nonexpendable	191,364	-	191,364	-
Restricted for:				
Debt service	873,294	10,490,476	11,363,770	-
Renewal and replacement	-	250,000	250,000	-
Capital improvements	25,871,440	364,786	26,236,226	69,734
Legal restrictions	18,714	-	18,714	-
Housing and urban improvement	232,835	-	232,835	-
Economic development	4,569,858	-	4,569,858	-
Public safety	1,791,004	-	1,791,004	-
Unrestricted	(6,232,398)	65,031,582	58,799,184	10,446,169
Total net position	\$ 123,306,878	\$ 158,198,579	\$ 281,505,457	\$ 170,876,418

**CITY OF MELBOURNE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services, Fees, Fines, and Forfeitures	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 18,165,483	\$ 9,585,217	\$ 3,017,962	\$ 3,063
Public safety - fire and police	41,630,408	2,037,871	1,773,097	5,799
Public works	10,252,960	1,180,060	4,235,536	5,389,599
Parks and recreation	7,393,800	1,236,613	80,640	298,462
Housing and urban improvement	1,816,562	63,199	962,394	-
Interest on long-term debt	173,634	-	-	-
Unallocated depreciation	3,512,757	-	-	-
Total governmental activities	82,945,604	14,102,960	10,069,629	5,696,923
Business-type activities:				
Water and sewer	44,790,690	53,600,696	485,822	4,574,404
Golf courses	2,100,973	2,182,917	9,708	-
Stormwater utility	1,920,703	2,811,328	9,331	33,155
Total business-type activities	48,812,366	58,594,941	504,861	4,607,559
Total primary government	\$ 131,757,970	\$ 72,697,901	\$ 10,574,490	\$ 10,304,482
Component unit - Airport	\$ 25,417,208	\$ 18,394,575	\$ 1,647,777	\$ 2,158,972

General Revenues:

Taxes:

Property

Utility and telecommunication

Franchise fees

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Gain on sale of capital assets

Contributions to permanent funds

Transfers

Total general revenues and transfers

Change in net position

Net position, October 1, as previously stated

Adjustment (See Note (3))

Net position, October 1, restated

Net position, September 30

The statement of activities continues on the following page.
The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	International Airport
\$ (5,559,241)	\$	\$ (5,559,241)	\$
(37,813,641)		(37,813,641)	
552,235		552,235	
(5,778,085)		(5,778,085)	
(790,969)		(790,969)	
(173,634)		(173,634)	
<u>(3,512,757)</u>		<u>(3,512,757)</u>	
<u>(53,076,092)</u>		<u>(53,076,092)</u>	
-	13,870,232	13,870,232	
-	91,652	91,652	
-	933,111	933,111	
<u>-</u>	<u>14,894,995</u>	<u>14,894,995</u>	
<u>(53,076,092)</u>	<u>14,894,995</u>	<u>(38,181,097)</u>	
			<u>(3,215,884)</u>
34,573,821	-	34,573,821	-
11,966,296	-	11,966,296	-
7,154,634	-	7,154,634	-
10,340,833	-	10,340,833	-
3,401,963	3,590,799	6,992,762	421,764
119,235	35,164	154,399	4,721
4,050	-	4,050	-
<u>3,815,993</u>	<u>(3,815,993)</u>	<u>-</u>	<u>-</u>
<u>71,376,825</u>	<u>(190,030)</u>	<u>71,186,795</u>	<u>426,485</u>
18,300,733	14,704,965	33,005,698	(2,789,399)
105,040,534	143,493,614	248,534,148	173,665,817
<u>(34,389)</u>	<u>-</u>	<u>(34,389)</u>	<u>-</u>
<u>105,006,145</u>	<u>143,493,614</u>	<u>248,499,759</u>	<u>173,665,817</u>
<u>\$ 123,306,878</u>	<u>\$ 158,198,579</u>	<u>\$ 281,505,457</u>	<u>\$ 170,876,418</u>

**CITY OF MELBOURNE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	General Fund	Downtown Redevelopment Fund	Babcock Street Redevelopment Fund
ASSETS			
Cash and cash equivalents	\$ 22,593	\$ -	\$ -
Equity in pooled investments	37,802,707	781,951	310,130
Receivables (net of allowance of \$386)	2,978,553	-	-
Interest receivable	183,908	4,846	3,418
Due from other funds	345,426	-	-
Due from fiduciary funds	7,325	-	-
Due from other governments	2,012,255	-	-
Due from other governments, restricted	1,293,173	-	-
Advances to other funds	1,340,706	-	-
Inventory	210,171	-	-
Prepaid items	33,428	-	-
Land held for resale	215,000	-	-
Total assets	<u>\$ 46,445,245</u>	<u>\$ 786,797</u>	<u>\$ 313,548</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,722,047	\$ 1,130	\$ -
Accrued payroll expenditures	1,626,870	4,595	4,773
Due to other funds	-	-	264,669
Due to fiduciary funds	1,288,908	-	-
Due to component unit	27,886	-	-
Due to other governments	69,634	-	-
Advances from other funds	-	-	1,154,611
Deposits	367,866	-	-
Unearned revenue	238,928	-	-
Total liabilities	<u>5,342,139</u>	<u>5,725</u>	<u>1,424,053</u>
Deferred inflows of resources:			
Deferred and unavailable revenue	<u>740,655</u>	<u>-</u>	<u>-</u>
Fund balances:			
Non-spendable:			
Long-term advances to other funds	1,340,706	-	-
Inventory	210,171	-	-
Prepays	33,428	-	-
Land held for resale	215,000	-	-
Perpetual care	-	-	-
Restricted:			
Public safety, law enforcement	1,337,058	-	-
Housing and urban improvement	-	-	-
Debt service	873,294	-	-
Economic development	-	781,072	-
Capital improvements	-	-	-
Transportation improvement	-	-	-
Recreation improvement	-	-	-
Fireworks display	18,714	-	-
Assigned:			
General government	106,907	-	-
Public safety, law enforcement	42,806	-	-
Public safety, fire protection	547,493	-	-
Public works	65,244	-	-
Parks and recreation	32,921	-	-
Housing and community development	7,284	-	-
Capital improvements	5,422,500	-	-
Subsequent years budget	755,000	-	-
Unassigned	<u>29,353,925</u>	<u>-</u>	<u>(1,110,505)</u>
Total fund balances (deficits)	<u>40,362,451</u>	<u>781,072</u>	<u>(1,110,505)</u>
Total liabilities, deferred inflows of of resources, and fund balances	<u>\$ 46,445,245</u>	<u>\$ 786,797</u>	<u>\$ 313,548</u>

The accompanying notes are an integral part of this statement.

Olde Eau Gallie Redevelopment Fund	Transportation Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 22,593
550,828	26,389,652	11,949,012	77,784,280
-	-	-	2,978,553
1,949	64,727	16,726	275,574
-	-	-	345,426
-	-	-	7,325
-	39,515	3,970,650	6,022,420
-	-	-	1,293,173
-	-	-	1,340,706
-	-	-	210,171
-	-	-	33,428
-	-	-	215,000
<u>\$ 552,777</u>	<u>\$ 26,493,894</u>	<u>\$ 15,936,388</u>	<u>\$ 90,528,649</u>
\$ 4	\$ 277,219	\$ 2,406,033	\$ 4,406,433
1,775	-	-	1,638,013
20,746	-	60,011	345,426
-	-	-	1,288,908
-	-	-	27,886
-	205,159	-	274,793
-	-	-	1,154,611
-	7,092	39,042	414,000
-	-	125,398	364,326
<u>22,525</u>	<u>489,470</u>	<u>2,630,484</u>	<u>9,914,396</u>
-	-	-	740,655
-	-	-	1,340,706
-	-	-	210,171
-	-	-	33,428
-	-	-	215,000
-	-	191,364	191,364
-	-	453,946	1,791,004
-	-	232,835	232,835
-	-	-	873,294
530,252	-	3,258,534	4,569,858
-	-	990,297	990,297
-	22,106,242	1,373,893	23,480,135
-	-	1,401,008	1,401,008
-	-	-	18,714
-	-	-	106,907
-	-	-	42,806
-	-	-	547,493
-	-	-	65,244
-	-	-	32,921
-	-	-	7,284
-	3,898,182	5,404,027	14,724,709
-	-	-	755,000
-	-	-	28,243,420
<u>530,252</u>	<u>26,004,424</u>	<u>13,305,904</u>	<u>79,873,598</u>
<u>\$ 552,777</u>	<u>\$ 26,493,894</u>	<u>\$ 15,936,388</u>	<u>\$ 90,528,649</u>

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

Total *fund balances* for governmental funds \$ 79,873,598

Total *net position* reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

	Balance	Accumulated Depreciation/ Amortization	
Land	\$ 34,955,278	\$ -	
Construction in progress	10,709,984	-	
Buildings	34,957,527	(16,737,309)	
Improvements	14,725,405	(11,224,236)	
Machinery and equipment	27,706,887	(21,005,915)	
Intangibles, computer software	1,769,194	(1,626,177)	
Infrastructure	144,463,547	(113,950,451)	
Total capital assets	\$ 269,287,822	\$ (164,544,088)	104,743,734

Pension contributions are reported as expenditures in the fund financial statements and adjust net pension asset or net pension liability, deferred outflows and deferred inflows on the statement of net position.

Net pension asset	\$ 912,533	
Net pension liability	(51,317,730)	
Deferred outflows - pensions	17,610,368	
Deferred inflows - pensions	(8,284,713)	(41,079,542)

Other postemployment benefits are reported as expenditures in the fund financial statements and adjust other postemployment benefit liability, deferred outflows and deferred inflows on the statement of net position.

Other postemployment benefits liability	\$ (10,780,179)	
Deferred outflows - other postemployment benefits	382,069	
Deferred inflows - other postemployment benefits	(2,538,337)	(12,936,447)

Internal service funds are used by management to charge the costs of workers compensation and insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

Total internal service funds net position	\$ 2,503,801	
Less amounts attributable to business-type activities	(115,866)	2,387,935

Long-term liabilities, including bonds payable, 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.

Accrued interest on bonds and notes	\$ (52,754)	
Bonds and notes payable	(5,755,000)	
Capital leases	(301,080)	
Compensated absences	(3,537,854)	(9,646,688)
Total long-term liabilities and associated accrued interest		

Asset retirement obligations are not due and payable in the current period, and accordingly, are not reported as fund liabilities.

Asset retirement obligation liability	\$ (66,133)	
Deferred outflows - asset retirement obligation	30,421	(35,712)

Net position of governmental activities \$ 123,306,878

The accompanying notes are an integral part of this statement.



CITY OF MELBOURNE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General Fund	Downtown Redevelopment Fund	Babcock Street Redevelopment Fund
REVENUES			
Taxes:			
Property	\$ 34,573,821	\$ -	\$ -
Utility and telecommunications	11,966,296	-	-
Franchise fees	7,154,634	-	-
Intergovernmental	17,069,700	1,274,882	918,200
Charges for services	8,508,486	-	-
Impact fees	-	-	-
Licenses and permits	3,381,036	-	-
Confiscated property	-	-	-
Fines, forfeitures, penalties and fees	230,963	-	-
Investment earnings	2,680,771	28,883	44,013
Perpetual care endowment additions	-	-	-
Other revenues	1,066,901	2,800	-
Total revenues	<u>86,632,608</u>	<u>1,306,565</u>	<u>962,213</u>
EXPENDITURES			
Current:			
General government	15,923,830	739,706	221,491
Public safety	43,548,638	-	-
Public works	7,331,993	-	-
Parks and recreation	6,698,094	-	-
Housing and urban improvement	633,211	-	-
Debt service:			
Principal	872,945	146,548	-
Interest and fiscal agent fees	174,834	5,773	56,676
Capital outlay	-	-	-
Total expenditures	<u>75,183,545</u>	<u>892,027</u>	<u>278,167</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,449,063</u>	<u>414,538</u>	<u>684,046</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	3,413,734	-	-
Transfers out	(6,809,337)	(345,000)	(366,694)
Sale of capital assets	64,849	170,661	-
Total other financing sources (uses)	<u>(3,330,754)</u>	<u>(174,339)</u>	<u>(366,694)</u>
Net change in fund balances	8,118,309	240,199	317,352
Fund balances (deficits), October 1	<u>32,244,142</u>	<u>540,873</u>	<u>(1,427,857)</u>
Fund balances (deficits), September 30	<u>\$ 40,362,451</u>	<u>\$ 781,072</u>	<u>\$ (1,110,505)</u>

The accompanying notes are an integral part of this statement.

Olde Eau Gallie Redevelopment Fund	Transportation Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 34,573,821
-	-	-	11,966,296
-	-	-	7,154,634
450,170	116,596	6,572,363	26,401,911
-	-	-	8,508,486
-	967,793	902,732	1,870,525
-	-	-	3,381,036
-	-	317,554	317,554
-	-	-	230,963
18,076	401,218	99,822	3,272,783
-	-	4,050	4,050
15,000	-	74,160	1,158,861
<u>483,246</u>	<u>1,485,607</u>	<u>7,970,681</u>	<u>98,840,920</u>
155,227	-	157,036	17,197,290
-	-	-	43,548,638
-	1,735,587	1,537,740	10,605,320
-	-	35,750	6,733,844
-	-	1,145,717	1,778,928
-	-	-	1,019,493
2,003	-	-	239,286
<u>-</u>	<u>2,060,474</u>	<u>9,563,044</u>	<u>11,623,518</u>
<u>157,230</u>	<u>3,796,061</u>	<u>12,439,287</u>	<u>92,746,317</u>
<u>326,016</u>	<u>(2,310,454)</u>	<u>(4,468,606)</u>	<u>6,094,603</u>
-	4,390,394	5,087,206	12,891,334
(325,000)	(1,019,976)	(209,334)	(9,075,341)
<u>-</u>	<u>-</u>	<u>-</u>	<u>235,510</u>
<u>(325,000)</u>	<u>3,370,418</u>	<u>4,877,872</u>	<u>4,051,503</u>
1,016	1,059,964	409,266	10,146,106
<u>529,236</u>	<u>24,944,460</u>	<u>12,896,638</u>	<u>69,727,492</u>
<u>\$ 530,252</u>	<u>\$ 26,004,424</u>	<u>\$ 13,305,904</u>	<u>\$ 79,873,598</u>

**CITY OF MELBOURNE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Net change in *fund balances* - total governmental funds \$ 10,146,106

The change in *net position* reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlay exceeded depreciation and amortization in the current period.

Cost of capital assets	\$ 13,420,749	
Depreciation and amortization expense	<u>(7,207,459)</u>	6,213,290

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.

Cost of capital assets sold or disposed	\$ (116,275)	
Capital assets purchased by business-type activities		
Machinery and equipment	\$ 19,820	
Accumulated depreciation	<u>(19,820)</u>	<u>(116,275)</u>

Pension contributions are reported as expenditures in the fund financial statements and the change in net pension asset (liability) and related outflows (inflows) are reported on the statement of activities. 374,805

Other postemployment benefits are reported as expenditures in the fund financial statements and the change in other post employment benefit liability and related outflows (inflows) are reported on the statement of activities. 104,580

The issuance of long-term debt provides current financial resources to governmental funds and contributes to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, refunding and repayment of debt consume current financial resources of governmental funds, but reduce the liability in the statement of net position and does not affect the statement of activities.

Principal repayment, bonds and notes	\$ 1,019,493	
Principal repayment, leases	<u>63,779</u>	1,083,272

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued interest on bonds and notes	\$ (52,717)	
Asset retirement obligations	<u>(1,323)</u>	(54,040)

Some expenditures reported in the governmental funds, and adjustments made to expenses reported in the statement of activities have been recognized as expenses in the prior fiscal year in the statement of activities.

Accrued interest on bonds and notes	\$ 67,893	
Compensated absences	<u>(120,377)</u>	(52,484)

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

Capital asset contributed to general government	\$ 5,799	
Land contributions	4,660	
Capital assets purchased from business-type activities		
Machinery and equipment	\$ 26,995	
Accumulated depreciation	<u>(26,995)</u>	<u>10,459</u>

Internal service funds are used by management to charge the costs of workers compensation and insurance to individual funds. The net revenue of certain activities of the internal service funds are reported with governmental activities. 591,020

Change in net position of governmental activities \$ 18,300,733

The accompanying notes are an integral part of this statement.



CITY OF MELBOURNE, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer System	Other Enterprise Funds	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,700	\$ 1,915	\$ 3,615	\$ -
Cash and cash equivalents, restricted	6,069,896	-	6,069,896	-
Equity in pooled investments	79,286,160	9,222,401	88,508,561	5,318,203
Equity in pooled investments, restricted	1,043,134	-	1,043,134	-
Receivables, trade				
Billed (net of allowance of \$ 285,000)	5,236,208	4,635	5,240,843	-
Unbilled	3,694,670	-	3,694,670	-
Interest receivable	276,583	32,260	308,843	18,551
Interest receivable, restricted	6,074	-	6,074	-
Due from other governments	46,119	210	46,329	-
Due from other governments, restricted	1,447	-	1,447	-
Inventory	1,022,286	59,703	1,081,989	-
Prepaid items	96,281	2,750	99,031	429,161
Total current assets	<u>96,780,558</u>	<u>9,323,874</u>	<u>106,104,432</u>	<u>5,765,915</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	3,668,407	-	3,668,407	-
Equity in pooled investments	753,892	-	753,892	-
Investments, at fair value	4,558,172	-	4,558,172	-
Total noncurrent restricted assets	<u>8,980,471</u>	<u>-</u>	<u>8,980,471</u>	<u>-</u>
Net pension asset, city general pension	204,511	17,304	221,815	40,190
Total noncurrent, nonrestricted assets	<u>204,511</u>	<u>17,304</u>	<u>221,815</u>	<u>40,190</u>
Capital assets:				
Nondepreciable:				
Land	3,189,512	1,638,999	4,828,511	-
Construction in progress	8,065,053	604,507	8,669,560	-
Depreciable:				
Buildings	84,247,370	827,664	85,075,034	-
Improvements other than buildings	276,481,622	19,519,457	296,001,079	-
Machinery and equipment	15,457,221	4,475,386	19,932,607	23,374
Intangibles, computer software	363,416	40,095	403,511	-
Less accumulated depreciation/amortization	(238,889,191)	(11,002,003)	(249,891,194)	(23,374)
Total capital assets, net of accumulated depreciation/amortization	<u>148,915,003</u>	<u>16,104,105</u>	<u>165,019,108</u>	<u>-</u>
Total noncurrent assets	<u>158,099,985</u>	<u>16,121,409</u>	<u>174,221,394</u>	<u>40,190</u>
Total assets	<u>254,880,543</u>	<u>25,445,283</u>	<u>280,325,826</u>	<u>5,806,105</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows, city general pension	24,624	1,764	26,388	4,094
Deferred outflows, FRS pension	2,711,308	283,887	2,995,195	43,581
Deferred outflows, FRS HIS pension	471,058	47,570	518,628	7,436
Deferred outflows, other postemployment benefits	93,940	11,551	105,491	-
Deferred amount on advance refunding	1,990,231	-	1,990,231	-
Total deferred outflows	<u>5,291,161</u>	<u>344,772</u>	<u>5,635,933</u>	<u>55,111</u>

The proprietary statement of net position continues on the following page.
The accompanying notes are an integral part of this statement.

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer System	Other Enterprise Funds	Total	Internal Service Funds
LIABILITIES				
Current liabilities:				
Accounts payable	4,745,965	147,745	4,893,710	10,508
Accrued payroll expenses	235,096	13,115	248,211	3,910
Accrued claims	-	-	-	1,123,715
Due to other governments	1,974,572	41,443	2,016,015	-
Compensated absences	362,234	16,644	378,878	4,789
Unearned revenue	-	42,022	42,022	-
State Revolving Fund loan payable	466,917	-	466,917	-
Other postemployment benefits	93,940	11,551	105,491	-
Capital leases payable	-	121,010	121,010	-
Current liabilities payable from restricted assets:				
Accrued interest payable	1,212,148	-	1,212,148	-
Unearned revenue	18,327	-	18,327	-
State Revolving Fund loan payable	79,909	-	79,909	-
Revenue bonds payable	5,765,000	-	5,765,000	-
Total current liabilities	<u>14,954,108</u>	<u>393,530</u>	<u>15,347,638</u>	<u>1,142,922</u>
Noncurrent liabilities:				
Customer deposits payable from restricted assets	3,765,286	-	3,765,286	-
Advances from other funds	-	186,095	186,095	-
Accrued claims	-	-	-	1,960,921
Compensated absences	383,103	13,487	396,590	2,384
State Revolving Fund loan payable	9,335,408	-	9,335,408	-
Other postemployment benefits	2,120,662	243,076	2,363,738	18,532
Net pension liability, FRS pension	7,991,099	693,013	8,684,112	128,635
Net pension liability, FRS HIS pension	2,925,220	273,541	3,198,761	55,947
Revenue bonds payable, net of unamortized premium and discount	<u>83,148,402</u>	<u>-</u>	<u>83,148,402</u>	<u>-</u>
Total noncurrent liabilities	<u>109,669,180</u>	<u>1,409,212</u>	<u>111,078,392</u>	<u>2,166,419</u>
Total liabilities	<u>124,623,288</u>	<u>1,802,742</u>	<u>126,426,030</u>	<u>3,309,341</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows, city general pension	69,079	5,549	74,628	12,868
Deferred inflows, FRS pension	616,676	64,072	680,748	16,847
Deferred inflows, FRS HIS pension	380,057	26,260	406,317	5,928
Deferred inflows, other postemployment benefits	<u>254,856</u>	<u>36,467</u>	<u>291,323</u>	<u>12,431</u>
Total deferred inflows of resources	<u>1,320,668</u>	<u>132,348</u>	<u>1,453,016</u>	<u>48,074</u>
NET POSITION				
Net investment in capital assets	66,096,417	15,965,318	82,061,735	-
Restricted for:				
Debt service	10,490,476	-	10,490,476	-
Renewal and replacement	250,000	-	250,000	-
Capital improvements	364,786	-	364,786	-
Unrestricted	<u>57,026,069</u>	<u>7,889,647</u>	<u>64,915,716</u>	<u>2,503,801</u>
Total net position	<u>\$ 134,227,748</u>	<u>\$ 23,854,965</u>	158,082,713	<u>\$ 2,503,801</u>
Adjustment to reflect the consolidation of internal service fund activities				
Related to enterprise funds for the current year			27,103	
Related to enterprise funds for prior years			88,763	
Net position of business-type activities			<u>\$ 158,198,579</u>	

CITY OF MELBOURNE, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer System	Other Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES				
Water sales (net of bad debt of \$106,427)	\$ 30,310,215	\$ -	\$ 30,310,215	\$ -
Sewer charges (net of bad debt of \$73,958)	20,868,589	-	20,868,589	-
Golf course fees	-	2,134,504	2,134,504	-
Stormwater fees	-	2,811,139	2,811,139	-
Charges to other funds	-	-	-	4,068,139
Charges to component unit	-	-	-	443,147
Other revenues	2,421,892	48,602	2,470,494	185
Total operating revenues	53,600,696	4,994,245	58,594,941	4,511,471
OPERATING EXPENSES				
Salaries, wages and employee benefits	13,759,720	825,866	14,585,586	150,646
Contractual services, materials and supplies	15,205,317	2,212,679	17,417,996	2,801,582
Claims	-	-	-	1,150,679
Depreciation and amortization	11,302,552	976,615	12,279,167	-
Total operating expenses	40,267,589	4,015,160	44,282,749	4,102,907
Operating income	13,333,107	979,085	14,312,192	408,564
NONOPERATING REVENUES (EXPENSES)				
Federal and State grants	412,834	19,039	431,873	2,887
Investment earnings	3,227,033	363,766	3,590,799	206,672
Contributions to/from other governments	(818,005)	-	(818,005)	-
Interest expense	(3,654,964)	(10,763)	(3,665,727)	-
Gain on sale/disposal of capital assets	35,164	-	35,164	-
Total nonoperating revenues (expenses)	(797,938)	372,042	(425,896)	209,559
Income before contributions and transfers	12,535,169	1,351,127	13,886,296	618,123
Capital contributions	4,574,404	33,155	4,607,559	-
Transfers in	10,421	-	10,421	-
Transfers out	(3,690,993)	(135,421)	(3,826,414)	-
Change in net position	13,429,001	1,248,861	14,677,862	618,123
Total net position, October 1,	120,798,747	22,606,104		1,885,678
Total net position, September 30	<u>\$ 134,227,748</u>	<u>\$ 23,854,965</u>		<u>\$ 2,503,801</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds for the current year			27,103	
Change in net position of business-type activities			<u>\$ 14,704,965</u>	

The accompanying notes are an integral part of this statement.

**CITY OF MELBOURNE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

1 of 2

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer System	Other Enterprise Funds	Total	Internal Service Funds
INCREASE IN CASH AND CASH EQUIVALENTS				
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 53,701,363	\$ 4,942,506	\$ 58,643,869	\$ -
Cash received from other funds	-	-	-	4,068,139
Cash received from component unit	-	-	-	443,147
Cash payments to suppliers for goods and services	(14,081,802)	(2,227,404)	(16,309,206)	(3,812,480)
Cash payments for employee services	(12,576,621)	(771,490)	(13,348,111)	(135,660)
Deposits received	1,064,437	-	1,064,437	1,941
Deposits returned	(932,012)	-	(932,012)	(1,941)
Other operating revenues	229,522	44,892	274,414	185
Net cash provided by operating activities	<u>27,404,887</u>	<u>1,988,504</u>	<u>29,393,391</u>	<u>563,331</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advance from other funds	-	(38,945)	(38,945)	-
Interest paid on advance	-	(5,464)	(5,464)	-
FEMA Federal/State proceeds	429,714	19,039	448,753	2,887
Contributions to/from other governments	(818,005)	-	(818,005)	-
Transfers out	(3,690,993)	(135,421)	(3,826,414)	-
Net cash provided (used) by noncapital financing activities	<u>(4,079,284)</u>	<u>(160,791)</u>	<u>(4,240,075)</u>	<u>2,887</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(12,025,920)	(753,416)	(12,779,336)	-
Principal paid on revenue bond maturities and lease obligations	(3,781,182)	(137,759)	(3,918,941)	-
Principal paid on State Revolving Fund loan	(533,473)	-	(533,473)	-
Interest paid on revenue bonds and lease obligations	(4,582,386)	(5,299)	(4,587,685)	-
Cash received from impact fees	3,632,290	-	3,632,290	-
Proceeds from sale of capital assets	80,722	-	80,722	-
Transfers in	10,421	-	10,421	-
Capital grants and contributions	-	137,319	137,319	-
Net cash used by capital and related financing activities	<u>(17,199,528)</u>	<u>(759,155)</u>	<u>(17,958,683)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	(18,263,146)	-	(18,263,146)	-
Proceeds from sale and maturities of investment securities	18,304,782	-	18,304,782	-
Interest on investments	3,144,231	353,302	3,497,533	201,372
Net cash provided by investing activities	<u>3,185,867</u>	<u>353,302</u>	<u>3,539,169</u>	<u>201,372</u>
Net increase in cash and cash equivalents	9,311,942	1,421,860	10,733,802	767,590
Cash and cash equivalents at October 1	<u>81,511,247</u>	<u>7,802,456</u>	<u>89,313,703</u>	<u>4,550,613</u>
Cash and cash equivalents at September 30	<u>\$ 90,823,189</u>	<u>\$ 9,224,316</u>	<u>\$ 100,047,505</u>	<u>\$ 5,318,203</u>

The accompanying notes are an integral part of this statement.

CITY OF MELBOURNE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(CONTINUED)

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer System	Other Enterprise Funds	Total	Internal Service Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 13,333,107	\$ 979,085	\$ 14,312,192	\$ 408,564
Adjustments not affecting cash:				
Depreciation and amortization	11,302,552	976,615	12,279,167	-
Deferred outflows, pensions and OPEB	477,473	32,390	509,863	10,292
Deferred inflows, pensions and OPEB	299,928	34,956	334,884	5,274
Changes in assets and liabilities:				
Receivables, trade	330,189	(2,926)	327,263	86,823
Due from other governments	-	(105)	(105)	-
Inventory	19,608	11,470	31,078	-
Prepaid items	33,982	3,000	36,982	603,565
Net pension asset	(29,777)	(2,384)	(32,161)	(5,519)
Net pension liability	675,459	39,381	714,840	8,952
Accounts payable	1,027,260	(29,195)	998,065	(34,147)
Accrued payroll expenses	36,370	(11,584)	24,786	3,664
Accrued claims	-	-	-	(516,460)
Due to other governments	42,665	(5,819)	36,846	-
Deposits	132,425	-	132,425	-
Unearned revenue	-	2,003	2,003	-
Other postemployment benefits	(276,354)	(38,383)	(314,737)	(7,677)
Net cash provided by operating activities	<u>\$ 27,404,887</u>	<u>\$ 1,988,504</u>	<u>\$ 29,393,391</u>	<u>\$ 563,331</u>
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Contributions from developers	<u>\$ 895,995</u>	<u>\$ -</u>	<u>\$ 895,995</u>	<u>\$ -</u>
NON-CASH INVESTING ACTIVITIES				
Increase in fair value of investments	<u>\$ 1,336,586</u>	<u>\$ 157,984</u>	<u>\$ 1,494,570</u>	<u>\$ 90,089</u>
Cash and cash equivalents reconciliation:				
Current assets:				
Cash and cash equivalents	\$ 1,700	\$ 1,915	\$ 3,615	\$ -
Cash and cash equivalents, restricted	6,069,896	-	6,069,896	-
Equity in pooled investments	79,286,160	9,222,401	88,508,561	5,318,203
Equity in pooled investments, restricted	1,043,134	-	1,043,134	-
Noncurrent assets:				
Cash and cash equivalents, restricted	3,668,407	-	3,668,407	-
Equity in pooled investments, restricted	753,892	-	753,892	-
Cash and cash equivalents at September 30	<u>\$ 90,823,189</u>	<u>\$ 9,224,316</u>	<u>\$ 100,047,505</u>	<u>\$ 5,318,203</u>

The accompanying notes are an integral part of this statement.

**CITY OF MELBOURNE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2019**

	<u>Employee Pension Trust Funds</u>	<u>Performance Deposits Agency Fund</u>
ASSETS		
Cash and cash equivalents	\$ 3,761,141	\$ -
Equity in pooled investments	-	836,652
Investments, at fair value:		
U.S. government obligations	13,836,729	-
Corporate bonds	29,498,120	-
Common and preferred stocks	121,788,989	-
Accounts receivable	78,443	-
Interest receivable	304,401	-
Due from other funds	1,288,908	-
Prepaid items	<u>429,628</u>	<u>-</u>
 Total assets	 <u>170,986,359</u>	 <u>\$ 836,652</u>
LIABILITIES		
Accounts payable and accrued expenses	205,323	\$ -
Due to other funds	7,325	-
Overfunded contributions	431,310	-
Refundable deposits	<u>-</u>	<u>836,652</u>
 Total liabilities	 <u>643,958</u>	 <u>\$ 836,652</u>
NET POSITION		
Restricted for pension benefits	<u>\$ 170,342,401</u>	

The accompanying notes are an integral part of this statement.

CITY OF MELBOURNE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Employee Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer contributions	\$ 6,326,080
Employee contributions	1,308,358
State contributions	<u>1,288,013</u>
Total contributions	<u>8,922,451</u>
Investment earnings:	
Net appreciation in fair value of investments	3,052,704
Interest, dividends, and other income	<u>5,534,243</u>
Total investment earnings	8,586,947
Less investment expense	<u>(798,646)</u>
Net investment earnings	<u>7,788,301</u>
Total additions	<u>16,710,752</u>
DEDUCTIONS	
Benefits paid	11,624,049
Refunded contributions	166,724
Administrative expenses	<u>391,057</u>
Total deductions	<u>12,181,830</u>
Change in net position	4,528,922
Net position, October 1	<u>165,813,479</u>
Net position, September 30	<u><u>\$ 170,342,401</u></u>

The accompanying notes are an integral part of this statement.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Melbourne (the "City"), a Florida Municipal Corporation, was formed in 1969 as a result of the unification of the former cities of Melbourne and Eau Gallie. The City has a population of 83,349 living within an area of approximately 51.5 square miles. The governing body is a seven member elected City Council comprised of a Mayor and six Council members. The City Council appoints the City Manager who is responsible for the administration of all City services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

The more significant of the City's accounting policies are described below:

A. REPORTING ENTITY

In evaluating the City as a reporting entity, management has included all component units in accordance with GASB Codification, Section 2100, "Defining the Financial Reporting Entity". The Financial Reporting Entity consists of the City of Melbourne (the primary government) and its component units. Component units are legally separate organizations for which the City Council is financially accountable. GASB Codification, Section 2100 further requires that a financial benefit or burden relationship be present for a component unit to be blended with the primary government. The component units discussed below are included in the City's reporting entity and are reported as part of the primary government or discretely presented in the financial statements depending upon the nature of the relationship to the City.

Blended Component Units

The following component units are blended with the primary government for financial statement purposes. Although they are legally separate from the City, the component unit's governing body either is substantively the same as the City Council and the City manages their operations or the component unit exclusively serves the City. The blended component units do not issue separate financial statements. Their financial statements are included in the City's Comprehensive Annual Financial Report for the year ended September 30, 2019.

Downtown Community Redevelopment Agency -- The governing body of the Downtown Community Redevelopment Agency is the Melbourne City Council and the City manages their operations. The Downtown Community Redevelopment Agency is accounted for as a Special Revenue fund entitled "Downtown Redevelopment fund".

Babcock Street Community Redevelopment Agency -- The governing body of the Babcock Street Community Redevelopment Agency is the Melbourne City Council and the City manages their operations. The Babcock Street Community Redevelopment Agency is accounted for as a Special Revenue fund entitled "Babcock Street Redevelopment fund".

Olde Eau Gallie Riverfront Community Redevelopment Agency -- The governing body of the Olde Eau Gallie Riverfront Community Redevelopment Agency is the Melbourne City Council and the City manages their operations. The Olde Eau Gallie Riverfront Community Redevelopment Agency is accounted for as a Special Revenue fund entitled "Olde Eau Gallie Redevelopment fund."

Firefighters' Retirement System -- The City Council only appoints two of the five members of the governing board, but it is financially responsible for funding the firefighters' pension benefits. The Firefighters' Retirement Trust fund only exists to provide pension benefits to City of Melbourne firefighters. It is accounted for in the Pension Trust funds.

Melbourne Police Officers' Retirement System -- The City Council only appoints two of the five members of the governing board, but it is financially responsible for funding the police officers' pension benefits. The Melbourne Police Officers' Retirement Trust fund only exists to provide pension benefits to City of Melbourne police officers. It is accounted for in the Pension Trust funds.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

General Employees' and Special Risk Class Employees' Pension Plan -- The City Council only appoints two of the five members of the governing board, but it is financially responsible for funding the general employees' pension benefits. The General Employees' Retirement Trust fund only exists to provide pension benefits to City of Melbourne general employees, Airport general employees, and Airport police personnel hired between January 1, 1996 and July 31, 2008. It is accounted for in the Pension Trust funds.

Discretely Presented Component Unit

The Melbourne International Airport (the "Airport"), governed by the Melbourne Airport Authority, is a financially self-sustaining enterprise. Its main purpose is to provide and maintain scheduled air passenger and cargo service to residents of Brevard County and surrounding counties. The Airport Authority consists of three City Council members appointed by the City Council and four members from the business community. Although the City does not appoint a majority of the Airport Authority and the Airport does not provide a financial benefit or impose a financial burden on the City, the Airport Authority is fiscally dependent on the City and it would be misleading to exclude. The City must approve the Airport Authority's budget and its bonded debt issuances. The Discretely Presented Component Unit column in the government-wide financial statements presents the financial data of the Airport. It is reported in a separate column of the Government-wide Financial Statements to emphasize that it is legally separate from the City. Financial statements for the Melbourne International Airport may be obtained from the Executive Director, Melbourne International Airport, One Air Terminal Parkway, Suite 220, Melbourne, FL 32901.

Related Organizations

The City's Mayor is responsible for appointing the members of the Melbourne Housing Authority (MHA), but the City's accountability for the MHA does not extend beyond making the appointments. The MHA has full financial accountability for administering the housing programs for low and moderate income families funded by grants and rental income.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary 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 normally are 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 the legally separate component unit 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 operation 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

Basis of accounting refers to when revenues, expenditures or expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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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 pension 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 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for grants, for which the period is 12 months. 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, are recorded only when payment is due.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts when expenditures have been incurred for which resources in more than one classification could be used.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and 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.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

The City reports the following major governmental funds:

- The General fund is the City'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 Downtown Redevelopment fund is used to account for tax increment revenues assessed on downtown properties that are used to fund capital improvements that encourage development in the downtown area.
- The Babcock Street Redevelopment fund is used to account for tax increment revenues assessed on properties within the Babcock Street redevelopment district that are used to fund capital improvements that facilitate the revitalization of this commercial corridor in Melbourne.
- The Olde Eau Gallie Redevelopment fund is used to account for tax increment revenues assessed on properties within the Eau Gallie district that are used to fund capital improvements to revitalize the urban core area of Eau Gallie.
- The Transportation Capital Improvement fund, primarily funded by transportation impact fees and local option gas tax, accounts for the activities of governmental fund transportation projects.

The Redevelopment funds do not qualify as major funds but have been shown as such to comply with Chapter 163.387(8), Florida Statutes that requires these funds be separately audited.

The City reports the following major proprietary fund:

- The Water and Sewer System fund provides water and sewer service to residents of the City and neighboring communities.

Additionally, the City reports the following fund types:

- Special Revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes other than capital projects.
- Capital Projects funds account for the activities of governmental fund general construction, recreation, mobility, bikeways and public facility construction projects.

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- The Permanent fund is used to account for resources legally held in trust to finance maintenance for the City's municipal cemeteries. The revenues designated for perpetual care are placed in trust and the interest earned is transferred to the General fund.
- Internal Service funds account for workers compensation services and general liability insurance provided to other departments and component units of the City on a cost reimbursement basis.
- The Pension Trust fund accounts are used to account for assets held by the City in a fiduciary capacity for the Firefighters Pension Plan, Police Pension Plan and General Employees Pension Plan. The funds are operated by carrying out specific terms of statutes, ordinances, and other governing regulations.
- The Performance Deposits Agency fund accounts for assets held by the City in a fiduciary capacity as an agent for individuals and businesses. This fund accounts for deposits placed by bidders and developers to guarantee specific performance pursuant to a bid or contract.

The City reports the following discretely presented component unit:

- The Melbourne International Airport is an Enterprise fund accounted for on the accrual basis. All references in these notes to the accounting treatment for Proprietary or Enterprise funds are applicable to the Airport.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are administrative charges provided by the General fund to the Enterprise funds and the Airport, and fire services provided by the General fund to the Airport. Elimination of these charges would distort the direct costs and program revenues reported for 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 non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds, and of the internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and 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 non-operating revenues and expenses.

**D. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS,
AND NET POSITION OR EQUITY**

1. Cash and Cash Equivalents/Investments

Cash and cash equivalents represent all investments which are short term, highly liquid, and readily convertible to a specified cash value. These investments generally have original maturities of three months or less. Cash equivalents consist of equity in pooled investments. The cash and cash equivalents presented on the Statement of Cash Flows – Proprietary Funds are composed of restricted and unrestricted cash and cash equivalents and equity in pooled investments presented on the Statement of Net Position – Proprietary Funds. Investments are stated at fair value, based on the quoted market price.

2. Pooled Cash

Equity in pooled cash consists primarily of investments in debt instruments of the federal government and corporate holdings. Investment earnings of the pool are allocated to the participating funds at the end of each month based on the ratio of each participant fund's investment to the total pooled investment. As of September 30, 2019, the funds participating in pooled cash investments are the General fund; all Special Revenue funds; all Capital Projects funds; all Enterprise funds; all Internal Service funds, the Permanent fund, and the Performance Deposits Agency fund. The Airport participates in the equity in pooled cash system on a limited basis to expedite disbursements. Its funds are primarily invested in debt instruments of the federal government.

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3. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”. Long-term advances between funds are offset by a nonspendable fund balance account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”. All trade receivables are shown net of an allowance for uncollectibles. The Airport records a net noncurrent lease receivable for Embraer earned rent that will be collected in future years per the lease agreement.

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 increases to 10% of the prior year’s millage. Pursuant to Florida Statutes, Chapter 200.065(5)(a), 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 Melbourne City Council levy for the fiscal year ended September 30, 2019 was 7.1878 mills, which was greater than the computed rolled back rate of 6.7370 mills.

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 on 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 certificates sold on or prior to June 1; therefore, no material taxes are receivable at fiscal year end.

4. Inventories and Prepaids

Inventories such as central warehouse supplies are valued on a moving average cost basis. All other inventories, including fuel and chemicals, are valued at cost on the first-in, first-out method. Inventory in the General fund consists of materials and supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are issued. Inventory in the Proprietary funds consists of materials and supplies used in the production of goods and services.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements until consumed.

5. Restricted Assets

Certain assets of the City are classified as restricted assets on the Statement of Net Position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. In a fund with both restricted and unrestricted assets, qualified expenses are considered to be paid first from restricted assets and then from unrestricted assets. Assets are set aside for the following uses:

- Revenue Bonds/State Revolving Fund (SRF) Current Debt Service – used to segregate resources accumulated for debt service payments over the next twelve months.
- Revenue Bonds Future Debt Service – used to report resources set aside to make up potential future deficiencies in the revenue bonds current debt service account.
- Revenue Bonds Renewal and Replacement – used to report resources set aside to fund asset renewals and replacements or to meet unexpected contingencies.

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- Water/Sewer Impact Fees – used to segregate resources set aside for water and sewer improvements.
- Wastewater Capital Recovery – used to segregate resources set aside for wastewater improvements at the David B. Lee Water Reclamation Facility.
- Due from Other Governments – used to segregate revenues due from other governments for General fund police and firefighters pension contributions, fines restricted for police education, and FEMA and grant restricted revenues for City and Airport projects.
- Customer/Tenant Deposits – used to segregate deposits collected from water customers and Airport tenants.
- Interest Receivable – used to report interest receivable on restricted revenue and reserve accounts.
- Cash and Cash Equivalents – used to report resources set aside to meet grant requirements for Airport projects.

6. Capital Assets

Capital assets, which include property, plant, equipment, intangibles, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than equipment, are defined by the government as assets with an initial, individual cost of more than \$25,000 (amount not rounded) and an estimated useful life in excess of two years. Equipment is defined as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost, if purchased or constructed, and at acquisition value of market transaction at date of gift, if donated. Major additions are capitalized while maintenance and repairs which do not improve or materially extend the life of the respective assets are charged to expense. Major outlays for capital assets and improvements are capitalized as projects are constructed.

General infrastructure assets acquired prior to October 1, 2002 consist of the road network assets that were acquired or that received substantial improvements subsequent to July 1, 1980 and are reported at estimated historical cost using actual original cost and acquisition date, estimated cost based on known average installed cost at the estimated acquisition date, or deflated replacement cost from the estimated acquisition date.

Capital assets of the primary government, as well as the component unit, are depreciated or amortized using the straight-line method over the following average useful lives:

Classification	Range of Lives
Buildings	20-40 years
Improvements other than buildings	10-25 years
Machinery, equipment and other	2-20 years
Intangibles, computer software	3-10 years
Airport runways	25 years
Bridges	50 years
Roads, asphalt, sidewalks	20 years
Streetlights, traffic signals	15 years
Docks, piers	15 years
Seawalls, boat ramps	30 years

7. Deferred Outflows of Resources

The deferred amount for advance refunding of debt in the Water and Sewer fund, asset retirement obligations, and certain pension and other postemployment benefits adjustments are classified as deferred outflows of resources due to GASB Codification D20, "Debt Extinguishments", A10, "Certain Asset Retirement Obligations", P20, "Pension Activities" and P52, "Postemployment Benefits Other than Pensions".

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8. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

The General fund and Internal Service funds obligations for accumulated, vested vacation, reimbursable sick leave, and applicable benefits of \$3,545,027 are recorded as a liability in the governmental column of the Government-wide Statement of Net Position. 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. The liability for accumulated, vested vacation, reimbursable sick leave, and applicable benefits of the Proprietary funds and the Airport was recorded in the applicable funds as compensated absences.

9. Long-Term Liabilities

Long-term liabilities expected to be financed from Governmental funds are not accounted for in the Governmental funds. Expenditure recognition for Governmental fund types is limited to exclude amounts paid from non-current assets. Such long-term amounts are not recognized as Governmental fund type expenditures or fund liabilities but are incorporated into the governmental column in the Government-wide Statement of Net Position.

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, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred. Net pension liabilities and other postemployment benefits are determined based on actuarial valuations, see Note (6) B and (6) C for additional information.

In the Proprietary funds (and for the governmental funds, in the Government-wide statements, if applicable) the difference between the re-acquisition price (new debt) and the net carrying value of the old debt on refunded debt transactions is deferred and amortized as a component of interest expense using the bonds outstanding method over the shorter of the remaining life of the old debt or the life of the new debt. The deferred account is reported as deferred outflows of resources.

10. Deferred Inflows of Resources

Unavailable revenues in government funds, resources received before time requirements are met, and certain pension and other postemployment benefits reporting adjustments are classified as deferred inflows of resources, per GASB Codification N50 "Nonexchange Transactions", P20 "Pension Activities" and P52, "Postemployment Benefits Other than Pensions."

11. Categories and Classification of Fund Equity

Fund balance, under GASB Codification, Section 1800, "Classifications and Terminology", is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The five classifications provide clarity to the level of restrictions, as fund balance can have different levels of restraint, such as external versus internal compliance requirements. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund advances.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances). Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of

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resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of City Council, the City's highest level of decision making authority. Commitments may only be removed or changed by the City Council taking the same formal action (resolution) that imposed the constraint originally.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents unspent funds appropriated by City Council for specific capital projects. Per City Resolution No. 3510, the authority to assign fund balances lies with the City Manager.

Unassigned - Unassigned fund balance is the residual classification for the General fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

City Resolution No. 3510 requires excess funds to be transferred to unassigned fund balance until the total of assigned plus unassigned fund balance equals 25% of the General fund operating budget, excluding operating transfers. Thereafter, any remaining excess funds shall be identified by the City Manager as available to fund capital purchases, capital construction, non-recurring expenditures, or to establish additional assignments of fund balance.

The government-wide statement of net position reports \$44,653,771 of restricted net position, of which \$21,846,481 is restricted by enabling legislation.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

E. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The City has elected to report budgetary comparisons as Required Supplementary Information (RSI). Please refer to the accompanying notes to the RSI for the City's budgetary information.

The City has no material violations of finance-related legal and contractual provisions.

(3) ACCOUNTING CHANGES

The City has implemented GASB Statement No. 83, "Certain Asset Retirement Obligations", which provides guidance for the financial reporting of legally enforceable liabilities associated with future retirement of tangible capital assets. The City evaluated its tangible assets and determined that an asset retirement obligation (ARO) should be recorded due to Florida Department of Environmental Protection (FDEP) regulations.

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GASB Statement No. 83 requires recognition of a liability and a corresponding deferred outflow of resources for an ARO when it is both incurred and reasonably estimated. The statement requires annual evaluation of the ARO, and re-measurement of the ARO liability if there is a significant change in price, technology, or legal and regulatory requirements. Effect of general inflation or deflation adjust the ARO liability and deferred outflow of resources annually. Deferred outflows of resources are also reduced and recognized as an outflow of resources (expense) over the estimated useful life of the asset.

The Florida Department of Environmental Protection regulates underground storage tank (UST) installation, monitoring, and closure procedures. Two 12,000-gallon underground fiberglass-clad steel storage tanks were installed at the City fleet fuel dispensing facility in September of 1992. The tanks were expected to last 50 years. To estimate the removal cost of the tanks in 23 years, the City recently obtained a quote from a licensed petroleum equipment distributor, and recorded a \$66,133 asset retirement obligation liability in the governmental activities column of the Statement of Net Position.

On the Statement of Net Position, the governmental asset retirement obligation (ARO) liability of \$66,133 is offset by a \$30,421 deferred outflow of resources for the remaining 23 years of the tanks. On the Statement of Activities, a \$34,389 prior period adjustment to net position is recorded for the preceding 26 years, and a \$1,323 current governmental public works expense is recorded.

(4) DETAILED NOTES – ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Deposits –Banks and savings and loans must meet the criteria to be a qualified public depository as described in the Florida Security for Public Deposits Act in accordance with Chapter 280, Florida Statutes before any investment of public funds can be made with them. At September 30, 2019 the carrying amount of the City of Melbourne's deposits with banks was \$7,633,526 and the bank balance was \$7,611,291. For the Airport the carrying amount of deposits with banks was \$5,199,627 and the bank balance was \$5,071,946.

For the Fiduciary funds, the carrying amount was \$481,121 and the bank balance was \$410,527. As of September 30, 2019, all of the City's non-interest bearing bank balances are covered by the Federal Depository Insurance Corporation (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.

The City maintains a pool of cash and investments in which each fund participates on a daily transaction basis. Investment earnings are distributed monthly based on average daily balances. The City's pooled portfolio excludes the International Airport fund and the Firefighters, Police and General Employees Pension Trust funds.

City and Airport daily deposits are deposited in Earnings Credit Rate (ECR) earning accounts. These accounts are fully collateralized in accordance with Florida state law. Cash also includes Primary Government petty cash of \$8,208 and Component Unit petty cash of \$200.

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At year-end, the City's cash investment balances were as follows:

	Concentration of Credit Risk	Credit Rating (S&P)	Fair Value Level ⁽¹⁾	Fair Value	Investment Maturities (in Years)			
					Less Than 1	1-5	6-10	More Than 10
Primary Government								
<u>Cash Equivalents</u>								
Money Market Funds	13.59%	AAA	-	\$ 24,486,073	\$ 24,486,073	\$ -	\$ -	\$ -
<u>Investments</u>								
U.S. Treasury & Agency Bonds:								
U.S. Treasury Bills	2.53%	-	L2	4,558,172	4,558,172	-	-	-
U.S. Treasury Notes	24.89%	-	L2	44,819,427	5,489,943	39,329,484	-	-
Federal National Mortgage Association	7.06%	AA	L2	12,706,559	-	12,706,559	-	-
Federal Home Loan Bank Mortgage Corporation	5.36%	AA	L2	9,656,266	-	9,656,266	-	-
Supra-National Agency Bond/ Note	3.58%	AAA	L2	6,441,948	2,536,455	3,905,493	-	-
Municipal Bond/Note	0.63%	AA	L2	1,141,369	-	1,141,369	-	-
Corporate Notes ⁽²⁾	37.32%	-	L2	67,205,793	5,084,565	62,121,228	-	-
Commercial Paper	5.04%	A	L2	9,073,412	9,073,412	-	-	-
Subtotal Investments				155,602,946	26,742,547	128,860,399	-	-
Total Primary Government Cash Equivalents and Investments				180,089,019	\$ 51,228,620	\$ 128,860,399	\$ -	\$ -
Fiduciary and Agency Funds								
Agency Fund Investment								
<u>Cash Equivalents</u>								
Agency Fund Money Market	0.49%	AAA	-	836,652	\$ 836,652	\$ -	\$ -	\$ -
Fiduciary Fund Investments								
<u>Cash Equivalents</u>								
Money Market Funds	1.94%	AAA	-	3,280,020	3,282,020	-	-	-
<u>Investments</u>								
Corporate Bonds ⁽²⁾	17.43%	-	L2	29,498,120	18,605,564	8,752,516	1,908,418	231,622
U.S. Treasury & Agency Bonds:								
U.S. Treasury Bonds/Notes	4.34%	-	L2	7,344,569	-	-	1,559,185	5,785,384
Federal National Mortgage Association	0.48%	AA	L2	809,275	4,777	804,498	-	-
Federal Home Loan Mortgage Corporation	0.69%	AA	L2	1,162,521	-	1,162,521	-	-
Federal Home Loan Bank	2.67%	AA	L2	4,520,364	4,520,364	-	-	-
Common and Preferred Stock	62.06%	Unrated	L1	105,041,493	105,041,493	-	-	-
Real Estate	7.45%	Unrated	L3	12,602,908	12,602,908	-	-	-
Limited Partnerships	0.98%	Unrated	L2	1,656,269	1,656,269	-	-	-
Limited Partnerships	1.47%	Unrated	L3	2,488,319	2,488,319	-	-	-
Subtotal Investments				165,123,838	144,919,694	10,719,535	3,467,603	6,017,006
Fiduciary Fund Cash Equivalents and Investments				168,403,858	148,199,714	10,719,535	3,467,603	6,017,006
Total Fiduciary/Agency Fund Cash Equivalents and Investments				169,240,510	\$ 149,036,366	\$ 10,719,535	\$ 3,467,603	\$ 6,017,006

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	Concentration of Credit Risk	Credit Rating (S&P)	Fair Value Level ⁽¹⁾	Fair Value	Investment Maturities (in Years)			
					Less Than 1	1-5	6-10	More Than 10
Component Unit - Airport								
<u>Cash Equivalents</u>								
Money Market Funds	72.69%	AAA	-	9,893,093	\$ 9,893,093	\$ -	\$ -	\$ -
<u>Investments</u>								
U.S. Treasury & Agency Bonds:								
U.S. Treasury Notes	15.10%	-	L2	2,055,489	1,854,020	201,469	-	-
Federal National Mortgage Association	1.15%	AA	L2	155,736	119,796	35,940	-	-
Federal Home Loan Bank	0.91%	AA	L2	124,431	124,431	-	-	-
Supra-National Agency Bond/Note	3.24%	AAA	L2	440,348	289,434	150,914	-	-
Corporate Notes ⁽²⁾	6.35%	-	L2	864,255	82,058	782,197	-	-
Municipal Bond/Note	0.56%	AA	L2	76,091	-	76,091	-	-
Subtotal Investments				3,716,350	2,469,739	1,246,611	-	-
Total Component Unit Cash Equivalents and Investments				13,609,443	\$ 12,362,832	\$ 1,246,611	\$ -	\$ -
Total Reporting Entity Cash Equivalents and Investments				<u>\$ 362,938,972</u>				

(1) The City of Melbourne categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 (L1) inputs are quoted prices in active markets for identical assets; Level 2 (L2) inputs are other than quoted prices that are observable either directly or indirectly and valuations use interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and consider the counterparty credit rating or net asset value (NAV); Level 3 (L3) inputs are significant unobservable inputs, see the Level 3 and NAV tables for details.

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

- *Mutual funds* – valued at the daily closing price as reported by the fund. Mutual funds held by the City are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the City are deemed to be actively traded.
- *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.
- *Equity funds* – valued at market prices for similar assets in active markets.
- *Common stock* – valued at quoted market prices for identical assets in active markets. (L1)
- *Real estate and limited partnerships* – valued at net asset value, which approximates fair value or discounted cash flows, or market comparable.

The above table summarizes the assets of the City for which fair values are determined on a recurring basis as of September 30, 2019. In accordance with GASB Codification, I50, "Investments", money market funds have not been classified in the fair value hierarchy as they can be redeemed daily with no redemption notice period.

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	Credit Rating (S&P)	Fire Pension	Police Pension	General Pension	Primary Government	Component Unit
(2) Corporate Bonds/Notes:	N/A	(3) -	-	5.40%	9.33%	28.09%
	AAA	-	-	0.84%	25.53%	35.20%
	AA	9.39%	4.94%	3.52%	14.47%	-
	A	42.77%	54.68%	27.44%	43.11%	36.71%
	BBB	47.84%	40.38%	62.80%	7.56%	-
		<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

(3) N/A=Not rated by S&P

Level 3 Financial Instruments

The following table summarizes the City's 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:

Instrument	Fair Value 9/30/19	Principal Valuation Technique	Significant Unobservable Inputs	Range of Significant Input Values	Weighted Average
AEW Partners	\$ 597,865	Discounted Cash Flow	Discount Rate	7% - 13%	11.00%
			Exit Cap Rate	5% - 9%	6.67%
			Loan-to-Value	39.5% - 85%	55.17%
			Market Interest Rates	5% - 7%	5.17%
Angelo Gordon LP	\$ 1,244,036	Discounted Cash Flow	Discounted Rate - levered	14% - 21%	15.87%
			Discounted Rate - unlevered	15% - 19%	15.70%
			Capitalization Rate	6.3% - 12.3%	6.90%
Bain Middle Market Credit 2014 LP	\$ 1,244,283	Market Comparable Companies	Comparative Yield	11.50%	11.50%
			Discount Rate	12.6% - 19%	16.72%
			Revenue Multiple	2.4% - 8.8%	7.40%
			EBITDA Multiple	4% - 12.5%	6.13%
			Book Value Multiple	1%	1.00%
Barings Core Property Fund	\$ 4,163,980	Discounted Cash Flow	Discount Rate	5.71% - 10.18%	6.95%
			Terminal Cap Rate	4.75% - 6.75%	5.66%
			DCF Term (years)	9 - 11 (years)	10.05 (years)
			Price per Floor Area Ratio	\$17.17 - \$51.65	\$35.93
			Loan to Value Ratio	5.33% - 70.71%	41.07%
			Market Interest Rate	3.85% - 5.89%	4.78%
Prime Property Fund	\$ 7,841,063	Discounted Cash Flow	Discount Rate	6.05% - 7.15%	6.47%
			Exit Cap rate	5.08% - 6.66%	5.56%
			Revenue Growth Rate	1.87% - 3.26%	2.96%
			Market Interest Rate	1.75% - 6.4%	3.90%
			Loan-to-Value	1.46% - 51.51%	37.78%

**CITY OF MELBOURNE, FLORIDA
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Fair value of investments in entities that use net asset value (NAV)

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

Entity	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
PIMCO Distressed Senior Credit Opportunities Fund II Offshore Feeder LP	\$1,656,269	N/A	Quarterly	60 days

City of Melbourne Investment Policy – Pursuant to the requirements of Section 218.415, Florida Statutes, the City of Melbourne adopted Resolution No. 3511 on September 8, 2016, establishing the City’s present investment policy. Such investment policy applies to the investment of surplus funds, which include cash and investment balances of the following funds of the City: General, Capital Projects, Special Revenue, Enterprise, Internal Service, Trust and Agency, and Airport. The investment policy does not apply to the investment of principal, interest, reserve, construction, capitalized interest, and redemption or escrow accounts created by ordinance or resolution pursuant to the issuance of bonds where the investments are held by an authorized depository. This policy does not apply to funds not under control of the City; such as, the Police Officers’ Retirement System, the Firefighters’ Retirement System, and the General Employees’ and Special Risk Class Employees’ Pension Plan.

All investments are made based on reasonable research as to credit quality, liquidity and interest rate risk prior to the investment being acquired.

The investment policy authorizes the City to invest in U.S. Government securities, agencies, Federal instrumentalities and Supra-nationals, repurchase agreements, the Local Government Surplus Funds Trust Fund administered by the Florida State Board of Administration, interest bearing time deposits or savings accounts, commercial paper, corporate notes, bankers acceptances, and State or local government taxable or tax-exempt debt, and an intergovernmental investment pool. Overnight repurchase agreements restrict investments to obligations of U.S. Government Agencies and Federal instrumentalities.

The investment policy provides maturity and liquidity requirements for investments. All investments other than investments in the Local Government Surplus Funds Trust Fund are required to be purchased pursuant to competitive bids. A maximum of 25% of available funds may be invested in the Local Government Surplus Funds Trust Fund. The policy also requires diversification of the investment portfolio to control the risk of loss from overconcentration of assets in a specific maturity, issuer, instrument, dealer, savings and loan, or bank through which investments are purchased. Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The City’s investment policy restricts portfolio composition for federal instrumentalities to 100% total, 40% individually. Concentration percentages for the Federal instrumentalities are provided in the schedule. Currently, the investment of a significant portion of the City’s and Airport’s portfolios is being managed by the City’s financial advisor, PFM Asset Management LLC.

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the City will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The City’s investment policy states that all securities, with the exception of certificates of deposits, shall be held with a third party custodian; and all securities purchased by, and all collateral obtained by the City should be properly designated as an asset of the City. The third party custodian holds securities in an account separate and apart from the assets of the financial institution, and are either insured or registered in the City’s or Airport’s name.

The fair values of the City’s fixed-maturity investments fluctuate in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair values of those instruments. Fair values of interest rate-sensitive instruments may be affected by the credit worthiness of the issuer, prepayment options, relative values of alternative investments, the liquidity of the instrument, and other general market

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conditions. As a means to limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits its investment portfolio to maturities of less than 5.5 years for corporate notes, two years for time deposits, and 270 days for commercial paper.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As a means to limiting its exposure to credit risk, the City limits investments with credit quality ratings from nationally recognized rating agencies of:

- State and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue bonds, rated at least "MIG 1/A3" by Moody's Investors Services and "SP-1/A-" by Standard & Poor's for long-term debt.
- Corporates and/or commercial paper of any United States company that is rated, at the time of purchase, "P-1" by Moody's and "A-1" by Standard & Poor's.
- Money Market Mutual Funds that are rated "AAA" by Standard & Poor's, or the equivalent by another rating agency.
- Local Government Surplus Funds Trust Fund money market funds that are rated "AAA" by Standard & Poor's, or the equivalent by another rating agency.

Fire Pension Investment Policy – The investment policy is maintained by the Pension Board of Trustees with the objective of obtaining a reasonable total rate of return commensurate with the Prudent Investor Rule. The asset allocation, sector weightings, security selection, and investment style are at the sole discretion of the Investment Manager employed by the Board of Trustees. The fiduciary responsibility of the Board is to recognize that the retirement system provides income benefits to retired participants and beneficiaries on a long-term basis. The Board of Trustees shall comply with the fiduciary standards set forth in the Employee Retirement Income Security Act of 1974 (ERISA).

Performance of the total Fund is measured for rolling three and five year periods to accommodate the market cycles experienced with investments. The Fund performance is compared to the return of a blended index of 45% Russell 3000, 15% MSCI All Country World Index ex U.S., 20% Barclays Capital U.S. Aggregate Bond Index, 5% Barclays Global Aggregate Index, 5% Consumer Price Index + 5%, and 10% NFI Open End Diversified Core Equity (ODCE). On a relative basis, the total return of combined equity, fixed income, and cash portfolio is expected to be in the top 40% of the appropriate peer universe. On an absolute basis, the total return of the combined equity, fixed income, and cash portfolio is expected to equal or exceed the actuarial earnings assumption of 7.5%.

Authorized investments held in the Fund are limited to the following:

1. Equities must be traded on a national exchange or election network. Not more than 5% of the Plan's assets at the time of purchase shall be invested in the common stock, capital stock, or convertible stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company. There are no qualitative guidelines with regard to equity ratings except that prudent standards should be developed and maintained.
2. Fixed income investments must have a minimum rating of Investment Grade or higher as determined by at least one major audit rating service. The value of bonds issued by any single corporation shall not exceed 5% of the total bond portfolio.
3. Money Market Funds or Short-term Investment Fund (STIF) provided by the Plan's custodian; government paper backed by the full faith and credit of the United States Government.
4. Foreign Securities are limited to fully and easily negotiable equity securities and shall be traded on an exchange recognized as the official exchange by the government where the exchange is located, or on any of the major equivalent electronic exchanges.
5. Pooled investments may include, but are not limited to, mutual funds, commingled funds, exchange-traded funds, limited partnerships and private equity. In the event of investment by the Plan into a pooled fund, the Board will adopt the prospectus or governing policy of that fund as the stated addendum to this Investment Policy Statement.

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Limitations include investments in corporate common stock and convertible bonds not to exceed 70% of the Fund assets at market value, and foreign securities not to exceed 25% of the value of the Fund at market. All securities must be competitively bid and the most economically advantageous bid selected. Commissions paid for the purchase of securities must meet the prevailing best-execution rates.

Communication between the Board of Trustees and the Board Professionals is continuous. The Plan Custodian provides a monthly accounting statement that includes all receipts, disbursements, and the cost and market value of all assets. The Investment Manager provides written quarterly reports detailing the Fund's performance, compliance, economic forecast, and portfolio analysis. The Plan Investment Monitor provides a written quarterly report of the relative and absolute performance of the Fund. The Board of Trustees meets on a quarterly basis to discuss the performance of the Fund, investment strategy, and any other pertinent matters.

Police Pension Investment Policy – The investment policy is maintained by the Pension Board of Trustees with the primary objective of preserving investment capital and the secondary objective of achieving moderate long-term growth while minimizing risk. The asset allocation, sector weightings, security selection, and investment style are at the sole discretion of the Investment Manager employed by the Board of Trustees.

The fiduciary responsibility of the Board is to recognize that the retirement system provides income benefits to retired participants and beneficiaries on a long-term basis. The Board of Trustees shall comply with the fiduciary standards set forth in the Employee Retirement Income Security Act of 1974 (ERISA). This investment policy is intended to complement the investment guidelines provided in Chapter 185, Florida Statutes and the Local Ordinances.

Performance of the total Fund is measured for rolling three and five year periods to accommodate the market cycles experienced with investments. The Fund performance is compared to the return of a blended index of 45% Russell 3000, 15% MSCI All Country World Index ex U.S., 25% Barclays Aggregate Bond Index, 5% Barclays Global Aggregate Index, 5% NFI Open End Diversified Core Equity (ODCE), and 5% Consumer Price Index plus 5%. On a relative basis, the total return of combined equity, fixed income, and cash portfolio is expected to be in the top 40% of the appropriate peer universe. A further goal is to achieve an average annual rate of return greater than the absolute return of 7.5%, over the long term.

Authorized investments held in the Fund are limited to the following:

1. Equities must be traded on a national exchange or elections network. Not more than 5% of the Plan's assets at the time of purchase shall be invested in common stock, capital stock or convertible stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company.
2. Fixed Income investments shall have a minimum rating of investment grade or higher as reported by a major credit rating service. The value of bonds issued by any single corporation shall not exceed 5% of the total bond portfolio.
3. Money Market Fund or Short-term Investment Fund (STIF) provided by the Plan's custodian must be a minimum rating of Standard & Poor's A1 or Moody's P1.
4. Pooled investments may include, but are not limited to, mutual funds, commingled funds, exchange-traded funds, limited partnerships and private equity. In the event of investment by the Plan into a pooled fund, the Board will adopt the prospectus or governing policy of that fund as the stated addendum to this Investment Policy Statement.
5. Limitations include investments in corporate common stock, domestic and international, along with convertible bonds shall not exceed 70% of the Plan assets at market, and foreign securities shall not exceed 25% of the Plan's market value. All securities must be competitively bid and the most economically advantageous bid selected. Commissions paid for the purchase of securities must meet the prevailing best execution rates.

Communication between the Board of Trustees and the Board Professionals is continuous. The Plan Custodian provides a monthly accounting statement that includes all receipts, disbursements, and the cost and market value of all assets. The Investment Manager provides written quarterly reports detailing the Fund's performance, compliance, economic forecast, and portfolio analysis. The Plan Investment Monitor provides a written quarterly report of the relative and absolute performance of the Fund. The Board of Trustees meets on a quarterly basis to discuss the performance of the Fund, investment strategy, and any other pertinent matters.

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General Pension Investment Policy - The investment policy is maintained by the Pension Board of Trustees with the objective of obtaining a reasonable total rate of return commensurate with the Prudent Investor Rule. The asset allocation, sector weightings, security selection, and investment style are at the sole discretion of the Investment Manager employed by the Board of Trustees. The fiduciary responsibility of the Board is to recognize that the retirement system provides income benefits to retired participants and beneficiaries on a long-term basis. The Board of Trustees shall comply with the fiduciary standards set forth in the Employee Retirement Income Security Act of 1974 (ERISA).

Performance of the total Fund is measured for rolling three and five year periods to accommodate the market cycles experienced with investments. The Fund performance is compared to the return of a blended index of 50% Russell 3000, 10% MSCI All Country World Index ex U.S., 25% Barclays Capital U.S. Aggregate Bond Index, 5% Barclays Global Aggregate Index, 5% NFI Open End Diversified Core Equity (ODCE), and 5% Consumer Price Index plus 5%. On a relative basis, the total return of combined equity, fixed income, and cash portfolio is expected to be in the top 40% of the appropriate peer universe. On an absolute basis, the total return of the combined equity, fixed income, and cash portfolio is expected to equal or exceed the actuarial earnings assumption of 7%.

Authorized investments held in the Fund are limited to the following:

1. Equities must be traded on a national exchange. Not more than 5% of the Plan's assets at the time of purchase shall be invested in common stock, capital stock or convertible stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company.
2. Fixed income investments must have a minimum rating of investment grade or higher as determined by at least one major credit rating service. The value of bonds issued by any single corporation shall not exceed 7.5% of the total fund.
3. Money Market Funds or Short-term Investment Fund (STIF) provided by the Plan's custodian; government paper backed by full faith and credit of the United States Government.
4. Foreign Securities are limited to fully and easily negotiable equity securities, traded on an exchange recognized as the official exchange by the government where the exchange is located, or on any of the major equivalent electronic exchanges.
5. Commingled funds may include mutual funds, commingled funds, and exchange-traded funds. In the event of investment by the Plan into a commingled fund, the Board will adopt the prospectus or governing policy of that fund as the stated addendum to this Investment Policy Statement.

Limitations include investments in corporate common stock and convertible bonds not to exceed 70% of the Fund assets at market, and foreign securities not to exceed 20% of the value of the Fund at market. All securities must be competitively bid and the most economically advantageous bid selected. Commissions paid for the purchase of securities must meet the prevailing best-execution rates.

Communication between the Board of Trustees and the Board Professionals is continuous. The Plan Custodian provides a monthly accounting statement that includes all receipts, disbursements, and the cost and market value of all assets. The Investment Manager provides written quarterly reports detailing the Fund's performance, compliance, economic forecast, and portfolio analysis. The Plan Investment Monitor provides a written quarterly report of the relative and absolute performance of the Fund. The Board of Trustees meets on a quarterly basis to discuss the performance of the Fund, investment strategy, and any other pertinent matters.

B. ALLOWANCE FOR DOUBTFUL ACCOUNTS

The City provides an allowance for water and sewer accounts receivable that may become uncollectible. At September 30, 2019, this allowance was \$285,000. In the General fund, the City provides an allowance for miscellaneous uncollectible accounts of \$386. No other allowances for doubtful accounts are maintained since all other accounts receivable are considered collectible at September 30, 2019.

CITY OF MELBOURNE, FLORIDA
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C. RECEIVABLES

Receivables in the General fund of \$2,978,553 net of uncollectibles of \$386, mainly include \$2,711,996 of utility taxes and franchise fees due to the City from Florida Power and Light for taxes and fees billed as of September 30, 2019.

D. RETAINAGE PAYABLES

Retainage payable balances by fund as of September 30, 2019, included in accounts payable and current liabilities payable from restricted assets, are as follows:

Governmental Activities:

General Construction	\$ 132,931
Mobility Improvement	324,252

Business-type Activities:

Water and Sewer System	148,587
Total Primary Government	<u>605,770</u>

Component Unit:

Airport	63,343
Total Reporting Entity	<u><u>\$ 669,113</u></u>



**CITY OF MELBOURNE, FLORIDA
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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

E. CAPITAL ASSETS

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

Primary Government	Balance			Balance
Governmental Activities:	October 1,			September 30,
	2018	Additions	Deletions	2019
Capital assets, not being depreciated/amortized:				
Land and intangible land rights	\$ 35,041,843	\$ 4,660 ⁽¹⁾	\$ 91,225	\$ 34,955,278
Construction in progress	6,164,360	11,993,276	7,447,652	10,709,984
Total capital assets, not being depreciated/amortized	<u>41,206,203</u>	<u>11,997,936</u>	<u>7,538,877</u>	<u>45,665,262</u>
Capital assets, being depreciated/amortized:				
Buildings	34,924,473	82,884	49,830	34,957,527
Improvements other than buildings	14,075,922	649,483	-	14,725,405
Machinery and equipment	26,441,942	2,133,051	844,732	27,730,261
Intangibles	1,777,101	-	7,907	1,769,194
Infrastructure	138,446,096	6,017,451	-	144,463,547
Total capital assets, being depreciated/amortized	<u>215,665,534</u>	<u>8,882,869</u>	<u>902,469</u>	<u>223,645,934</u>
Less accumulated depreciation/amortization for:				
Buildings	15,927,661	859,478	49,830	16,737,309
Improvements other than buildings	10,531,404	692,832	-	11,224,236
Machinery and equipment	19,810,211	2,063,810 ⁽²⁾	844,732	21,029,289
Intangibles	1,534,228	99,856	7,907	1,626,177
Infrastructure	110,431,973	3,518,478	-	113,950,451
Total accumulated depreciation/amortization	<u>158,235,477</u>	<u>7,234,454</u> ⁽³⁾	<u>902,469</u>	<u>164,567,462</u>
Total capital assets, being depreciated/amortized, net	<u>57,430,057</u>	<u>1,648,415</u>	<u>-</u>	<u>59,078,472</u>
Governmental activities capital assets, net	<u>\$ 98,636,260</u>	<u>\$ 13,646,351</u>	<u>\$ 7,538,877</u>	<u>\$104,743,734</u>
Business-type Activities:	Balance			Balance
	October 1,			September 30,
	2018	Additions	Deletions	2019
Capital assets, not being depreciated:				
Land	\$ 4,804,209	\$ 24,302	\$ -	\$ 4,828,511
Construction in progress	10,011,350	11,236,436	12,578,226	8,669,560
Total capital assets, not being depreciated/amortized	<u>14,815,559</u>	<u>11,260,738</u>	<u>12,578,226</u>	<u>13,498,071</u>
Capital assets, being depreciated/amortized:				
Buildings	82,659,980	2,415,054	-	85,075,034
Improvements other than buildings	284,973,679	11,035,595 ⁽⁴⁾	8,195	296,001,079
Machinery and equipment	19,561,115	1,226,220	854,728	19,932,607
Intangibles, computer software	403,511	-	-	403,511
Total capital assets, being depreciated/amortized	<u>387,598,285</u>	<u>14,676,869</u>	<u>862,923</u>	<u>401,412,231</u>

CITY OF MELBOURNE, FLORIDA
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	Balance October 1, 2018	Additions	Deletions	Balance September 30, 2019
Less accumulated depreciation/amortization for:				
Buildings	57,028,082	1,275,741	-	58,303,823
Improvements other than buildings	166,298,268	9,790,444	-	176,088,712
Machinery and equipment	14,700,252	1,248,251	853,355	15,095,148
Intangibles, computer software	403,511	-	-	403,511
Total accumulated depreciation/amortization	<u>238,430,113</u>	<u>12,314,436</u> ⁽⁵⁾	<u>853,355</u>	<u>249,891,194</u>
Total capital assets, being depreciated/amortized, net	<u>149,168,172</u>	<u>2,362,433</u>	<u>9,568</u>	<u>151,521,037</u>
Business-type activities capital assets, net	<u>\$ 163,983,731</u>	<u>\$ 13,623,171</u>	<u>\$ 12,587,794</u>	<u>\$ 165,019,108</u>
Component Unit:				
	Balance October 1, 2018	Additions	Deletions	Balance September 30, 2019
Capital assets, not being depreciated:				
Land	\$ 6,513,866	\$ -	\$ -	\$ 6,513,866
Construction in progress	25,557,729	3,318,602	20,649,862	8,226,469
Total capital assets, not being depreciated/amortized	<u>32,071,595</u>	<u>3,318,602</u>	<u>20,649,862</u>	<u>14,740,335</u>
Capital assets, being depreciated/amortized:				
Buildings	127,604,028	-	-	127,604,028
Improvements other than buildings	83,056,409	20,649,862	2,203,962	101,502,309
Machinery and equipment	12,473,802	46,244	101,863	12,418,183
Intangibles, computer software	293,723	-	-	293,723
Total capital assets, being depreciated/amortized	<u>223,427,962</u>	<u>20,696,106</u>	<u>2,305,825</u>	<u>241,818,243</u>
Less accumulated depreciation/amortization for:				
Buildings	39,340,191	3,401,861	-	42,742,052
Improvements other than buildings	42,423,707	3,591,840	2,203,962	43,811,585
Machinery and equipment	8,283,297	750,099	101,863	8,931,533
Intangibles, computer software	250,998	12,818	-	263,816
Total accumulated depreciation/amortization	<u>90,298,193</u>	<u>7,756,618</u>	<u>2,305,825</u>	<u>95,748,986</u>
Total capital assets, being depreciated/amortized, net	<u>133,129,769</u>	<u>12,939,488</u>	<u>-</u>	<u>146,069,257</u>
Component unit capital assets, net	<u>\$ 165,201,364</u>	<u>\$ 16,258,090</u>	<u>\$ 20,649,862</u>	<u>\$ 160,809,592</u>

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

Governmental Activities:	
General government	\$ 666,560
Housing and urban improvement	49,611
Public safety:	
Fire protection	594,748
Police protection	1,182,040
Highways and streets, including general infrastructure assets	3,512,757
Public works	286,292
Parks and recreation	915,451
Total depreciation/amortization expense - governmental activities	<u>\$ 7,207,459</u>
Business-type Activities:	
Water and Sewer System	\$ 11,302,552
Golf Courses	154,912
Stormwater Utility	821,703
Total depreciation/amortization expense - business-type activities	<u>\$ 12,279,167</u>

- (1) The City has the following nonrecurring fair value measurements as of September 30, 2019 for Brevard County donated land. The five parcels of land, totaling 0.50 acres, is valued at \$4,660 per the Brevard County Property Appraiser (Level 2 input).

- (2) The City has a nonrecurring fair value measurement as of September 30, 2019 for a donation from Melbourne Police Foundation of a trailer to the Police department. The motorcycle trailer is valued at \$5,799 per the trailer registration documents (Level 2 input).

- (3) The difference between accumulated depreciation/amortization additions and depreciation/amortization expense of \$26,995 is due to the transfer of assets from the Water and Sewer fund to the General fund.

- (4) The City has a non-recurring fair value measurement as of September 30, 2019 for donations from developers to the Water and Sewer fund for various hydrants, pipes and manholes. The water and sewer contributions are valued at \$895,995 based on the actual price the developers paid. (Level 2 input).

- (5) The difference between accumulated depreciation/amortization additions and depreciation/amortization expense of \$35,269 is due to transfer of assets between funds: \$15,449 to the Golf Courses fund from the Water and Sewer fund, and \$19,820 from the General fund to the Golf Course fund.

**CITY OF MELBOURNE, FLORIDA
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F. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

Construction Commitments

The Reporting Entity's construction and other significant commitments at September 30, 2019 are summarized below by fund.

Governmental Activities:

General Construction

Babcock Street, Apollo Blvd to Brevard Drive	\$ 3,000,525
Thrush Drive Pipe Replacement	696,338
Municipal Development Tracking System	355,703
Ballard Park Dock Improvements	327,415
Miscellaneous Pipe Lining	155,000
Babcock Street Reconstruction	144,270

Mobility Improvement

Hickory Street Complete NASA Blvd to New Haven Ave	1,429,528
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Transportation Improvement

FY14 to FY19 Resurfacing Program	2,945,031
Babcock Street and Bulldog Blvd Mast Arms	415,901
Widen and Realign Pirate Lane	355,656

Business-type Activities:

Water and Sewer System

Lake Washington Surface Water Treatment Plant Instrument Improvements	2,724,097
Grant Street Water Reclamation Facility Improvements	1,054,427
Replace Water Distribution Lines in Various Areas of the City to Improve Flow and Fire Protection	950,477
Biosolid Process Improvements at both Water Reclamation Facilities	833,944
Replace 8" Gravity Sewer Main near Lift Station #21	501,564
Riverside Drive Water Main from US 192 to Miami Ave	452,557
Inspect Manholes and Sanitary Sewer Lines in Various Areas of the City	221,773
Construct a 16" Water Main Crossing the Indian River at the Pineda Causeway	202,487
Relocate 20" Water Main at Melbourne Airport	171,813
Security Equipment for all Water Treatment Plant Facilities	165,501
Water Production Facilities Master Plan	155,616
Harper Road Public Works and Utilities Parking Expansion	120,329
Reverse Osmosis Water Treatment Plant 3200 AMP Circuit Breakers	81,721
Potable Water Disposal Permit	77,070

Stormwater Utility

Apollo Blvd and General Aviation Drive Baffle Box	80,295
Eau Gallie Dam Removal Feasibility Study	56,610
South Harbor City Blvd Stormwater Quality Treatment Train	46,343
Thrush Drive Baffle Box	37,110
Total Primary Government	17,759,101

Component Unit:

Airport

Air Traffic Control Tower	330,873
Total Reporting Entity	\$ 18,089,974

**CITY OF MELBOURNE, FLORIDA
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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

Encumbrance Commitments

At September 30, 2019, the City had encumbrance commitments in the Governmental funds as follows:

Major funds:	
General fund	\$ 802,655
Downtown Redevelopment fund	20,000
Transportation Capital Improvement fund	<u>3,939,365</u>
Total Major funds	<u>4,762,020</u>
Other funds:	
Community Development Block Grant	\$ 7,163
HOME Investment Partnership Program	13,517
General Construction fund	4,796,086
Mobility Improvement fund	1,429,528
Recreation Improvement fund	29,700
Public Facility Improvement fund	<u>5,405</u>
Total Other funds	<u>6,281,399</u>
Total Encumbrances	<u><u>\$ 11,043,419</u></u>

G. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables of the Reporting Entity at September 30, 2019, are summarized below.

<u>Primary Government Transactions</u>	<u>Due From</u>	<u>Due To</u>
By Major fund:		
General fund	\$ 352,751	\$ 1,288,908
Babcock Redevelopment fund	-	264,669 *
Olde Eau Gallie Redevelopment fund	-	20,746 *
By Other Governmental funds:		
HOME Investment Partnership Program	-	60,011 *
By Fiduciary funds:		
Firefighters Pension	510,630	-
Police Pension	778,278	-
General Employees Pension	-	7,325
Totals	<u><u>\$ 1,641,659</u></u>	<u><u>\$ 1,641,659</u></u>
Transactions between Primary Government and Component Unit		
<u>General fund</u>	<u>\$ -</u>	<u>\$ 27,886</u>
Component Unit - Airport	27,886	-
Totals	<u><u>\$ 27,886</u></u>	<u><u>\$ 27,886</u></u>
<u>Advances to/from other funds</u>	<u>Advance To</u>	<u>Advance From</u>
By Major fund:		
General fund	\$ 1,340,706	\$ -
Babcock Redevelopment fund	-	1,154,611 *
By Other Business-type funds:		
Golf Courses fund	-	186,095
Totals	<u><u>\$ 1,340,706</u></u>	<u><u>\$ 1,340,706</u></u>

*Interfund receivables/payables are shown on the fund statements, but are eliminated on the government-wide statements.

**CITY OF MELBOURNE, FLORIDA
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All interfund receivables and payables within the primary government represent cash transfers for operating purposes and amounts expected to be repaid within one year. Advances represent the non-current portion of interfund loans. Amounts advances to the Olde Eau Gallie Redevelopment fund in 2010 were to finance the purchase of land to use for parking and will be repaid by 2020. Amounts advanced to the Babcock Street Redevelopment fund in 2018 were to finance the reconstruction, rehabilitation and drainage improvements of a portion of Babcock Street and will be repaid by 2024. Amounts advanced to the Golf Courses fund in 2016 were to finance the payment of FRS contributions and penalties incurred due to a reclassification of former Golf Course fund employees and will be repaid as funds become available.

H. INTERFUND TRANSACTIONS

There are two types of interfund transactions and transfers that are reported as interfund items between the funds:

- (1) Interfund services provided and used represent sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds.
- (2) Nonreciprocal interfund activity is the internal counterpart to nonexchange transactions. It includes:
 - (a) Interfund transfers for flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. Transfers are used to (1) move revenues from the fund that state law requires to collect them to the fund that state law requires to expend them, (2) provide matching funds for grants, and (3) provide unrestricted general fund revenues to finance transportation activities which must be accounted for in another fund.
 - (b) Interfund reimbursements for repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are not displayed in the financial statements.

All other transfers are included in the results of operations for both Governmental and Proprietary fund statements. Interfund transfers at September 30, 2019 are summarized as follows:

Transfer out:	Transfer in:				Total
	General Fund	Transportation Capital Improvement	Water and Sewer System	Other Governmental	
General fund	\$ -	\$ 4,253,001	\$ -	\$ 2,556,336	\$ 6,809,337
Downtown Redevelopment	-	-	-	345,000	345,000
Babcock Street Redevelopment	-	-	-	366,694	366,694
Olde Eau Gallie Redevelopment	-	-	-	325,000	325,000
Transportation Capital Improvement	-	-	-	1,019,976	1,019,976
Other Governmental funds	172,741	12,393	-	24,200	209,334
Water and Sewer System	3,240,993	-	-	450,000	3,690,993
Other Business-Type funds	-	125,000	10,421	-	135,421
Total Transfers out	\$ 3,413,734	\$ 4,390,394	\$ 10,421	\$ 5,087,206	\$ 12,901,755

Significant transfers included \$4,253,001 from General Fund to the Transportation Improvement fund to fund various projects; \$2,556,336 from the General Fund to the General Construction fund for capital improvements; \$808,976 from the Transportation Improvement fund to Mobility Improvement fund for Hickory Street improvements; \$3,193,843 from Water and Sewer fund to the General Fund for the rate of return per Resolution

**CITY OF MELBOURNE, FLORIDA
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No. 3510; \$450,000 from the Water and Sewer fund to the General Construction fund for its portion of utility related costs for Babcock Street improvements; and \$366,694 from Babcock Street Redevelopment fund to General Construction fund for the reconstruction of Babcock Street and Apollo Boulevard improvements.

I. LEASES

1. Capital Leases

Governmental Activities:

The General fund is the lessee of one capital lease for the acquisition of a fire truck. Future minimum payments on this lease are:

Year ending September 30,		
2020	\$	71,982
2021		71,982
2022		71,982
2023		71,982
2024		29,993
Total minimum lease payments		<u>317,921</u>
Less amount representing interest		(16,841)
Present value of net minimum lease payments	\$	<u><u>301,080</u></u>

Business-Type Activities:

The Golf Course fund is the lessee of two capital leases for the acquisition of golf carts and maintenance equipment. Future minimum payments on these leases are:

Year Ending September 30,		
2020	\$	122,658
Total minimum lease payments		<u>122,658</u>
Less amount representing interest		(1,648)
Present value of net minimum lease payments	\$	<u><u>121,010</u></u>

Component Unit:

The Airport is the lessee of a capital lease for the acquisition of various parking improvements. Future minimum payments on these leases are:

Year Ending September 30,		
2020	\$	70,003
2021		70,003
2022		70,003
2023		70,003
2024		70,003
2025-2026		93,338
Total minimum lease payments		<u>443,353</u>
Less amount representing interest		(64,010)
Present value of net minimum lease payments	\$	<u><u>379,343</u></u>

**CITY OF MELBOURNE, FLORIDA
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The assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities	Component Unit
Buildings	\$ -	\$ -	\$ 34,905
Improvements other than buildings	-	-	311,264
Machinery and equipment	974,627	542,445	143,283
Intangible computer software	-	-	64,088
Less accumulated depreciation/amortization	(552,289)	(413,482)	(199,910)
Net property, plant, and equipment	<u>\$ 422,338</u>	<u>\$ 128,963</u>	<u>\$ 353,630</u>

2. Operating Leases

Component Unit:

The Airport is the lessor of various properties with terms of one to 40 years. Most leases include contractual rent increases of a fixed percentage, or escalate with CPI or fair value adjustments, and some have renewal options. Only fixed contractual increases are included in the following schedule of operating leases by year of minimum future rental income:

Year Ending September 30,	
2020	\$ 9,803,599
2021	7,954,750
2022	7,578,258
2023	7,286,913
2024	7,230,400
2025-2029	32,868,704
2030-2034	30,251,977
2035-2039	25,265,812
2040-2044	18,340,248
2045-2049	14,397,647
2050-2054	8,244,650
2055-2059	73,734
Total minimum future rentals	<u>\$ 169,296,692</u>
Total lease income for the current fiscal year	<u>\$ 9,765,350</u>

The following provides an analysis of the Airport's investment in property held for lease as of September 30, 2019:

Land improvements	\$ 141,906
Buildings	90,784,807
Improvements other than buildings	6,512,395
Machinery and equipment	358,955
Less accumulated depreciation	(23,799,020)
Net property, plant and equipment	<u>\$ 73,999,043</u>

J. LONG-TERM LIABILITIES

1. Debt Service Requirements to Maturity

The annual requirements to amortize all bonded debt outstanding as of September 30, 2019 including interest requirements are described on pages 56 through 58.

MATURITIES

	Purpose of Issue	Amount Issued
PRIMARY GOVERNMENT:		
Governmental Activities		
Bonds from direct borrowings		
Non-Ad Valorem Refunding Revenue Note		
Series 2018 - 2.75%	Refunding Series 2003 Public Service bonds, 2005 and 2006 Subordinate Electric Utility Tax bonds	\$ 6,490,000
Total Bonds from direct borrowings		6,490,000
Governmental activities interest		-
Total governmental activities		6,490,000
Business-type Activities		
Water and Sewer Refunding Revenue Bonds,		
Series 2002B - 5.18% - 5.61% *	Partial refunding of Series 2000 bonds	21,495,333
Series 2013 - 2.00% - 5.00%*	Partial refunding of Series 2004 bonds	14,525,000
Series 2016A - 3.00% - 5.00% *	Partial refunding of Series 2007B	19,160,000
Series 2016B - 5.00% *	Refunding Series 2007A	14,465,000
Water and Sewer Refunding and Improvement Revenue Bonds,		
Series 2012 - 3.00% - 3.375%*	Refunding Series 2002A/improvements of \$5,000,000	12,200,000
Total Revenue Bonds		81,845,333
Interest		-
Total Revenue Bonds and interest		81,845,333
Bonds from direct borrowings		
Water and Sewer Refunding Revenue Bonds,		
Series 2014 - 1.98%	Partial refunding of Series 2004 bonds(refunded 1994A)	7,030,000
Interest		-
Total Bonds from direct borrowings and interest		7,030,000
Total business-type activities		88,875,333
TOTAL REPORTING ENTITY DEBT SERVICE		\$ 95,365,333

*Subject to Federal Arbitrage

Amount Outstanding	2020	2021	2022	2023	2024
\$ 5,755,000	\$ 725,000	\$ 740,000	\$ 755,000	\$ 770,000	\$ 780,000
<u>5,755,000</u>	<u>725,000</u>	<u>740,000</u>	<u>755,000</u>	<u>770,000</u>	<u>780,000</u>
606,444	148,294	128,150	107,594	86,625	65,312
<u>6,361,444</u>	<u>873,294</u>	<u>868,150</u>	<u>862,594</u>	<u>856,625</u>	<u>845,312</u>
26,339,533	3,445,000	3,445,000	3,440,000	3,435,000	4,600,000
12,355,000	590,000	610,000	635,000	655,000	670,000
18,570,000	620,000	645,000	680,000	715,000	750,000
14,465,000	-	-	-	-	-
<u>8,105,000</u>	<u>220,000</u>	<u>230,000</u>	<u>235,000</u>	<u>240,000</u>	<u>250,000</u>
79,834,533	4,875,000	4,930,000	4,990,000	5,045,000	6,270,000
29,218,677	2,277,856	2,218,531	2,156,581	2,095,332	2,037,269
<u>109,053,210</u>	<u>7,152,856</u>	<u>7,148,531</u>	<u>7,146,581</u>	<u>7,140,332</u>	<u>8,307,269</u>
3,670,000	890,000	905,000	925,000	950,000	-
147,312	63,855	46,085	27,967	9,405	-
<u>3,817,312</u>	<u>953,855</u>	<u>951,085</u>	<u>952,967</u>	<u>959,405</u>	<u>-</u>
<u>112,870,522</u>	<u>8,106,711</u>	<u>8,099,616</u>	<u>8,099,548</u>	<u>8,099,737</u>	<u>8,307,269</u>
<u>\$ 119,231,966</u>	<u>\$ 8,980,005</u>	<u>\$ 8,967,766</u>	<u>\$ 8,962,142</u>	<u>\$ 8,956,362</u>	<u>\$ 9,152,581</u>

MATURITIES

	<u>2025- 2029</u>	<u>2030- 2034</u>	<u>2035- 2038</u>
PRIMARY GOVERNMENT:			
Governmental Activities			
Bonds from direct borrowings			
Non-Ad Valorem Refunding Revenue Note			
Series 2018 - 2.75%	\$ 1,985,000	\$ -	\$ -
	<u>1,985,000</u>	<u>-</u>	<u>-</u>
Total Bonds from direct borrowings	1,985,000	-	-
Governmental activities interest	<u>70,469</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>2,055,469</u>	<u>-</u>	<u>-</u>
Business-type Activities			
Water and Sewer Refunding Revenue Bonds,			
Series 2002B - 5.18% - 5.61% *	7,974,533	-	-
Series 2013 - 2.00% - 5.00%*	3,735,000	4,460,000	1,000,000
Series 2016A - 3.00% - 5.00% *	4,325,000	5,475,000	5,360,000
Series 2016B - 5.00% *	6,880,000	7,585,000	-
Water and Sewer Refunding and Improvement			
Revenue Bonds,			
Series 2012 - 3.00% - 3.375%*	<u>1,360,000</u>	<u>5,570,000</u>	<u>-</u>
Total Revenue Bonds	24,274,533	23,090,000	6,360,000
Interest	<u>14,542,067</u>	<u>3,403,403</u>	<u>487,638</u>
Total Revenue Bonds and interest	38,816,600	26,493,403	6,847,638
Bonds from direct borrowings			
Water and Sewer Refunding Revenue Bonds,			
Series 2014 - 1.98%	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>
Total Bonds from direct borrowings and interest	-	-	-
Total business-type activities	<u>38,816,600</u>	<u>26,493,403</u>	<u>6,847,638</u>
TOTAL REPORTING ENTITY			
DEBT SERVICE	<u>\$ 40,872,069</u>	<u>\$ 26,493,403</u>	<u>\$ 6,847,638</u>

*Subject to Federal Arbitrage

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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2. Revenue Bonds

Revenue bonds are secured by and payable from the gross revenues of the respective funds which issued them. The proceeds of these issues were for capital improvements and refunding certain outstanding issues of the funds.

The resolutions applicable to the revenue bonds established various requirements for deposits to the sinking fund and reserve accounts applicable to the particular bond issues. The provisions require either (1) monthly sinking fund contributions for current debt service of one-twelfth and one-sixth of the next maturing principal and interest payment, respectively, or (2) an annual bucket approach where all receipts are deposited into a sinking fund until the funds therein are sufficient to meet the maturing principal and interest payments. In addition, certain reserves for future debt service requirements (generally the largest principal and interest payment due in any succeeding year) must be maintained.

The following two rate covenant commitments are required with regard to the Water and Sewer Revenue bonds:

- (a) The gross revenues to be received in each bond year shall be at least equal to the sum of one hundred percent (100%) of the sum of the cost of operation and maintenance for such bond year plus the bond service requirement for the bonds in such bond year; and
- (b) The sum of the gross revenues and the available impact fees to be received in each bond year shall be at least equal to the sum of one hundred percent (100%) of the cost of operation and maintenance for such bond year, and one hundred fifteen percent (115%) of the bond service requirement for the bonds in such bond year.

These requirements have been met for the City as of September 30, 2019.

Ordinance No. 2012-37 has amended the debt service reserve requirements to provide the City the flexibility to fund the debt service reserve fund at \$0 for all revenue bonds issued after October 9, 2012. The remaining bonds issued prior to 2012 have a debt service reserve requirement of \$4,600,000.

3. Pledged Revenues

Information on pledged revenues and principal and interest payments are as follows:

Pledged Revenue	Term	Future Principal and Interest	Current Pledged Revenue	Current Principal and Interest	Current Percentage of Revenue
Governmental Activities:					
Downtown CRA	2019	\$ -	\$ 1,303,159	\$ 152,321	11.69%
Gas Tax	2019	-	3,424,299	143,466	4.19%
Non Ad-Valorem	2027	6,361,444	27,160,140	903,313	3.33%
Total governmental activities		<u>\$ 6,361,444</u>	<u>\$ 31,887,598</u>	<u>\$ 1,199,100</u>	
Business-type Activities:					
Water and Sewer net revenues	2038	\$ 112,870,521	\$ 31,100,510	\$ 8,146,122	26.19%
		<u>\$ 112,870,521</u>	<u>\$ 31,100,510</u>	<u>\$ 8,146,122</u>	

4. Accretion on Capital Appreciation Bonds

A portion of the Water and Sewer Refunding Revenue Bonds, Series 2002B was issued in the form of capital appreciation bonds. These bonds were sold at a deep discount and increase in value each year as they approach their various maturity dates. This increase in value, or accretion, from August 15, 2002 to September 30, 2019 amounted to \$15,868,200 and is reported as bonds payable.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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5. State Revolving Fund Loan

On October, 20, 2009, the City was awarded financial assistance from the Florida Department of Environmental Protection, in the form of a Clean Water State Revolving Fund loan (WW513030), for the purpose of financing the planning, design, and construction of the reclaimed water reuse facility project. The amount of the loan payable at September 30, 2019 is \$3,991,390. The loan bears interest at fixed rates ranging from 2.65% to 2.81% per annum, with principal and interest payments of \$182,839 due in March and September of each year until the loan is repaid in full in fiscal year 2032.

On February 27, 2013, the City was awarded financial assistance from the Florida Department of Environmental Protection, in the form of a Clean Water State Revolving Fund loan (WW050900), for the purpose of financing the planning and design of the transmission, treatment, and reclaimed water system improvements project. The amount of the loan payable at September 30, 2019 is \$5,890,844. The loan bears interest at fixed rates ranging from 1.74% to 2.37% per annum, with principal and interest payments of \$210,589 due in February and August of each year until the loan is repaid in full in fiscal year 2036.

The loan described above is considered a federal grant and is recorded in the financial statements as State Revolving Fund loan payable because it is payable to the State of Florida Department of Environmental Protection.

Year Ending September 30,	Business-type Activities	
	Principal	Interest
2020	\$ 546,826	\$ 240,031
2021	560,516	226,341
2022	574,553	212,304
2023	588,944	197,913
2024	603,698	183,159
2025-2029	3,253,191	681,093
2030-2034	2,935,996	266,934
2035-2036	818,510	23,848
	<u>\$ 9,882,234</u>	<u>\$ 2,031,623</u>

6. Conduit Debt Obligation

Pursuant to Resolution No. 3087 adopted on August 25, 2009, the City, on October 29, 2009, issued tax-exempt Revenue Bonds, Series 2009A for \$5,000,000 and Series 2009B for \$1,000,000. The outstanding balances at September 30, 2019 are \$3,331,528 and \$411,009 respectively. The Bonds provided funds to the non-profit organization Circles of Care Inc., for the purpose of construction of a thirty-bed health care facility, equipping some of their existing facilities, and refinancing an outstanding loan. The bonds shall be payable solely from the revenues and proceeds derived from payments made by Circles of Care Inc., and will not constitute a debt, liability or obligation of the City. No tax revenues or other revenues of the City will be used to repay the bonds. Circles of Care Inc. has indemnified the City against any loss or damage arising out of the Circles of Care Inc. project or the issuance of the bonds.

Pursuant to Resolution No. 3832 adopted on April 9, 2019, the City issued a Section 108 Housing and Urban Development (“HUD”) guaranteed non-resource note to 801 Strawbridge Hotel LLC (the “Developer”) in the amount of \$2,000,000. In June 2019, \$1,000,000 of the loan was disbursed to the Developer. The outstanding balance at September 30, 2019 is \$1,000,000. Payments are interest only for the first seven years and an additional three years of principal and interest. The loan provided funds to the Hotel Developer to construct a 156-room boutique hotel with structured parking and other offsite public improvements. The loan shall be payable solely from the revenues and proceeds derived from payments made by 801 Strawbridge Hotel LLC. In the event of default by the Developer, the City has guaranteed the loan with future Community Development Block Grant funds. The owners of the development have personally guaranteed the loan, therefore the City would have recourse.

These bonds do not constitute a debt or liability of the City within the meaning of any constitutional or statutory limitation and, accordingly, are not reflected in the accompanying financial statements.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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7. Changes in Long-Term Liabilities

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

	Balance October 1, 2018	Additions	Reductions	Balance September 30, 2019	Amounts Due Within One Year
Governmental Activities:					
Compensated absences	\$ 3,422,614	\$ 2,797,110	\$ 2,674,697	\$ 3,545,027	\$ 1,501,655
Capital leases payable	364,859	-	63,779	301,080	65,355
Bonds from direct borrowings	6,774,530	-	1,019,530	5,755,000	725,000
Total governmental activities	<u>\$ 10,562,003</u>	<u>\$ 2,797,110</u>	<u>\$ 3,758,006</u>	<u>\$ 9,601,107</u>	<u>\$ 2,292,010</u>

The City's outstanding bonds from direct borrowings related to governmental activities of \$5,755,000 contain a provision that in an event of default, outstanding amounts become immediately due if the City is unable to make payment.

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above total for governmental activities. At year-end, \$7,173 of internal service funds compensated absences are included in the above amounts.

The compensated absence liability attributable to the governmental activities are liquidated primarily by the General fund, although a small portion is liquidated by the Insurance fund.

	Balance October 1, 2018	Additions	Reductions	Balance September 30, 2019	Amounts Due Within One Year
Business-type Activities:					
Bonds payable:					
Water and Sewer revenue bonds	\$ 66,877,515	\$ -	\$ 2,911,182	\$ 63,966,333	\$ 2,864,739
Accretion on Water and Sewer bonds	16,400,562	-	532,362	15,868,200	2,010,261
Unamortized issuance premium	6,062,690	-	653,821	5,408,869	-
Total bonds payable	<u>89,340,767</u>	<u>-</u>	<u>4,097,365</u>	<u>85,243,402</u>	<u>4,875,000</u>
2014 W&S revenue bond	4,540,000	-	870,000	3,670,000	890,000
State Revolving Fund loans payable	10,415,707	-	533,473	9,882,234	546,826
Bonds and loans from direct borrowings	14,955,707	-	1,403,473	13,552,234	1,436,826
Leases payable	258,769	-	137,759	121,010	121,010
Compensated absences	781,099	729,724	735,355	775,468	378,878
Total business-type activities	<u>\$ 105,336,342</u>	<u>\$ 729,724</u>	<u>\$ 6,373,952</u>	<u>\$ 99,692,114</u>	<u>\$ 6,811,714</u>

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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The City's outstanding bonds from direct borrowings relate to business-type activities of \$3,670,000 and \$9,882,234 are from the 2014 Water and Sewer Refunding Revenue Bond and the State Revolving Fund Loan, respectively. The 2014 Water and Sewer Refunding Bond is secured equally and ratably by an irrevocable lien on pledged revenues and the State Revolving Fund loans are junior, inferior and subordinate in all respects in right of payment and security to the senior revenue obligations. The outstanding notes from direct borrowings related to business-type activities of \$3,670,000 contain a provision that in the event of default, the bank and bond holders are entitled to sue for and enforce payment of all amounts due including interest on overdue payments if pledged revenues during the year are less than the gross revenues of 100% of the sum of the cost of operation and maintenance and 115% of the bond service requirement or if the City is unable to make payment. The outstanding notes from direct borrowings related to business-type activities of \$9,882,234 contain a provision that in the event of default, notification to financial market credit rating agencies, sue for payment, accelerate the repayment schedule or increase the financing rate on the unpaid principal to as much as 1.667 times the financing rate.

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

	Balance October 1, 2018	Additions	Reductions	Balance September 30, 2019	Amounts Due Within One Year
Component Unit:					
Compensated absences	\$ 387,480	\$ 261,819	\$ 205,045	\$ 444,254	\$ 160,376
Leases payable	504,777	-	125,434	379,343	52,222
Total Component Unit	<u>\$ 892,257</u>	<u>\$ 261,819</u>	<u>\$ 330,479</u>	<u>\$ 823,597</u>	<u>\$ 212,598</u>

(5) RESTRICTED ASSETS

The balance of the restricted assets in the Water & Sewer System fund is as follows:

Customer deposits	\$ 3,765,286
Interest receivable	6,074
Due from other Governments	18,327
Wastewater capital recovery	364,786
State Revolving Fund current debt service	101,118
Revenue bonds current debt service	6,995,031
Revenue bonds future debt service	4,600,400
Revenue bonds renewal and replacement	250,000
Total restricted assets	<u>\$ 16,101,022</u>

(6) OTHER INFORMATION

A. RISK MANAGEMENT

Insurance - The City is exposed to various risks of loss related to torts; theft of or damage to and destruction of assets; errors and omissions; and natural disasters. The City purchases commercial insurance with various deductibles for different types of losses. The costs for this insurance program are accounted for in the Insurance Internal Service fund. Settled claims have not exceeded this commercial coverage in the past three fiscal years. All applicable funds and component units participate in the general property and liability insurance program and make payments to the Insurance fund based on estimates of the amounts needed to pay insurance premiums and claims and to accumulate funds for financial stability. The excess accumulated funds over claims liability was \$1,416,414 at September 30, 2019. The Airport also purchased additional insurance not covered by these programs, which is accounted for in the Airport fund.

**CITY OF MELBOURNE, FLORIDA
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The General Property and Liability claims liability at September 30, 2019 is \$804,475 and is based on the requirements of GASB Codification, C50, "Claims and Judgements", which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. To estimate this liability the incurred but not reported (IBNR) factors are applied to trended claims history. General Property and Liability claims at September 30, 2018 and 2019 are summarized below:

Fiscal Year	Claims Liability October 1,	Current Year Claims and Changes in Estimates	Payments	Claims Liability September 30,	Due Within One Year
2017-2018	\$ 839,492	\$ 219,527	\$ 193,043	\$ 865,976	\$ 380,390
2018-2019	865,976	207,009	268,510	804,475	234,306

Workers Compensation - The City is exposed to risk of loss related to injuries to employees. The City established a self-insured workers compensation program, accounted for in the Workers Compensation Internal Service fund to finance its uninsured risk of loss. The Workers Compensation fund provides coverage for up to a maximum of \$200,000 for each worker's compensation claim. The City purchases commercial insurance for claims in excess of coverage provided by the self-insurance program. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. All applicable funds and component units participate in the workers compensation self-insurance program and make payments to the Workers Compensation fund based on estimates of the amounts needed to pay prior and current year claims and to accumulate funds for financial stability. Excess accumulated funds over claims liability was \$1,087,387 at September 30, 2019.

The workers compensation claims liability at September 30, 2019 is \$2,280,161 and is based on the requirements of GASB Codification, C50, "Claims and Judgements", which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. To estimate this liability the incurred but not reported (IBNR) factors are applied to trended claims history. Workers compensation claims at September 30, 2018 and 2019 are summarized below:

Fiscal Year	Claims Liability October 1,	Current Year Claims and Changes in Estimates	Payments	Claims Liability September 30,	Due Within One Year
2017-2018	\$ 2,308,198	\$ 1,650,943	\$ 1,224,021	\$ 2,735,120	\$ 990,838
2018-2019	2,735,120	928,864	1,383,823	2,280,161	889,409

B. PENSION PLANS

All regular employees are covered by retirement plans. Firefighters and police officers are covered by local pension plans. All other employees are covered by the Florida Retirement System (FRS) or a local pension plan.

The total pension expense as of September 30, 2019 are as follows:

Governmental Activities	\$ 9,201,283
Business-type Activities	2,335,877
Total Primary Government	11,537,160
Component Unit	844,401
Total Reporting Entity	<u>\$ 12,381,561</u>

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

The City has three defined benefit single employer pension plans:

- Firefighters Pension Plan
- Police Officers Pension Plan
- General Employee Pension Plan

The plans do not issue stand-alone financial reports and are not included in any other retirement system's or entity's financial report. The City accounts for all three plans as pension trust funds, therefore, they are accounted for in substantially the same manner as proprietary funds, with a capital measurement focus and employment of the accrual basis of accounting. Plan member contributions, employer contributions and contributions from other entities are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Firefighters, Police and General Employee Pension Plans

Summary of Significant Accounting Policies

Method Used to Value Investments. 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 at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair value.

Because the plans do not issue stand-alone GAAP financial reports, the following individual financial reports are presented for each of the plans:

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

	Firefighters Pension	Police Pension	Employees Pension	Pension Trust Funds
ASSETS				
Cash and cash equivalents	\$ 1,979,793	\$ 1,576,104	\$ 205,244	\$ 3,761,141
Investments, at fair value:				
U.S.government obligations	4,855,114	7,638,526	1,343,089	13,836,729
Corporate bonds	11,380,673	15,995,254	2,122,193	29,498,120
Common and preferred stocks	55,733,833	60,383,155	5,672,001	121,788,989
Account receivable	78,443	-	-	78,443
Interest receivable	122,692	158,097	23,612	304,401
Due from other funds	510,630	778,278	-	1,288,908
Prepaid expenses	-	429,628	-	429,628
Total assets	74,661,178	86,959,042	9,366,139	170,986,359
LIABILITIES				
Accounts payable and accrued expenses	85,289	95,108	24,926	205,323
Due to other funds	-	-	7,325	7,325
Overfunded contributions	177,666	-	253,644	431,310
Total liabilities	262,955	95,108	285,895	643,958
NET POSITION				
Held in trust for pension benefits	<u>\$ 74,398,223</u>	<u>\$ 86,863,934</u>	<u>\$ 9,080,244</u>	<u>\$ 170,342,401</u>

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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

	Firefighters Pension	Police Pension	General Employees Pension	Total Pension Trust Funds
ADDITIONS				
Contributions				
Employer contributions	\$ 3,022,527	\$ 3,184,968	\$ 118,585	\$ 6,326,080
Employee contributions	678,868	629,490	-	1,308,358
State contributions	518,691	769,322	-	1,288,013
Total contributions	<u>4,220,086</u>	<u>4,583,780</u>	<u>118,585</u>	<u>8,922,451</u>
Investment income				
Net appreciation in fair value of investments	1,287,113	1,573,248	192,343	3,052,704
Interest, dividends, and other income	2,379,347	2,863,189	291,707	5,534,243
Total investment gains	3,666,460	4,436,437	484,050	8,586,947
Less investment expense	<u>(486,330)</u>	<u>(279,193)</u>	<u>(33,123)</u>	<u>(798,646)</u>
Net investment earnings	<u>3,180,130</u>	<u>4,157,244</u>	<u>450,927</u>	<u>7,788,301</u>
Total additions	<u>7,400,216</u>	<u>8,741,024</u>	<u>569,512</u>	<u>16,710,752</u>
DEDUCTIONS				
Benefits paid	5,737,239	5,472,903	413,907	11,624,049
Refunded contributions	14,159	152,565	-	166,724
Administrative expense	146,948	165,521	78,588	391,057
Total deductions	<u>5,898,346</u>	<u>5,790,989</u>	<u>492,495</u>	<u>12,181,830</u>
Net change in net position	1,501,870	2,950,035	77,017	4,528,922
Net position held in trust for pension benefits October 1	<u>72,896,353</u>	<u>83,913,899</u>	<u>9,003,227</u>	<u>165,813,479</u>
Net position held in trust for pension benefits September 30	<u>\$ 74,398,223</u>	<u>\$ 86,863,934</u>	<u>\$ 9,080,244</u>	<u>\$ 170,342,401</u>

Plan Description

Plan administration. The firefighters, police officers and general employees participate in the Firefighters Retirement System (Firefighters Pension Plan), the Police Officers Retirement System (Police Pension Plan), and the Regular Class Employees and Special Risk Class Employees Pension Plan (General Employees Pension Plan), respectively. These are single employer defined benefit pension plans. Only City employees participate in the Firefighters and Police Pension Plans. City and Airport employees participate in the General Employees Pension Plan, Regular class and only Airport employees participate in the Special Risk class. The General Employees Pension Plan was closed to new members as of August 1, 2008.

The Firefighters, Police Officers, and General Employees Pension Plans are administered by a Board of Trustees comprised of:

- a) Two City residents appointed by the City Council.
- b) Two Members of the Plan elected by a majority of the membership.
- c) A Fifth Member elected by the Board and appointed by the City Council.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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Plan membership. At October 1, 2018, pension plan membership consisted of the following:

	Firefighters Pension Plan	Police Pension Plan	General Employees Pension Plan	
			Primary	Component
			Government	Unit
Inactive plan members or beneficiaries currently receiving benefits	115	164	33	6
Inactive plan members entitled to but not yet receiving benefits	4	49	31	3
Active plan members	124	132	4	1
Total	243	345	68	10

Benefits provided. All three plans provide retirement, disability, and death benefits. Accrued pension equals Average Final Compensation (AFC) times Benefit Multiplier times Credited Service.

Firefighters Pension Plan:

Normal Retirement:

Date: Earlier of age 55 and 10 years of Credited Service, or completion of 25 years of Credited Service.

Benefit: 3.25% of Average Final Compensation times Credited Service, plus Supplemental Benefit.

Supplemental Benefit: Effective October 1, 2003, a Supplemental Benefit is payable monthly for the life of the member equal to \$5 times Credited Service. In addition, Ordinance No. 2009-35 provided for all current and future retirees to potentially receive an additional \$2.50 times Credited Service (for a total of \$7.50 x Credited Service) beginning on the fifth anniversary of retirement. DROP participation counts toward the satisfaction of the five year retirement. The additional \$2.50 is only provided through available funds from the Enhanced Benefit Account, if any.

Early Retirement:

Date: Earlier of age 50 and 10 years of Credited Service, or completion of 20 years of Credited Service.

Benefit: The Accrued Benefit reduced by 3% per year by which the commencement of benefits precedes the Normal Retirement Date, plus the Supplemental Benefit.

Vesting:

Less than 10 years: Return of Member Contributions with interest at 4.0% per year.

More than 10 years: Accrued benefit payable at Normal Retirement Date (unreduced) or Early Retirement Date (reduced).

Disability Retirement:

Service Connected Eligibility: Total, permanent, and unable to perform the duties of a Firefighter. Benefits payable are the greater of 2% of AFC times Credited Service, 42% times AFC, and 40% of Regular Base Salary.

Non-Service Connected Eligibility: Same as for Service Connected except also must have 10 years of Credited Service and benefits payable are the greater of 2% of AFC times Credited Service, and accrued benefit reduced for early retirement, minimum amount payable is 25% of AFC.

Pre-Retirement Death:

In the line of duty prior to retirement eligibility: 40% of Regular Base Salary is payable to the spouse until their death. If there is no spouse, or upon the death of the spouse, 15% of Regular Base Salary is payable for each unmarried child until the age of 18 (or age 22 if a full-time student). The maximum amount payable to all such children is 40% of Regular Base Salary.

Not in the line of duty prior to retirement eligibility: Accumulated Employee Contributions with interest is payable or 10-year certain annuity reduced actuarially from the early retirement date.

Eligible for retirement at date of death: Benefit payable is the greater actuarial value between the benefit defined for line of duty death prior to retirement eligibility and the benefit payable if the Member had retired on the date of death. The resulting amount is payable on a monthly basis for ten years, or on such other actuarially equivalent basis as approved by the board.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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Enhanced Benefit Account (EBA):

Date: Provides for a lump sum variable cost of living adjustment for all members who retired, became disabled, or terminated vested on or after September 30, 1996, and their beneficiaries.

Benefit: Commencing annually from March 1, 1997, the sum of (a) and (b), as follows, shall be credited to or deducted from the Enhanced Benefit Account to provide a lump sum variable cost of living adjustment:

- (a) 50% of positive or negative net investment income compared to fund's investment objective of 7.5% for the preceding fiscal year, and
- (b) 50% of the amount by which the premium taxes collected and distributed by the state exceed 5.6% of covered payroll during the preceding fiscal year.

Effective October 13, 2009, Ordinance No. 2009-35 reduced EBA funds retroactively to October 1, 2008 by a one-time deduction equal to the cost to provide the increased 3.25% benefit accrual rate minus the amount of any unallocated premium tax money; and defined use of EBA funds to first pay for an additional Supplemental Benefit of \$2.50 x Credited Service after the fifth year of retirement, prior to the payment of any lump sum variable cost of living adjustment described in the following.

Each April 1st the Enhanced Benefit Account is allocated among the retirees as of the preceding September 30th based upon (i) the number of full months of retirement during the preceding fiscal year, and (ii) in proportion to the amount of each retiree's actual monthly retirement benefit. The allocation is limited to a maximum of 3% of the pension benefit (prorated if retired less than a full year).

Police Officers Pension Plan:

Normal Retirement:

Date: Earlier of age 55 and 10 years of Credited Service, or completion of 25 years of Credited Service.

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

Early Retirement:

Date: Age 45 and 10 years of Credited Service.

Benefit: Accrued pension payable immediately, reduced 3% for each of the first 5 years, and actuarially reduced for all years in excess of 5 years; or, unreduced accrued pension payable at Normal Retirement Date.

Vesting:

Less than 10 years: Return of Member Contributions.

More than 10 years: Accrued benefit payable at Normal Retirement Date (unreduced) or Early Retirement Date (reduced).

Disability Retirement:

Service Connected Eligibility: Total, permanent, and unable to perform the duties of a Police Officer with Accrued pension, but not less than 50% of AFC.

Non-Service Connected Eligibility: Same as for Service Connected except also must have 366 consecutive days of Credited Service, with Accrued pension, but not less than 25% of AFC.

Pre-Retirement Death:

Vested: Beneficiary may elect \$50,000 or the Member's accrued pension benefit payable for 10 years beginning at the Member's otherwise Normal Retirement Date (unreduced) or Early Retirement Date (reduced).

Non-Vested: Refund of Member Contributions.

Cost of Living Adjustment (COLA):

Members eligible for normal retirement prior to 11/28/2012:

1 % automatic cost-of-living increases beginning one year after retirement for Normal, Early, and Disability Retirees. Vested terminated members are not included.

Members eligible for normal retirement after 11/27/2012:

Proportion of 1 % (measured by comparing actual service as of 11/27/2012 to total service at the time of retirement) beginning one year after retirement and continuing for 10 years, payable to Normal, Early, and Disability retirees. Vested terminated members are not included.

CITY OF MELBOURNE, FLORIDA
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General Employees Pension Plan:

Normal Retirement:

Date: Regular Class – Earlier of age 62 and 6 years of Credited Service (age 57 with 10 years of Credited Service for the City Manager), or completion of 30 years of Credited Service. Special Risk Class – Earlier of age 55 and 6 years of Credited Service or completion of 25 years of Credited Service.

Benefit: Regular Class 1.6% of AFC times Credited Service. Rate increases to 1.63% if age 63 or 31 years, 1.65% if age 64 or 32 years, and 1.68% if age 65 or 33 years. Rate is 2.0% for Senior Management employees. Special Risk Class – 3.0% of Average Final Compensation times Credited Service.

Early Retirement:

Date: 6 years of Credited Service for both Regular and Special Risk Class.

Benefit: Regular Class – Accrued benefit reduced 5% for each year prior to Normal Retirement. Special Risk Class - Accrued benefit reduced 3% for each of the first 5 years prior to Normal Retirement and 5% for each additional year thereafter.

Vesting:

Schedule: 100% after 6 years of Credited Service for both Regular and Special Risk Class.

Benefit: Vested portion of accrued benefit payable at the otherwise Normal Retirement date.

Disability Retirement:

Service Connected Eligibility: Covered from date of employment for both Regular and Special Risk Class.

Non-Service Connected Eligibility: After 8 years of Credited Service.

Benefit: Regular Class – Accrued to date of disability, but not less than 42% of AFC (Service Connected), or 25% of AFC (Non-Service Connected). Special Risk Class – Accrued to date of disability, but not less than 65% of AFC (Service Connected), or 25% of AFC (Non-Service Connected)

Pre-Retirement Death:

Vested: Beneficiary receives an immediate or deferred monthly benefit computed based on the assumption that the member retired on the date of death and elected the 100% joint and survivor annuity.

Non-Vested: Refund of Member Contributions, if any.

Cost of Living Adjustment (COLA):

Regular Class – each July 1 following retirement the monthly benefit amount is increased 3%, based on the June benefit, excluding any supplemental benefit. Special Risk Class – beginning on the July 1 following 2 years of payments, the monthly amount is increased 3% based on the June benefit, excluding any supplemental benefit.

Supplement:

Early and Normal Retirees receive a monthly benefit of \$5 for each year of Credited Service (minimum is \$30 and maximum is \$150) for both Regular and Special Risk Class.

Contribution Requirements. All three local pension plans provide retirement and disability benefits to plan members and beneficiaries. These pension plans are administered by separate local Boards of Trustees. Benefit provisions and contribution requirements are established by City ordinance as provided in Chapter 44, Articles V, VI and VII of the Melbourne City Code for the Firefighters, Police, and General Employee Pension Plans, respectively. Amendments may only be made by City Council adoption of a local ordinance.

Contributions. The employer, employee, and State contribution requirements are applicable to each Plan and actuarially determined on an annual basis. Administrative costs of each of the pension plans are financed by the respective plans. The employee contribution rates, expressed as a percentage of salary, for the Firefighters Pension Plan and the Police Pension Plan were 7.5% and 6.5%, respectively for the 2018-2019 fiscal year. Police officers hired after November 27, 2012 contribute 8.0%. No employee contributions are required for the General Employee Pension Plan. The employer contribution rates, expressed as a percentage of salary for the Firefighters and Police Pension Plans were 38.88% and 35.88%, respectively, for the 2018-2019 fiscal year. The employer contributions for the General Employee Pension Plan were \$45,479 for general employees and \$73,106 for Airport police personnel for the 2018-2019 fiscal year. The City recognized as revenues and expenditures on-behalf payments relating to pension contributions for its public safety employees that the State paid to the Firefighters and Police Pension Plans in the amounts of \$518,691 and \$769,322 respectively. These contributions are funded by an excise tax upon certain casualty and property insurance companies on their gross receipts of premiums from policy holders. If the remittance from the State is less than estimated by the actuary, the City pays the balance required to fund the total actuarial requirements.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

The City's and Airport's annual contributions exceeded the annual pension cost for each of the local pension plans for the year ended September 30, 2019. The City's contributions to the Firefighters and Police Pension Plans were \$3,022,527 and \$3,184,968 which includes prepaids of \$177,666 for the Firefighters Pension Plan. The Airport's contribution to the General Employees Special Risk Class was \$73,106, including prepaid contributions of \$27,985. The General Employees Regular Class used \$45,479 in prepaids.

Investments

Investment policy. The pension plan policy in regard to the allocation of invested assets is established and may be amended by the Boards. In fulfilling their fiduciary responsibility, the Board recognizes that the pension plan is an essential vehicle for providing income benefits to retired participants. The Board also recognizes that the obligations of the Plan are long-term and that investment policy should be made with a view toward performance and return over a number of years. The general investment objective is to obtain a reasonable total rate of return, defined as interest and dividend income plus realized and unrealized capital gains and losses, commensurate with the Prudent Investor Rule and any other applicable City Ordinances and State Statutes.

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

Asset Class	Target Allocation		
	Firefighters Pension Plan	Police Pension Plan	General Employees Pension Plan
Domestic	45.00%	45.00%	50.00%
International	15.00%	15.00%	10.00%
Domestic Bonds	20.00%	25.00%	25.00%
Global Bonds	5.00%	5.00%	5.00%
Real Estate	10.00%	5.00%	5.00%
Alternatives	5.00%	5.00%	5.00%

Concentration. Investments (excluding mutual funds and those issued or guaranteed by the U.S. government) held by the local pension plans did not exceed five percent of total plan assets.

Rate of Return. For the year end September 30, 2019, the annual money-weighted rate of return on the Firefighters' Pension Plan, the Police Pension Plan, and the General Employee Pension Plan investments, net of pension plan investment expense, was 4.26%, 4.93% and 4.70% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

DEFERRED RETIREMENT OPTION PLAN (DROP)

Firefighters Pension Plan:

Members are eligible to enter the DROP at the Normal Retirement Date. DROP participants are not eligible for death or disability benefits. The maximum DROP participation duration is 60 months. The Accrued Benefit plus Supplemental Benefit is frozen and no further Employee Contributions are payable at DROP entry. The Accrued Benefit accumulates in the DROP account with interest, credited quarterly, as elected by the Member (where this election may be changed by the Member annually):

- (a) An annual rate of 6.50%, compounded monthly on the prior month's ending balance (1.3% for members who enter DROP on or after March 24, 2015).
- (b) The average daily balance in the member's DROP account is credited or debited at a rate equal to the net investment return realized for the quarter.
- (c) 50% of (a) plus 50% of (b).

A Member's final DROP account value for distribution is the value of the account at the end of the quarter immediately preceding termination of participation in the DROP, plus any monthly periodic additions made to the DROP account subsequent to the end of the previous quarter and prior to distribution. The Supplemental Benefit is payable once the member actually terminates from employment and begins to receive monthly pension payments after the end of the DROP. The DROP balance at September 30, 2019 was \$7,071,715.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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Police Officers Pension Plan:

Members are eligible to enter the DROP at the Normal Retirement Date. DROP participants are not eligible for death or disability benefits. The maximum DROP participation duration is 60 months or the completion of 31 years of employment with the City as a Police Officer. The Accrued Benefit is frozen and no further Employee Contributions are payable at DROP entry. The Accrued Benefit accumulates in the DROP account with interest, credited quarterly, as elected by the Member (where this election may be changed once during the DROP period):

- (a) An annual rate of 1.3%, compounded monthly on the prior month's ending balance.
- (b) The average daily balance in the member's DROP account is credited or debited at a rate equal to the net investment return realized for the quarter.
- (c) 50% of (a) plus 50% of (b).

A Member's final DROP account value for distribution is the value of the account at the end of the quarter immediately preceding termination of participation in the DROP, plus any monthly periodic additions made to the DROP account subsequent to the end of the previous quarter and prior to distribution. The DROP balance at September 30, 2019 was \$2,692.635.

General Employees Pension Plan:

Members are eligible to enter the DROP at the Normal Retirement Date. DROP participants are not eligible for death or disability benefits. The maximum DROP participation duration is 60 months. The Accrued Benefit is frozen and no further Employee Contributions are payable at DROP entry. The Accrued Benefit accumulates in the DROP account with an annual interest rate of 1.3%, compounded monthly on the prior month's ending balance.

A Member's final DROP account value for distribution is the value of the account at the end of the quarter immediately preceding termination of participation in the DROP, plus any monthly periodic additions made to the DROP account subsequent to the end of the previous quarter and prior to distribution. The DROP balance at September 30, 2019 was \$2,755.

Net Pension Liability of the City of Melbourne

The components of the net pension liability of the City at September 30, 2019, as follows, is presented in accordance with GASB Statement No. 67, while the net pension liability recognized by the city in the current financial statements represents the net pension liability measured as of September 30, 2018, which is allowed by GASB Statement No. 68.

	Firefighters Pension Plan	Police Pension Plan	General Employees Pension Plan	
			Regular Class*	Airport Special Risk Class
Total pension liability	\$ 92,634,618	\$101,557,519	\$ 6,424,852	\$ 1,404,603
Plan fiduciary net position	<u>(74,398,223)</u>	<u>(86,863,935)</u>	<u>(7,630,980)</u>	<u>(1,449,264)</u>
Sponsor's net pension liability (asset)	<u>\$ 18,236,395</u>	<u>\$ 14,693,584</u>	<u>\$ (1,206,128)</u>	<u>\$ (44,661)</u>

Plan fiduciary net position as a percentage of total pension liability	80.31%	85.53%	118.77%	103.18%
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* The Airport's portion of the Regular Class net pension liability is 9.23%.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2018 for the Firefighters' Pension Plan, Police Pension and General Employees Pension Plan using the following actuarial assumptions applied to all measurement periods:

	Firefighters Pension Plan	Police Pension Plan	General Employees Pension Plan
Inflation	2.50%	2.50%	2.50%
Salary increases	6.00%	4.5% - 6.00%	6.00%
Investment rate of return	7.50%	7.50%	7.00%

The actuarial assumptions used in the October 1, 2018 valuation were carried forward from the prior actuary. No recent actuarial experience study has been performed. The mortality table has been revised to that used in the valuation of FRS as of July 1, 2018 and 2019, as required by state statutes.

The long term expected rate of return on pension plan investments was determined using a building-block method in which best estimates 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. 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 expected inflation. Best estimates of arithmetic 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		
	Firefighters Pension Plan	Police Pension Plan	General Employees Pension Plan
Domestic equity	7.50%	7.50%	7.50%
International	8.50%	8.50%	8.50%
Domestic fixed income	2.50%	2.50%	2.50%
Global fixed income	3.50%	3.50%	3.50%
Real Estate	4.50%	4.50%	0.00%
Alternatives	6.08%	0.00%	0.00%

Discount rate. The discount rate used to measure the total pension liability for the Firefighters, Police, and General Employee Pension Plans were 7.50%, 7.50%, and 7.00% percent, respectively. The projection of cash flows used to determine the discount rate assumes that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

Sensitivity of the net pension liability (asset) 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:

	1% Decrease	Current Discount Rate	1% Increase
Firefighters Pension Plan	\$ 27,818,097	\$ 18,236,395	\$ 10,212,678
Police Pension Plan	25,991,966	14,693,584	5,268,240
General Employee Regular Class	(448,572)	(1,206,128)	(1,836,665)
General Employee Airport Special Risk Class	162,227	(44,661)	(211,323)

Net Pension Liability

The City's net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2019 for the Firefighters Pension Plan, and October 1, 2019 for the Police and General Employee Pension Plans, which will be recorded in the fiscal year ending September 30, 2020

CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Changes in Net Pension Liability

FIREFIGHTERS PENSION PLAN

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Reporting Period Ending 9/30/2018	\$ 83,146,640	\$ 69,272,334	\$ 13,874,306
Changes for the year:			
Service cost	1,824,715	-	1,824,715
Interest	6,508,591	-	6,508,591
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(64,611)	-	(64,611)
Changes of assumptions	2,112,977	-	2,112,977
Contributions - employer	-	2,633,114	(2,633,114)
Contributions - state	-	546,838	(546,838)
Contributions - employee	-	595,652	(595,652)
Contributions - buy back	-	-	-
Net investment income	-	5,650,567	(5,650,567)
Benefit payments, including refunds of employee contributions	(5,641,135)	(5,641,135)	-
Administrative expenses	-	(161,017)	161,017
Net changes	<u>4,740,537</u>	<u>3,624,019</u>	<u>1,116,518</u>
Reporting Period Ending 9/30/2019	<u>\$ 87,887,177</u>	<u>\$ 72,896,353</u>	<u>\$ 14,990,824</u>

POLICE OFFICERS PENSION PLAN

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Reporting Period Ending 9/30/2018	\$ 95,688,669	\$ 76,704,683	\$ 18,983,986
Changes for the year:			
Service cost	1,598,984	-	1,598,984
Interest	7,070,607	-	7,070,607
Change in excess state contributions	21,658	-	21,658
Differences between expected and actual experience	1,655,678	-	1,655,678
Changes of assumptions	-	-	-
Changes in benefit terms	-	-	-
Contributions - employer	-	2,911,276	(2,911,276)
Contributions - state	-	697,770	(697,770)
Contributions - employee	-	544,936	(544,936)
Contributions - buy back	1,373	1,373	-
Net investment income	-	8,897,069	(8,897,069)
Benefit payments, including refunds of employee contributions	(5,770,235)	(5,770,235)	-
Administrative expenses	-	(72,973)	72,973
Net changes	<u>4,578,065</u>	<u>7,209,216</u>	<u>(2,631,151)</u>
Reporting Period Ending 9/30/2019	<u>\$ 100,266,734</u>	<u>\$ 83,913,899</u>	<u>\$ 16,352,835</u>

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

GENERAL EMPLOYEES REGULAR CLASS PENSION PLAN*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Reporting Period Ending 9/30/2018	\$ 6,313,965	\$ 7,397,166	\$ (1,083,201)
Changes for the year:			
Service cost	29,388	-	29,388
Interest	430,656	-	430,656
Difference between expected and actual experience	(8,617)	-	(8,617)
Changes of assumptions	-	-	-
Changes in benefit terms	-	-	-
Contributions - employer	-	36,154	(36,154)
Contributions - buy back	-	-	-
Net investment income	-	642,567	(642,567)
Benefit payments, including refunds of employee contributions	(382,238)	(382,238)	-
Administrative expenses	-	(43,941)	43,941
Net changes	69,189	252,542	(183,353)
Reporting Period Ending 9/30/2019	\$ 6,383,154	\$ 7,649,708	\$ (1,266,554)

* The Airport's portion of the Regular Class net pension liability is 9.23%.

GENERAL EMPLOYEES SPECIAL RISK CLASS PENSION PLAN (AIRPORT)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Reporting Period Ending 9/30/2018	\$ 1,273,145	\$ 1,225,728	\$ 47,417
Changes for the year:			
Service cost	25,640	-	25,640
Interest	89,768	-	89,768
Difference between expected and actual experience	(21,419)	-	(21,419)
Changes of assumptions	-	-	-
Changes in benefit terms	-	-	-
Contributions - employer	-	60,208	(60,208)
Net investment income	-	107,983	(107,983)
Benefit payments, including refunds of employee contributions	(32,776)	(32,776)	-
Administrative expenses	-	(7,624)	7,624
Net changes	61,213	127,791	(66,578)
Reporting Period Ending 9/30/2019	\$ 1,334,358	\$ 1,353,519	\$ (19,161)

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the City, calculated using the discount rate, as well as what the City's net pension liability 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:

	1% Decrease	Current Discount Rate	1% Increase
Firefighters Pension Plan	\$ 23,891,332	\$ 14,990,824	\$ 7,525,284
Police Pension Plan	27,809,398	16,352,835	6,812,365
General Employee Regular Class*	(499,597)	(1,266,554)	(1,902,799)
General Employee Special Risk Class	183,769	(19,161)	(182,212)

* The Airport's portion of the Regular Class sensitivity of the net pension liability is 9.23%.

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

For the year ended September 30, 2019 the City will recognize a pension expense of \$2,644,944 for the Firefighters Pension Plan. On September 30, 2019 the City reported for the **Firefighters Pension Plan** deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 599,270
Changes of assumptions	2,124,138	-
Net difference between projected and actual earnings on pension plan investments	-	1,690,493
Contributions subsequent to the measurement date	3,541,218	-
Total	<u>\$ 5,665,356</u>	<u>\$ 2,289,763</u>

Deferred outflows of \$3,541,218, resulting from City and State contributions subsequent to the measurement date of September 30, 2018, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2019	\$ 264,029
2020	(590,631)
2021	(285,310)
2022	294,556
2023	151,731

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

For the year ended September 30, 2019 the City will recognize a pension expense of \$2,345,564 for the Police Officers Pension Plan. On September 30, 2019 the City reported for the **Police Officers Pension Plan** deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,328,806	\$ 180,974
Changes of assumptions	560,794	-
Net difference between projected and actual earnings on pension plan investments	-	3,485,602
Contributions subsequent to the measurement date	3,954,290	-
Total	\$ 5,843,890	\$ 3,666,576

Deferred outflows of \$3,954,290, resulting from City and State contributions subsequent to the measurement date of September 30, 2018, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2020	\$ 455,253
2021	(939,623)
2022	(651,104)
2023	(641,502)

For the year ended September 30, 2019 the City will recognize a pension expense of (\$72,538) for the General Employees Regular Class Pension Plan. On September 30, 2019 the City reported for the **General Employees Regular Class Pension Plan** deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 138,804	\$ 420,370
Contributions subsequent to the measurement date	45,479	-
Total	\$ 184,283	\$ 420,370

The Airport's portion of the deferred outflows and inflows of resources is 9.23%.

Deferred outflows of \$45,479, resulting from City contributions subsequent to the measurement date of September 30, 2018, will be recognized as an adjustment to the net pension asset (liability) in the fiscal year ending September 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2020	\$ (593)
2021	(139,397)
2022	(113,893)
2023	(27,683)

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

For the year ended September 30, 2019 the Airport will recognize a pension expense of \$48,350 for the General Employees Special Risk Class Pension Plan. On September 30, 2019 the City reported for the Airport's **General Employees Special Risk Class Pension Plan** deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	19,082	63,317
Contributions subsequent to the measurement date	73,106	-
Total	\$ 92,188	\$ 63,317

Deferred outflows of \$73,106, resulting from City contributions subsequent to the measurement date of September 30, 2018, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2020	\$	(1,700)
2021		(20,782)
2022		(17,455)
2023		(4,298)

FLORIDA RETIREMENT SYSTEM

General Information – City employees who are not covered under the Fire, Police, or General Pension Plans participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (“Pension Plan”) and the Retiree Health Insurance Subsidy (“HIS Plan”). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (“Investment Plan”) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (“SBA”). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the website:
www.dms.myflorida.com/workforce_operations/retirement/publications.

CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Pension Plan

Plan Description – The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (“DROP”) for eligible employees.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk class members (sworn Airport police officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates, which include the HIS plan of 1.66%, are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2018 through June 30, 2019 and from July 1, 2019 through September 30, 2019, respectively, were as follows: Regular 8.26% and 8.47%; Special Risk Airport Police 24.50% and 25.48%; Senior Management Service 24.06% and 25.41%; Elected Officers' 48.70% and 48.82%; DROP participants 14.03% and 14.60%; Re-employed General 5.16% and 5.22%, and Re-employed Airport Police 12.26% and 12.81%.

City's contributions, including employee contributions, to the Pension Plan totaled \$3,569,904 for the fiscal year ended September 30, 2019, which include Airport contributions of \$501,788.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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

– At September 30, 2019, the City reported a liability of \$25,754,342 for its proportionate share of the Pension Plan’s net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The City’s proportionate share of the net pension liability was based on the City’s 2018-19 fiscal year contributions relative to the 2018-19 fiscal year contributions of all participating members. At June 30, 2019, the City’s proportionate share was .07478%, which was a decrease of .00359% from its proportionate share measured as of June 30, 2018.

For the fiscal year ended September 30, 2019, the City recognized pension expense of \$6,214,725. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,527,564	\$ 15,983
Change of assumptions	6,614,823	-
Net difference between projected and actual earnings on FRS plan investments	-	1,424,865
Changes in proportion and differences between City FRS plan contributions and proportionate share of contributions	27,181	762,299
City FRS plan contributions subsequent to the measurement date	800,922	-
Total	\$ 8,970,490	\$ 2,203,147

The deferred outflows of resources related to the FRS Pension Plan, totaling \$800,922 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the FRS Pension Plan will be recognized in pension expense as follows:

Year Ending September 30:

2020	\$ 2,147,912
2021	656,306
2022	1,610,934
2023	1,193,284
2024	298,321
Thereafter	59,664

Actuarial Assumptions – The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.60 %
Salary increases	3.25%, average, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB 2010 base table which varies by member category and sex, projected generationally with scale MP-2018.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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. The reduced investment return assumption of 6.90 percent, which was adopted by the Florida Retirement System Actuarial Assumption Conference, conflicts with the consulting actuary's judgement of a reasonable assumption as defined by Actuarial Standards of Practice No. 27.

Asset Class	Target Allocation*	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.30%	3.30%	1.20%
Fixed income	18.00%	4.10%	4.10%	3.50%
Global equity	54.00%	8.00%	6.80%	16.50%
Real estate	10.00%	6.70%	6.10%	11.70%
Private equity	11.00%	11.20%	8.40%	25.80%
Strategic investments	6.00%	5.90%	5.70%	6.70%
Total	<u>100.00%</u>			
Assumed Inflation - Mean			2.60%	1.70%

* As outlined in the Plan's investment policy

Discount Rate - The discount rate used to measure the total pension liability was 6.90%. The Pension Plan's 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 calculation the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.90%) or one percentage point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability	\$ 44,520,680	\$ 25,754,342	\$ 10,081,274

Pension Plan Fiduciary Net Position - Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan - At September 30, 2019, the City reported a payable in the amount of \$392,815 for outstanding contributions to the FRS Pension Plan required for the fiscal year ended September 30, 2019.

Health Insurance Subsidy (HIS) Plan

Plan Description - The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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Benefits Provided – For the fiscal year ended September 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2019, the HIS contribution was 1.66%. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

City's contributions to the HIS Plan totaled \$501,788 for the fiscal year ended September 30, 2019, which includes Airport's contribution of \$39,583.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2019, the City reported a liability of \$9,551,734 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The City's proportionate share of the net pension liability was based on the City's 2018-19 fiscal year contributions relative to the 2018-19 fiscal year contributions of all participating members. At June 30, 2019, the City's proportionate share was .08537%, which was a decrease of .0051% from its proportionate share measured as of June 30, 2018.

For the fiscal year ended September 30, 2019, the City recognized pension expense of \$691,869. In addition the City reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 116,016	\$ 11,696
Change of assumptions	1,106,001	780,681
Net difference between projected and actual earnings on HIS Plan investments	6,164	-
Changes in proportion and differences between City HIS Plan contributions and proportionate share of contributions	125,010	483,710
City HIS Plan contributions subsequent to the measurement date	153,607	-
Total	\$ 1,506,798	\$ 1,276,087

The deferred outflows of resources related to the HIS Plan, totaling \$153,607 resulting from City contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Year Ending September 30,	
2020	\$ 33,155
2021	26,215
2022	14,650
2023	(10,795)
2024	1,542
Thereafter	12,337

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

Actuarial Assumptions – The total pension liability in the July 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 %
Salary increases	3.25%, average, including inflation
Municipal bond rate	3.50 %

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate - The discount rate used to measure the total pension liability was 3.50%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 3.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
City's proportionate share of the net pension liability	\$ 10,903,794	\$ 9,551,734	\$ 8,425,621

Pension Plan Fiduciary Net Position - Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan - At September 30, 2019, the City reported a payable in the amount of \$62,295 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2019.

Investment Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

The FRS Investment Plan has 976 participating employers. The City has 100 participating employees, including 15 Airport employees.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the

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FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2018-19 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.54%, Special Risk class 22.78%, Senior Management Service class 22.34% and County Elected Officers class 46.98%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2019, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

City's contributions, including employee contributions, to the Investment Plan totaled \$634,990 for the fiscal year ended September 30, 2019, including Airport contributions of \$184,613.

C. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description - The City of Melbourne 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. Eligible retirees must be drawing an immediate benefit from their respective pension plan and be enrolled in medical coverage prior to retirement. Surviving spouses of participants are allowed access to the Plan but must pay the full premium. Benefit provisions for the Plan were established by City Council on May 12, 1987 and may only be amended by City Council. The City does not issue stand-alone financial statements for this Plan. All financial information related to the Plan is accounted for in the City's basic financial statements. The Plan does not have a trust.

Funding Policy - The City is funding the postemployee benefits on a pay-as-you-go basis. Contribution rates for the Plan are established by City Council annually. For non-union and Police Union employees hired prior to January 1, 2011, the City provides 50% of the health insurance premium for retirees who opt for coverage through the City's insurance program or the Florida Retired Public Employees Group Medicare Supplemental Insurance Program as an explicit subsidy. IAFF employees hired prior to October 14, 2014, receive a subsidy at the rate of 2% per year of service up to a maximum of 50% of published rates, until the retiree reaches normal Medicare age. LIU Union employees hired prior to January 1, 2011, and who retire from the City with at least 8 years of service (current FRS vesting requirement) with the City, receive a 50% contribution toward retiree (single) group health insurance or toward the group Medicare supplemental plan. For the fiscal year ended September 30, 2019 the City contributed \$487,560 to cover 270 retired employees and \$24,379 for the Airport to cover 16 retired employees. Blended premium rates for active and retired employees combined provide an implicit subsidy for retirees because on an actual basis, their current and future claims are expected to result in higher costs to the Plan than those of active employees. The current year contribution represents an estimate of this implied subsidy.

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Plan Membership – At October 1, 2019, OPEB membership consisted of the following:

	Firefighters	Police	General Employees	
			Primary Government	Component Unit
Inactive members currently receiving benefits	49	61	147	16
Inactive members entitled to but not yet receiving benefits	0	0	0	0
Active members	134	142	509	48
Total	<u>183</u>	<u>203</u>	<u>656</u>	<u>64</u>

Actuarial Assumptions and Other Inputs – The total OPEB liability in the September 30, 2019 actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40 percent
*Salary Increases	1.1 to 5.2 percent projected annual salary increase
Discount rate	3.83 percent investment rate of return
Health care cost trend rates	5.40 percent using Society of Actuaries Long-Term Model
Retirees' share of benefit-related costs	50 percent of projected health insurance premiums
*Salary scale used by FRS depends on gender and service.	

The discount rate was based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the RP 2000 Healthy Annuitant Mortality Table for Males and Females as appropriate, fully generational with adjustments for mortality improvements based on Scale BB. RP 2000 Disabled Annuitant Combined Healthy Mortality Table set forward 3 years, with no projected improvement. The actuarial assumptions used in the September 30, 2019 valuation were based on the results of the last full valuation for the period of May 1, 2017 valuation data rolled forward to September 30, 2018.

At September 30, 2019 the City of Melbourne reported a Net OPEB liability of \$13,931,003. The GASB 75 information has been provided as of the September 30, 2018 measurement date.

Change in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance as of October 1, 2017 for FYE 2018	\$ 16,369,341	\$ -	\$ 16,369,341
Changes for the year:			
Service cost	551,562	-	551,562
Interest	559,862	-	559,862
Experience Losses/(Gains)	(2,119,942)	-	(2,119,942)
Changes of assumptions	(717,709)	-	(717,709)
Changes in benefit terms	-	-	-
Contributions - employer	-	712,111	(712,111)
Benefit payments	(712,111)	(712,111)	-
Net changes	<u>(2,438,338)</u>	<u>-</u>	<u>(2,438,338)</u>
Balance as of October 1, 2018 for FYE 2019	<u>\$ 13,931,003</u>	<u>-</u>	<u>\$ 13,931,003</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% as of September 30, 2017 to 3.83% as of September 30, 2018. The methods, assumptions, and participant data used are detailed in the actuarial valuation report dated October 1, 2019 with the exception of the actuarial cost method. These calculations are based in the Entry Age Normal cost method required by GASB 75.

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NOTES TO THE FINANCIAL STATEMENTS
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Sensitivity of the Net OPEB Liability - The following table represents the City's net OPEB liability calculated using the discount rate of 3.83%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.83%) or one percentage point higher (4.83%) than the current rate:

	1% Decrease (2.83%)	Current Discount Rate (3.83%)	1% Increase (4.83%)
Net OPEB Liability	\$ 15,576,982	\$ 13,931,003	\$ 12,533,466

The following table represents the City's net OPEB liability calculated using the health care cost trend rate of 3.90%, as well as what the City's net OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower (2.90%) or one percentage point higher (4.90%) than the current rate:

	1% Decrease (2.90%)	Current Ultimate Trend (3.90%)	1% Increase (4.90%)
Net OPEB Liability	\$ 12,472,567	\$ 13,931,003	\$ 15,705,440

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

For the fiscal year ended September 30, 2019, the City of Melbourne recognized an OPEB expense of \$548,557. In addition the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,817,093
Change of assumptions	-	1,087,642
Net difference between projected and actual earnings on OPEB plan investments	-	-
City contributions subsequent to the measurement date	511,939	-
Total	\$ 511,939	\$ 2,904,735

The deferred outflows of resources related to OPEB, totaling \$511,939 resulting from City contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the fiscal year ending September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in the expense as follows:

Year Ending September 30:	
2020	\$ (562,867)
2021	(562,867)
2022	(562,866)
2023	(405,379)
2024	(405,379)
Thereafter	(405,377)

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

D. CONTINGENCIES

1. Litigation

The City and the Airport are named as defendants in various lawsuits. The outcome of the lawsuits is not determinable at this time. It is the opinion of counsel that the resolution of these matters will not have a material adverse effect on the financial condition of the City or the Airport.

2. Pollution Remediation

During fiscal year 2012, the City of Melbourne recognized a pollution remediation liability related to contaminated soil and groundwater discovered during the process of removing and decommissioning the vehicle fuel facility at the Melbourne Police Department on Apollo Boulevard. The Florida Department of Environmental Protection approved the Remedial Action Plan for site cleanup and restoration.

Cleanup, restoration, and testing were completed in 2016. No additional testing or remediation is expected.

3. Asset Retirement Obligations

The City recorded a liability of \$66,133 in governmental activities for two 12,000-gallon underground fiberglass-clad steel storage tanks at the City fleet fuel facility. See Note (3) for details.

The Water and Sewer fund owns an injection well system at the Grant Street Reclamation facility that was placed into service in 1989. There are no plans to abandon and plug this well since it is our only means of effluent disposal. The Florida Department of Environmental Protection requires that we certify our financial ability to abandon and plug the well annually.

4. Grants

The City and the Airport receive funds from federal, state, and private agencies under grants and contracts. The costs, both direct and indirect, charged to these grants and contracts are subject to audit and possible disallowance by the sponsoring agency. It is management's belief that any disallowances or adjustments would not have a significant effect on the financial statements.

E. TAX ABATEMENTS

The City enters into property tax abatement agreements with new or expanding businesses under the Economic Development Ad Valorem Tax Exemption Program authorized by Melbourne City Code, Chapter 54, Article VI, and Section 196.1995 Florida Statutes. Under the program, the City grants 100% property tax abatements from one to 10 years to attract or retain businesses, which contribute to the economy of the City with new jobs and improvements to real and personal property. The program criteria scores applications on the number of employees, average payroll, capital investment, and additional high economic impact factors such as significant capital investment over \$15 million, over 150 new employees, or targeted industries. Benefitting businesses are required to file an annual report detailing their year-end investment and employment levels and verifying their new or expansion status as outlined in Florida Statutes Section 196.012. For the fiscal year ended September 30, 2019, the City abated 2018 property taxes to six businesses totaling \$351,994. Compliance review of the benefitting businesses annual reports determined that one exemption will expire and one exemption will be terminated leaving four businesses qualified for 2019 property tax abatements.

F. SUBSEQUENT EVENTS

On October 8, 2019, the City Council approved a contract award for the Cliff Creek Baffle Box, Project No. 20215, to Hinterland Group, Inc., Riviera Beach, Florida for \$715,290.

On October 8, 2019, the City Council approved Amendment No. 8 to the Protection Facility Evaluation and Master Plan agreement for the Surface Water Treatment Plant Supervisory Control and Data Acquisition (SCADA) Automation Project No. 31018, with CH2M Hill Engineers, Inc., Orlando, Florida for \$2,050,526.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

On October 8, 2019, the City Council approved a contract award for installation of a 16-inch water main and 16-inch force main for the St. Johns Heritage Parkway Utility Extensions, Project No. 34617, to Jr. Davis Construction Company, Inc., Kissimmee, Florida for \$1,032,450.

On October 22, 2019, the City Council approved task order No. CDM 045 to the continuing contract for design-build services for the Surface Water Treatment Plant 600KW Generator and Automatic Transfer Switch, Project No. 31419, with CDM Smith, Inc., Maitland, Florida, for \$785,819.

On October 22, 2019, the City Council approved a contract award for the Strawbridge Avenue-Waverly Place Intersection Improvements, Project No. 64318, to DP Development, LLC, Cocoa, Florida for \$764,398.

On October 22, 2019, the City Council approved a budget resolution No. 3886 to accept and appropriate Save Our Indian River Lagoon Project Cost-Share Funding for the Grant Street Water Reclamation Facility Improvements, Project No. 33516 in the amount of \$5,415,600.

On November 12, 2019, the City Council approved the purchase of a 70-foot aerial platform ladder fire truck from Sutphen Corporation, Dublin, Ohio, for \$959,937.

In December 2019 the City received and disbursed the second \$1,000,000 draw on the \$2,000,000 Section 108 HUD guaranteed loan to the Strawbridge Hotel Developer.

On January 14, 2020, the City Council approved a contract award for the Reverse Osmosis Booster Pumps and Motors Replacement, Project No. 31119, to TLC Diversified, Inc., Palmetto, Florida for \$716,250.

REQUIRED SUPPLEMENTARY INFORMATION

The following schedules are reported in this subsection:

- Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund
- Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Downtown Redevelopment Special Revenue Fund
- Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Babcock Street Redevelopment Special Revenue Fund
- Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Olde Eau Gallie Redevelopment Special Revenue Fund
- Budgetary Notes to Required Supplementary Information
- Schedules of Changes in Net Pension Liability and Related Ratios
- Schedules of City Contributions
- Schedules of Investment Returns
- Schedules of Proportionate Share of the Net Pension Liability
- Schedules of Contributions
- Schedule of Changes in the City's Total OPEB Liability and Related Ratios

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis) (See Note A)	Final Budget - Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 34,001,602	\$ 34,001,602	\$ 34,573,821	\$ 572,219
Utility and communications	12,180,000	12,180,000	11,966,296	(213,704)
Franchise fees	7,490,000	7,490,000	7,154,634	(335,366)
Intergovernmental	13,813,494	13,931,350	17,069,700	3,138,350
Charges for services	8,448,818	8,448,818	8,508,486	59,668
Licenses and permits	3,240,375	3,240,375	3,381,036	140,661
Fines, forfeitures, penalties and fees	233,000	233,000	230,963	(2,037)
Investment earnings	558,700	558,700	2,680,771	2,122,071
Other revenues	838,086	893,733	1,066,901	173,168
Total revenues	80,804,075	80,977,578	86,632,608	5,655,030
EXPENDITURES				
Current:				
General government:				
Mayor and council	189,708	189,708	183,634	6,074
City manager	917,787	1,019,636	982,761	36,875
City attorney	832,498	863,542	809,823	53,719
City clerk	432,730	479,512	439,319	40,193
Accounting and budget	1,873,007	1,983,506	1,956,007	27,499
Procurement	467,086	467,086	413,501	53,585
Human resources	724,132	815,024	777,409	37,615
Information technology	4,407,131	4,896,764	4,376,002	520,762
Engineering	1,410,909	1,493,463	1,468,635	24,828
Community development	716,964	843,667	824,623	19,044
Other - unclassified	6,061,514	4,206,609	3,799,023	407,586
Total general government	18,033,466	17,258,517	16,030,737	1,227,780
Public Safety:				
Fire	19,866,646	20,411,941	20,225,943	185,998
Police	24,311,470	25,180,976	23,912,994	1,267,982
Total public safety	44,178,116	45,592,917	44,138,937	1,453,980
Public works	7,935,430	8,141,483	7,397,237	744,246
Parks and recreation	6,845,845	7,090,061	6,731,015	359,046
Housing and urban improvement	580,977	657,763	640,495	17,268
Debt service:				
Principal	137,954	872,954	872,945	9
Interest and fiscal agent fees	5,450	173,820	174,834	(1,014)
Total debt service	143,404	1,046,774	1,047,779	(1,005)
Total expenditures	77,717,238	79,787,515	75,986,200	3,801,315
Excess of revenues over expenditures	3,086,837	1,190,063	10,646,408	9,456,345
OTHER FINANCING SOURCES (USES)				
Transfers in	3,409,533	3,466,766	3,413,734	(53,032)
Transfers out	(5,638,000)	(6,311,336)	(6,809,337)	(498,001)
Sale of capital assets	45,000	45,000	64,849	19,849
Total other financing sources (uses)	(2,183,467)	(2,799,570)	(3,330,754)	(531,184)
Net change in fund balance	903,370	(1,609,507)	7,315,654	8,925,161
Fund balance, October 1	32,244,142	32,244,142	32,244,142	-
Fund balance, September 30	\$ 33,147,512	\$ 30,634,635	\$ 39,559,796	\$ 8,925,161

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DOWNTOWN REDEVELOPMENT
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Budget Amounts		Actual on (Budgetary Basis)	Variance with Final Budget- Positive/ (Negative)
	Original	Final	(See Note A)	
REVENUES				
Intergovernmental	\$ 1,298,243	\$ 1,274,276	\$ 1,274,882	\$ 606
Investment earnings	10,000	10,000	28,883	18,883
Other revenue	-	-	2,800	2,800
Total revenues	<u>1,308,243</u>	<u>1,284,276</u>	<u>1,306,565</u>	<u>22,289</u>
EXPENDITURES				
Current:				
General government	1,005,877	1,364,796	759,706	605,090
Debt service:				
Principal	146,576	146,576	146,548	28
Interest	5,790	5,790	5,773	17
Total expenditures	<u>1,158,243</u>	<u>1,517,162</u>	<u>912,027</u>	<u>605,135</u>
Excess (deficiency) of revenues over (under) expenditures	150,000	(232,886)	394,538	627,424
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of land	-	329,279	170,661	(158,618)
Transfers out	(150,000)	(345,000)	(345,000)	-
Total other financing sources (uses)	<u>(150,000)</u>	<u>(15,721)</u>	<u>(174,339)</u>	<u>(158,618)</u>
Net change in fund balance	-	(248,607)	220,199	468,806
Fund balance, October 1	<u>540,873</u>	<u>540,873</u>	<u>540,873</u>	<u>-</u>
Fund balance, September 30	<u>\$ 540,873</u>	<u>\$ 292,266</u>	<u>\$ 761,072</u>	<u>\$ 468,806</u>

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BABCOCK STREET REDEVELOPMENT
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Budget Amounts		Actual on (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive/ (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 935,161	\$ 917,897	\$ 918,200	\$ 303
Investment earnings	15,000	15,000	44,013	29,013
Total revenues	950,161	932,897	962,213	29,316
EXPENDITURES				
Current:				
General government	870,161	257,936	221,491	36,445
Debt service:				
Principal	-	255,720	-	255,720
Interest	-	52,547	56,676	(4,129)
Total expenditures	870,161	566,203	278,167	288,036
Excess of revenues over expenditures	80,000	366,694	684,046	317,352
OTHER FINANCING USES				
Transfers out	(80,000)	(366,694)	(366,694)	-
Net change in fund balance	-	-	317,352	317,352
Fund deficit, October 1	(1,427,857)	(1,427,857)	(1,427,857)	-
Fund deficit, September 30	<u>\$ (1,427,857)</u>	<u>\$ (1,427,857)</u>	<u>\$ (1,110,505)</u>	<u>\$ 317,352</u>

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
OLDE EAU GALLIE REDEVELOPMENT
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Budget Amounts		Actual on (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive/ (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 458,234	\$ 449,867	\$ 450,170	\$ 303
Investment earnings	8,500	8,500	18,076	9,576
Other revenue	-	-	15,000	15,000
Total revenues	<u>466,734</u>	<u>458,367</u>	<u>483,246</u>	<u>24,879</u>
EXPENDITURES				
Current:				
General government	197,841	199,474	155,227	44,247
Debt service:				
Principal	41,204	41,204	-	41,204
Interest and fiscal agent fees	2,689	2,689	2,003	686
Total expenditures	<u>241,734</u>	<u>243,367</u>	<u>157,230</u>	<u>86,137</u>
Excess of revenues over expenditures	225,000	215,000	326,016	111,016
OTHER FINANCING USES				
Transfers out	<u>(325,000)</u>	<u>(325,000)</u>	<u>(325,000)</u>	<u>-</u>
Net change in fund balance	(100,000)	(110,000)	1,016	111,016
Fund balance, October 1	<u>529,236</u>	<u>529,236</u>	<u>529,236</u>	<u>-</u>
Fund balance, September 30	<u>\$ 429,236</u>	<u>\$ 419,236</u>	<u>\$ 530,252</u>	<u>\$ 111,016</u>

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

BUDGETARY NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The City Council typically adopts an annual budget for the General fund and the Special Revenue funds. The City Council adopts budgets for projects in Capital Projects funds on a “life of the project” basis. All budgets are prepared on a modified accrual basis with encumbrance accounting. Budgetary control is legally maintained at the fund level. Budget transfer authority is provided to the City Manager within a fund as long as the total budget of the fund is not increased. City Council action is required for the approval of a supplemental budget.

Governmental Accounting Standards Board Codification, Section 2100, “Defining the Financial Reporting Entity”, requires reporting of supplementary information for budgetary comparison schedules for the general fund and each major special revenue fund that has a legally adopted annual budget. These schedules include the original budget, the final budget, and actual amounts (stated on the budgetary basis). The City has shown three special revenue funds as major funds, and, accordingly, is presenting the budgetary comparison schedule for the General Fund, Downtown Redevelopment, Babcock Street Redevelopment and Olde Eau Gallie Redevelopment with original and final budgets, as Required Supplementary Information.

There was no budget adopted for the Law Enforcement Special Revenue fund. Funds accumulated in the Law Enforcement fund are transferred to other funds, from which expenditures are made, and these expenditures are budgeted in those funds. Capital Projects funds have budgets which are approved on a “life of the project basis”. These budget periods are not consistent with the method of financial reporting; therefore, comparisons between the results of operations and budgets in these funds are not relevant and are not presented herein.

Supplemental appropriations were made during the year and all budget amounts presented in the accompanying Schedule of Revenues, Expenditures and Changes in Fund Balance for the General Fund, Downtown Redevelopment, Babcock Street Redevelopment and Olde Eau Gallie Redevelopment funds have been adjusted for legally authorized revisions of the annual budget. All appropriations which are not expended, encumbered, or committed lapse at year end. Encumbered appropriations are carried forward to the subsequent year’s budget.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue, and Capital Projects funds. Encumbrances outstanding at year end are carried forward to the next year’s budget and are reported as a restricted or assigned fund balance in the governmental fund financial statements since they do not constitute actual expenditures or liabilities.

Actual results of operations are presented in accordance with generally accepted accounting principles (GAAP basis) and the City’s accounting policies do not recognize encumbrances as expenditures until the period in which the actual goods or services are received and a liability is incurred. It is necessary to include budgetary encumbrances to reflect actual revenues and expenditures on a basis consistent with the City’s legally adopted budget.

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

A – Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Revenues

Actual amounts (budgetary basis) of total revenues as reported on the statement of revenues, expenditures and changes in fund balances - - budget and actual equal total revenues as reported on the statement of revenues, expenditures, and changes in fund balances.

Expenditures	<u>General Fund</u>	<u>Downtown Redevelopment</u>	<u>Babcock Street Redevelopment</u>	<u>Olde Eau Gallie Redevelopment</u>
Actual amounts (budgetary basis) "total expenditures" as reported on the statement of revenues, expenditures and changes in fund balances - - budget and actual	\$ 75,986,200	\$ 912,027	\$ 278,167	\$ 157,230
Differences - - budget to GAAP:				
Encumbrances for professional services, supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies and services are received for <i>financial reporting</i> purposes.	<u>(802,655)</u>	<u>(20,000)</u>	<u>-</u>	<u>-</u>
Total expenditures are reported on the statement of revenues, expenditures, and changes in fund balances.	<u>\$ 75,183,545</u>	<u>\$ 892,027</u>	<u>\$ 278,167</u>	<u>\$ 157,230</u>

B – Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

The budgetary schedules present comparisons of the legally adopted budget with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of the resultant timing differences in the excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) (Budgetary Basis) as compared to the excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) (GAAP Basis) for the year ended September 30, 2019 is presented in the following table:

	<u>General Fund</u>	<u>Downtown Redevelopment</u>	<u>Babcock Street Redevelopment</u>	<u>Olde Eau Gallie Redevelopment</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) (Budgetary Basis)	\$ 7,315,654	\$ 220,199	\$ 317,352	\$ 1,016
Adjustments:				
Encumbrances	<u>802,655</u>	<u>20,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) (GAAP Basis)	<u>\$ 8,118,309</u>	<u>\$ 240,199</u>	<u>\$ 317,352</u>	<u>\$ 1,016</u>

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

Governmental Accounting Standards Board Codification P20 "Pension Activities" require supplementary information be reported on the local pension plans in addition to that provided in the Notes to the Financial Statements. This information is presented in the following schedules. Additional years' information will be included until 10 years of information is displayed.

**SCHEDULE OF CHANGES IN NET POSITION LIABILITY
AND RELATED RATIOS
LAST SIX FISCAL YEARS
FIREFIGHTERS PENSION**

	9/30/2019	9/30/2018*	9/30/2017
Total pension liability			
Service cost	\$ 1,958,018	\$ 1,824,715	\$ 1,643,241
Interest	6,644,955	6,508,591	6,370,620
Changes of benefit terms		-	(139,655)
Difference between expected and actual experience	(198,691)	(64,611)	(735,297)
Changes in assumptions	2,094,557	2,112,977	586,277
Benefit payments	(5,737,239)	(5,617,080)	(5,983,213)
Contribution refunds	(14,159)	(24,055)	(63,789)
Net change in total pension liability	4,747,441	4,740,537	1,678,184
Total pension liability - beginning	87,887,177	83,146,640	81,468,456
Total pension liability - ending (a)	92,634,618	87,887,177	83,146,640
Plan fiduciary net position			
Contributions - employer	\$ 3,022,527	\$ 2,633,114	\$ 2,767,223
Contributions - state	518,691	546,838	514,983
Contributions - employee	678,868	595,652	748,579
Net investment income	3,180,130	5,650,567	7,785,352
Benefit payments	(5,737,239)	(5,617,080)	(5,983,213)
Contributions refunds	(14,159)	(24,055)	(63,789)
Administrative expense	(146,948)	(161,017)	(135,797)
Net change in plan fiduciary net position	1,501,870	3,624,019	5,633,338
Plan fiduciary net position - beginning	72,896,353	69,272,334	63,638,996
Plan fiduciary net position - ending (b)	74,398,223	72,896,353	69,272,334
Net pension liability - ending (a) - (b)	\$ 18,236,395	\$ 14,990,824	13,874,306
Plan fiduciary net position as a percentage of the total pension liability	80.31%	82.94%	83.31%
Covered payroll	\$ 8,367,972	\$ 7,614,471	\$ 7,566,356
Net pension liability as a percentage of covered payroll	217.93%	196.87%	183.37%

*The net pension liability recognized by the City in the current year financial statements represents the net pension liability measured as of September 30, 2018, which is allowed by GASB Codification P20.

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

9/30/2016	9/30/2015	9/30/2014
\$ 1,596,483	\$ 1,465,467	\$ 1,431,629
6,164,017	5,937,717	5,743,448
-	(1,042,704)	-
-	(418,968)	(604,020)
-	76,676	1,189,708
(4,459,046)	(4,136,588)	(4,113,250)
-	(14,935)	(47,795)
3,301,454	1,866,665	3,599,720
78,167,002	76,300,337	72,700,617
81,468,456	78,167,002	76,300,337
\$ 2,622,565	\$ 2,702,209	\$ 2,282,865
545,561	569,837	604,006
578,536	466,578	442,286
6,138,463	126,002	5,965,296
(4,459,046)	(4,136,588)	(4,113,250)
-	(14,935)	(47,795)
(128,302)	(132,078)	(159,794)
5,297,777	(418,975)	4,973,614
58,341,219	58,760,194	53,786,580
\$ 63,638,996	\$ 58,341,219	58,760,194
\$ 17,829,460	\$ 19,825,783	\$ 17,540,143
78.11%	74.64%	77.01%
\$ 6,893,083	\$ 6,513,920	\$ 6,075,965
258.66%	304.36%	288.68%

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**SCHEDULE OF CITY CONTRIBUTIONS
LAST SIX FISCAL YEARS
FIREFIGHTERS PENSION**

	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Actuarially determined contribution	\$ 3,541,218	\$ 3,179,952	\$ 3,282,206	\$ 3,168,126	\$ 3,272,046	\$ 2,886,871
Contributions in relation to the actuarially determined contributions	<u>3,541,218</u>	<u>3,179,952</u>	<u>3,282,206</u>	<u>3,168,126</u>	<u>3,272,046</u>	<u>2,886,871</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 8,367,972	\$ 7,614,471	\$ 7,566,356	\$ 6,893,083	\$ 6,513,920	\$ 6,075,965
Contributions as a percentage of covered payroll	42.32%	41.76%	43.38%	45.96%	50.23%	47.51%

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:

Actuarial cost method	Entry age normal
Amortization method	Level percent closed
Remaining amortization period	25 years
Asset valuation method	5-Year smoothed market
Inflation	2.5%
Salary increases	6.0%
Investment rate of return	7.5%
Payroll growth assumption	None
Normal retirement	Earlier of age 55 and 10 years of service or the completion of 25 years of service
Early retirement	Age 50 or 20 years of credited service
Disability retirement	It is assumed the 100% of disablements and active member deaths are service related.
Mortality	RP-2000 Generational using Scale BB. Disabled lives 60% RP-2000 Disabled and 40% Annuitant.



**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
LAST SIX FISCAL YEARS
POLICE OFFICERS PENSION**

	9/30/2019	9/30/2018*	9/30/2017
Total pension liability			
Service cost	\$ 1,554,118	\$ 1,598,984	\$ 1,463,224
Interest	7,414,402	7,070,607	6,888,890
Changes of benefit terms	(149,431)	21,658	
Share plan allocation	199,236	-	-
Difference between expected and actual experience	(2,113,526)	1,655,678	174,092
Changes in assumptions	-	-	-
Contributions - buy back	11,453	1,373	125,811
Benefit payments, including refunds of employee contributions	(5,625,467)	(5,770,235)	(6,959,523)
Net change in total pension liability	1,290,785	4,578,065	1,692,494
Total pension liability - beginning	100,266,734	95,688,669	93,996,175
Total pension liability - ending (a)	<u>\$ 101,557,519</u>	<u>\$ 100,266,734</u>	<u>\$ 95,688,669</u>
Plan fiduciary net position			
Contributions - employer	\$ 3,184,967	\$ 2,911,276	\$ 3,073,421
Contributions - state	769,322	697,770	630,296
Contributions - employee	618,037	544,936	581,719
Contributions - buy back	11,453	1,373	125,811
Net investment income	4,074,906	8,897,069	7,412,999
Benefit payments, including refunds of employee contributions	(5,625,467)	(5,770,235)	(6,959,523)
Administrative expense	(83,182)	(72,973)	(78,701)
Net change in plan fiduciary net position	2,950,036	7,209,216	4,786,022
Plan fiduciary net position - beginning	83,913,899	76,704,683	71,918,661
Plan fiduciary net position - ending (b)	<u>\$ 86,863,935</u>	<u>\$ 83,913,899</u>	<u>\$ 76,704,683</u>
Net pension liability - ending (a) - (b)	<u>\$ 14,693,584</u>	<u>\$ 16,352,835</u>	<u>\$ 18,983,986</u>
Plan fiduciary net position as a percentage of the total pension liability	85.53%	83.69%	80.16%
Covered payroll	\$ 8,838,609	\$ 7,822,477	\$ 7,666,800
Net pension liability as a percentage of covered payroll	166.24%	209.05%	247.61%

*The net pension liability recognized by the City in the current year financial statements represents the net pension liability measured as of September 30, 2018, which is allowed by GASB Codification P20.

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
\$ 1,514,579	\$ 1,457,495	\$ 1,468,863
6,609,747	6,500,397	6,297,597
-	-	-
-	-	-
(723,896)	(129,550)	-
2,243,175	(1,189,338)	-
6,497	8,784	-
<u>(4,794,165)</u>	<u>(5,699,583)</u>	<u>(4,402,589)</u>
4,855,937	948,205	3,363,871
<u>89,140,238</u>	<u>88,192,033</u>	<u>84,828,162</u>
<u>\$ 93,996,175</u>	<u>\$ 89,140,238</u>	<u>\$ 88,192,033</u>
\$ 2,948,527	\$ 2,876,710	\$ 3,025,362
597,263	543,474	535,651
549,814	512,708	523,863
6,497	8,784	-
6,589,808	(43,614)	6,199,184
(4,794,165)	(5,699,583)	(4,402,589)
<u>(106,160)</u>	<u>(78,532)</u>	<u>(85,877)</u>
5,791,584	(1,880,053)	5,795,594
<u>66,127,077</u>	<u>68,007,130</u>	<u>62,211,536</u>
<u>\$ 71,918,661</u>	<u>\$ 66,127,077</u>	<u>\$ 68,007,130</u>
<u>\$ 22,077,514</u>	<u>\$ 23,013,161</u>	<u>\$ 20,184,903</u>
76.51%	74.18%	77.11%
\$ 8,108,369	\$ 8,613,965	\$ 7,753,130
272.28%	267.16%	260.35%

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**SCHEDULE OF CITY CONTRIBUTIONS
LAST SIX FISCAL YEARS
POLICE OFFICERS PENSION**

	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Actuarially determined contribution	\$ 3,829,769	\$ 3,587,388	\$ 3,703,717	\$ 3,545,790	\$ 3,420,184	\$ 3,561,013
Contributions in relation to the actuarially determined contributions	<u>3,829,769</u> *	<u>3,587,388</u> *	<u>3,703,717</u>	<u>3,545,790</u>	<u>3,420,184</u>	<u>3,561,013</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 8,838,609	\$ 7,822,477	\$ 7,666,800	\$ 8,108,369	\$ 8,613,965	\$ 7,753,130
Contributions as a percentage of covered payroll	43.33%	45.86%	48.31%	43.73%	39.71%	45.93%

*Contributions do not include contributions to the share plan.

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:

Actuarial cost method	Entry age normal
Amortization method	Level percent closed
Remaining amortization period	30 years
Asset valuation method	Historical geometric 4 year average market value returns, net of fees
Inflation	2.5%
Salary increases	4.5 – 6.00%
Investment rate of return	7.5%
Payroll growth assumption	None
Normal retirement	Earlier of age 55 or 10 years of service or the completion of 25 years of service
Early retirement	Age 45 and 10 years of credited service
Disability retirement	It is assumed the 75% of disablements and active member deaths are service related.
Mortality	RP-2000 Generational using Scale BB. Disabled lives 60% RP-2000 Disabled and 40% Annuitant.



**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
LAST SIX FISCAL YEARS
GENERAL EMPLOYEES PENSION
REGULAR CLASS**

	<u>9/30/2019</u>	<u>9/30/2018*</u>	<u>9/30/2017</u>
Total pension liability			
Service cost	\$ 28,806	\$ 29,388	\$ 34,004
Interest	435,536	430,656	418,526
Difference between expected and actual experience	(42,598)	(8,617)	88,609
Changes in assumptions	-	-	-
Contributions - Buy Back	-	-	-
Benefit payments, including refunds of employee contributions	<u>(380,046)</u>	<u>(382,238)</u>	<u>(344,239)</u>
Net change in total pension liability	41,698	69,189	196,900
Total pension liability - beginning	<u>6,383,154</u>	<u>6,313,965</u>	<u>6,117,065</u>
Total pension liability - ending (a)	<u><u>6,424,852</u></u>	<u><u>6,383,154</u></u>	<u><u>6,313,965</u></u>
Plan fiduciary net position			
Contributions - employer	\$ 45,479	\$ 36,154	\$ 25,204
Contributions - Buy Back	-	-	-
Net investment income	363,214	642,567	898,559
Benefit payments including refunds of employee contributions	(380,046)	(382,238)	(344,239)
Administrative expense	<u>(47,375)</u>	<u>(43,941)</u>	<u>(41,090)</u>
Net change in plan fiduciary net position	(18,728)	252,542	538,434
Plan fiduciary net position - beginning	<u>7,649,708</u>	<u>7,397,166</u>	<u>6,858,732</u>
Plan fiduciary net position - ending (b)	<u><u>7,630,980</u></u>	<u><u>7,649,708</u></u>	<u><u>7,397,166</u></u>
Net pension asset - ending (a) - (b)	<u><u>\$ (1,206,128)</u></u>	<u><u>\$ (1,266,554)</u></u>	<u><u>\$ (1,083,201)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	118.77%	119.84%	117.16%
Covered payroll	\$ 173,308	\$ 155,432	\$ 193,136
Net pension liability of a percentage of covered payroll	(695.94)%	(814.86)%	(560.85)%

*The net pension liability recognized by the City in the current year financial statements represents the net pension liability measured as of September 30, 2018, which is allowed by GASB Codification P20.

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
\$ 57,835	\$ 49,546	\$ 90,848
396,941	406,207	391,267
(62,793)	(31,975)	-
338,980	442,831	-
20,712	-	-
<u>(494,716)</u>	<u>(329,470)</u>	<u>(169,081)</u>
256,959	537,139	313,034
<u>5,860,106</u>	<u>5,322,967</u>	<u>5,009,933</u>
<u><u>\$ 6,117,065</u></u>	<u><u>\$ 5,860,106</u></u>	<u><u>\$ 5,322,967</u></u>
\$ 43,928	\$ 52,573	\$ 70,913
20,712	-	-
583,511	(143,686)	819,869
(494,716)	(329,470)	(169,081)
<u>(47,733)</u>	<u>(40,805)</u>	<u>(37,463)</u>
105,702	(461,388)	684,238
<u>6,753,030</u>	<u>7,214,418</u>	<u>6,530,180</u>
<u><u>\$ 6,858,732</u></u>	<u><u>\$ 6,753,030</u></u>	<u><u>\$ 7,214,418</u></u>
<u><u>\$ (741,667)</u></u>	<u><u>\$ (892,924)</u></u>	<u><u>\$ (1,891,451)</u></u>
112.12%	115.24%	135.53%
\$ 284,325	\$ 496,332	\$ 416,889
(260.85)%	(179.90)%	(453.71)%

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
LAST SIX FISCAL YEARS
GENERAL EMPLOYEES PENSION
AIRPORT SPECIAL RISK CLASS**

	<u>9/30/2019</u>	<u>9/30/2018*</u>	<u>9/30/2017</u>
Total pension liability			
Service cost	\$ 26,338	\$ 25,640	\$ 25,050
Interest	94,064	89,768	80,237
Difference between expected and actual experience	(16,296)	(21,419)	58,940
Changes in assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(33,861)	(32,776)	(24,552)
Net change in total pension liability	70,245	61,213	139,675
Total pension liability - beginning	1,334,358	1,273,145	1,133,470
Total pension liability - ending (a)	<u>\$ 1,404,603</u>	<u>\$ 1,334,358</u>	<u>\$ 1,273,145</u>
Plan fiduciary net position			
Contributions - employer	\$ 73,106	\$ 60,208	\$ 51,197
Net investment income	64,937	107,983	141,013
Benefit payments, including refunds of employee contributions	(33,861)	(32,776)	(24,552)
Administrative expense	(8,437)	(7,624)	(6,639)
Net change in plan fiduciary net position	95,745	127,791	161,019
Plan fiduciary net position - beginning	1,353,519	1,225,728	1,064,709
Plan fiduciary net position - ending (b)	<u>\$ 1,449,264</u>	<u>\$ 1,353,519</u>	<u>\$ 1,225,728</u>
Net pension liability - ending (a) - (b)	<u>\$ (44,661)</u>	<u>\$ (19,161)</u>	<u>\$ 47,417</u>
Plan fiduciary net position as a percentage of the total pension liability	103.18%	101.44%	96.28%
Covered payroll	\$ 72,705	\$ 69,831	\$ 70,811
Net pension liability as a percentage of covered payroll	(61.43)%	(27.44)%	66.96%

*The net pension liability recognized by the City in the current year financial statements represents the net pension liability measured as of September 30, 2018, which is allowed by GASB Codification P20.

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

9/30/2016	9/30/2015	9/30/2014
\$ 22,024	\$ 56,954	\$ 47,919
91,869	82,160	72,693
(281,383)	32,533	-
20,015	136,013	-
(18,900)	(8,382)	(8,174)
(166,375)	299,278	112,438
1,299,845	1,000,567	888,129
\$ 1,133,470	\$ 1,299,845	\$ 1,000,567
\$ 32,286	\$ 47,458	\$ 90,530
84,999	(19,272)	100,040
(18,900)	(8,382)	(8,174)
(7,217)	(5,710)	(4,822)
91,168	14,094	177,574
973,541	959,447	781,873
\$ 1,064,709	\$ 973,541	\$ 959,447
\$ 68,761	\$ 326,304	\$ 41,120
93.93%	74.90%	95.89%
\$ 75,771	\$ 110,625	\$ 190,350
90.75%	294.96%	21.60%

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**SCHEDULE OF CITY CONTRIBUTIONS
LAST SIX FISCAL YEARS
GENERAL EMPLOYEE PENSION**

	Regular Class		
	9/30/2019	9/30/2018	9/30/2017
Actuarially determined contribution	\$ 45,479	\$ 36,154	\$ 25,204
Contributions in relations to the actuarially determined contributions	45,479	36,154	25,204
Contributions deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 173,308	\$ 155,432	\$ 193,136
Contributions as a percentage of covered payroll	26.24%	23.26%	13.05%

	Airport Special Risk Class		
	9/30/2019	9/30/2018	9/30/2017
Actuarially determined contribution	\$ 73,106	\$ 60,208	\$ 51,197
Contributions in relation to the actuarially determined contributions	73,106	60,208	51,197
Contributions deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 72,705	\$ 69,831	\$ 70,811
Contributions as a percentage of covered payroll	100.55%	86.22%	72.30%

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:

Actuarial cost method	Aggregate Cost Method (General Regular Class)
	Entry age normal (Special Risk)
Amortization method	Level percentage of pay, closed
Remaining amortization period	26 years (Regular Class) 15 years (Special Risk)
Asset valuation method	Historical geometric 4 year average market value returns, net of fees
Inflation	2.5%
Salary increases	6.0%
Investment rate of return	7.0%
Payroll growth assumption	None

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

Regular Class		
9/30/2016	9/30/2015	9/30/2014
\$ 43,928	\$ 52,573	\$ 70,913
43,928	52,573	70,913
\$ -	\$ -	\$ -
\$ 284,325	\$ 496,332	\$ 416,889
15.45%	10.59%	17.01%

Airport Special Risk Class		
9/30/2016	9/30/2015	9/30/2014
\$ 32,286	\$ 47,458	\$ 90,530
32,286	47,458	90,530
\$ -	\$ -	\$ -
\$ 75,771	\$ 110,625	\$ 190,350
42.61%	42.90%	47.56%

Normal retirement	Regular - Earlier of age 62 and 6 years of service or the completion of 30 years of service Special Risk – Earlier of 55 and 6 years of service or the completion of 25 years of service
Early retirement	Completion of 6 years of service
Disability retirement	It is assumed that 100% of disablements and active member deaths are service related.
Mortality	RP-2000 Generational using Scale BB. Disabled lives 100% for Regular Class and 60% RP-2000 Disabled and 40% Annuitant for Special Risk Class.

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**SCHEDULE OF INVESTMENT RETURNS
LAST SIX FISCAL YEARS**

FIREFIGHTERS PENSION

	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Annual money-weighted rate of return, net of investment expenses	42.26%	7.99%	12.22%	10.36%	0.07%	10.85%

POLICE OFFICERS PENSION

	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Annual money-weighted rate of return, net of investment expenses	4.93%	11.80%	10.57%	10.02%	(0.07)%	9.99%

GENERAL EMPLOYEES PENSION

	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Annual money-weighted rate of return, net of investment expenses	4.70%	8.55%	12.79%	8.46%	(1.92)%	11.79%

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM
LAST SIX FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.074783341%	0.078370505%	0.079354279%	0.079258566%	0.079673656%	0.079984257%
City's proportionate share of the net pension liability (asset)	\$ 25,754,342	\$ 23,605,602	\$ 23,472,463	\$ 20,012,850	\$ 10,290,921	\$ 4,880,216
City's covered payroll	28,521,661	29,567,774	29,674,596	27,871,449	26,680,027	25,481,617
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	90.30%	79.84%	79.10%	71.80%	38.57%	19.15%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

The amounts presented for each fiscal year were determined as of 6/30.

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PROGRAM
LAST SIX FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.085367187%	0.090438251%	0.090468948%	0.090215231%	0.087923955%	0.088954715%
City's proportionate share of the net pension liability (asset)	\$ 9,551,734	\$ 9,572,086	\$ 9,673,357	\$ 10,514,211	\$ 8,966,860	\$ 8,317,483
City's covered payroll	28,521,661	29,567,774	29,674,596	27,871,449	26,680,027	25,481,617
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	33.49%	32.37%	32.60%	37.72%	33.60%	32.64%
Plan fiduciary net position as a percentage of the total pension liability	2.63%	2.15%	1.64%	.97%	.50%	.99%

The amounts presented for each fiscal year were determined as of 6/30.

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM
LAST SIX FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,318,823	\$ 2,233,496	\$ 2,065,787	\$ 2,169,203	\$ 1,936,874	\$ 1,589,141
Contributions in relation to the contractually required contribution	2,318,823	2,233,496	2,065,787	2,169,203	1,936,874	1,589,141
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 30,228,181	\$ 28,765,311	\$ 29,260,292	\$ 30,392,862	\$ 26,867,609	\$ 25,478,479
Contributions as a percentage of covered payroll	7.67%	7.76%	7.06%	7.14%	7.21%	6.24%

The amounts presented for each fiscal year were determined as of 9/30.

**SCHEDULE OF CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PROGRAM
LAST SIX FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 474,036	\$ 490,449	\$ 478,788	\$ 497,507	\$ 363,208	\$ 308,312
Contributions in relation to the contractually required contribution	474,036	490,449	478,788	497,507	363,208	308,312
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 30,228,181	\$ 28,765,311	\$ 29,260,292	\$ 30,392,862	\$ 26,867,609	\$ 25,478,479
Contributions as a percentage of covered payroll	1.57%	1.71%	1.64%	1.64%	1.35%	1.21%

The amounts presented for each fiscal year were determined as of 9/30.

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" (OPEB) require supplementary information be reported in addition to that provided in the notes to the Financial Statements. Additional years' information will be included until 10 years of information is displayed.

**SCHEDULE OF CHANGES IN THE CITY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS**

	9/30/2019	9/30/2018
Total OPEB liability		
Service cost	\$ 551,562	\$ 585,037
Interest cost	559,862	509,501
Changes in benefit terms	-	-
Difference between expected and actual experience	(2,119,942)	-
Changes in assumptions	(717,709)	(787,439)
Benefit payments	(712,111)	(746,566)
Net change in total OPEB liability	(2,438,338)	(439,467)
Total OPEB liability - beginning	16,369,341	16,808,808
Total OPEB liability - ending (a)	\$ 13,931,003	\$ 16,369,341
Plan fiduciary net position		
Contributions - employer	\$ 712,111	\$ 746,566
Contributions - employee	-	-
Net investment income	-	-
Benefit payments	(712,111)	(746,566)
Administrative expense	-	-
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	\$ -	\$ -
Net OPEB liability - ending (a) - (b)	\$ 13,931,003	\$ 16,369,341
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%
Covered payroll*	\$ -	\$ -
Net OPEB liability as a percentage of covered payroll	0.00%	0.00%

* Because this OPEB plan does not depend on salary, there is no salary information.

Changes in benefit terms: None

Changes in assumptions: None

The following are the discount rates used in each period:

10/1/2017	3.50%
10/1/2018	3.83%



COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

The following statements and schedules are reported in this subsection:

- Nonmajor Governmental Funds
- Nonmajor Enterprise Funds
- Internal Service Funds
- Fiduciary Fund
- Discretely Presented Component Unit

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenues from specific revenue sources, which by law are designed to finance particular functions, or activities of the government and which, therefore, cannot be diverted to other uses.

The City maintains the following Special Revenue Funds to finance construction improvements and provide housing and economic assistance to lower income residents:

- Community Development Block Grant
- State Housing Initiative Partnership Program
- HOME Investment Partnership Program

- Law Enforcement – accounts for confiscated money, vehicles, and tangible personal property for use in law enforcement activities.

CAPITAL PROJECTS FUNDS

Capital Projects Funds account for all resources used for the acquisition and/or construction of capital facilities by the City, except those financed by the Enterprise Funds.

The City maintains the following Capital Projects Funds:

- General Construction – accounts for capital improvements mainly funded by General fund, grants, and transfers from the Redevelopment funds.
- Mobility Improvement – accounts for mobility improvements mainly funded by mobility impact fees from developers.
- Recreation Improvement – accounts for recreation facilities improvements mainly funded by recreation impact fees from developers.
- Bikeways Improvement – accounts for bikepath improvements mainly funded by bikeway impact fees from developers.
- Public Facility Improvement – accounts for public facility improvements mainly funded by public facility impact fees from developers.

PERMANENT FUNDS

Permanent Funds are used to account for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

The City maintains the following Permanent Fund:

- Perpetual Care – accounts for funds held in trust to finance maintenance for the City's municipal cemeteries.

**CITY OF MELBOURNE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	Special Revenue Funds	Capital Projects Funds	Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
ASSETS				
Equity in pooled investments	\$ 875,574	\$ 10,882,740	\$ 190,698	\$ 11,949,012
Interest receivable	3,006	13,054	666	16,726
Due from other governments	147,875	3,822,775	-	3,970,650
Total assets	<u>\$ 1,026,455</u>	<u>\$ 14,718,569</u>	<u>\$ 191,364</u>	<u>\$ 15,936,388</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 127,402	\$ 2,278,631	\$ -	\$ 2,406,033
Due to other funds	60,011	-	-	60,011
Deposits	26,863	12,179	-	39,042
Unearned revenue	125,398	-	-	125,398
Total liabilities	<u>339,674</u>	<u>2,290,810</u>	<u>-</u>	<u>2,630,484</u>
Fund balances:				
Non-spendable	-	-	191,364	191,364
Restricted:				
Public safety, law enforcement	453,946	-	-	453,946
Housing and urban improvement	232,835	-	-	232,835
Economic development	-	3,258,534	-	3,258,534
Capital improvements	-	990,297	-	990,297
Transportation improvement	-	1,373,893	-	1,373,893
Recreation improvement	-	1,401,008	-	1,401,008
Assigned to capital improvements	-	5,404,027	-	5,404,027
Total fund balances	<u>686,781</u>	<u>12,427,759</u>	<u>191,364</u>	<u>13,305,904</u>
Total liabilities and fund balances	<u>\$ 1,026,455</u>	<u>\$ 14,718,569</u>	<u>\$ 191,364</u>	<u>\$ 15,936,388</u>

**CITY OF MELBOURNE, FLORIDA
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Special Revenue Funds	Capital Projects Funds	Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 1,059,785	\$ 5,512,578	\$ -	\$ 6,572,363
Impact fees	-	902,732	-	902,732
Confiscated property	317,554	-	-	317,554
Investment earnings	18,813	76,813	4,196	99,822
Perpetual care endowment additions	-	-	4,050	4,050
Other revenue	13,592	60,568	-	74,160
	<u>1,409,744</u>	<u>6,552,691</u>	<u>8,246</u>	<u>7,970,681</u>
EXPENDITURES				
Current:				
General government	-	157,036	-	157,036
Public works	-	1,537,740	-	1,537,740
Parks and recreation	-	35,750	-	35,750
Housing and urban improvement	1,145,717	-	-	1,145,717
Capital outlay	78,717	9,484,327	-	9,563,044
	<u>1,224,434</u>	<u>11,214,853</u>	<u>-</u>	<u>12,439,287</u>
Excess (deficiency) of revenues over (under) expenditures	<u>185,310</u>	<u>(4,662,162)</u>	<u>8,246</u>	<u>(4,468,606)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	5,087,206	-	5,087,206
Transfers out	(168,545)	(36,593)	(4,196)	(209,334)
	<u>(168,545)</u>	<u>5,050,613</u>	<u>(4,196)</u>	<u>4,877,872</u>
Net change in fund balances	16,765	388,451	4,050	409,266
Fund balances, October 1	<u>670,016</u>	<u>12,039,308</u>	<u>187,314</u>	<u>12,896,638</u>
Fund balances, September 30	<u>\$ 686,781</u>	<u>\$ 12,427,759</u>	<u>\$ 191,364</u>	<u>\$ 13,305,904</u>

**CITY OF MELBOURNE
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2019**

	Community Development Block Grant	State Housing Initiative Partnership Program	HOME Investment Partnership Program	Law Enforcement	Total
ASSETS					
Equity in pooled investments	\$ 52,246	\$ 371,015	\$ -	\$ 452,313	\$ 875,574
Interest receivable	-	1,373	-	1,633	3,006
Due from other governments	75,864	-	72,011	-	147,875
	<u>128,110</u>	<u>372,388</u>	<u>72,011</u>	<u>453,946</u>	<u>1,026,455</u>
Total assets	<u>\$ 128,110</u>	<u>\$ 372,388</u>	<u>\$ 72,011</u>	<u>\$ 453,946</u>	<u>\$ 1,026,455</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 14,712	\$ 112,690	\$ -	\$ -	\$ 127,402
Due to other funds	-	-	60,011	-	60,011
Deposits	-	26,863	-	-	26,863
Unearned revenues	113,398	-	12,000	-	125,398
	<u>128,110</u>	<u>139,553</u>	<u>72,011</u>	<u>-</u>	<u>339,674</u>
Total liabilities	<u>128,110</u>	<u>139,553</u>	<u>72,011</u>	<u>-</u>	<u>339,674</u>
Fund balances:					
Restricted	-	232,835	-	453,946	686,781
	<u>-</u>	<u>232,835</u>	<u>-</u>	<u>453,946</u>	<u>686,781</u>
Total fund balances	<u>-</u>	<u>232,835</u>	<u>-</u>	<u>453,946</u>	<u>686,781</u>
Total liabilities and fund balances	<u>\$ 128,110</u>	<u>\$ 372,388</u>	<u>\$ 72,011</u>	<u>\$ 453,946</u>	<u>\$ 1,026,455</u>

**CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Community Development Block Grant	State Housing Initiative Partnership Program	HOME Investment Partnership Program	Law Enforcement	Total
REVENUES					
Intergovernmental	\$ 440,712	\$ 158,014	\$ 461,059	\$ -	\$ 1,059,785
Confiscated property	-	-	-	317,554	317,554
Investment earnings	-	12,319	-	6,494	18,813
Other revenue	-	3,942	1,979	7,671	13,592
	<u>440,712</u>	<u>174,275</u>	<u>463,038</u>	<u>331,719</u>	<u>1,409,744</u>
EXPENDITURES					
Current:					
Housing and urban improvement	259,504	439,623	446,590	-	1,145,717
Capital outlay	78,717	-	-	-	78,717
	<u>338,221</u>	<u>439,623</u>	<u>446,590</u>	<u>-</u>	<u>1,224,434</u>
Excess (deficiency) of revenues over (under) expenditures	102,491	(265,348)	16,448	331,719	185,310
OTHER FINANCING USES					
Transfers out	<u>(107,719)</u>	<u>(2,854)</u>	<u>(16,448)</u>	<u>(41,524)</u>	<u>(168,545)</u>
Total other financing uses	<u>(107,719)</u>	<u>(2,854)</u>	<u>(16,448)</u>	<u>(41,524)</u>	<u>(168,545)</u>
Net change in fund balances	(5,228)	(268,202)	-	290,195	16,765
Fund balances, October 1	<u>5,228</u>	<u>501,037</u>	<u>-</u>	<u>163,751</u>	<u>670,016</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ 232,835</u>	<u>\$ -</u>	<u>\$ 453,946</u>	<u>\$ 686,781</u>

**CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
COMMUNITY DEVELOPMENT BLOCK GRANT
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Positive/ (Negative)</u>
REVENUES			
Intergovernmental	\$ 1,018,690	\$ 440,712	\$ (577,978)
EXPENDITURES			
Current:			
Housing and urban improvement	456,351	259,504	196,847
Capital outlay	<u>235,327</u>	<u>85,880</u>	<u>149,447</u>
Total expenditures	<u>691,678</u>	<u>345,384</u>	<u>346,294</u>
Excess of revenues over expenditures	327,012	95,328	(231,684)
OTHER FINANCING SOURCES (USES)			
Transfers in	6,210	-	(6,210)
Transfers out	<u>(109,425)</u>	<u>(107,719)</u>	<u>1,706</u>
Total other financing sources (uses)	<u>(103,215)</u>	<u>(107,719)</u>	<u>(4,504)</u>
Net change in fund balance	223,797	(12,391)	(236,188)
Fund balance, October 1	<u>5,228</u>	<u>5,228</u>	<u>-</u>
Fund balance, September 30	<u>\$ 229,025</u>	<u>\$ (7,163)</u>	<u>\$ (236,188)</u>

**CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
STATE HOUSING INITIATIVE PARTNERSHIP PROGRAM
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Positive/ (Negative)</u>
REVENUES			
Intergovernmental	\$ 158,014	\$ 158,014	\$ -
Investment earnings	12,319	12,319	-
Other revenue	3,942	3,942	-
	<u>174,275</u>	<u>174,275</u>	<u>-</u>
Total revenues	174,275	174,275	-
EXPENDITURES			
Current:			
Housing and urban improvement	<u>672,458</u>	<u>439,623</u>	<u>232,835</u>
Deficiency of revenues under expenditures	(498,183)	(265,348)	232,835
OTHER FINANCING USES			
Transfers out	<u>(2,854)</u>	<u>(2,854)</u>	<u>-</u>
Net change in fund balance	(501,037)	(268,202)	232,835
Fund balance, October 1	<u>501,037</u>	<u>501,037</u>	<u>-</u>
Fund balance, September 30	<u>\$ -</u>	<u>\$ 232,835</u>	<u>\$ 232,835</u>

**CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
HOME INVESTMENT PARTNERSHIP PROGRAM
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Positive/ (Negative)</u>
REVENUES			
Intergovernmental	\$ 777,758	\$ 461,059	\$ (316,699)
Other revenue	1,979	1,979	-
	<u>779,737</u>	<u>463,038</u>	<u>(316,699)</u>
EXPENDITURES			
Current:			
Housing and urban improvement	<u>768,213</u>	<u>460,107</u>	<u>308,106</u>
	11,524	2,931	(8,593)
OTHER FINANCING USES			
Transfers out	<u>(16,448)</u>	<u>(16,448)</u>	<u>-</u>
	(4,924)	(13,517)	(8,593)
Fund balance, October 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund deficit, September 30	<u>\$ (4,924)</u>	<u>\$ (13,517)</u>	<u>\$ (8,593)</u>

**CITY OF MELBOURNE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 2019**

	<u>General Construction</u>	<u>Mobility Improvement</u>	<u>Recreation Improvement</u>	<u>Bikeways Improvement</u>	<u>Public Facility Improvement</u>	<u>Total</u>
ASSETS						
Equity in pooled investments	\$ 7,764,555	\$ 607,278	\$ 1,396,887	\$ 127,173	\$ 986,847	\$ 10,882,740
Interest receivable	278	3,950	4,933	443	3,450	13,054
Due from other governments	1,391,010	2,406,865	24,900	-	-	3,822,775
Total assets	<u>\$ 9,155,843</u>	<u>\$ 3,018,093</u>	<u>\$ 1,426,720</u>	<u>\$ 127,616</u>	<u>\$ 990,297</u>	<u>\$ 14,718,569</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 428,466	\$ 1,849,553	\$ 612	\$ -	\$ -	\$ 2,278,631
Deposits	12,179	-	-	-	-	12,179
Total liabilities	<u>440,645</u>	<u>1,849,553</u>	<u>612</u>	<u>-</u>	<u>-</u>	<u>2,290,810</u>
Fund balances:						
Restricted:						
Economic development	3,258,534	-	-	-	-	3,258,534
Capital improvement	-	-	-	-	990,297	990,297
Transportation improvement	77,737	1,168,540	-	127,616	-	1,373,893
Recreation improvement	-	-	1,401,008	-	-	1,401,008
Assigned to capital improvement	5,378,927	-	25,100	-	-	5,404,027
Total fund balances	<u>8,715,198</u>	<u>1,168,540</u>	<u>1,426,108</u>	<u>127,616</u>	<u>990,297</u>	<u>12,427,759</u>
Total liabilities and fund balances	<u>\$ 9,155,843</u>	<u>\$ 3,018,093</u>	<u>\$ 1,426,720</u>	<u>\$ 127,616</u>	<u>\$ 990,297</u>	<u>\$ 14,718,569</u>

CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General Construction	Mobility Improvement	Recreation Improvement	Bikeways Improvement	Public Facility Improvement	Total
REVENUES						
Intergovernmental	\$ 1,467,777	\$ 4,032,701	\$ 12,100	\$ -	\$ -	\$ 5,512,578
Impact fees	-	447,342	253,184	31,815	170,391	902,732
Investment earnings	1,754	21,223	29,850	2,651	21,335	76,813
Other revenue	57,505	-	-	-	3,063	60,568
Total revenues	<u>1,527,036</u>	<u>4,501,266</u>	<u>295,134</u>	<u>34,466</u>	<u>194,789</u>	<u>6,552,691</u>
EXPENDITURES						
Current:						
General government	147,942	-	-	-	9,094	157,036
Public works	1,537,740	-	-	-	-	1,537,740
Parks and recreation	35,750	-	-	-	-	35,750
Capital outlay:						
General government	340,625	-	-	-	77,675	418,300
Public safety - fire and police	62,621	-	-	-	-	62,621
Public works	2,822,773	5,621,697	-	-	-	8,444,470
Parks and recreation	534,736	-	24,200	-	-	558,936
Total expenditures	<u>5,482,187</u>	<u>5,621,697</u>	<u>24,200</u>	<u>-</u>	<u>86,769</u>	<u>11,214,853</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,955,151)</u>	<u>(1,120,431)</u>	<u>270,934</u>	<u>34,466</u>	<u>108,020</u>	<u>(4,662,162)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	4,253,230	808,976	25,000	-	-	5,087,206
Transfers out	-	(12,393)	(24,200)	-	-	(36,593)
Total other financing sources (uses)	<u>4,253,230</u>	<u>796,583</u>	<u>800</u>	<u>-</u>	<u>-</u>	<u>5,050,613</u>
Net change in fund balances	298,079	(323,848)	271,734	34,466	108,020	388,451
Fund balances, October 1	<u>8,417,119</u>	<u>1,492,388</u>	<u>1,154,374</u>	<u>93,150</u>	<u>882,277</u>	<u>12,039,308</u>
Fund balances, September 30	<u>\$ 8,715,198</u>	<u>\$ 1,168,540</u>	<u>\$ 1,426,108</u>	<u>\$ 127,616</u>	<u>\$ 990,297</u>	<u>\$ 12,427,759</u>

NONMAJOR ENTERPRISE FUNDS

Enterprise Funds are used to account for the acquisition, operation and maintenance of governmental facilities and services, which are entirely or predominantly self-supported, by user charges. The operations of Enterprise Funds are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises.

The City maintains the following Nonmajor Enterprise Funds:

- Golf Courses – accounts for the operation of two municipal golf courses.
- Stormwater Utility – accounts for the operation of stormwater services in the City.

CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2019

	Golf Courses	Stormwater Utility	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,915	\$ -	\$ 1,915
Equity in pooled investments	87,605	9,134,796	9,222,401
Receivables - trade, net	3,618	1,017	4,635
Interest receivable	398	31,862	32,260
Due from other governments	-	210	210
Inventory	59,703	-	59,703
Prepaid items	2,750	-	2,750
	<u>155,989</u>	<u>9,167,885</u>	<u>9,323,874</u>
Noncurrent assets:			
Net pension asset, city general pension	17,304	-	17,304
Capital assets:			
Nondepreciable:			
Land	649,500	989,499	1,638,999
Construction in progress	-	604,507	604,507
Depreciable:			
Buildings	827,664	-	827,664
Improvements other than buildings	3,439,217	16,080,240	19,519,457
Machinery and equipment	1,908,590	2,566,796	4,475,386
Intangibles, computer software	31,932	8,163	40,095
Less accumulated depreciation/amortization	(5,610,440)	(5,391,563)	(11,002,003)
Total capital assets, net of accumulated depreciation/amortization	<u>1,246,463</u>	<u>14,857,642</u>	<u>16,104,105</u>
Total noncurrent assets	<u>1,263,767</u>	<u>14,857,642</u>	<u>16,121,409</u>
Total assets	<u>1,419,756</u>	<u>24,025,527</u>	<u>25,445,283</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows, city general pension	1,764	-	1,764
Deferred outflows, FRS pension	263,237	20,650	283,887
Deferred outflows, FRS HIS pension	43,378	4,192	47,570
Deferred outflows, other postemployment benefits	11,551	-	11,551
Total deferred outflows of resources	<u>319,930</u>	<u>24,842</u>	<u>344,772</u>

	Golf Courses	Stormwater Utility	Total
LIABILITIES			
Current liabilities:			
Accounts payable	92,513	55,232	147,745
Accrued payroll expenses	8,937	4,178	13,115
Due to other governments	41,443	-	41,443
Compensated absences	13,158	3,486	16,644
Unearned revenue	42,022	-	42,022
Other postemployment benefits	11,551	-	11,551
Capital leases payable	121,010	-	121,010
Total current liabilities	330,634	62,896	393,530
Noncurrent liabilities:			
Advance from other funds	186,095	-	186,095
Compensated absences	11,829	1,658	13,487
Other postemployment benefits	221,318	21,758	243,076
Net pension liability, FRS pension	605,973	87,040	693,013
Net pension liability, FRS HIS pension	245,745	27,796	273,541
Total noncurrent liabilities	1,270,960	138,252	1,409,212
Total liabilities	1,601,594	201,148	1,802,742
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows, city general pension	5,549	-	5,549
Deferred inflows, FRS pension	55,743	8,329	64,072
Deferred inflows, FRS HIS pension	21,593	4,667	26,260
Deferred inflows, other postemployment benefits	36,467	-	36,467
Total deferred inflows of resources	119,352	12,996	132,348
NET POSITION			
Net investment in capital assets	1,125,453	14,839,865	15,965,318
Unrestricted	(1,106,713)	8,996,360	7,889,647
Total net position	\$ 18,740	\$ 23,836,225	\$ 23,854,965

**CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Golf Courses	Stormwater Utility	Total
OPERATING REVENUES			
Golf course fees	\$ 2,134,504	\$ -	\$ 2,134,504
Stormwater fees	-	2,811,139	2,811,139
Other revenues	48,413	189	48,602
Total operating revenues	<u>2,182,917</u>	<u>2,811,328</u>	<u>4,994,245</u>
OPERATING EXPENSES			
Salaries, wages and employee benefits	554,051	271,815	825,866
Contractual services, materials and supplies	1,382,405	830,274	2,212,679
Depreciation and amortization	154,912	821,703	976,615
Total operating expenses	<u>2,091,368</u>	<u>1,923,792</u>	<u>4,015,160</u>
Operating income	<u>91,549</u>	<u>887,536</u>	<u>979,085</u>
NONOPERATING REVENUES (EXPENSES)			
Federal and State grants	9,708	9,331	19,039
Investment earnings	3,806	359,960	363,766
Interest expense	(10,763)	-	(10,763)
Total nonoperating revenues (expenses)	<u>2,751</u>	<u>369,291</u>	<u>372,042</u>
Income before contributions and transfers	94,300	1,256,827	1,351,127
Capital contributions	-	33,155	33,155
Transfers out	-	(135,421)	(135,421)
Change in net position	94,300	1,154,561	1,248,861
Total net position, October 1	<u>(75,560)</u>	<u>22,681,664</u>	<u>22,606,104</u>
Total net position, September 30	<u>\$ 18,740</u>	<u>\$ 23,836,225</u>	<u>\$ 23,854,965</u>

CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

1 of 2

	Golf Courses	Stormwater Utility	Total
INCREASE IN CASH AND CASH EQUIVALENTS			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 2,131,472	\$ 2,811,034	\$ 4,942,506
Cash payments to suppliers for goods and services	(1,405,965)	(821,439)	(2,227,404)
Cash payments for employee services	(526,162)	(245,328)	(771,490)
Other operating revenues	44,703	189	44,892
	<u>244,048</u>	<u>1,744,456</u>	<u>1,988,504</u>
Net cash provided by operating activities			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advance from other funds	(38,945)	-	(38,945)
Interest paid on advance	(5,464)	-	(5,464)
FEMA Federal/State proceeds	9,708	9,331	19,039
Transfers out	-	(135,421)	(135,421)
	<u>(34,701)</u>	<u>(126,090)</u>	<u>(160,791)</u>
Net cash used by noncapital financing activities			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(8,173)	(745,243)	(753,416)
Principal paid on lease obligations	(137,759)	-	(137,759)
Interest paid on lease obligations	(5,299)	-	(5,299)
Capital grants and contributions	-	137,319	137,319
	<u>(151,231)</u>	<u>(607,924)</u>	<u>(759,155)</u>
Net cash used by capital and related financing activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	3,408	349,894	353,302
	<u>3,408</u>	<u>349,894</u>	<u>353,302</u>
Net cash provided by investing activities			
Net increase in cash and cash equivalents	61,524	1,360,336	1,421,860
Cash and cash equivalents at October 1	<u>27,996</u>	<u>7,774,460</u>	<u>7,802,456</u>
Cash and cash equivalents at September 30	<u>\$ 89,520</u>	<u>\$ 9,134,796</u>	<u>\$ 9,224,316</u>

CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(Continued)

	<u>Golf Courses</u>	<u>Stormwater Utility</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 91,549	\$ 887,536	\$ 979,085
Adjustments not affecting cash:			
Depreciation and amortization	154,912	821,703	976,615
Deferred outflows-pensions and other postemployment benefits	23,219	9,171	32,390
Deferred inflows-pensions and other postemployment benefits	33,162	1,794	34,956
Changes in assets and liabilities:			
Accounts receivable	(2,926)	-	(2,926)
Due from other governments	-	(105)	(105)
Inventory	11,470	-	11,470
Prepaid items	3,000	-	3,000
Net pension asset	(2,384)	-	(2,384)
Accounts payable	(38,030)	8,835	(29,195)
Accrued payroll expenses	(13,679)	2,095	(11,584)
Due to other governments	(5,819)	-	(5,819)
Unearned revenue	2,003	-	2,003
Other postemployment benefits	(38,383)	-	(38,383)
Net pension liability	25,954	13,427	39,381
Net cash provided by operating activities	<u>\$ 244,048</u>	<u>\$ 1,744,456</u>	<u>\$ 1,988,504</u>
NON-CASH INVESTING ACTIVITIES			
Increase in fair value of investments	<u>\$ 1,292</u>	<u>\$ 156,692</u>	<u>\$ 157,984</u>
Cash and cash equivalents reconciliation:			
Current assets:			
Cash and cash equivalents	\$ 1,915	\$ -	\$ 1,915
Equity in pooled investments	<u>87,605</u>	<u>9,134,796</u>	<u>9,222,401</u>
Cash and cash equivalents at September 30	<u>\$ 89,520</u>	<u>\$ 9,134,796</u>	<u>\$ 9,224,316</u>

INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for services to the various departments within the City. The charges are based on the cost of the services supplied.

The City maintains the following Internal Service Funds:

- Workers Compensation – accounts for workers compensation services provided to other funds and the component units of the City on a cost reimbursement basis.
- Insurance - accounts for insurance services provided to other funds and the component units of the City on a cost reimbursement basis.

CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2019

ASSETS	Workers Compensation	Insurance	Total
Current assets:			
Equity in pooled investments	\$ 2,966,764	\$ 2,351,439	\$ 5,318,203
Interest receivable	10,464	8,087	18,551
Prepaid items	400,000	29,161	429,161
Total current assets	<u>3,377,228</u>	<u>2,388,687</u>	<u>5,765,915</u>
Noncurrent asset:			
Net pension asset, city general pension	-	40,190	40,190
Capital assets:			
Machinery and equipment	-	23,374	23,374
Less accumulated depreciation	-	(23,374)	(23,374)
Total capital assets, net of accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>-</u>	<u>40,190</u>	<u>40,190</u>
Total assets	<u>3,377,228</u>	<u>2,428,877</u>	<u>5,806,105</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows, city general pension	-	4,094	4,094
Deferred outflows, FRS pension	-	43,581	43,581
Deferred outflows, FRS HIS pension	-	7,436	7,436
Total deferred outflows of resources	<u>-</u>	<u>55,111</u>	<u>55,111</u>
LIABILITIES			
Current liabilities:			
Accounts payable	9,680	828	10,508
Accrued payroll expenses	-	3,910	3,910
Accrued claims	889,409	234,306	1,123,715
Compensated absences	-	4,789	4,789
Total current liabilities	<u>899,089</u>	<u>243,833</u>	<u>1,142,922</u>
Noncurrent liabilities:			
Accrued claims	1,390,752	570,169	1,960,921
Compensated absences	-	2,384	2,384
Other postemployment benefits	-	18,532	18,532
Net pension liability, FRS pension	-	128,635	128,635
Net pension liability, FRS HIS pension	-	55,947	55,947
Total noncurrent liabilities	<u>1,390,752</u>	<u>775,667</u>	<u>2,166,419</u>
Total liabilities	<u>2,289,841</u>	<u>1,019,500</u>	<u>3,309,341</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows, city general pension	-	12,868	12,868
Deferred inflows, FRS pension	-	16,847	16,847
Deferred inflows, FRS HIS pension	-	5,928	5,928
Deferred inflows, other postemployment benefits	-	12,431	12,431
Total deferred inflows of resources	<u>-</u>	<u>48,074</u>	<u>48,074</u>
NET POSITION			
Unrestricted	<u>1,087,387</u>	<u>1,416,414</u>	<u>2,503,801</u>
Total net position	<u>\$ 1,087,387</u>	<u>\$ 1,416,414</u>	<u>\$ 2,503,801</u>

**CITY OF MELBOURNE, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Workers Compensation</u>	<u>Insurance</u>	<u>Total</u>
OPERATING REVENUES			
Charges to other funds	\$ 2,464,181	\$ 1,603,958	\$ 4,068,139
Charges to component unit	123,723	319,424	443,147
Other revenues	<u>-</u>	<u>185</u>	<u>185</u>
Total operating revenue	<u>2,587,904</u>	<u>1,923,567</u>	<u>4,511,471</u>
OPERATING EXPENSES			
Salaries, wages and employee benefits	-	150,646	150,646
Contractual services, materials and supplies	925,245	1,876,337	2,801,582
Claims	<u>923,578</u>	<u>227,101</u>	<u>1,150,679</u>
Total operating expense	<u>1,848,823</u>	<u>2,254,084</u>	<u>4,102,907</u>
Operating income (loss)	739,081	(330,517)	408,564
NONOPERATING REVENUE			
Federal and State grants	-	2,887	2,887
Investment earnings	<u>112,679</u>	<u>93,993</u>	<u>206,672</u>
Total nonoperating revenues	<u>112,679</u>	<u>96,880</u>	<u>209,559</u>
Change in net position	<u>851,760</u>	<u>(233,637)</u>	<u>618,123</u>
Total net position, October 1	<u>235,627</u>	<u>1,650,051</u>	<u>1,885,678</u>
Total net position, September 30	<u>\$ 1,087,387</u>	<u>\$ 1,416,414</u>	<u>\$ 2,503,801</u>

**CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Workers Compensation	Insurance	Total
INCREASE IN CASH AND CASH EQUIVALENTS			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from other funds	\$ 2,464,181	\$ 1,603,958	\$ 4,068,139
Cash received from component unit	123,723	319,424	443,147
Cash payments to suppliers for goods and services	(2,146,838)	(1,665,642)	(3,812,480)
Cash payments for employee services	-	(135,660)	(135,660)
Deposits received	-	1,941	1,941
Deposits returned	-	(1,941)	(1,941)
Other operating revenues	-	185	185
Net cash provided by operating activities	<u>441,066</u>	<u>122,265</u>	<u>563,331</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
FEMA Federal/State proceeds	-	2,887	2,887
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u>109,412</u>	<u>91,960</u>	<u>201,372</u>
Net increase in cash and cash equivalents	550,478	217,112	767,590
Cash and cash equivalents at October 1	<u>2,416,286</u>	<u>2,134,327</u>	<u>4,550,613</u>
Cash and cash equivalents at September 30	<u>\$ 2,966,764</u>	<u>\$ 2,351,439</u>	<u>\$ 5,318,203</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 739,081	\$ (330,517)	\$ 408,564
Adjustments not affecting cash:			
Deferred outflows - pensions and OPEB	-	10,292	10,292
Deferred inflows - pensions and OPEB	-	5,274	5,274
Changes in assets and liabilities:			
Accounts receivable	-	86,823	86,823
Prepaid items	187,850	415,715	603,565
Net pension asset	-	(5,519)	(5,519)
Net pension liability	-	8,952	8,952
Accounts payable	(30,906)	(3,241)	(34,147)
Accrued payroll expenses	-	3,664	3,664
Accrued claims	(454,959)	(61,501)	(516,460)
Other postemployment benefits	-	(7,677)	(7,677)
Net cash provided by operating activities	<u>\$ 441,066</u>	<u>\$ 122,265</u>	<u>\$ 563,331</u>
NON-CASH INVESTING ACTIVITIES			
Increase in fair value of investments	<u>\$ 48,334</u>	<u>\$ 41,755</u>	<u>\$ 90,089</u>
Cash and cash equivalents reconciliation at September 30			
Current assets:			
Equity in pooled investments	<u>\$ 2,966,764</u>	<u>\$ 2,351,439</u>	<u>\$ 5,318,203</u>

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 regulations.

AGENCY FUND

The City maintains the following Agency Fund:

- Performance Deposits

**CITY OF MELBOURNE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
PERFORMANCE DEPOSITS AGENCY FUND
SEPTEMBER 30, 2019**

ASSETS

Equity in pooled investments	<u>\$ 836,652</u>
Total assets	<u><u>\$ 836,652</u></u>

LIABILITIES

Refundable deposits	<u>\$ 836,652</u>
Total liabilities	<u><u>\$ 836,652</u></u>

CITY OF MELBOURNE, FLORIDA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
PERFORMANCE DEPOSITS AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
ASSETS				
Equity in pooled investments	<u>\$ 909,707</u>	<u>\$ 160,026</u>	<u>\$ 233,081</u>	<u>\$ 836,652</u>
Total assets	<u><u>\$ 909,707</u></u>	<u><u>\$ 160,026</u></u>	<u><u>\$ 233,081</u></u>	<u><u>\$ 836,652</u></u>
LIABILITIES				
Accounts payable	\$ -	\$ 228,082	\$ 228,082	\$ -
Refundable deposits	<u>909,707</u>	<u>150,951</u>	<u>224,006</u>	<u>836,652</u>
Total liabilities	<u><u>\$ 909,707</u></u>	<u><u>\$ 379,033</u></u>	<u><u>\$ 452,088</u></u>	<u><u>\$ 836,652</u></u>



DISCRETELY PRESENTED COMPONENT UNIT

The Melbourne International Airport, an Enterprise fund, is a discretely presented component unit of the City. The Airport fund accounts for the operation and maintenance of air passenger and cargo service to residents and commercial business center leasing of aviation and non-aviation properties, which are entirely or predominantly self-supported, by user charges. The operation of the Airport fund is accounted for in such a manner as to show a profit or loss similar to comparable private enterprises.

CITY OF MELBOURNE, FLORIDA
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT
INTERNATIONAL AIRPORT
SEPTEMBER 30, 2019

ASSETS

Current assets:

Cash and cash equivalents	\$ 14,718,993
Cash and cash equivalents, restricted	32,329
Investments, at fair value	3,716,350
Receivables, trade	382,569
Other receivables	145,576
Interest receivable	17,806
Due from primary government	27,886
Due from other governments	189,527
Due from other governments, restricted	37,405
Inventory	13,204
Prepaid items	786
	<hr/>
Total current assets	19,282,431

Noncurrent assets:

Restricted assets:

Cash and cash equivalents	341,598
	<hr/>
Noncurrent lease receivables	1,335,268
	<hr/>
Net pension asset, city general pension	111,177
	<hr/>

Capital assets:

Nondepreciable:

Land	6,513,866
Construction in progress	8,226,469

Depreciable:

Buildings	127,604,028
Improvements other than buildings	101,502,309
Machinery and equipment	12,418,183
Intangibles, computer software	293,723
Less accumulated depreciation/amortization	<u>(95,748,986)</u>

Total capital assets, net of accumulated depreciation/amortization	<u>160,809,592</u>
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Total noncurrent assets	<u>162,597,635</u>
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Total assets	<u>181,880,066</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows, city general pensions	103,710
Deferred outflows, FRS pension	824,946
Deferred outflows, FRS HIS pension	128,659
Deferred outflows, other postemployment benefits	<u>24,379</u>
Total deferred outflows of resources	<u>1,081,694</u>

LIABILITIES

Current liabilities:

Accounts payable	596,385
Accrued payroll expenses	108,068
Due to other governments	864,209
Unearned revenue	4,854,283
Compensated absences	160,376
Capital leases payable	52,222
Other postemployment benefits	24,379
Current liabilities payable from restricted assets:	
Accounts payable	69,734
	<hr/>
Total current liabilities	6,729,656

Noncurrent liabilities:

Liabilities payable from restricted assets, customer deposits	341,598
Compensated absences	283,878
Capital leases payable	327,121
Other postemployment benefits	638,684
Net pension liability, FRS pension	2,398,847
Net pension liability, FRS HIS pension	865,703
	<hr/>
Total noncurrent liabilities	4,855,831
	<hr/>
Total liabilities	11,585,487

DEFERRED INFLOWS OF RESOURCES

Deferred inflows, city general pensions	93,140
Deferred inflows, FRS pension	201,680
Deferred inflows, FRS HIS pension	142,391
Deferred inflows, other postemployment benefits	62,644
	<hr/>
Total deferred inflows of resources	499,855

NET POSITION

Net investment in capital assets	160,360,515
Restricted for:	
Capital improvements	69,734
Unrestricted	10,446,169
	<hr/>
Total net position	\$ 170,876,418

**CITY OF MELBOURNE, FLORIDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT
INTERNATIONAL AIRPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

OPERATING REVENUES	
Airfield and hangar fees	\$ 2,533,077
Terminal and area building fees	3,678,563
Commercial business center fees	8,307,602
Tropical Haven fees	2,060,090
International/U.S. Customs/Foreign Trade Zone fees	47,778
Other	25,772
Total operating revenues	<u>16,652,882</u>
OPERATING EXPENSES	
Salaries, wages and employee benefits	5,309,615
Contractual services, materials and supplies	10,572,816
Depreciation and amortization	7,756,618
Total operating expenses	<u>23,639,049</u>
Operating loss	<u>(6,986,167)</u>
NONOPERATING REVENUES (EXPENSES)	
Federal and State grants	290,222
Donations	1,000
Passenger Facility Charges	1,002,531
Investment earnings	421,764
Customer Facility Charges	354,024
Interest expense	(23,571)
Gain on sale/disposal of capital assets	4,721
Other nonoperating revenue (expense)	<u>(12,895)</u>
Total nonoperating revenues (expenses)	<u>2,037,796</u>
Loss before contributions	(4,948,371)
Capital contributions	<u>2,158,972</u>
Change in net position	(2,789,399)
Total net position, October 1, as previously stated	<u>173,665,817</u>
Total net position, September 30	<u><u>\$ 170,876,418</u></u>

**CITY OF MELBOURNE, FLORIDA
STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT
INTERNATIONAL AIRPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

1 of 2

INCREASE IN CASH AND CASH EQUIVALENTS

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 16,924,563
Cash payments to suppliers for goods and services	(12,463,059)
Cash payments for employee services	(4,911,092)
Deposits received	66,998
Other operating revenues	<u>25,772</u>
 Net cash used by operating activities	 <u>(356,818)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

FEMA/State hurricane proceeds	217,749
Operating grants and donations	86,396
Customer facility charges	354,024
Passenger facility charges	1,049,342
Other nonoperating revenue (expense)	<u>(12,895)</u>
 Net cash provided by noncapital financing activities	 <u>1,694,616</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	(4,222,411)
Principal paid on lease obligations	(125,434)
Interest paid on lease obligations	(24,339)
Proceeds from sale of capital assets	4,721
Capital grants	<u>8,353,824</u>
 Net cash provided by capital and related financing activities	 <u>3,986,361</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale and maturities of investment securities	2,126,820
Interest on investments	<u>336,606</u>
 Net cash provided by investing activities	 <u>2,463,426</u>

Net increase in cash and cash equivalents	7,787,585
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Cash and cash equivalents at October 1	<u>7,305,335</u>
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Cash and cash equivalents at September 30	<u><u>\$ 15,092,920</u></u>
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**CITY OF MELBOURNE, FLORIDA
STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT
INTERNATIONAL AIRPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(Continued)**

**RECONCILIATION OF OPERATING LOSS TO
NET CASH USED BY OPERATING ACTIVITIES**

Operating loss	\$ (6,986,167)
Adjustments not affecting cash:	
Depreciation and amortization	7,756,618
Deferred outflows - pensions and other postemployment benefits	187,748
Deferred inflows - pensions and other postemployment benefits	76,060
Receivables, trade	354,491
Other receivables	13,070
Due from other governments	(94)
Inventory	2,003
Prepaid items	8,139
Noncurrent lease receivables	(152,414)
Net pension asset	(32,161)
Net pension liability	147,116
Accounts payable	(1,875,308)
Accrued payroll expenses	88,849
Due to (from) primary government	(25,813)
Due to other governments	292,129
Customer deposits	66,998
Unearned revenue	(208,993)
Other postemployment benefits	(69,089)
Net cash used by operating activities	<u>\$ (356,818)</u>

NON-CASH INVESTING ACTIVITIES

Increase in fair value of investments	<u>\$ 84,569</u>
Cash and cash equivalents reconciliation:	
Current assets:	
Cash and cash equivalents	\$ 14,718,993
Cash and cash equivalents, restricted	32,329
Noncurrent assets:	
Cash and cash equivalents, restricted	341,598
Cash and cash equivalents at September 30	<u>\$ 15,092,920</u>

STATISTICAL SECTION

The Statistical Schedules present detailed information as a context for understanding this year's financial statements, note disclosures, and required supplementary information.

This section contains the following subsections:

- Financial Trends
- Revenue Capacity
- Debt Capacity
- Demographic and Economic Information
- Operating Information

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, Last Ten Fiscal Years
- 2 Changes in Net Position, Last Ten Fiscal Years
- 3 Fund Balances, Governmental Funds, Last Ten Fiscal Years
- 4 Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years

REVENUE CAPACITY

These schedules contain information to help the reader assess the City's two significant local revenue sources, the property tax, and water and sewer charges.

Schedule

- 5 Assessed Value and Estimated Actual Value of Taxable Property, Last Ten Fiscal Years
- 6 Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years
- 7 Principal Property Taxpayers, Current Year and Nine Years Ago
- 8 Property Tax Levies and Collections, Last Ten Fiscal Years
- 9 Water and Sewer Consumption, Rates, and Revenue, Last Ten Fiscal Years
- 10 Principal Water and Sewer Customers, Current Year and Nine Years Ago

DEBT CAPACITY

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

Schedule

- 11 Ratios of Outstanding Debt by Type, Last Ten Fiscal Years
- 12 Ratios of General Bonded Debt Outstanding, Last Ten Fiscal Years
- 13 Legal Debt Margin Information, Last Ten Fiscal Years
- 14 Direct and Overlapping Governmental Activities Debt, as of September 30, 2019
- 15 Pledged Revenue Coverage, Last Ten Fiscal Years

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

Schedule

- 16 Demographic and Economic Statistics, Last Ten Fiscal Years
- 17 Principal Employers, Current Year and Nine Years Ago

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

- 18 Full-Time Equivalent City Government Employees by Function/Program, Last Ten Fiscal Years
- 19 Operating Indicators by Function/Program, Last Ten Fiscal Years
- 20 Capital Asset Statistics by Function/Program, Last Ten Fiscal Years

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF MELBOURNE, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities				
Net investment in capital assets	\$ 72,038,559	\$ 77,645,248	\$ 81,082,994	\$ 78,404,558
Restricted	27,879,876	22,714,682	22,841,308	22,841,609
Unrestricted	16,362,185	18,489,936	14,490,489	12,231,951
Total governmental activities net position	<u>\$ 116,280,620</u>	<u>\$ 118,849,866</u>	<u>\$ 118,414,791</u>	<u>\$ 113,478,118</u>
Business-type activities				
Net investment in capital assets	\$ 58,045,690	\$ 58,609,763	\$ 58,925,901	\$ 65,889,305
Restricted	21,511,729	18,985,861	18,156,113	14,849,906
Unrestricted	10,762,763	15,655,994	19,864,115	19,547,409
Total business-type activities net position	<u>\$ 90,320,182</u>	<u>\$ 93,251,618</u>	<u>\$ 96,946,129</u>	<u>\$ 100,286,620</u>
Primary government				
Net investment in capital assets	\$ 130,084,249	\$ 136,255,011	\$ 140,008,895	\$ 144,293,863
Restricted	49,391,605	41,700,543	40,997,421	37,691,515
Unrestricted	27,124,948	34,145,930	34,354,604	31,779,360
Total primary government net position	<u>\$ 206,600,802</u>	<u>\$ 212,101,484</u>	<u>\$ 215,360,920</u>	<u>\$ 213,764,738</u>

2013 restated for cumulative effect of implementation of GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities."

2015 and 2016 unrestricted reflects the adjustments to net position for disclosing full pension liability due to the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions."

Notes: 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.

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 82,144,646	\$ 82,067,802	\$ 82,079,774	\$ 81,588,488	\$ 89,050,264	\$ 95,990,767
22,826,912	22,960,162	24,564,405	27,329,441	30,148,113	33,548,509
8,669,905	(34,403,547)	(32,099,072)	(28,259,345)	(14,157,843)	(6,232,398)
<u>\$ 113,641,463</u>	<u>\$ 70,624,417</u>	<u>\$ 74,545,107</u>	<u>\$ 80,658,584</u>	<u>\$ 105,040,534</u>	<u>\$ 123,306,878</u>
\$ 63,190,585	\$ 64,009,483	\$ 69,542,203	\$ 73,725,381	\$ 76,184,071	\$ 82,061,735
14,489,407	12,253,588	10,677,396	10,454,252	11,211,084	11,105,262
29,614,094	35,818,205	41,553,220	46,365,888	56,098,459	65,031,582
<u>\$ 107,294,086</u>	<u>\$ 112,081,276</u>	<u>\$ 121,772,819</u>	<u>\$ 130,545,521</u>	<u>\$ 143,493,614</u>	<u>\$ 158,198,579</u>
\$ 145,335,231	\$ 146,077,285	\$ 151,621,977	\$ 155,313,869	\$ 165,234,335	\$ 178,052,502
37,316,319	35,213,750	35,241,801	37,783,693	41,359,197	44,653,771
38,283,999	1,414,658	9,454,148	18,106,543	41,940,616	58,799,184
<u>\$ 220,935,549</u>	<u>\$ 182,705,693</u>	<u>\$ 196,317,926</u>	<u>\$ 211,204,105</u>	<u>\$ 248,534,148</u>	<u>\$ 281,505,457</u>

CITY OF MELBOURNE, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses				
Governmental activities:				
General government	\$ 13,597,891	\$ 13,366,909	\$ 13,764,828	\$ 15,561,604 ⁽²⁾
Public safety - fire and police	39,010,931	39,717,295	41,815,591 ⁽¹⁾	40,168,100
Public works	7,323,261	8,720,053	6,049,564	8,316,795 ⁽³⁾
Parks and recreation	6,104,076	6,036,530	6,136,168	6,254,656
Housing and urban improvement	3,164,117	2,399,107	1,592,095	2,574,619
Interest on long-term debt	619,428	569,317	537,544	497,222
Unallocated depreciation	<u>2,475,341</u>	<u>2,567,216</u>	<u>2,794,502</u>	<u>2,868,115</u>
Total governmental activities expenses	<u>72,295,045</u>	<u>73,376,427</u>	<u>72,690,292</u>	<u>76,241,111</u>
Business-type activities:				
Water and sewer	44,401,203	43,688,265	43,494,835	45,289,816 ⁽⁴⁾
Golf courses	2,579,574	2,510,247	2,535,298	2,507,241
Stormwater utility	<u>627,482</u>	<u>808,587</u>	<u>1,007,033</u>	<u>1,099,665</u>
Total business-type activities expenses	<u>47,608,259</u>	<u>47,007,099</u>	<u>47,037,166</u>	<u>48,896,722</u>
Total primary government expenses	<u>\$ 119,903,304</u>	<u>\$ 120,383,526</u>	<u>\$ 119,727,458</u>	<u>\$ 125,137,833</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 10,291,593	\$ 10,220,895	\$ 9,918,937	\$ 10,456,884
Public safety - fire and police	1,613,850	1,483,927	1,566,866	1,776,557
Public works	1,027,069	1,075,153	1,015,248	976,080
Parks & recreation	851,507	806,870	838,908	815,759
Housing and urban development	-	16,300	13,100	13,500
Operating grants and contributions	8,620,743	6,948,506	6,660,356	7,084,093
Capital grants and contributions	<u>1,826,368</u>	<u>6,795,571</u>	<u>3,273,290</u>	<u>1,418,806</u>
Total governmental activities program revenues	<u>24,231,130</u>	<u>27,347,222</u>	<u>23,286,705</u>	<u>22,541,679</u>
Business-type activities:				
Charges for services:				
Water and sewer	42,913,122	45,853,683	47,245,389	47,370,637
Golf courses	2,337,589	2,455,332	2,413,445	2,286,132
Stormwater utility	1,286,742	1,775,997	2,218,083	2,290,742
Operating grants and contributions	-	(24,972)	110,477	-
Capital grants and contributions	<u>2,344,185</u>	<u>1,359,095</u>	<u>736,596</u>	<u>2,244,507</u>
Total business-type activities program revenues	<u>48,881,638</u>	<u>51,419,135</u>	<u>52,723,990</u>	<u>54,192,018</u>
Total primary government program revenues	<u>\$ 73,112,768</u>	<u>\$ 78,766,357</u>	<u>\$ 76,010,695</u>	<u>\$ 76,733,697</u>

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 13,835,021	\$ 14,194,930 ⁽⁷⁾	\$ 16,928,412	\$ 17,484,202	\$ 17,801,811	\$ 18,165,483
41,353,221	33,441,611 ⁽⁷⁾	40,329,521	42,771,938	38,947,712	41,630,408
8,116,255	7,108,185	8,145,791 ⁽⁸⁾	9,049,033 ⁽³⁾	9,126,029	10,252,960 ⁽³⁾
6,711,448	6,437,870	6,927,039	6,986,112	7,060,525	7,393,800
1,883,401	1,289,586	1,298,756	1,252,620	1,710,006	1,816,562
467,651	445,221	394,519	342,693	306,969	173,634
<u>2,997,742</u>	<u>3,191,952</u>	<u>3,322,705</u>	<u>3,364,937</u>	<u>3,335,756</u>	<u>3,512,757</u>
<u>75,364,739</u>	<u>66,109,355</u>	<u>77,346,743</u>	<u>81,251,535</u>	<u>78,288,808</u>	<u>82,945,604</u>
42,643,322	43,578,657 ⁽⁷⁾	45,201,038	45,050,186	45,143,068	44,790,690
2,565,545	2,292,530	2,642,683	2,404,043	2,387,867	2,100,973
1,174,732	1,180,219	1,323,778	2,023,246	2,165,265	1,920,703
<u>46,383,599</u>	<u>47,051,406</u>	<u>49,167,499</u>	<u>49,477,475</u>	<u>49,696,200</u>	<u>48,812,366</u>
<u>\$ 121,748,338</u>	<u>\$ 113,160,761</u>	<u>\$ 126,514,242</u>	<u>\$ 130,729,010</u>	<u>\$ 127,985,008</u>	<u>\$ 131,757,970</u>
\$ 9,523,800	\$ 10,072,902	\$ 10,784,839	\$ 11,432,709	\$ 10,838,171	\$ 9,585,217
1,873,093	1,810,164	1,836,711	1,715,871	1,818,858	2,037,871
1,091,551	1,157,906	1,188,363	1,161,085	1,161,313	1,180,060
834,368	898,132	1,114,217	1,128,470	1,145,208	1,236,613
19,685	1,250	-	-	36,404	63,199
6,133,822	6,999,122	7,117,618	6,564,181	8,052,739	10,069,629 ⁽¹⁰⁾
<u>2,553,954</u>	<u>628,876</u>	<u>903,067</u>	<u>997,676</u>	<u>12,056,046</u> ⁽⁹⁾	<u>5,696,923</u>
<u>22,030,273</u>	<u>21,568,352</u>	<u>22,944,815</u>	<u>22,999,992</u>	<u>35,108,739</u>	<u>29,869,512</u>
50,164,115	53,391,431	54,089,987	54,143,079	54,187,355	53,600,696
2,078,840	2,029,093	2,019,697	2,133,504	2,187,353	2,182,917
2,275,789	2,720,436	2,773,816	2,786,848	2,808,866	2,811,328
-	-	-	-	56,673	504,861
1,241,348	2,174,091	1,884,001	3,687,662	5,049,854	4,607,559
<u>55,760,092</u>	<u>60,315,051</u>	<u>60,767,501</u>	<u>62,751,093</u>	<u>64,290,101</u>	<u>63,707,361</u>
<u>\$ 77,790,365</u>	<u>\$ 81,883,403</u>	<u>\$ 83,712,316</u>	<u>\$ 85,751,085</u>	<u>\$ 99,398,840</u>	<u>\$ 93,576,873</u>

CITY OF MELBOURNE, FLORIDA
CHANGES IN NET POSITION (Continued)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net (Expense)/Revenue				
Governmental activities	\$ (48,063,915)	\$ (46,029,205)	\$ (49,403,587)	\$ (53,699,432)
Business-type activities	1,273,379	4,412,036	5,686,824	5,295,296
Total primary government net expense	<u>\$ (46,790,536)</u>	<u>\$ (41,617,169)</u>	<u>\$ (43,716,763)</u>	<u>\$ (48,404,136)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property	\$ 21,976,524	\$ 22,137,715	\$ 21,813,062	\$ 21,896,644
Utility and telecommunication	11,394,528	11,104,099	10,922,977	11,234,486
Franchise fees	6,594,719	6,587,477	6,280,299	6,246,963
Unrestricted grants and contributions	6,032,442	6,441,922	6,804,372	7,092,078
Investment earnings	1,067,666	492,069	484,969	149,243
Miscellaneous	350	-	-	-
Gain on sale of capital assets	-	-	3,250	3,500
Contributions to permanent funds	2,400	-	-	-
Extraordinary item	-	-	197,508	-
Transfers	1,833,194	1,835,169	2,462,075	2,139,845
Total governmental activities	<u>48,901,823</u>	<u>48,598,451</u>	<u>48,968,512</u>	<u>48,762,759</u>
Business-type activities:				
Unrestricted grants and contributions	-	301	-	-
Investment earnings	579,810	354,268	379,256	177,220
Gain on sale of capital assets	-	-	90,506	7,820
Transfers	(1,833,194)	(1,835,169)	(2,462,075)	(2,139,845)
Total business-type activities	<u>(1,253,384)</u>	<u>(1,480,600)</u>	<u>(1,992,313)</u>	<u>(1,954,805)</u>
Total primary government	<u>\$ 47,648,439</u>	<u>\$ 47,117,851</u>	<u>\$ 46,976,199</u>	<u>\$ 46,807,954</u>
Change in Net Position				
Governmental activities	\$ 837,908	\$ 2,569,246	\$ (435,075)	\$ (4,936,673)
Business-type activities	19,995	2,931,436	3,694,511	3,340,491
Total primary government	<u>\$ 857,903</u>	<u>\$ 5,500,682</u>	<u>\$ 3,259,436</u>	<u>\$ (1,596,182)</u>

- (1) Increase is due to the increase in pension, Worker's Compensation and OPEB expenses.
- (2) Increase is due to the transfer of land to the Airport.
- (3) Increase is due to road resurfacing.
- (4) Implemented GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities."
- (5) Water and wastewater rate increase of 7% and decrease in operational expenses.
- (6) Property tax millage increase of 6%.
- (7) Implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions."
- (8) Increase is due to dredging Horse Creek and Melbourne Harbor Channel.
- (9) Increase is due to donation of Right of Way for Babcock St. from Brevard County and the Apollo Blvd. extension from FDOT.
- (10) Increase is due to FEMA grants for Hurricane Irma.
- (11) Property values have increased due to a growing economy.
- (12) Increase is due to fair market value adjustment and interest earnings.

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ (53,334,466)	\$ (44,541,003)	\$ (54,401,928)	\$ (58,251,543)	\$ (43,180,069)	\$ (53,076,092)
9,376,493 ⁽⁵⁾	13,263,645	11,600,002	13,273,618	14,593,901	14,894,995
<u>\$ (43,957,973)</u>	<u>\$ (31,277,358)</u>	<u>\$ (42,801,926)</u>	<u>\$ (44,977,925)</u>	<u>\$ (28,586,168)</u>	<u>\$ (38,181,097)</u>
\$ 24,328,815 ⁽⁶⁾	\$ 25,652,370	\$ 28,762,101	\$ 30,875,437	\$ 31,455,964	\$ 34,573,821 ⁽¹¹⁾
11,360,611	11,394,026	11,473,828	11,523,700	11,992,531	11,966,296
6,614,483	6,785,031	6,668,887	6,873,844	7,035,821	7,154,634
8,487,828	7,678,420	8,117,198	9,512,376	10,453,445	10,340,833
125,364	384,988	657,927	506,200	539,344	3,401,963 ⁽¹²⁾
-	-	-	-	-	-
1,600	41,013	-	-	-	119,235
-	3,150	2,500	2,100	12,350	4,050
-	-	-	-	-	-
<u>2,579,110</u>	<u>2,671,942</u>	<u>2,640,177</u>	<u>5,071,363</u>	<u>3,046,607</u>	<u>3,815,993</u>
<u>53,497,811</u>	<u>54,610,940</u>	<u>58,322,618</u>	<u>64,365,020</u>	<u>64,536,062</u>	<u>71,376,825</u>
-	-	-	-	-	-
210,083	508,043	695,166	563,796	676,055	3,590,799 ⁽¹²⁾
-	-	36,552	6,651	69,947	35,164
<u>(2,579,110)</u>	<u>(2,671,942)</u>	<u>(2,640,177)</u>	<u>(5,071,363)</u>	<u>(3,046,607)</u>	<u>(3,815,993)</u>
<u>(2,369,027)</u>	<u>(2,163,899)</u>	<u>(1,908,459)</u>	<u>(4,500,916)</u>	<u>(2,300,605)</u>	<u>(190,030)</u>
<u>\$ 51,128,784</u>	<u>\$ 52,447,041</u>	<u>\$ 56,414,159</u>	<u>\$ 59,864,104</u>	<u>\$ 62,235,457</u>	<u>\$ 71,186,795</u>
\$ 163,345	\$ 10,069,937	\$ 3,920,690	\$ 6,113,477	\$ 21,355,993	\$ 18,300,733
7,007,466	11,099,746	9,691,543	8,772,702	12,293,296	14,704,965
<u>\$ 7,170,811</u>	<u>\$ 21,169,683</u>	<u>\$ 13,612,233</u>	<u>\$ 14,886,179</u>	<u>\$ 33,649,289</u>	<u>\$ 33,005,698</u>

CITY OF MELBOURNE, FLORIDA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General fund				
Non-spendable	\$ 1,937,571	\$ 1,813,302	\$ 1,622,852	\$ 1,316,565
Restricted	171,734	172,649	174,979	297,940
Committed ⁽¹⁾	-	-	-	-
Assigned	2,384,098	2,756,749	4,132,491	5,189,667
Unassigned	<u>15,533,104</u>	<u>16,619,290</u>	<u>15,084,688</u>	<u>14,400,945</u>
Total general fund	<u>\$ 20,026,507</u>	<u>\$ 21,361,990</u>	<u>\$ 21,015,010</u>	<u>\$ 21,205,117</u>
All Other Governmental funds				
Non-spendable	\$ 158,864	\$ 158,864	\$ 162,114	\$ 165,614
Restricted	23,462,041	22,430,641	22,494,871	22,411,090
Assigned	4,136,188	2,379,452	2,570,803	2,027,216
Unassigned	<u>(189,187)</u>	<u>(118,174)</u>	<u>(86,772)</u>	<u>(46,257)</u>
Total all other governmental funds	<u>\$ 27,567,906</u>	<u>\$ 24,850,783</u>	<u>\$ 25,141,016</u>	<u>\$ 24,557,663</u>

(1) The City committed \$1,000,000 for economic development in 2014, and spent \$333,333 in 2016, \$333,333 in 2017, and \$333,334 in 2018.

(2) Reflects the reduction in subsequent year budget for assigned.

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 1,472,121	\$ 1,186,384	\$ 831,098	\$ 730,784	\$ 2,148,039	\$ 1,799,305
183,165	186,720	200,708	207,113	1,116,417	2,229,066
1,000,000	1,000,000	666,667	333,334	-	-
5,119,574	3,194,815 ⁽²⁾	3,186,632	4,963,231	3,979,201	6,980,155
<u>11,694,539</u>	<u>14,061,310</u>	<u>16,987,905</u>	<u>18,169,931</u>	<u>25,000,485</u>	<u>29,353,925</u>
<u>\$ 19,469,399</u>	<u>\$ 19,629,229</u>	<u>\$ 21,873,010</u>	<u>\$ 24,404,393</u>	<u>\$ 32,244,142</u>	<u>\$ 40,362,451</u>
\$ 167,214	\$ 170,364	\$ 172,864	\$ 174,964	\$ 187,314	\$ 191,364
22,495,728	22,620,233	24,203,945	26,956,273	30,276,780	31,128,079
2,257,553	4,589,785	5,113,249	7,377,387	8,447,113	9,302,209
-	-	-	-	(1,427,857)	(1,110,505)
<u>\$ 24,920,495</u>	<u>\$ 27,380,382</u>	<u>\$ 29,490,058</u>	<u>\$ 34,508,624</u>	<u>\$ 37,483,350</u>	<u>\$ 39,511,147</u>

CITY OF MELBOURNE, FLORIDA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues				
Taxes				
Property	\$ 21,976,524	\$ 22,137,715	\$ 21,813,062	\$ 21,896,644
Utility and telecommunications	11,492,122	11,201,693	10,947,375	11,234,486
Franchise fees	6,594,719	6,587,477	6,280,299	6,246,963
Intergovernmental	15,660,518	15,683,713	14,149,766	15,098,505
Charges for services	10,140,673	9,700,060	9,785,168	9,840,594
Impact fees	990,382	438,748	637,910	856,742
Licenses and permits	2,176,146	1,987,969	2,046,163	2,394,206
Confiscated property	101,335	56,864	30,352	79,342
Fines, forfeitures, penalties and fees	349,902	323,931	294,776	306,942
Investment earnings	980,543	454,240	450,086	142,459
Perpetual care endowment additions	2,400	-	3,250	3,500
Other revenues	868,794	1,280,613	871,611	1,171,801
Total revenues	<u>71,334,058</u>	<u>69,853,023</u>	<u>67,309,818</u>	<u>69,272,184</u>
Expenditures				
General government	12,733,112	12,655,808	12,975,285	13,251,414
Public safety	36,471,946	37,296,823	38,729,328	37,806,771
Public works	7,333,757	8,739,063	6,223,871 ⁽¹⁾	8,376,512
Parks and recreation	5,357,134	5,384,549	5,542,863	5,606,919
Housing and urban improvement	3,119,666	2,351,014	1,529,290	2,525,881 ⁽³⁾
Capital outlay	4,429,871	5,905,671	3,863,206	3,155,525
Debt service				
Principal	835,446	872,299	907,542	941,189
Interest	603,110	570,230	532,575	493,529
Total expenditures	<u>70,884,042</u>	<u>73,775,457</u>	<u>70,303,960</u>	<u>72,157,740</u>
Excess of revenues over (under) expenditures	<u>450,016</u>	<u>(3,922,434)</u>	<u>(2,994,142)</u>	<u>(2,885,556)</u>
Other financing sources (uses)				
Revenue bonds issued	-	-	-	-
Capital leases	-	604,160	142,546 ⁽²⁾	284,934 ⁽²⁾
Payment to refunding bond escrow agent	-	-	-	-
Sale of capital assets	64,575	103,300	43,945	67,531
Insurance recoveries	-	-	282,122	-
Transfers in	5,694,976	5,881,667	6,262,963	6,863,500
Transfers out	<u>(3,877,953)</u>	<u>(4,048,333)</u>	<u>(3,794,181)</u>	<u>(4,723,655)</u>
Total other financing sources (uses)	<u>1,881,598</u>	<u>2,540,794</u>	<u>2,937,395</u>	<u>2,492,310</u>
Net change in fund balances	<u>\$ 2,331,614</u>	<u>\$ (1,381,640)</u>	<u>\$ (56,747)</u>	<u>\$ (393,246)</u>
Debt service as a percentage of noncapital expenditures	2.2%	2.1%	2.2%	2.1%

(1) No road resurfacing in 2012.

(2) Purchase of police vehicles and radios.

(3) Non-departmental general fund for appropriation to transportation projects and various funds for general capital projects.

(4) Purchase of fire truck and police video system, contractual salary increases and increased workers compensation medical claims.

(5) Purchase of aerial fire truck and police video system.

(6) Non-Ad Valorem Refunding Revenue Note, Series 2018, was issued to refund the Public Service/Utility Tax Revenue Bonds, Series 2003, Subordinate Electric Utility Tax Revenue Notes, Series 2005 and Series 2006.

(7) Increase is due to fair market value adjustment and interest earnings.

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 24,328,815	\$ 25,652,370	\$ 28,762,101	\$ 30,875,437	\$ 31,455,964	\$ 34,573,821
11,360,611	11,394,026	11,473,828	11,523,700	11,992,531	11,966,296
6,614,483	6,785,031	6,668,887	6,873,844	7,035,821	7,154,634
14,472,033	15,963,669	16,891,197	16,647,167	20,684,026	26,401,911
8,575,679	9,255,551	9,566,648	9,323,674	9,177,758	8,508,486
1,867,890	659,517	763,169	1,640,134	2,045,713	1,870,525
2,635,612	2,562,653	3,401,098	3,993,327	3,411,519	3,381,036
144,431	15,436	12,290	7,242	96,329	317,554
318,348	276,967	259,230	241,941	248,616	230,963
115,967	358,728	635,748	489,895	521,092	3,272,783 ⁽⁷⁾
1,600	3,150	2,500	2,100	12,350	4,050
<u>1,064,968</u>	<u>1,170,249</u>	<u>900,680</u>	<u>1,015,978</u>	<u>1,021,276</u>	<u>1,158,861</u>
<u>71,500,437</u>	<u>74,097,347</u>	<u>79,337,376</u>	<u>82,634,439</u>	<u>87,702,995</u>	<u>98,840,920</u>
14,736,194	14,868,874	15,817,777	16,318,633	16,442,112	17,197,290
41,033,892 ⁽⁴⁾	41,143,272	42,479,210	43,548,485	40,941,520	43,548,638
8,261,768	7,148,771	8,247,008	9,381,894	9,259,707	10,605,320
5,995,492	5,810,118	6,322,634	6,314,782	6,294,569	6,733,844
1,799,654	1,218,370	1,201,873	1,173,495	1,644,592	1,778,928
3,422,444	2,916,863	2,349,466	2,297,239	6,338,533	11,623,518
983,256	1,026,761	890,721	926,151	963,078	1,019,493
<u>453,032</u>	<u>409,983</u>	<u>370,865</u>	<u>334,598</u>	<u>336,450</u>	<u>239,286</u>
<u>76,685,732</u>	<u>74,543,012</u>	<u>77,679,554</u>	<u>80,295,277</u>	<u>82,220,561</u>	<u>92,746,317</u>
<u>(5,185,295)</u>	<u>(445,665)</u>	<u>1,657,822</u>	<u>2,339,162</u>	<u>5,482,434</u>	<u>6,094,603</u>
-	-	-	-	6,490,000 ⁽⁶⁾	-
1,194,795 ⁽⁵⁾	-	-	-	-	-
-	-	-	-	(6,444,782) ⁽⁶⁾	-
38,504	102,170	45,208	139,018	1,788,439	235,510
-	291,195	-	-	-	-
7,748,928	7,871,803	6,194,572	10,283,963	12,436,680	12,891,334
<u>(5,169,818)</u>	<u>(5,199,786)</u>	<u>(3,544,145)</u>	<u>(5,212,194)</u>	<u>(8,938,296)</u>	<u>(9,075,341)</u>
<u>3,812,409</u>	<u>3,065,382</u>	<u>2,695,635</u>	<u>5,210,787</u>	<u>5,332,041</u>	<u>4,051,503</u>
<u>\$ (1,372,886)</u>	<u>\$ 2,619,717</u>	<u>\$ 4,353,457</u>	<u>\$ 7,549,949</u>	<u>\$ 10,814,475</u>	<u>\$ 10,146,106</u>
2.0%	2.1%	1.7%	1.7%	1.7%	1.6%

SCHEDULE 5

**CITY OF MELBOURNE, FLORIDA
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**

Fiscal Year	Residential Property	Commercial Property ⁽¹⁾	Less: Tax Exempt Property ⁽²⁾	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2010	\$ 3,561,870,170	\$ 3,271,835,120	\$ 2,421,702,175	\$ 4,412,003,115	5.1287	\$ 4,902,225,683	90%
2011	2,571,020,800	3,382,339,518	2,083,735,043	3,869,625,275	5.9223	4,299,583,639	90
2012	2,570,972,360	2,479,804,026	1,788,286,688	3,262,489,698	6.9200	3,624,988,553	90
2013	2,504,916,790	2,511,387,105	1,733,928,941	3,282,374,954	6.9000	3,647,083,282	90
2014	2,705,952,860	2,603,573,641	1,864,230,555	3,445,295,946	7.3126	3,828,106,607	90
2015	3,022,128,940	2,653,608,626	2,059,322,942	3,616,414,624	7.3125	4,018,238,471	90
2016	3,367,691,320 ⁽³⁾	2,745,036,807 ⁽³⁾	2,247,871,092	3,864,857,035	7.6886	4,294,285,594	90
2017	3,714,336,280	3,025,602,111	2,570,334,211	4,169,604,180	7.6886	4,632,893,533	90
2018	4,278,357,730	3,408,427,908	3,128,614,611	4,558,171,027	7.1878	5,064,634,474	90
2019	4,898,171,590	3,619,074,907	3,543,891,991	4,973,354,506	7.1878	5,525,949,451	90

Source: Brevard County Property Appraiser

- (1) Includes utility, railroad and tangible property.
- (2) Includes agricultural, governmental, renewable energy source, widows, widowers, institutional, disability, and homestead exemptions.
- (3) Brevard County Property Appraiser changed format in deliverance of reference materials, amounts from 2016 forward are calculated in a different manner than prior years.

**CITY OF MELBOURNE, FLORIDA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**
(rate per \$1,000 of assessed value)

Fiscal Year	City of Melbourne	Overlapping Rates			Total Direct & Overlapping Rates
	Single Direct ⁽¹⁾ Rate	School Rate	County Rate	Multi-County ⁽²⁾ Rate	
2010	5.1287	7.6870	5.1077	0.5627	18.4861
2011	5.9223	7.6530	5.8249	0.5627	19.9629
2012	6.9200	8.1120	6.5199	0.4782	22.0301
2013	6.9000	8.0960	6.5199	0.4782	21.9941
2014	7.3126	7.6060	6.3979	0.4752	21.7917
2015	7.3125	7.3390	6.2310	0.4633	21.3458
2016	7.6886	7.2750	6.0692	0.4412	21.4740
2017	7.6886	6.9160	5.8548	0.4212	20.8806
2018	7.1878	6.5680	5.6025	0.3981	19.7564
2019	7.1878	6.2990	5.3540	0.3759	19.2167

Source: Brevard County Tax Collector

(1) The City of Melbourne only levies one single direct rate. There is no multi-tier rate.

(2) Includes Florida Inland Navigation District, Sebastian Inlet District and St. Johns River Water Management District.

Note: The City's property tax rate may not be increased in excess of 10% from the previous year without a majority vote of the city's residents, as per Florida Statutes Chapter 200.101.

SCHEDULE 7

**CITY OF MELBOURNE, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Melbourne Airport Authority	\$ 130,519,070	1	2.62%	\$ 109,810,630	1	2.49%
Melbourne Square, LLC ⁽¹⁾	38,504,630	2	0.77	34,000,000	3	0.77
Health First Physicians Real Estate	36,765,690	3	0.74			
L3Harris ⁽²⁾	33,080,730	4	0.67	35,600,000	2	0.81
MPT of Melbourne-Steward, LLC ⁽³⁾	30,281,780	5	0.61			
Northland Caribbean Isle, LLC	20,800,000	6	0.42			
Preserve at Longleaf Partners, LLC	20,750,000	7	0.42			
Wal-Mart Stores	20,674,470	8	0.42	22,520,710	4	0.51
Health Care REIT, Inc	18,976,780	9	0.38			
Waverly Melbourne, LLC	18,000,000	10	0.36			
MIMA Real Estate, LLC				16,177,050	6	0.37
Rialto, LTD				14,570,830	7	0.33
KRC Melbourne, LTD				18,635,830	5	0.42
Florida Marketplace of Brevard				13,500,000	9	0.31
Boozer Properties, LLC				13,910,480	8	0.31
Wilmington Trust Company Trustee				13,006,250	10	0.29
	<u>\$ 368,353,150</u>		<u>7.41%</u>	<u>\$ 291,731,780</u>		<u>6.61%</u>

(1) Formerly reported as Melbourne- JCP Assoc., LTD

(2) Harris Corporation and L3 merged as of 6/29/2019

(3) Formerly reported as Melbourne HMA, LLC

Source: Brevard County Property Appraiser

**CITY OF MELBOURNE, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended September 30	Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 22,691,851	\$ 20,568,976	91%	\$ 1,407,548	\$ 21,976,524	97%
2011	23,001,409	21,136,767	92	1,000,948	22,137,715	96
2012	22,576,429	21,175,428	94	637,634	21,813,062	97
2013	22,648,387	21,091,561	93	805,083	21,896,644	97
2014	25,194,071	23,667,815	94	661,000	24,328,815	97
2015	26,549,365	24,922,260	94	730,110	25,652,370	97
2016	29,775,050	28,092,686	94	669,415	28,762,101	97
2017	31,786,412	30,240,898	95	634,539	30,875,437	97
2018	32,547,388	30,775,432	95	680,532	31,455,964	97
2019	35,670,107	33,673,226	94	900,595	34,573,821	97

Sources: Brevard County Property Appraiser and City of Melbourne Financial Services.

SCHEDULE 9

**CITY OF MELBOURNE, FLORIDA
WATER AND SEWER CONSUMPTION, RATES AND REVENUE
LAST TEN FISCAL YEARS**

Fiscal Year	Gallons of Water Consumed ⁽¹⁾	Water Revenue ⁽⁴⁾	Total Direct Rate		Gallons of Sewer Treated ⁽¹⁾	Sewer Revenue ⁽⁴⁾	Total Direct Rate	
			Water Base Rate ⁽²⁾	Water Usage Rate ⁽³⁾			Sewer Base Rate ⁽²⁾	Sewer Usage Rate ⁽³⁾
2010	4,657,291	\$ 24,571,182	\$ 6.25	\$ 3.85	2,171,931	\$ 16,469,144	\$ 8.18	\$ 5.92
2011	4,783,236	26,334,505	6.56	4.04	2,179,757	17,543,002	8.59	6.22
2012	4,687,615	27,195,156	6.89	4.24	2,143,691	18,100,459	9.02	6.53
2013	4,645,065	27,275,917	6.89	4.24	2,129,172	18,083,757	9.02	6.53
2014	4,672,892	28,638,534	7.58	4.33	2,127,061	19,292,642	11.21	6.49
2015	4,643,892	30,412,363	8.00	4.57	2,136,767	20,527,181	11.83	6.85
2016	4,768,201	30,984,020	8.00	4.57	2,214,882	20,817,696	11.83	6.85
2017	4,878,231	31,527,010	8.00	4.57	2,235,262	20,838,145	11.83	6.85
2018	4,768,179	31,246,858	8.00	4.57	2,208,216	21,000,231	11.83	6.85
2019	4,598,198	30,416,642	8.00	4.57	2,210,571	20,942,547	11.83	6.85

Source: City Water and Sewer Department

(1) Gallons are presented in thousands.

(2) Rates shown through 2009 are for 3/4" meters at the inside City rate. Rates after October 1, 2009 are based on one equivalent residential connection (ERC) at the inside City rate.

(3) Per 1,000 gallons of metered water at the inside City rate.

(4) Revenues are not adjusted for bad debt.

CITY OF MELBOURNE, FLORIDA
PRINCIPAL WATER AND SEWER CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO

<u>Water Customer</u>	2019			2010		
	<u>Water Revenue</u>	<u>Rank</u>	<u>Percentage of Total Water Revenue</u>	<u>Water Revenue</u>	<u>Rank</u>	<u>Percentage of Total Water Revenue</u>
City of West Melbourne	\$ 2,775,215	1	9.12 %	\$ 2,305,177	1	9.38 %
Holmes Regional Medical Center	400,988	2	1.32	343,421	2	1.40
Florida Institute of Technology	288,086	3	0.95	190,361	3	0.77
School Board of Brevard County	220,241	4	0.72	189,937	4	0.77
Northrop Grumman Systems Corp	111,622	5	0.37			
The Meadows	93,856	6	0.31			
We Harbours, LLC	92,630	7	0.30			
L3Harris ⁽¹⁾	90,086	8	0.30	87,039	5	0.35
Collins Aerospace ⁽²⁾	84,781	9	0.28			
Ocean Breeze Property Holdings, LLC	84,372	10	0.28			
Lake in the Woods				75,283	6	0.31
Caribbean Isle LLC				61,358	7	0.25
Melbourne Hampton Greens				60,491	8	0.25
Princeton Florida Associates				56,357	9	0.23
Melbourne Beach Hilton				55,324	10	0.23
Total	\$ 4,241,877		13.95 %	\$ 3,424,748		13.94 %

<u>Sewer Customer</u>	2019			2010		
	<u>Sewer Revenue</u>	<u>Rank</u>	<u>Percentage of Total Sewer Revenue</u>	<u>Sewer Revenue</u>	<u>Rank</u>	<u>Percentage of Total Sewer Revenue</u>
Holmes Regional Medical Center	\$ 599,390	1	2.86 %	\$ 514,210	1	3.12 %
Florida Institute of Technology	430,297	2	2.05	285,582	2	1.73
School Board of Brevard County	205,605	3	0.98	162,142	3	0.98
Northrop Grumman Systems Corp	167,236	4	0.80			
The Meadows	140,292	5	0.67			
We Harbours, LLC	138,419	6	0.66			
L3Harris ⁽¹⁾	134,089	7	0.64	129,941	4	0.79
Collins Aerospace ⁽²⁾	126,763	8	0.61			
Ocean Breeze Property Holdings, LLC	126,135	9	0.60			
Manufactured Home Communities	117,348	10	0.56			
Lake in the Woods				112,533	5	0.68
Caribbean Isle, LLC				92,253	6	0.56
Melbourne Hampton Greens				90,766	7	0.55
Princeton Florida Associates				85,147	8	0.52
Tradewinds Apartments				80,708	9	0.49
Wuesthoff County Hospital				79,567	10	0.48
Total	\$ 2,185,574		10.43 %	\$ 1,632,849		9.90 %

Source: City Water and Sewer Department

(1) Harris Corporation and L3 merged as of 6/29/2019.

(2) Rockwell Collins was bought by UTC on November 27, 2018 and the name changed to Collins Aerospace.

**CITY OF MELBOURNE, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Governmental Activities						
Fiscal Year	1994 & 1998 Sales Tax Bonds	2003 Utility Tax Bonds	2003 Gas Tax Bonds	2005 & 2006 Electric Utility Tax Note	Redevelopment Bonds	2018 Non-Ad Valorem Note
2010	\$ 765,000	\$ 512,150	\$ 1,068,684	\$ 10,759,000	\$ 1,135,475	\$ -
2011	625,000	461,555	967,494	10,286,000	1,027,961	-
2012	480,000	408,961	862,307	9,793,000	916,200	-
2013	330,000	354,290	752,965	9,282,000	800,024	-
2014	170,000	297,460	639,304	8,750,000	679,259	-
2015	-	238,385	521,153	8,196,000	553,724	-
2016	-	176,976	398,335	7,620,000	423,230	-
2017	-	113,142	270,666	7,021,000	287,582	-
2018	-	-	137,954	-	146,576	6,490,000
2019	-	-	-	-	-	5,755,000

Fiscal Year	Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
2010	\$ 135,677,879	6.63%	\$ 1,730
2011	131,497,203	6.71	1,722
2012	131,614,270	7.71	1,707
2013	131,229,204	7.36	1,697
2014	129,544,759	6.64	1,659
2015	124,670,414	6.67	1,566
2016	123,457,255	6.01	1,535
2017	117,250,352	5.59	1,448
2018	111,694,632	4.97	1,361
2019	104,972,726	4.43	1,259

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Population and personal income data can be found in Schedule 16.

<u>Governmental Activities</u>	<u>Business-type Activities</u>			
<u>Capital Leases</u>	<u>Water and Sewer Bonds</u>	<u>Golf Course Bonds</u>	<u>Capital Leases</u>	<u>State Revolving Fund Loans</u>
\$ 690,022	\$ 120,343,419	\$ 182,333	\$ 26,526	\$ 195,270
744,413	117,047,777	90,449	-	246,554
588,383	113,600,088	46,174	-	4,919,157
684,624	112,749,277	-	467,732	5,808,292
1,492,237	111,594,173	-	329,148	5,593,178
1,138,327	107,951,135	-	188,385	5,883,305
782,969	102,850,644	-	551,064	10,654,037
568,841	98,004,834	-	392,944	10,591,343
364,859	93,880,767	-	258,769	10,415,707
301,080	88,913,402	-	121,010	9,882,234

SCHEDULE 12

**CITY OF MELBOURNE, FLORIDA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

The City of Melbourne has no general bonded debt.

SCHEDULE 13

**CITY OF MELBOURNE, FLORIDA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

The City of Melbourne has no general bonded debt.

**CITY OF MELBOURNE, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2019**

<u>Governmental Unit</u>	<u>Debt Outstanding ⁽¹⁾</u>	<u>Estimated Percentage Applicable ^(*)</u>	<u>City's Share of Overlapping Debt</u>
Debt repaid with property taxes			
Brevard County General Obligation Debt	\$ 13,640,000	13.19% ⁽²⁾	\$ 1,799,116
South Brevard Recreation Special District	28,615,000	22.79 ⁽²⁾	6,521,359
Other debt			
Constitutional Fuel Tax Revenue Bonds, Series 2015	2,875,000	14.02 ⁽³⁾	403,075
Brevard County Sales Tax Bonds	12,005,000	9.93 ⁽⁴⁾	<u>1,192,097</u>
Subtotal, overlapping debt			<u>9,915,647</u>
City of Melbourne direct debt			
Capital Leases			301,080
Public Improvement Bonds and Notes			<u>5,755,000</u>
Subtotal, direct debt			<u>6,056,080</u>
Total direct and overlapping debt			<u><u>\$ 15,971,727</u></u>

Notes: Overlapping governments are local and county governments that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Melbourne. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

(*) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's assessed value that is within the City's boundaries and dividing it by each unit's total assessed value. The percentage of fuel tax debt applicable to the City was estimated by dividing Melbourne's population by Brevard County's population. The applicable percentage of Brevard County Sales Tax Bonds based on the State of Florida sales tax percentage for the City of Melbourne.

Sources:

- (1) Brevard County Clerk of Court.
- (2) Assessed value data used to estimate applicable percentages is provided by the Brevard County Property Appraiser.
- (3) Bureau of Economic and Business Research at the University of Florida provided population statistics to estimate the percentage of fuel tax debt that is applicable to the City.
- (4) Florida Department of Revenue provided percentage of sales tax the City receives.

**CITY OF MELBOURNE, FLORIDA
PLEGDED REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year	Pledged Revenues ⁽¹⁾	Less: Operating Expenses	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
1994 & 1998 Sales Tax Bonds						
2010	\$ 3,362,959	\$ -	\$ 3,362,959	\$ 130,000	\$ 41,295	19.63
2011	3,467,138	-	3,467,138	140,000	34,680	19.85
2012	3,533,182	-	3,533,182	145,000	27,625	20.47
2013	3,707,972	-	3,707,972	150,000	20,250	21.78
2014	3,896,683	-	3,896,683	160,000	12,500	22.59
2015	4,158,771	-	4,158,771	170,000	4,250	23.87

(1) Pledged revenues include local government 1/2 cent sales tax

2003 Utility Tax Bonds

2010	\$ 6,299,867	\$ -	\$ 6,299,867	\$ 48,672	\$ 22,152	88.95
2011	6,389,132	-	6,389,132	50,595	20,230	90.21
2012	6,426,055	-	6,426,055	52,594	18,231	90.73
2013	6,901,061	-	6,901,061	54,671	16,154	97.44
2014	7,393,614	-	7,393,614	56,830	13,988	104.40
2015	7,543,411	-	7,543,411	59,075	11,725	106.55
2016	7,853,722	-	7,853,722	61,409	9,416	110.89
2017	8,076,949	-	8,076,949	63,834	6,990	114.04

(1) Pledged revenues include electric utility taxes and gas utility taxes

2005 & 2006 Subordinate Electric Utility Tax Revenue Note

2010	\$ 6,010,459	\$ -	\$ 6,010,459	\$ 456,000	\$ 438,288	6.72
2011	6,047,410	-	6,047,410	473,000	419,753	6.77
2012	6,088,803	-	6,088,803	493,000	400,480	6.81
2013	6,553,097	-	6,553,097	511,000	380,420	7.35
2014	7,030,112	-	7,030,112	532,000	359,519	7.89
2015	7,172,554	-	7,172,554	554,000	337,972	8.04
2016	7,488,265	-	7,488,265	576,000	315,426	8.40
2017	7,701,350	-	7,701,350	599,000	291,983	8.64

(1) Pledged revenues include electric utility taxes

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Fiscal Year	Pledged Revenues ⁽¹⁾	Less: Operating Expenses	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
2003 Gas Tax Bonds						
2010	\$ 2,248,079	\$ -	\$ 2,248,079	\$ 97,345	\$ 46,058	15.68
2011	2,015,306	-	2,015,306	101,190	42,213	14.05
2012	2,524,218	-	2,524,218	105,187	38,216	17.60
2013	2,436,072	-	2,436,072	109,342	34,061	16.99
2014	2,493,210	-	2,493,210	113,661	29,730	17.39
2015	2,643,746	-	2,643,746	118,151	25,202	18.44
2016	2,926,058	-	2,926,058	122,818	20,585	20.40
2017	3,229,498	-	3,229,498	127,669	15,734	22.52
2018	3,165,499	-	3,165,499	132,712	10,691	22.07
2019	3,424,299	-	3,424,299	137,945	5,521	23.87

(1) Pledged revenues include local option gas taxes

2003 Downtown Community Redevelopment Agency Bonds

2010	\$ 811,645	\$ -	\$ 811,645	\$ 103,429	\$ 48,937	5.33
2011	865,519	-	865,519	107,514	44,851	5.68
2012	895,798	-	895,798	111,761	40,604	5.88
2013	863,941	-	863,941	116,176	36,189	5.67
2014	907,221	-	907,221	120,765	31,600	5.95
2015	958,164	-	958,164	125,535	26,816	6.29
2016	1,054,035	-	1,054,035	130,494	21,857	6.92
2017	1,119,598	-	1,119,598	135,648	16,716	7.35
2018	1,173,441	-	1,173,441	141,006	11,343	7.70
2019	1,477,226	-	1,477,226	146,548	5,773	9.70

(1) Pledged revenues include Downtown Community Redevelopment Agency revenues

2018 Non-Ad Valorem Refunding Revenue Note

	⁽²⁾					
2018	\$ 47,959,605	\$ 24,654,560	\$ 23,305,045	\$ -	\$ 30,242	770.62
2019	52,058,787	24,898,647	27,160,140	735,000	168,313	30.07

(1) Pledged revenues include Non-Ad Valorem revenues

(2) Ad Valorem taxes less general government and public safety expenditures

**CITY OF MELBOURNE, FLORIDA
PLEGGED REVENUE COVERAGE (Continued)
LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
Water and Sewer System Bonds						
	(3)	(4)				(5)
2010	\$ 45,790,479	\$ 29,367,097	\$ 16,423,382	\$ 5,055,000	\$ 4,041,053	1.81
2011	47,764,676	28,707,983	19,056,693	5,260,000	3,863,564	2.09
2012	48,657,854	28,119,487	20,538,367	5,465,000	3,651,526	2.25
2013	48,856,212	28,880,314	19,975,898	5,025,000	2,997,351	2.49
2014	51,620,232	27,386,863	24,233,369	5,245,000	3,154,311	2.89
2015	55,532,077	28,260,906	27,271,171	5,655,000	2,819,919	3.22
2016	56,501,605	30,210,477	26,291,128	5,680,000	2,775,716	3.11
2017	57,710,982	30,700,513	27,010,469	5,750,000	2,516,428	3.27
2018	60,696,591	30,327,884	30,368,707	5,695,000	2,449,248	3.73
2019	60,245,932	29,145,422	31,100,510	5,765,000	2,381,122	3.82
Golf Course Bonds						
	(6)					(7)
2010	\$ 2,337,805	\$ -	\$ 2,337,805	\$ 87,762	\$ 12,320	23.36
2011	2,456,865	-	2,456,865	91,884	6,344	25.01
2012	2,415,675	-	2,415,675	44,275	2,613	51.52
2013	2,293,952	-	2,293,952	46,174	648	48.99

- (3) Total gross operating revenues, grants, interest income (less construction interest income) and capital contributions up to pledged amount.
- (4) Total operating expenses, exclusive of depreciation and amortization, plus bad debt.
- (5) Required coverage is 1.15.
- (6) Total of operating and non-operating revenues.
- (7) Required coverage is 1.0 of gross revenues.

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

Fiscal Year	Population ⁽¹⁾	Personal Income (amounts expressed in thousands of dollars)	Per Capita Personal Income ⁽²⁾	Median Age ⁽²⁾	School Enrollment ⁽³⁾	Unemployment Rate ⁽⁴⁾
2010	78,427	\$ 2,045,533	\$ 26,082	42.3	12,895	11.3
2011	76,354	1,959,625	25,665	44.7	12,716	9.7
2012	77,101	1,706,554	22,134	44.9	12,694	8.6
2013	77,394	1,783,622	23,046	45.6	12,864	6.4
2014	78,088	1,952,044	24,998	44.9	12,965	6.3
2015	79,600	1,869,963	23,492	44.8	13,079	5.3
2016	80,419	2,054,866	25,552	45.1	12,993	5.1
2017	80,982	2,099,296	25,923	45.4	12,634	3.8
2018	82,040	2,248,060	27,402	45.7	12,380	3.0
2019	83,349	2,369,529	28,429	45.3	12,344	3.1

Sources:

- (1) Bureau of Economic and Business Research
- (2) Economic Development Commission of Florida's Space Coast
- (3) The School Board of Brevard County
- (4) Bureau of Labor Statistics

SCHEDULE 17

**CITY OF MELBOURNE, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

<u>Employer</u>	<u>2019</u>			<u>2010</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Northrop Grumman	4,189	1	10.62 %	1,416	4	3.96 %
Health First, Inc. ⁽¹⁾	4,091	2	10.37	3,377	1	9.45
L3Harris ⁽²⁾	2,395	3	6.07	2,496	2	6.98
Florida Institute of Technology	2,362	4	5.99	949	6	2.66
Collins Aerospace ⁽³⁾	1,864	5	4.73	1,339	5	3.75
Brevard County School Board	1,726	6	4.38	1,647	3	4.61
City of Melbourne	820	7	2.08	904	7	2.53
Percepta	807	8	2.05			
Embraer	793	9	2.01			
Walmart	719	10	1.82	774	9	2.16
Labor Ready Southeast, Inc.				800	8	2.24
MIMA ⁽¹⁾				756	10	2.11
Total	<u>19,766</u>		<u>50.12 %</u>	<u>14,458</u>		<u>40.45 %</u>

(1) Health First and MIMA merged in 2013.

(2) Harris Corporation and L3 merged as of 6/29/2019.

(3) Rockwell Collins was bought by UTC on November 27, 2018 and the name changed to Collins Aerospace.

Source: The companies listed above.

CITY OF MELBOURNE, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS ⁽¹⁾

<u>Function/program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General government	103	102	102	103	103	103	104	106 ⁽⁴⁾	106	108
Police	242	244	241	241	239	239	239	241	237	246 ⁽⁶⁾
Fire	169	168	164	164	164	165	165	167	165	169
Public works	63	64	64	63 ⁽²⁾	65	65	65	64	64	66
Parks and recreation	83	84	84	82	84	87 ⁽³⁾	88	87	86	89 ⁽³⁾
Housing and urban improvement	7	7	7	7	6	6	6	6	7	7
Water and sewer system	177	175	175	175	178	179	183	186 ⁽⁵⁾	185	188 ⁽⁵⁾
Stormwater utility	1	1	1	4 ⁽²⁾	4	4	4	4	4	5
Golf courses	32	31	31	23	23	22	21	19	18	12
Total	877	876	869	862	866	870	875	880	872	890
Component unit - Airport	52	52	51	52	49	52	55	60	61	62

Source: City of Melbourne Budget Department

- (1) Full-time equivalent employees per the adopted budget.
- (2) The Stormwater Utility added one new position and reclassified two positions from the Streets Management Division of Public Works to meet federal mandates and regulatory compliance in 2013.
- (3) The Parks and Recreation department added three new positions to staff Wickham Park Community Center. In 2019, a new recreation aide position was created and positions were administratively transferred to the divisions to which they reported.
- (4) The Human Resources department and Human Resources director position were created.
- (5) The Water and Sewer System department added a three person valve and hydrant crew. In 2019, a two person valve maintenance crew was added.
- (6) The Police department created positions for a Police Lieutenant, Training Technician, Background Investigator, Accounts Payable Clerk, and Clerical Assistant.

**CITY OF MELBOURNE, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

<u>Function/program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Police				
Physical arrests	3,854	3,158	2,948	3,101
Parking violations	621	436	733	692
Traffic violations	17,041	19,412	16,847	20,061
Fire				
Emergency responses	13,775	14,263	14,932	14,986
Fires extinguished	207	244	214	245
Inspections	6,161	6,665	5,864	5,878
Public works				
Resurfacing (miles)	2.00	14.40	-	8.10
New streets (miles)	-	0.49	-	-
Parks and recreation				
Auditorium (number of events)	200	193	184	182
Recreation centers (attendance)	66,412	56,971	59,483	61,208
Tennis courts (attendance)	28,059	27,194	21,414	23,337
Golf courses (rounds played)	96,477	93,717	87,720	86,302
Water				
Average number of accounts	56,711	56,819	56,934	57,162
Average daily consumption (gallons)	12,759,702	13,104,756	12,842,782	12,726,206
Sewer				
Average number of accounts	28,748	28,583	28,764	28,878
Average daily sewage treatment (gallons)	5,950,497	5,971,936	5,873,126	5,833,348

Sources: Various City departments.

- (1) The City contracted with a consultant to create a pavement management system and began implementation in fiscal year 16/17.
- (2) Higher recreation attendance due to first full year of operation of the Wickham Park Community Center and change in methodology in attendance calculation.
- (3) Tennis court attendance increase as a result of a change in methodology in how attendance is calculated.

SCHEDULE 19
2 of 2

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
3,315	2,895	2,938	2,941	2,675	2,390
1,099	886	581	437	287	304
15,861	12,193	17,870	15,404	12,644	10,486
15,650	16,787	17,394	18,142	17,810	18,628
208	210	225	336	268	205
5,298	3,972	5,555	6,204	5,474	6,259
7.22	-	3.05	18.27 ⁽¹⁾	2.72	7.00
-	-	-	-	3.10	0.84
162	195	199	176	205	198
71,089	67,717	222,066 ⁽²⁾	188,334	213,454	211,324
21,694	20,858	33,152 ⁽³⁾	26,930	27,743	18,046
80,151	73,833	83,617	71,780	76,671	75,702
57,487	57,766	58,108	58,215	58,393	58,725
12,802,444	12,722,993	13,063,565	13,365,017	13,063,505	12,597,803
29,026	29,132	29,250	29,112	29,277	29,389
5,827,564	5,854,155	6,068,169	6,124,005	6,049,908	6,056,360

SCHEDULE 20

**CITY OF MELBOURNE, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

<u>Function/program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol vehicles	126	135	142	150	146	142	142	148	142	130 ⁽⁵⁾
Fire stations										
	8	8	8	8	8	8	8	8	8	8
Public works										
Streets (miles)	295	289 ⁽¹⁾	289	286	286	284	291	290	293	294
Streetlights	8,630	8,638	8,886	8,403	8,415	8,460	8,460	8,460	8,460	8,460
Parks and recreation										
Acreage	555	555	570 ⁽²⁾	570	570	570	570	570	570	570
Special use facilities	7	7	7	7	7	7	7	6	6	6
Community parks	11	11	12 ⁽²⁾	12	12	12	12	12	12	12
Neighborhood parks	27	27	27	27	27	27	27	27	27	28
Water										
Mains (miles)										
Water transmission	149	149	149	149	149	149	149	157	157	180 ⁽⁴⁾
Water distribution	730	730	730	730	730	730	730	710	709	758 ⁽⁴⁾
Storage tanks										
Quantity	10	10	10	7 ⁽³⁾	7	7	7	7	7	6 ⁽⁶⁾
Capacity (thousands of gallons)	17,000	17,000	17,000	16,000	16,000	16,000	16,000	16,000	16,000	15,000 ⁽⁶⁾
Sewer (miles)										
Gravity sewer mains	267	267	256	257	257	258	258	258	259	259
Force mains	53	53	53	53	53	57	57	57	57	57
Storm sewers	200	201	201	201	201	201	201	201	240 ⁽⁴⁾	221 ⁽⁴⁾
Reclaimed -										
Water mains	24	24	33	34	34	34	34	34	35	36 ⁽⁴⁾

Sources: Various City departments.

(1) Per City GIS survey, portions of Aurora Rd. reclassified as County maintained.

(2) Brevard County donation to City of Riverview Park.

(3) 5th Street, Oak Street and Tradewinds tanks were demolished in 2013.

(4) Updated per City GIS survey

(5) Previous years included vehicles that are not used for patrol.

(6) Patrick AFB tank is out of service and awaiting demolition.

SINGLE AUDIT SECTION

The Single Audit Section contains various independent auditors' reports and schedules as required by the Single Audit Act of 1996 for state and local governments that receive federal financial assistance and as required by Chapter 215.97, Florida Statutes for local governments that receive grants from State agencies.





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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Members of the City Council
City of Melbourne, Florida

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Melbourne, Florida, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Melbourne, Florida's basic financial statements, and have issued our report thereon dated February 21, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Melbourne, Florida'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 of Melbourne, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Melbourne, Florida's internal control.

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

Honorable Mayor and Members of the City Council
City of Melbourne, Florida
Page Two

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Carly Riggs & Ingram, L.L.C.

Melbourne, Florida
February 21, 2020



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

Honorable Mayor and Members of the City Council
City of Melbourne, Florida

Report on Compliance for Each Major Federal Program and State Program

We have audited the City of Melbourne, Florida's compliance 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 of Melbourne, Florida's major federal programs and state programs for the year ended September 30, 2019. The City of Melbourne, Florida's major federal programs and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Melbourne, Florida's major federal programs and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.550, Rules of the Auditor General. Those standards, the Uniform Guidance and Chapter 10.550, 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 of Melbourne, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state program. However, our audit does not provide a legal determination of the City of Melbourne, Florida's compliance.

Opinion on Each Major Federal Program and State Programs

In our opinion, the City of Melbourne, Florida 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 and state programs for the year ended September 30, 2019.

Report on Internal Control over Compliance

Management of the City of Melbourne, Florida is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the City of Melbourne, Florida's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state program, 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 of Melbourne, Florida'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 program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. 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.

Honorable Mayor and Members of City Council
City of Melbourne, Florida
Page Three

This 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.

Cam, Riggs & Ingram, L.L.C.

Melbourne, Florida
February 21, 2020

**CITY OF MELBOURNE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE OF FLORIDA FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

Federal/State Agency, Pass-through Entity, <u>Federal Program/State Project</u>	CFDA CSFA No.	Contract/ Grant No.	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
Federal Programs:				
U.S. DEPARTMENT OF JUSTICE				
Edward Byrne Memorial Justice Assistance Grant Program - 2017	16.738	2017-DJ-BX-0889	48,027	
Edward Byrne Memorial Justice Assistance Grant Program - 2018	16.738	2018-DJ-BX-0821	15,823	
			\$ 63,850	
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				
Community Development Block Grants/Entitlement Grants - 2015	14.218	B-15-MC-12-0012	16,341	
Community Development Block Grants/Entitlement Grants - 2016	14.218	B-16-MC-12-0012	40,487	
Community Development Block Grants/Entitlement Grants - 2017	14.218	B-17-MC-12-0012	62,898	
Community Development Block Grants/Entitlement Grants - 2018	14.218	B-18-MC-12-0012	320,986	
Total Community Development Block Grants/Entitlement Grants Cluster			<u>440,712</u>	<u>\$ 76,810</u>
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				
Pass through Brevard County:				
Home Investment Partnerships Program - 2015	14.239	M-15-DC-12-00200	27,402	
Home Investment Partnerships Program - 2016	14.239	M-16-DC-12-00200	57,473	
Home Investment Partnerships Program - 2017	14.239	M-17-DC-12-00200	332,165	
Home Investment Partnerships Program - 2018	14.239	M-18-DC-12-00200	44,019	
Total Pass through Brevard County			<u>461,059</u>	
Total U.S Department of Housing & Urban Development			901,771	
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Pass through State of Florida, Division of Emergency Management				
Disaster Relief Funding - Hurricane Irma	97.036	-PA-00-06-15-01-292	4,737,511	
Total Federal Emergency Management Agency			<u>4,737,511</u>	
U.S ENVIRONMENTAL PROTECTION AGENCY				
Pass through Florida Department of Environmental Protection:				
Nonpoint Source Implementation Grant - Autumn Woods Detention Pond	66.460	LP05094	13,521	
Total U.S Environmental Protection Agency			<u>13,521</u>	
U.S. DEPARTMENT OF TRANSPORTATION				
Pass through Florida Department of Transportation				
Highway Planning and Construction-Hickory Street Complete Street	20.205	G0D42	4,032,701	
Highway Planning and Construction-Country Club School Safety Project Sidewalk Gaps	20.205	G0U91	36,856	
Highway Planning and Construction-Pineapple Ave from Montreal Ave to Aurora Rd	20.205	G0U92	45,028	
Highway Planning and Construction-Front St from Melbourne Ave to New Haven Ave	20.205	G0U93	34,713	
Total Highway Planning and Construction Cluster			<u>4,149,298</u>	
U.S. DEPARTMENT OF TRANSPORTATION				
Federal Aviation Administration				
Airport Improvement Program - Mill/Overlay Runway 9R-27L and Runway Lights	20.106	3-12-0046-44-2017	1,756,769	
Airport Improvement Program - Air Traffic Control Tower Demolition	20.106	3-12-0046-46-2018	135,523	
Airport Improvement Program - Obstruction Removal/Markings	20.106	3-12-0046-47-2019	28,450	
Total Airport Improvement Program			<u>1,920,742</u>	
Total U.S. Department of Transportation			6,070,040	
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 11,786,693	\$ 76,810

Federal/State Agency, Pass-through Entity, <u>Federal Program/State Project</u>	CFDA CSFA <u>No.</u>	Contract/ Grant <u>No.</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
State Programs:				
FLORIDA HOUSING FINANCE CORPORATION				
State Housing Initiatives Partnership Program - 16/17	40.901		150,240	
State Housing Initiatives Partnership Program - 17/18	40.901		261,690	
State Housing Initiatives Partnership Program - 18/19	40.901		24,139	
State Housing Initiatives Partnership Program - 19/20	40.901		2,466	
Total Florida Housing Finance Corporation			438,535	
FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION				
Statewide Surface Water Restoration and Wastewater Projects				
Horse Creek Dredging	37.039	S0843	76,767	
Bell and Garfield Stormwater Retrofit	37.039	LP05093	19,634	
Total Florida Department of Environmental Protection			96,401	
FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY				
Florida Job Growth Infrastructure Grant- Ground Run Up Facility	40.043	G0042	39,470	
FLORIDA DEPARTMENT OF TRANSPORTATION				
Joint Participation Agreements				
Aviation Grant Programs- Construct Air Traffic Control Tower	55.004	437014/G0383	118,605	
Aviation Grant Programs - Mill/Overlay Runway 9R-27L and Runway Lights	55.004	438455/AS752	72,627	
Aviation Grant Programs- Air Traffic Control Tower Demolition	55.004	437014/G1248	7,529	
Total Florida Department of Transportation			198,761	
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			\$ 773,167	\$ -

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE OF FLORIDA FINANCIAL ASSISTANCE

NOTE A

The Schedule of Expenditures of Federal Awards and State of Florida Financial Assistance is a summary of the activity of the City's Federal and State award programs presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

NOTE B

The Uniform Guidance allows a City to elect a 10% de minimus indirect cost rate. For the year ended September 30, 2019, the City elected not to use the rate.

NOTE C

The City did not receive any noncash assistance during the year ended September 30, 2019.

CFDA- Federal Grants

CSFA- State Grants



THE CITY OF MELBOURNE, FLORIDA
Schedule of Findings and Questioned Costs
Fiscal Year Ended September 30, 2019

Section I—Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none noted

Noncompliance material to financial statements noted? yes no

Federal Awards and State Programs

Internal control over major federal programs and state programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none noted

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200 of OMB Compliance Supplement and/or Chapter 10.550? yes none noted

Identification of major federal programs and state programs:

<u>Federal CFDA Numbers</u> 20.205	<u>Federal Program or Cluster</u> Highway Planning and Construction Cluster
<u>State CSFA Numbers</u> 40.901	<u>State Programs</u> State Housing Initiatives Partnership Program

THE CITY OF MELBOURNE, FLORIDA
Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2019

Section I—Summary of Auditors' Results (Continued)

Dollar threshold used to distinguish between type A and B programs was \$750,000 for major federal programs and \$300,000 for major state programs.

Auditee qualified as a low-risk auditee for federal purposes? X yes no

Section II—Financial Statement Findings

No matters were reported.

Section III—Federal Award Findings and Questioned Costs

No matters were reported.

Section IV—State Programs Findings and Questioned Costs

No matters were reported.

Section V—Prior Findings and Questioned Costs for Federal Awards

No matters were reported in the prior year.



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INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable Mayor and Members of City Council
City of Melbourne, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Melbourne, Florida, as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated February 21, 2020.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards; Independent Auditor's Report on Compliance for Each Major Federal Program and State Program and Report on Internal Control over Compliance; 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 February 21, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address finding and recommendations made in the preceding audit report. However, no recommendations were made in the preceding 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 authorities for the City of Melbourne, Florida and its component unit are disclosed in the footnotes.

To the Honorable Mayor and Members of City Council
City of Melbourne, Florida
Page Two

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and communicate the results of our determination as to whether or not the City of Melbourne, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify of the specific condition(s) met. In connection with our audit, we determined that the City of Melbourne, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City of Melbourne, Florida. It is management's responsibility to monitor the City of Melbourne, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

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

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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Council members and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Carly Riggs & Ingram, L.L.C.

Melbourne, Florida
February 21, 2020



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

To the Honorable Mayor and Members of City Council
City of Melbourne, Florida

We have examined the City of Melbourne, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019. Management is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence 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 requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2019.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida
February 21, 2020

STATE OF FLORIDA
COUNTY OF BREVARD

I, Jeffrey C. Towne, Affiant, first being duly sworn on oath, depose and say as follows:

1. I am over eighteen (18) years of age.
2. I am the Director of Financial Services with the City of Melbourne, Florida, and, as such, have personal knowledge of the facts set forth herein.
3. In accordance with Section 163.31801, Florida Statutes, the City of Melbourne, Florida, is confirming that it has complied with all requirements of this Statute for the fiscal year ended September 30, 2019.

FURTHER AFFIANT SAYETH NOT.

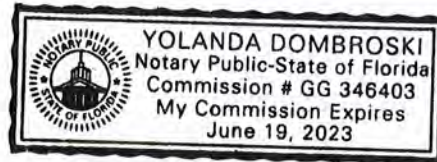
Jeffrey C. Towne

JEFFREY C. TOWNE

STATE OF FLORIDA
COUNTY OF BREVARD:

SWORN TO AND SUBSCRIBED before me this 7th day of February, 2020 by Jeffrey C. Towne who is personally known to me.

Yolanda Dombroski



SIGNATURE OF NOTARY PUBLIC – STATE OF FLORIDA

SECONDARY MARKET DISCLOSURE SECTION

Rule 15c2-12 promulgated by the Securities and Exchange Commission requires certain ongoing disclosure of annual financial information and operating data for bonds sold on or after July 3, 1995. This section includes disclosures not found elsewhere in this Report for the following bonds:

- Water and Sewer Refunding Revenue Bonds, Series 2002B
- Water and Sewer Refunding and Improvement Revenue Bonds, Series 2012
- Water and Sewer Refunding Revenue Bonds, Series 2013
- Water and Sewer Refunding Revenue Bond, Series 2014
- Water and Sewer Refunding Revenue Bonds, Series 2016A
- Water and Sewer Refunding Revenue Bonds, Series 2016B





SECONDARY MARKET DISCLOSURE FOR THE YEAR ENDED SEPTEMBER 30, 2019

General

The City of Melbourne is required to provide ongoing disclosure for holders of its Water and Sewer Refunding Revenue Bonds, Series 2002B, Water and Sewer Refunding and Improvement Revenue Bonds, Series 2012, Water and Sewer Refunding Revenue Bonds, Series 2013 and Water and Sewer Refunding Revenue Bond, Series 2014, Water and Sewer Refunding Revenue Bonds, Series 2016A and Water and Sewer Refunding Revenue Bonds, Series 2016B. Rule 15c2-12 promulgated by the Securities and Exchange Commission requires ongoing disclosure for bonds sold on or after July 3, 1995. This report provides financial and operational data as required by the Continuing Disclosure Certificate.

The City owns, operates, and maintains the Water and Sewer System (the "System"). Potable water is provided to two different service areas, one being the "Mainland," consisting of all areas west of the Indian River, and the other being the "Beach," consisting of all areas east of the west boundary of the Indian River. The System also recognizes two service areas, both located on the Mainland and identified as either being inside the incorporated limits of the City or outside the incorporated limits.

Existing Water System

The City presently provides water service to a customer base of approximately 150,000 persons. This service covers the municipal limits of the City (population of 83,349), plus wholesale service to West Melbourne, and retail service to Melbourne Village, Melbourne Beach, Indialantic, Satellite Beach, Indian Harbour Beach, Palm Shores, and a portion of unincorporated Brevard County.

The City's two water production facilities consist of the Lake Washington Surface Water Production Facility with a production capacity of 20 million gallons per day (MGD) and the Reverse Osmosis Water Production Facility, with a production capacity of 5 MGD.

The City's water distribution system consists of approximately 180 miles of six (6) to 36-inch diameter transmission mains, and about 758 miles of two (2) to six (6)-inch diameter distribution mains.

The top ten water customers of the System are:

Customer	Annual Revenue
City of West Melbourne ⁽¹⁾	\$2,775,215
Holmes Regional Medical Center	400,988
Florida Institute of Technology	288,086
School Board of Brevard County	220,241
Northrop Grumman Systems Corp	111,622
The Meadows	93,856
We Harbours, LLC	92,630
L3Harris	90,086
Collins Aerospace	84,781
Ocean Breeze Property Holdings, LLC	84,372

(1) Pursuant to a bulk water sales agreement.

The table below summarizes the historical customer base and water demands for the City's water system service area.

Year	Historic Water Flows (MGD)		
	Number of Accounts ⁽¹⁾	Average Day Demand	Maximum Day Demand
2015	57,766	16.2	21.0
2016	58,108	16.3	18.8
2017	58,215	16.6	19.5
2018	58,393	16.2	18.9
2019	58,725	15.8	18.8

(1) Average number of accounts for each of the fiscal years ended September 30.

Existing Sewer System

The City currently owns and operates an extensive collection and transmission system. The System consists of approximately 259 miles of gravity and 57 miles of force collection mains, 95 lift stations, an inverted siphon and two (2) influent pump stations. The collection/transmission system transports the wastewater to two (2) wastewater treatment plants; the David B. Lee Water Reclamation Facility (the "D.B. Lee WRF" with a permitted capacity of 7.0 MGD) and the Grant Street Water Reclamation Facility (the "Grant Street WRF" with a permitted capacity of 5.5 MGD).

The top ten sewer customers of the System are:

Customer	Annual Revenue
Holmes Regional Medical Center	\$ 599,390
Florida Institute of Technology	430,297
School Board of Brevard County	205,605
Northrop Grumman Systems Corp	167,236
The Meadows	140,292
We Harbours, LLC	138,419
L3Harris	134,089
Collins Aerospace	126,763
Ocean Breeze Property Holdings, LLC	126,135
Manufactured Home Communities	117,348

The table below summarizes the historical wastewater flows.

Year	Historic Wastewater Flows (MGD)			
	Number of Accounts ⁽¹⁾	D.B.Lee WRF	Grant Street WRF	Total Combined Flows
2015	29,132	4.36	3.46	7.82
2016	29,250	4.19	3.57	7.76
2017	29,112	4.28	3.34	7.62
2018	29,277	4.54	3.84	8.38
2019	29,389	4.33	3.17	7.50

(1) Average number of accounts for each of the fiscal years ended September 30.

Existing Reclaimed Water System

The City currently owns and operates a reclaimed water production and distribution system. The System consists of two reclaimed water production facilities, and approximately 36 miles of various sized reclaimed water distribution mains. In regards to reclaimed water production, the David B. Lee Water Reclamation Facility (the "D.B. Lee WRF") has a production capacity of 4.0 MGD, while the Grant Street Water Reclamation Facility (the "Grant Street WRF") has a production capacity of 2.0 MGD. The public access approved reclaimed water is applied via spray irrigation to City golf courses, City parks, commercial green space, medians/rights-of-way and residential areas. As of September 30, 2019, there were 642 accounts in the reclaimed water system, of which 456 were residential.

The table below summarizes the historical reclaimed water flows.

Historic Reclaimed Water Flows (MGD)				
Year	Number of Accounts ⁽¹⁾	D.B.Lee WRF	Grant Street WRF	Total Combined Flows
2015	651	1.74	0.44	2.18
2016	682	1.69	0.44	2.13
2017	684	1.83	0.59	2.42
2018	636	1.78	0.48	2.26
2019	642	1.91	0.52	2.43

(1) Average number of accounts for each of the fiscal years ended September 30.

Water Rates

The rate charged for potable water service to each customer consists of a monthly service charge based on the number of equivalent residential connections (ERCs) determined by the City periodically for the premise, which serves as the minimum bill, and a gallonage charge for each unit of one thousand (1,000) gallons or portion thereof. Such charges are due and payable on a monthly basis. The rates are charged based on the customer's location. Customers located within the city limits of the City are charged the inside City rate. Customers located outside the city limits of the City are charged the outside City rate.

Effective Date	Rate per ERC – All Customers	
	Inside City	Outside City
October 1, 2018	\$ 8.00	\$ 8.80
October 1, 2019	8.00	8.80
October 1, 2020	8.44	9.28

In addition to the above established service charge, each customer pays a monthly gallonage charge per unit for each one thousand (1,000) gallons, or portion thereof, of water passed through the customer's service meter in accordance with the schedule set forth below:

Effective Date	Inside City	Outside City
October 1, 2018	\$ 4.57	\$ 5.02
October 1, 2019	4.57	5.02
October 1, 2020	4.82	5.30

Sewer Rates

The rate charged for sewer service to each customer consists of a monthly service charge based on the number of equivalent residential connections (ERCs) being served at such connection as determined by the City periodically for the premise, which serves as the minimum bill, and a gallonage charge for each unit of one thousand (1,000) gallons or portion thereof. The rates charged are based on the customer's location. Customers located within the city limits pay the inside City rate. Customers located outside the city limits pay the outside City rate.

Effective Date	Rate per ERC – All Customers	
	Inside City	Outside City
October 1, 2018	\$ 11.83	\$ 14.78
October 1, 2019	11.83	14.78
October 1, 2020	12.48	15.59

Each customer connected to the City's sewer system to whom a monthly bill is rendered for water furnished by the water system of the City pays a charge per one thousand (1,000) gallons, or portion thereof, of water passed through the water meter for sewer services in accordance with the schedule set forth below:

Effective Date	Inside City	Outside City
October 1, 2018	\$ 6.85	\$ 8.56
October 1, 2019	6.85	8.56
October 1, 2020	7.22	9.03

Reclaimed Water Rates

All existing customers of reclaimed water who have active accounts on May 1, 2008, are charged a monthly service charge as follows:

Reclaimed Water Service Fees for Customers Active on May 1, 2008		
Effective Date	Rate for first ½ acre	Rate per acre of previous area (after first ½ acre)
October 1, 2018	\$ 13.70	\$ 54.80
October 1, 2019	13.70	54.80
October 1, 2020	14.50	58.00

The rate charged for all new customers of reclaimed water after May 1, 2008 consists of a monthly service charge and a monthly gallonage charge. The rates for a ¾ meter in which 15,000 gallons are included in the service charge are as follows:

Reclaimed Water System Rates for New Customers	
Effective Date	Monthly service charge
October 1, 2018	\$ 8.55
October 1, 2019	8.55
October 1, 2020	9.00

In addition to the above established service charge, each customer pays a monthly gallonage charge for each 1,000 gallons, or a portion thereof, of reclaimed water that passes through the customer's service meter that is over and above the gallonage allocation as follows:

Gallonage Charges	
Effective Date	Monthly Charge
October 1, 2018	\$.57
October 1, 2019	.57
October 1, 2020	.60

Each customer requesting reclaimed water service from the City, prior to the installation of a flow meter for each connection to the reclaimed water main, pays the following amounts to defray the cost of the service provided:

Meter Size (Inches)	Reclaimed Water Connection Charge
3/4	\$ 250
1	475
1-1/2	850
2	1,600
Over 2 inches	To be determined by the City on an individual basis

The full amount of the connection charge provided above must be paid prior to connection of each unit to the City's reclaimed water system. The meter shall be adequately sized to service the customer irrigation system.

Water Impact Fees

Each customer requesting capacity from the City's water system shall, prior to the installation of the connection to the water main, pay the following amounts to provide service to properties or customers and to all customers presently connected to the City's water system when additional development, structural changes, additions or changes in permitted use results in an additional impact to the City's water system. Water impact fees shall not be transferable from one property to another property.

(1) Single-family residence: All development which is considered an individually metered residential unit shall be considered one (1) ERC. The water impact fee per one (1) ERC shall be one thousand five hundred forty dollars (\$1,540).

(2) Multiple-family, condominium, mobile home trailer and motor home parks, including all related facilities not having individual water meter connections, or other multiple living units or developments of mobile-type homes: The water impact fees for each living unit served by a master meter shall be determined in accordance with the following schedule. If the development served by the master meter includes individually metered non-residential use, then the water impact fee for such individually metered non-residential use will be determined in addition to the applicable water impact fees as shown below for this customer designation.

	ERC Factor per Living Unit	Water Impact Fee
Duplex (1 or 2 Bedrooms)	0.833	\$ 1,283
Duplex (3 or more Bedrooms)	1.000	1,540
Multifamily (1 Bedroom)	0.583	898
Multifamily (efficiency less than 500 sq. ft.)	0.500	770
Multifamily (2 Bedrooms)	0.833	1,283
Multifamily (3 Bedrooms)	1.000	1,540
Mobile Home (1 or 2 Bedrooms)	0.667	1,027
Mobile Home (3 or more Bedrooms)	0.833	1,283

(3) Hotels and motels not having individual water connections: The water impact fees for each unit that is not individually metered shall be considered as 0.75 ERC's per unit. The water impact fee per each unit shall be one thousand one hundred fifty-five dollars (\$1,155) per unit.

(4) Housing for older persons not having individual water connections: The water impact fees for each unit of housing as defined by Florida Statute 760.29, as amended from time to time, that is not individually metered shall be considered as 0.75 ERC's per unit. The water impact fee per unit of housing shall be one thousand one hundred fifty-five dollars (\$1,155) per unit.

(5) Commercial customers: For all commercial and non-residential connections not specifically identified in one of the classifications listed above, the water impact fees shall be based on the average dependable daily capacity for the development of property identified by the applicant and as certified for the applicant by a registered Florida Professional Engineer using the City's potable water concurrency standards in Article IV, Chapter 3, Section 3.46 of Appendix D, Land Development Code and as approved by the city expressed on a gallons per day basis multiplied by \$6.417 per gallon of capacity. In no event will the water impact fee charged to a commercial customer property be less than one thousand five hundred forty dollars (\$1,540). For each commercial customer that is presently connected to the City's water system that constructs structural changes, additions, or changes in permitted use of such property that shall result in additional capacity impact to the City's water system, the water impact fee shall be based on the net increase in the average dependable daily capacity for the structural changes, additions, or changes in permitted use as determined above expressed on a gallons per day basis multiplied by \$6.417 per gallon of capacity.

To the extent that the average daily flow for a commercial connection during any consecutive twelve month period is greater than the average dependable daily capacity for which water impact fees have been paid, an additional water impact fee shall be assessed for the excess flow calculated in accordance with this section. No refund or credit shall be afforded to the owner of the property in the event that diminution of use occurs.

(6) Each customer requesting water service from the City shall, prior to the installation of a flow meter for each connection to the water main, pay the following amounts to defray the cost of the service provided:

Meter Size (Inches)	Water Connection Charge
¾	\$ 250
1	475
1-1/2	850
2	1,600
Over 2 inches	To be determined by the City on an individual basis

The full amount of the connection charge provided above must be paid prior to connection of each unit to the City's water system. The City reserves the right to determine the meter size that will be required for the service requested.

Sewer Impact Fees

Each customer requesting capacity from the City's sewer system, prior to connection to the system, pays the following amounts to provide service to properties and on all properties presently connected to the City's sewer system when structural changes, additions or changes in permitted use results in an additional impact to the City's sewer system. Sewer impact fees will not be transferable from one property to another property.

(1) Single-family residence: All development which is considered an individually metered residential unit shall be considered as one (1) ERC. The sewer impact fee per ERC shall be two thousand two hundred ten dollars (\$2,210).

(2) Multiple-family, condominium, mobile home trailer and motor home parks, including all related facilities not having individual sewer connections, or other multiple living units or developments of mobile type homes: The sewer impact fees for each living unit serviced by a master meter shall be determined in accordance with the following schedule. If the development served by the master meter includes individually metered non-residential use, then the sewer impact fee for such non-residential use will be determined in addition to the applicable sewer impact fees as shown on the next page for this customer designation.

	<u>ERC Factor per Living Unit</u>	<u>Sewer Impact Fee</u>
Duplex (1 or 2 Bedrooms)	0.833	\$ 1,841
Duplex (3 or more Bedrooms)	1.000	2,210
Multifamily (1 Bedroom)	0.583	1,288
Multifamily (efficiency less than 500 sq. ft.)	0.500	1,105
Multifamily (2 Bedrooms)	0.833	1,841
Multifamily (3 or more Bedrooms)	1.000	2,210
Mobile Home (1 or 2 Bedrooms)	0.667	1,474
Mobile Home (3 or more Bedrooms)	0.833	1,841

(3) Hotels and motels not having individual sewer connections: The sewer impact fee for each unit that is not individually metered shall be considered as 0.75 ERC's per unit. The sewer impact fee per each unit shall be one thousand six hundred fifty eight dollars (\$1,658) per unit.

(4) Housing for older persons not having individual sewer connections: The sewer impact fees for each unit of housing as defined by Florida Statute 760.29, as amended from time to time, that is not individually metered shall be considered as 0.75 ERC's per unit. The sewer impact fee per each unit of housing shall be one thousand six hundred fifty-eight dollars (\$1,658) per unit.

(5) Commercial customers: For all commercial and non-residential connections not specifically identified in one of the classifications listed above, the sewer impact fees shall be based on the average dependable daily capacity for the development or property identified by the applicant and as certified for the applicant by a registered Florida Professional Engineer using the City's potable water concurrency standards in Article IV, Chapter 3 of Appendix D, Land Development Code and as approved by the city expressed on a gallons per day basis multiplied by \$9.208 per gallon of capacity. In no event will the sewer impact fee charged to a commercial customer property be less than two thousand two hundred ten dollars (\$2,210). For each commercial customer that is presently connected to the City's sewer system that constructs structural changes, additions or changes in permitted use of such property that shall result in an additional capacity impact to the City's sewer system, the sewer impact fee shall be based on the net increase in the average dependable daily capacity for the structural changes, additions, or changes in permitted use as determined above expressed on a gallons per day basis multiplied by \$9.208 per gallon of capacity.

To the extent that the average daily flow for a commercial connection during a consecutive twelve month period is greater than the average dependable daily capacity for which sewer impact fees have been paid, an additional sewer impact fee shall be assessed for the excess flow calculated in accordance with this section. No refund or credit shall be afforded to the owner of the property in the event that a diminution of use occurs.

(6) Each customer requesting sewer service from the City shall be required to pay to the City an amount equal to the actual cost as determined by the City as incurred for any modification or extension of the sewer system required to provide sewer service to the property requiring such service. The minimum charge to be billed by the City for the cost of a sewer connection is one hundred dollars (\$100), regardless of meter size. The payment of the sewer connection charges shall be in addition to the payment of the sewer impact fees.

Comparison of Water and Sewer Rates (as of October 1, 2019)

Service Provider	Water charge					Sewer charge					Combined water and sewer charge				
	0 Gallons	2,000 Gallons	5,000 Gallons	10,000 Gallons	15,000 Gallons	0 Gallons	2,000 Gallons	5,000 Gallons	10,000 Gallons	15,000 Gallons	0 Gallons	2,000 Gallons	5,000 Gallons	10,000 Gallons	15,000 Gallons
City of Melbourne	\$8.00	\$17.14	\$30.85	\$53.70	\$76.55	\$11.83	\$25.53	\$46.08	\$80.33	\$114.58	\$19.83	\$42.67	\$76.93	\$134.03	\$191.13
Brevard County	16.84	16.84	26.66	55.65	91.30	21.69	30.85	44.59	67.49	76.65	38.53	47.69	71.25	123.14	167.95
City of Cocoa	16.44	23.28	33.54	63.16	101.88	15.89	30.95	53.54	91.19	106.25	32.33	54.23	87.08	154.35	208.13
City of Palm Bay	14.78	22.32	33.63	58.08	91.98	20.08	31.70	49.13	78.18	78.18	34.86	54.02	82.76	136.26	170.16
City of Titusville	10.18	16.78	26.68	51.43	84.38	14.84	30.56	54.14	93.44	132.74	25.02	47.34	80.82	144.87	217.12
City of Vero Beach	13.60	15.26	17.75	31.65	45.55	19.89	27.07	37.84	55.79	55.79	33.49	42.33	55.59	87.44	101.34
City of West Melbourne	13.88	26.38	45.63	79.03	114.43	14.45	24.45	39.45	64.45	89.45	28.33	50.83	85.08	143.48	203.88

Data prepared by City of Melbourne Financial Services

Historical Bond Service Coverage

Historical Bond Service Coverage	For Fiscal Years Ending September 30				
	2015	2016	2017	2018	2019
Revenues					
Water sales	\$ 30,412,363	\$ 30,984,020	\$ 31,527,010	\$ 31,246,858	\$ 30,416,642
Sewer charges	20,527,181	20,817,696	20,838,145	21,000,231	20,942,547
Other revenues	2,822,167	2,324,743	2,048,808	3,476,805	3,364,006
Interest income	320,993	594,555	762,007	1,089,538	1,886,699
Total Operating Revenues⁽¹⁾	54,082,704	54,721,014	55,175,970	56,813,432	\$ 56,609,894
Operating Expense					
Salaries, wages and employee benefits	11,359,207	12,625,071	13,045,573	12,769,388	13,826,536
Other post employment benefits	97,197	97,668	(867)	(34,878)	(66,816)
Contractual services, materials, supplies	16,804,502	17,904,070	17,655,807	17,593,374	15,385,702
Total Operating Expense⁽¹⁾	28,260,906	30,626,809	30,700,513	30,327,884	29,145,422
Net Operating Income⁽¹⁾	25,821,798	24,094,205	24,475,457	26,485,548	27,464,472
Available Impact Fees⁽¹⁾	1,449,373	1,780,591	2,535,012	3,883,159	3,636,038
Available for Debt Service	\$ 27,271,171	\$ 25,874,796	\$ 27,010,469	\$ 30,368,707	\$ 31,100,510
Annual Debt Service Requirement					
Series 2002B	\$ 3,455,000	\$ 3,455,000	\$ 3,450,000	\$ 3,450,000	\$ 3,445,000
Series 2007A	879,268	711,890	-	-	-
Series 2007B	1,667,350	1,190,375	712,400	-	-
Series 2012	483,694	482,694	481,544	480,244	480,944
Series 2013	1,040,413	1,039,962	1,043,762	1,042,112	1,045,012
Series 2014	949,194	953,156	956,722	959,892	962,666
Series 2016A	-	451,872	898,750	1,488,750	1,489,250
Series 2016B	-	170,767	723,250	723,250	723,250
Total Debt Service	\$ 8,474,919	\$ 8,455,716	\$ 8,266,428	\$ 8,144,248	\$ 8,146,122
Coverage					
Net Revenue 100% Test	305%	285%	296%	325%	337%
With Impact Fees 115% Test	322%	306%	327%	373%	382%

(1) Calculated according to bond ordinance and therefore not consistent with GAAP.

Respectfully submitted,



Shannon M. Lewis
City Manager

