

# CITY OF WEST MELBOURNE

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE  
FISCAL YEAR ENDED  
SEPTEMBER 30, 2019



# West Melbourne

F L O R I D A

Prepared by:  
THE FINANCE DEPARTMENT

# **CITY OF WEST MELBOURNE, FLORIDA**

## **CITY COUNCIL**

HAL J. ROSE, MAYOR

PAT BENTLEY, DEPUTY MAYOR

DANIEL BATCHELDOR, COUNCIL MEMBER

JOHN DITTMORE, COUNCIL MEMBER

ADAM GAFFNEY, COUNCIL MEMBER

BARBARA SMITH, COUNCIL MEMBER

ANDREA YOUNG, COUNCIL MEMBER

## **CITY MANAGER**

SCOTT MORGAN

## **CITY ATTORNEY**

MORRIS RICHARDSON

## **FINANCE DIRECTOR**

MARGI STARKEY

**City of West Melbourne, Florida**  
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**September 30, 2019**

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MAYOR  
Hal J. Rose

DEPUTY MAYOR  
John Dittmore

COUNCIL MEMBERS  
Daniel Batchelor  
Pat Bentley  
Adam Gaffney  
Barbara A. Smith  
Andrea Young



City Hall  
2240 Minton Road  
West Melbourne, FL 32904  
Phone: (321) 727-7700  
Fax: (321) 768-2390  
[www.westmelbourne.org](http://www.westmelbourne.org)

February 27, 2020

To the Honorable Mayor, Members of the City Council, and  
Citizens of the City of West Melbourne:

The Comprehensive Annual Financial Report of the City of West Melbourne, Florida (the "City"), for the fiscal year ended September 30, 2019 is hereby submitted pursuant to Florida Statutes Chapter 218.39 and Chapter 10.550 of the Rules of the Auditor General of the State of Florida.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Carr, Riggs & Ingram, LLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of West Melbourne's financial statements for the year ended September 30, 2019. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### ***Profile of the government***

The City of West Melbourne was founded in 1959 and incorporated on July 2, 1970, as a political subdivision of the State of Florida. It is located in east central Florida within Brevard County. It currently occupies 10.3 square miles and has an estimated population of 23,607. The City is empowered to levy a property tax on real property located within its boundaries, which the City has levied continuously since fiscal year 2006. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of West Melbourne has operated under the council-manager form of government since 1970. Policy making and legislative authority are vested in the City Council consisting of the mayor and six other members, all elected on a non-partisan basis. Council members, since 2014, serve staggered four year terms, and are elected to represent the City at large. The Council appoints the City Attorney, Police Chief and City Manager. The City Manager appoints the heads of various City departments.

The City of West Melbourne provides a full range of services, including police protection services, street maintenance and construction, building inspections, parks and recreation amenities, and stormwater planning and construction. The City also operates a water distribution and sewer collection and treatment system, both systems of which are a single legal enterprise and reported as a proprietary fund.

The annual budget serves as the foundation for the City's financial planning and control. Budgetary control is maintained to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The Council is required to hold two public hearings and adopt a final budget by no later than September 30th of each year.

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

### ***Local Economy***

The City of West Melbourne is located in east central Florida, approximately forty-five miles south of the Kennedy Space Center and encompassing an area of 10.3 square miles. The area is a major hub for technology driven industry such as RELM Wireless, Lockheed Martin, Confluent RF Systems, Mack Technologies, Terry Laboratories and USSI. Corporate headquarters, manufacturers, and technology-oriented companies are located within the City of West Melbourne limits. The City's diverse business community includes traditional businesses, which encompass retail and wholesale trade, transportation, the utilities sector, the professional and business services sector, real estate, finance, and the construction sector, both light manufacturing and military contractors. The City remains attractive to such a vibrant mix of businesses because it maintains one of the lowest tax rates in Brevard County, which has given the City an edge as a better place to do business. The City continues to pursue technology oriented manufacturing, warehousing/distribution, and professional service companies seeking a competitive advantage in the marketplace.

The City has established an economic enhancement district (WAVE District) to allow access to state and federal job creation incentives, a tax abatement program to reduce operating expenses for manufacturers selecting West Melbourne, and has initiated a redevelopment and capital improvement program to focus public infrastructure improvements on its commercial corridors and business parks.

In 1970, West Melbourne's population was approximately 3,050. Since 2000, the City has experienced the highest population growth percentage of any municipality in Brevard County. The most recent State population estimate for the City is 23,607. The population in the City is relatively young and well educated with over 45% of its population under the age of 45. With a comparatively high median household income, combined with a relatively young and well-educated population, the City has ideal market conditions for the continued development of high-technology, knowledge-based businesses, as well as traditional businesses and service providers.

The unemployment rate for the State of Florida and Brevard County declined in 2019. As of September 30, 2019, the unemployment rate in the United States was 3.6%, down from 3.7% a year earlier. For Brevard County, the unemployment rate was 2.8%, down from 2.9% a year earlier as reported by the Florida Department of Economic Opportunity. It is expected that the unemployment rate for Brevard County will not significantly change in 2020.



### ***Long-term financial planning and major initiatives***

The City's strategic plans for its long-term financial planning and budgeting are crafted with a strong foundational financial position that has been balanced with deliberate thought to our resources, while reducing already healthy levels of debt. The City Council and the City Manager understand the need for expansion to meet the City's increasing population, and the resultant demands that such expansion will place on City resources. The City has determined that it will maintain a minimum fund balance reserve of 20% of the annual general fund expenditures, a rate that management considers to be a prudent reserve level for meeting unanticipated expenditure requirements, a major revenue shortfall, or an emergency.

The City is also cognizant of the other cities' financial challenges as a result of unmanaged expansion and excessive leverage. At the end of the current fiscal year, the unrestricted fund balance (which is the total of the committed, assigned, and unassigned components of the fund balance) in the general fund, was 26% of total general fund expenditures. This is a strong position, which reduces the need to borrow to finance future construction and expansion projections.

Recent strategic projects for the City of West Melbourne include completion of sanitary sewer extensions along U.S. 192 and Fell Road capable of serving unserved properties that can be annexed into the City in the future, the start of a largely grant funded septic to sewer neighborhood conversion project for the Sylvan Drive neighborhood, the design of a new water main to serve properties west of Interstate 95 in the vicinity of U.S. 192, and completion of an engineering feasibility study for the future development of a new City potable water production plant. In addition, an expansion and renovation of the police station is nearing completion and various roadway improvement projects are in design. The cost of all these initiatives have been funded without the issuance of new debt.

Since 2000, the City of West Melbourne has been, by percentage, the fastest growing municipality in Brevard County. Since 2010, the City's population has grown 28.6%. In calendar year 2019, the City issued 236 certificates of occupancy for new single-family homes. Building permit revenues, representing both residential and significant commercial activity, increased by 8.6% in 2019 over the prior calendar year. The trend of growth in commercial development is anticipated to continue in the near term. This is expected to be both with continued infill site commercial development, as well as some remaining opportunities within three large commercial centers in the City that still have some remaining commercial parcels that can yet be developed. These are the Hammock Landing, Coastal Commerce, and the West Melbourne Interchange Centers.

The City Council has updated the Capital Improvements Element of the Comprehensive Plan in accordance with Florida Statutes 163.3177(3)(b), and management has projected the capital improvement program for the next five years as financially feasible. The 2020 to 2024 projection matches future sources of revenues with planned capital expenditures that incorporate long range plans of the City, with major water projects estimated at \$23.7 million, sewer projects estimated at \$14.1 million, stormwater system improvements at \$5.4 million, and transportation system improvements estimated at \$4.3 million. Combined capital improvements for all major and secondary projects are estimated at \$48.8 million over the five year span.

The millage rate for the City of West Melbourne was 2.6017 for fiscal year 2018 - 2019. This was increased from the fiscal year 2017 – 2018 millage rate of 2.4633.

The City was reviewed by Standard and Poors (S&P) on February 23, 2018. S&P upgraded the 2010D Florida Municipal Loan Council revenue bonds from AA- to AA.

### ***Relevant Financial Policies***

The City of West Melbourne has a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to or in excess of appropriations). Actual General Fund revenues exceeded the final budget by approximately \$2.8 million. During fiscal year 2019, General Fund appropriations increased by \$1,328,214, while actual expenditures were below the final budgeted amount. Overall, operational activity resulted in an excess of revenues over expenditures by \$1.3 million.

### ***Awards and Acknowledgements***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of West 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 published an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated service of the Finance department. We wish to also express our appreciation to members of other City departments for their assistance in providing the data necessary to prepare this report. Credit must also be given to the Mayor and the City Council for their consistent support for management as it seeks to prudently manage the City of West Melbourne's finances.

Respectfully submitted,



Scott Morgan  
City Manager



Margi Starkey  
Finance Director

**City of West Melbourne, Florida**  
**Principal Officials**  
**September 30, 2019**

**City Council**

Hal J. Rose	Mayor
Pat Bentley	Deputy Mayor
Daniel Batcheldor	Council Member
John Dittmore	Council Member
Adam Gaffney	Council Member
Barbara Smith	Council Member
Andrea Young	Council Member

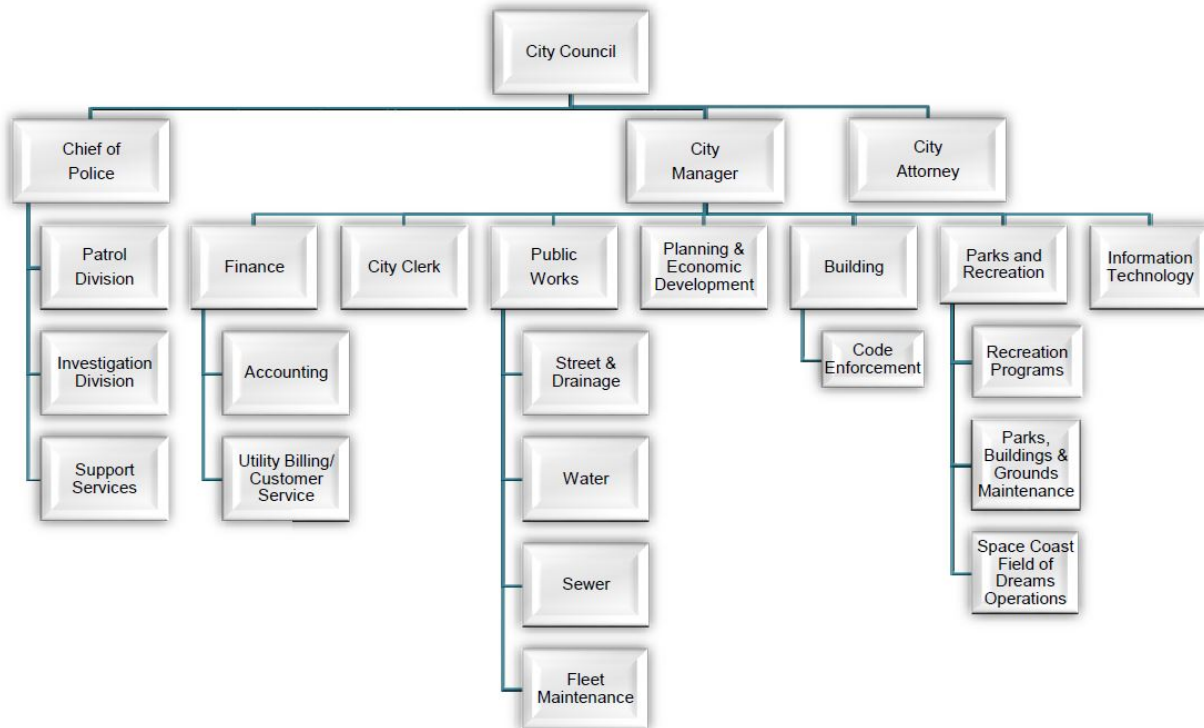


**Executive Management Team**

Scott Morgan	City Manager
Morris Richardson	City Attorney
Richard T. Wiley	Police Chief
Keith Mills, AICP, CPM	Deputy City Manager
Mark Piccirillo	Public Works Director
Margi Starkey	Finance Director
Cynthia Hanscom	City Clerk
Tom Forbes, CBO	Building Official
Christy Fischer, AICP	Planning & Economic Development Director
Thomas Bradford	Information Technology Director
Richard Boprey	Parks & Recreation Director
Kimberly Gale	Human Resources Director

**As of September 30, 2019**

City of West Melbourne, Florida  
Organizational Chart  
September 30, 2019





Government Finance Officers Association

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

Presented to

**City of West Melbourne  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2018**

*Christopher P. Morill*

Executive Director/CEO



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## **INDEPENDENT AUDITORS' REPORT**

The Honorable Mayor and City Council  
City of West Melbourne, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West 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 West 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West 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 accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Melbourne, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary schedules of nonmajor special revenue and capital projects 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 combining and individual nonmajor fund financial statements and the budgetary schedules of nonmajor governmental funds are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the budgetary



schedules of nonmajor governmental funds 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 27, 2020 on our consideration of the City of West 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of West Melbourne, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of West Melbourne, Florida's internal control over financial reporting and compliance.

*Caru, Riggs & Ingram, L.L.C.*

Melbourne, Florida  
February 27, 2020



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**City of West Melbourne, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2019**

As management of the City of West 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 5 – 8 of this report.

**Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$102,094,251 (*net position*). Of this amount, \$21,738,423 represents unrestricted net position, which may be used to meet the government’s ongoing obligations to citizens and creditors.
- The City’s total net position increased by \$12,064,687 from fiscal year 2019 activities. The increase is largely due to increases in capital grants and contributions and donation of the Field of Dreams improvements in West Melbourne Community Park.
- At the close of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$13,818,368, an increase of \$2,096,644 in comparison with the prior year. Approximately 25% of this amount (\$3,453,194) is available for spending at the government’s discretion (*assigned and unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed, assigned, and unassigned* components of *fund balance*) for the general fund was \$3,980,665, or approximately 26% of total general fund expenditures.
- The City’s total outstanding long-term debt, not including compensated absences and other post-employment benefits, decreased by \$1,878,441 during the current fiscal year.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City’s basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support 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 financial information on all of the City’s assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, recreation, and community development. The business-type activities of the City include a Water and Sewer System. The government-wide financial statements can be found on pages 28-31 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 financial 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. Consequently, the governmental fund financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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 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 six 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 and the community redevelopment agency, which are considered to be major funds. Data from the other four governmental funds 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 of West Melbourne adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund and the community redevelopment agency fund to demonstrate compliance with their budgets.

**City of West Melbourne, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2019**

The basic governmental fund financial statements can be found on pages 32-35 of this report.

**Proprietary funds.** The City maintains one type of proprietary fund—an enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its Water and Sewer System.

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. The basic proprietary fund financial statements can be found on pages 36-41 of this report.

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

The City maintains one type of fiduciary fund. The *Pension trust fund* is used to report resources held in trust for retirees and beneficiaries covered by the *Police Officers' Retirement Plan*.

The fiduciary fund financial statements can be found on pages 42-43 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 45-86 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's budgetary compliance and pension and other post-employment benefits obligations. The City adopts an annual appropriated budget for its general fund, community redevelopment agency fund, special revenue funds (recreation and storm water), and capital projects construction fund. Budgetary comparison statements have been provided for each of these funds to demonstrate compliance with this budget. The required supplementary information can be found on pages 87-104 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 106-113 of this report.

The Statistical Section includes tables and schedules to provide a more detailed picture of the financial condition of the City than those presented in the financial statements. These include the schedule of bonded debt and interest to maturity and assorted multi-year financial and statistical information and can be found on pages 119-140 of this report.

**City of West Melbourne, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2019**

**Government-wide Overall Financial Analysis**

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of West Melbourne, Florida, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$102,094,251 at the close of the most recent fiscal year.

**City of West Melbourne's Net Position**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 15,485,281	\$ 14,178,509	\$ 22,686,434	\$ 17,346,519	\$ 38,171,715	\$ 31,525,028
Capital assets	34,565,497	30,504,931	45,485,841	45,951,699	80,051,338	76,456,630
Total assets	50,050,778	44,683,440	68,172,275	63,298,218	118,223,053	107,981,658
Deferred outflows	2,147,425	2,085,693	405,133	356,386	2,552,558	2,442,079
Long-term liabilities	4,661,078	3,718,125	9,666,511	11,352,145	14,327,589	15,070,270
Other liabilities	1,479,480	1,905,284	2,088,469	2,290,405	3,567,949	4,195,689
Total liabilities	6,140,558	5,623,409	11,754,980	13,642,550	17,895,538	19,265,959
Deferred inflows	736,118	1,069,069	49,704	59,145	785,822	1,128,214
Net position:						
Net investment in capital assets	34,205,606	29,479,624	36,760,884	35,497,462	70,966,490	64,977,086
Restricted	8,866,081	7,821,633	523,257	511,487	9,389,338	8,333,120
Unrestricted	2,249,840	2,775,398	19,488,583	13,943,960	21,738,423	16,719,358
Total net position	\$ 45,321,527	\$ 40,076,655	\$ 56,772,724	\$ 49,952,909	\$ 102,094,251	\$ 90,029,564

By far the largest portion of the City's net position (69.5%) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, machinery and equipment, and construction in progress), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (9.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$21,738,423 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

At September 30, 2019, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

**City of West Melbourne, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2019**

**Statements of Activities**

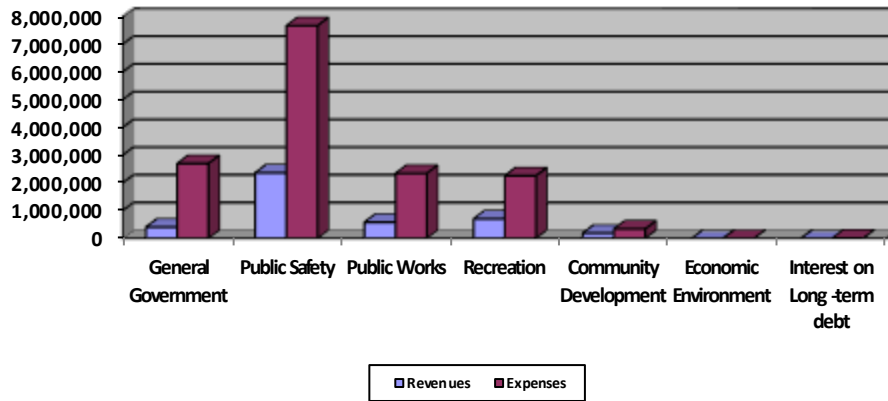
The following table reflects the condensed Statements of Activities for the current and prior year:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 4,229,875	\$ 3,154,259	\$ 12,327,560	\$ 11,600,678	\$ 16,557,435	\$ 14,754,937
Capital grants and contributions	961,801	2,473,014	5,685,218	5,032,423	6,647,019	7,505,437
General revenues:						
Local option gas tax	672,626	608,754	-	-	672,626	608,754
Property taxes	3,990,738	3,310,658	-	-	3,990,738	3,310,658
Public utility and telecommunication taxes	3,340,164	3,212,103	-	-	3,340,164	3,212,103
Payment in lieu of taxes	344,588	377,318	-	-	344,588	377,318
Franchise fees	1,870,513	1,798,337	-	-	1,870,513	1,798,337
Shared revenues	2,219,476	2,123,578	-	-	2,219,476	2,123,578
Unrestricted investment earnings	337,852	224,140	295,741	134,591	633,593	358,731
Miscellaneous	145,939	149,163	-	-	145,939	149,163
Transfers, net	34,400	18,900	(34,400)	(18,900)	-	-
Total revenues	18,147,972	17,450,224	18,274,119	16,748,792	36,422,091	34,199,016
Expenses:						
General government	2,697,267	2,487,264	-	-	2,697,267	2,487,264
Public safety	7,668,450	6,833,193	-	-	7,668,450	6,833,193
Public works	2,344,923	2,785,278	-	-	2,344,923	2,785,278
Recreation	2,255,949	988,794	-	-	2,255,949	988,794
Community development	339,529	323,027	-	-	339,529	323,027
Economic environment	175	420	-	-	175	420
Interest on long term debt	8,146	2,326	-	-	8,146	2,326
Water and sewer	-	-	11,454,304	11,667,879	11,454,304	11,667,879
Total expenses	15,314,439	13,420,302	11,454,304	11,667,879	26,768,743	25,088,181
Special item:						
Donation - Field of Dreams	2,411,339	-	-	-	2,411,339	-
Increase in net position	5,244,872	4,029,922	6,819,815	5,080,913	12,064,687	9,110,835
Net position - beginning of year as previously reported	40,076,655	36,063,857	49,952,909	44,874,972	90,029,564	80,938,829
Prior period adjustment	-	(17,124)	-	(2,976)	-	(20,100)
Net position - beginning (restated)	40,076,655	36,046,733	49,952,909	44,871,996	90,029,564	80,918,729
Net position - ending	\$ 45,321,527	\$ 40,076,655	\$ 56,772,724	\$ 49,952,909	\$ 102,094,251	\$ 90,029,564

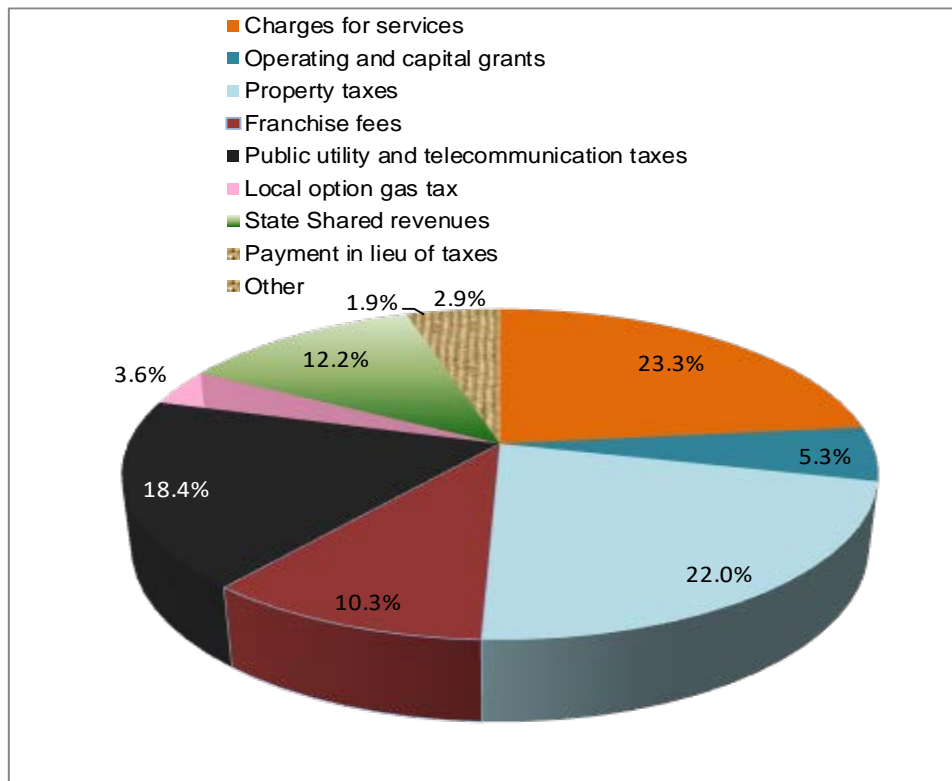
**Governmental Activities.** During the current fiscal year, net position for governmental activities increased by \$5,244,872 from the prior fiscal year. General revenues increased by approximately 9.6% due to increases in local option gas taxes, property taxes, unrestricted investment earnings, and net transfers. Program revenues decreased by approximately 8%, primarily from a non-recurrence of an FDEP Grant of \$1.05m for the West Melbourne Community Park Phase II.

Governmental expenditures increased \$1,894,137 (14.1%) compared to the fiscal year ending September 30, 2018. The primary reasons for this increase was an increase in wages, repairs and maintenance, and increased expenditures on the police building expansion construction contract. The first chart that follows compares each program's expenses with the revenues generated by the program. The next chart displays the City's revenues by source. Public safety represents one of the City's major services and the majority of resources used to fund the service are not generated by the program. Revenues from taxes and other general resources provide the remaining funding necessary for public safety.

### Expenses and Program Revenues-Governmental Activities



### 2019 Revenues by Source – Governmental Activities



**Business-type Activities.** Business-type activities increased the City's net position by \$6,819,815. Operating revenues for the Water and Sewer System increased by approximately \$1.4 million and this is attributed primarily to an increase in meter installation fees for new homes, a grant for the Indian River Lagoon project, and interest earnings on investments. Operating expenses of the Water and Sewer System decreased by about \$214,000 due in part to a decrease in purchased water costs, and debt interest, which counteracted the increase in payroll expenditures.



## **Financial Analysis of Governmental 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 City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$13,818,368, an increase of \$2,096,644 in comparison with the prior year. Approximately 25% of this total amount (\$3,453,194) constitutes unassigned fund balance, which has not been appropriated for a specific purpose and is available for spending at the government's discretion. The remainder of fund balance represents a legally restricted funding source, has been committed to a specific purpose by City action or is not in liquid form available for new spending. The \$2,836 of prepaid items represents funds that have been disbursed for future expenditures, such as insurance or maintenance agreements. The restricted funds include confiscated funds of \$23,473 that can only be spent on law enforcement purposes. The advance of \$873,800 represents the long-term portion of an interest bearing loan to the Stormwater Fund and a non-interest bearing loan to the Community Redevelopment Agency. These will become available to the fund for expenditure as the loans are satisfied.

The committed fund balances totaling \$1,496,257 in two of the non-major funds are being expended for replacement vehicles and recreation. The \$590,933 in the Capital Projects Fund and \$3,720,045 in the General Fund are restricted for construction and maintenance of roads. The \$3,625,421 amount represents funds collected through permits and is restricted to enforcing the State's building code. The Stormwater Utility had a negative unassigned fund balance of \$527,471 at September 30, 2019, due to capital and flood mitigation projects, and maintenance and repairs. The Community Redevelopment Agency had minimal expenditures during the fiscal year ended September 30, 2019, and closed the year with a positive fund balance.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,980,665, while total fund balance reached \$12,231,943. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and assigned fund balance represents 22% of total General Fund expenditures, while total fund balance represents 69% of that same amount.

The fund balance of the City's General Fund increased by \$1,264,050 during the current fiscal year, compared to a \$2,580,200 decrease in the prior year. The City saw decreased expenditures in the General Fund. Key factors in these results are as follows:

- Total revenues of the General Fund increased by \$1,179,570, largely as a result of an increase in property taxes revenues, building permits and plan review fees, contracts with the Brevard School District and two charter schools for school resource officers, interest earnings on

**City of West Melbourne, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2019**

investments, and the cash portion of the Field of Dreams donation.

- General Fund expenditures decreased \$465,915 compared to the prior year. While there was increased payroll costs, this was counteracted with decreases largely in capital outlay as the US192 Lighting project was concluded.

**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 \$19,488,583. The total increase in net position for this fund was \$6,819,815. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

### **General Fund Budgetary Highlights**

There was one budget revenue amendment of \$300,000 during the year ended September 30, 2019. There were five budget expenditure amendments totaling \$1,328,214 during the year ended September 30, 2019.

### **Capital Assets and Debt Administration**

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounted to \$80,051,338 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and other infrastructure items. The percentage increase from prior year (fiscal year 2018) in the City's investment in capital assets was approximately 4.7%.

#### **City of West Melbourne's Capital Assets** (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 1,489,987	\$ 1,452,345	\$ 403,959	\$ 396,459	\$ 1,893,946	\$ 1,848,804
Construction in progress	3,359,401	2,368,773	1,341,454	188,653	4,700,855	2,557,426
Buildings	5,052,158	4,767,957	414,632	435,952	5,466,790	5,203,909
Improvements other than buildings	11,023,357	10,040,072	40,317,653	41,768,538	51,341,010	51,808,610
Machinery and equipment	2,943,410	1,996,935	3,008,143	3,162,097	5,951,553	5,159,032
Infrastructure	10,697,184	9,878,849	-	-	10,697,184	9,878,849
Total	<u>\$ 34,565,497</u>	<u>\$ 30,504,931</u>	<u>\$ 45,485,841</u>	<u>\$ 45,951,699</u>	<u>\$ 80,051,338</u>	<u>\$ 76,456,630</u>

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

- In the City's governmental activities, the police station modifications, along with developer street donations for Cypress Landings – Imagine Way, Cypress Landings Phase II, Heritage Pointe, Palm Bay and Durham, Norfolk Parkway, and Field of Dreams were the significant impacts to the increases obtained.

**City of West Melbourne, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2019**

- In the City's business-type activities, the City continued development of projects including the Sylvan Drive Septic to Sewer, Columbia Lane/Brandywine Interconnect, and the M-1 Canal Water Main Extension, and sewer upsizing for annexations. The City also received developer water and sewer system donations for Palm Gardens, Cypress Landings Phase II, Heritage Pointe, Minton Cove, among others during the fiscal year.

Additional information on the City's capital assets can be found in Note IV. D. on pages 63-64 of this report.

**Long-term Debt.** At the end of the current fiscal year, the City had total bonded debt and loans outstanding of \$8,545,684, which represents obligations secured by business-type activities revenue sources.

**City of West Melbourne's Outstanding Debt**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Compensated absences	\$ 381,878	\$ 370,197	\$ 54,018	\$ 54,381	\$ 435,896	\$ 424,578
Revenue bonds	-	-	5,964,068	7,673,850	5,964,068	7,673,850
Loans payable	-	-	2,581,616	2,750,275	2,581,616	2,750,275
Total	<u>\$ 381,878</u>	<u>\$ 370,197</u>	<u>\$ 8,599,702</u>	<u>\$ 10,478,506</u>	<u>\$ 8,981,580</u>	<u>\$ 10,848,703</u>

Additional information on the City's outstanding debt can be found in Note IV. F. on pages 65-68 of this report. The City's total debt was reduced by \$1,621,394 during the current fiscal year. Key factors in the City's fiscal year 2019 long-term debt decrease include the following:

- The City continued to pay off the bonded debt and loans payable as they fell due, and on January 10, 2019, made an advance principal payment in the amount of \$676,282 on the Water and Sewer Revenue Bonds, Series 2007.
- The liability for compensated absences increased by \$11,318.
- The liability for other post-employment benefits increased by \$245,729.

**Economic Factors and Next Year's Budgets and Rates**

The following economic factors currently affect the City of West Melbourne and were considered in developing the 2019-2020 fiscal year budget.

- As of the United States Census count of April 1, 2010, the City had an estimated population of 18,335 people residing within the City's then 9.9-square miles. The population estimate issued for 2019 by the State of Florida, Office of Economic and Demographic Research shows the City's population has increased to 23,607 within the City's now 10.32-square mile area.
- During fiscal year 2019, the City issued building permits for the construction of 284 new single family homes. The City expects continued local economic conditions to remain favorable in the near term. The City has three large commercial centers, Hammock Landing, the West

**City of West Melbourne, Florida**  
**Management's Discussion and Analysis**  
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Melbourne Interchange Center and Coastal Commerce, where interest in new commercial development continues.

- As of September 2019, the unemployment rate in the United States was 3.6%. For the State of Florida, unemployment was 3.2%, down from 3.5% a year earlier. For Brevard County, the unemployment rate was 2.8% as reported by the Florida Department of Economic Opportunity. It is expected that the unemployment rate for Brevard County will not significantly change in 2020.
- The City was founded in 1959, primarily to prevent property taxes from being imposed by a neighboring municipality. The City continues to pride itself on its low tax rate. The millage rate for the City of West Melbourne was 2.6017 for fiscal year 2018 - 2019. This was an increase from the fiscal year 2017 – 2018 millage rate of 2.4633.

All of these factors were considered in preparing the City's budget for the fiscal year ending September 30, 2020.

**Requests for Information**

This financial report is designed to provide a general overview of the City of West Melbourne, Florida's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of West Melbourne, Attention: Finance Director, 2240 Minton Road, West Melbourne, Florida, 32904.

# **CITY OF WEST MELBOURNE, FLORIDA**

Basic Financial Statements

**City of West Melbourne, Florida**  
**Statement of Net Position**

<i>September 30, 2019</i>	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,347,721	\$ 3,925,513	\$ 6,273,234
Investments	11,770,807	15,481,457	27,252,264
Receivables, net	740,488	1,575,809	2,316,297
Due from other governments	263,795	2,514	266,309
Inventory	-	115,679	115,679
Prepaid items	2,836	-	2,836
Interfund balances	151,030	(151,030)	-
Restricted assets:			
Cash and cash equivalents	208,604	1,736,492	1,945,096
Capital assets not being depreciated:			
Land	1,489,987	403,959	1,893,946
Construction in progress	3,359,401	1,341,454	4,700,855
Capital assets (net of accumulated depreciation):			
Buildings	5,052,158	414,632	5,466,790
Improvements other than buildings	11,023,357	40,317,653	51,341,010
Machinery and equipment	2,943,410	3,008,143	5,951,553
Infrastructure	10,697,184	-	10,697,184
Total assets	50,050,778	68,172,275	118,223,053
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	1,937,850	359,323	2,297,173
Deferred outflows related to OPEB	209,575	36,154	245,729
Deferred amount on advanced refunding	-	9,656	9,656
Total deferred outflows of resources	2,147,425	405,133	2,552,558

*The accompanying notes are an integral part of this financial statement.*

<i>September 30, 2019</i>	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Accounts payable	563,655	650,616	1,214,271
Contracts payable	70,997	188,927	259,924
Retainage payable	288,894	-	288,894
Accrued payroll and related liabilities	349,330	35,691	385,021
Payable from restricted assets:			
Accrued interest payable	-	169,512	169,512
Customer and developer escrow deposits	206,604	1,043,723	1,250,327
Noncurrent liabilities:			
Due within one year:			
Revenue bonds payable	-	1,071,200	1,071,200
Loans payable, net of unamortized discounts	-	175,000	175,000
OPEB liability	57,392	9,900	67,292
Compensated absences	305,503	43,214	348,717
Due in more than one year:			
Revenue bonds payable	-	4,892,868	4,892,868
Loans payable	-	2,406,616	2,406,616
Total OPEB liability, less current portion	447,740	80,270	528,010
Net pension liability	3,774,068	976,639	4,750,707
Compensated absences	76,375	10,804	87,179
Total liabilities	6,140,558	11,754,980	17,895,538
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	548,685	49,704	598,389
Unearned revenue - business tax receipts	187,433	-	187,433
Total deferred inflows of resources	736,118	49,704	785,822
<b>NET POSITION</b>			
Net investment in capital assets	34,205,606	36,760,884	70,966,490
Restricted for:			
Long term portion of advances	873,800	-	873,800
Community development	26,706	-	26,706
Debt service	-	523,257	523,257
Transportation	4,310,978	-	4,310,978
Law enforcement	29,176	-	29,176
Building code enforcement	3,625,421	-	3,625,421
Unrestricted	2,249,840	19,488,583	21,738,423
Total net position	\$ 45,321,527	\$ 56,772,724	\$ 102,094,251

**City of West Melbourne, Florida**  
**Statement of Activities**

*For the year ended September 30, 2019*

Program Revenues

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities:				
General government	\$ 2,697,267	\$ 404,171	\$ -	\$ -
Public safety	7,668,450	2,358,536	-	7,382
Public works	2,344,923	578,993	-	954,419
Recreation	2,255,949	704,031	-	-
Community development	339,529	184,144	-	-
Economic environment	175	-	-	-
Interest on long-term debt	8,146	-	-	-
<b>Total governmental activities</b>	<b>15,314,439</b>	<b>4,229,875</b>	<b>-</b>	<b>961,801</b>
Business-type activities:				
Water and sewer	11,454,304	12,327,560	-	5,685,218
<b>Total business-type activities</b>	<b>11,454,304</b>	<b>12,327,560</b>	<b>-</b>	<b>5,685,218</b>
<b>Total primary government</b>	<b>\$ 26,768,743</b>	<b>\$ 16,557,435</b>	<b>\$ -</b>	<b>\$ 6,647,019</b>

General revenues:

Taxes:

Property taxes

Franchise fees

Local option gas tax

Public utility and telecommunication taxes

Payment in lieu of taxes

Intergovernmental shared revenue - unrestricted

Investment earnings

Miscellaneous revenue

Transfers, net

**Total general revenues**

Special item:

Donation - Field of Dreams

Change in net position

Net position, beginning of year

Net position, end of year

*The accompanying notes are an integral part of this financial statement.*



Net (Expense) Revenue  
and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (2,293,096)	\$ -	\$ (2,293,096)
(5,302,532)	-	(5,302,532)
(811,511)	-	(811,511)
(1,551,918)	-	(1,551,918)
(155,385)	-	(155,385)
(175)	-	(175)
(8,146)	-	(8,146)
<u>(10,122,763)</u>	<u>-</u>	<u>(10,122,763)</u>
-	6,558,474	6,558,474
-	6,558,474	6,558,474
<u>(10,122,763)</u>	<u>6,558,474</u>	<u>(3,564,289)</u>
3,990,738	-	3,990,738
1,870,513	-	1,870,513
672,626	-	672,626
3,340,164	-	3,340,164
344,588	-	344,588
2,219,476	-	2,219,476
337,852	295,741	633,593
145,939	-	145,939
34,400	(34,400)	-
<u>12,956,296</u>	<u>261,341</u>	<u>13,217,637</u>
2,411,339	-	2,411,339
5,244,872	6,819,815	12,064,687
40,076,655	49,952,909	90,029,564
<u>\$ 45,321,527</u>	<u>\$ 56,772,724</u>	<u>\$ 102,094,251</u>

**City of West Melbourne, Florida**  
**Balance Sheet - Governmental Funds**

<i>September 30, 2019</i>	General	Community Redevelopment	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 763,273	\$ 626,706	\$ 957,742	\$ 2,347,721
Investments	10,619,307	-	1,151,500	11,770,807
Accounts receivable, net	740,488	-	-	740,488
Advance to other funds - current	339,730	-	-	339,730
Advance to other funds - long term	873,800	-	-	873,800
Due from other governments	263,795	-	-	263,795
Prepaid items	2,836	-	-	2,836
Restricted cash and cash equivalents	208,604	-	-	208,604
Total assets	\$ 13,811,833	\$ 626,706	\$ 2,109,242	\$ 16,547,781
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 477,616	\$ -	\$ 86,039	\$ 563,655
Contracts payable	70,997	-	-	70,997
Retainage payable	288,894	-	-	288,894
Accrued payroll and related liabilities	348,346	-	984	349,330
Deposits	206,604	-	-	206,604
Advance from other funds - current	-	100,000	88,700	188,700
Advance from other funds - long term	-	500,000	373,800	873,800
Total liabilities	1,392,457	600,000	549,523	2,541,980
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenue - business tax receipts	187,433	-	-	187,433
Total deferred inflows of resources	187,433	-	-	187,433

*The accompanying notes are an integral part of this financial statement.*

<i>September 30, 2019</i>	General	Community Redevelopment	Nonmajor Funds	Total Governmental Funds
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	2,836	-	-	2,836
Long term portion of advances	873,800	-	-	873,800
Restricted for:				
Police education	5,703	-	-	5,703
Confiscated funds	23,473	-	-	23,473
Transportation	3,720,045	-	590,933	4,310,978
Building code enforcement	3,625,421	-	-	3,625,421
Community development	-	26,706	-	26,706
Committed for:				
Recreation	-	-	706,007	706,007
Vehicle replacement	-	-	790,250	790,250
Unassigned	3,980,665	-	(527,471)	3,453,194
Total fund balances	12,231,943	26,706	1,559,719	13,818,368
Total liabilities and fund balances	\$ 13,811,833	\$ 626,706	\$ 2,109,242	

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	34,565,497
Deferred outflows and deferred inflows related to pensions and OPEB and related earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	1,598,740
Long-term liabilities, including capital lease obligations, compensated absences, net pension liability (asset) and the total OPEB liability are not due and payable in the current period and therefore are not reported in the funds.	(4,661,078)
Net position of governmental activities	\$ 45,321,527

**City of West Melbourne, Florida**

**Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds**

		Community	Nonmajor	Total
	General	Redevelopment	Funds	Governmental Funds
<i>For the year ended September 30, 2019</i>				
<b>Revenues</b>				
Taxes	\$ 9,201,415	\$ -	\$ 578,993	\$ 9,780,408
Licenses and permits	2,142,236	-	-	2,142,236
Intergovernmental	3,064,868	556,858	-	3,621,726
Charges for services	372,058	-	264,534	636,592
Fines and forfeitures	468,765	-	-	468,765
Contributions and donations	1,310,840	-	-	1,310,840
Investment income	278,106	-	83,075	361,181
Miscellaneous	126,658	-	-	126,658
Total revenues	16,964,946	556,858	926,602	18,448,406
<b>Expenditures</b>				
Current:				
General government	2,173,463	-	-	2,173,463
Public safety	6,836,498	-	-	6,836,498
Public works	1,420,102	-	316,617	1,736,719
Recreation	832,786	-	-	832,786
Community development	320,094	-	-	320,094
Economic environment	-	175	-	175
Capital outlay	3,828,024	-	728,828	4,556,852
Debt service:				
Interest	-	-	8,146	8,146
Total expenditures	15,410,967	175	1,053,591	16,464,733
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,553,979</b>	<b>556,683</b>	<b>(126,989)</b>	<b>1,983,673</b>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	402,900	402,900
Transfers out	(368,500)	-	-	(368,500)
Insurance proceeds	42,819	-	-	42,819
Proceeds from sale of capital assets	35,752	-	-	35,752
Net other financing sources (uses)	(289,929)	-	402,900	112,971
<b>Net change in fund balances</b>	<b>1,264,050</b>	<b>556,683</b>	<b>275,911</b>	<b>2,096,644</b>
<b>Fund balances, beginning</b>	<b>10,967,893</b>	<b>(529,977)</b>	<b>1,283,808</b>	<b>11,721,724</b>
<b>Fund balances, ending</b>	<b>\$ 12,231,943</b>	<b>\$ 26,706</b>	<b>\$ 1,559,719</b>	<b>\$ 13,818,368</b>

*The accompanying notes are an integral part of this financial statement.*

**City of West 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*

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<b>Net change in fund balances - total governmental funds</b>	<b>\$ 2,096,644</b>
Amounts reported for governmental activities in the statement of activities are 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 as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	<b>1,706,073</b>
In the statement of activities, the gain (loss) on the disposal of capital assets is reported, whereas in the governmental funds, disposals are not reported. Thus, the change in net position differs from the change in fund balance by the net book value of the disposed capital assets.	<b>(56,846)</b>
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.	<b>2,411,339</b>
Some revenues will not be collected within 60 days after the close of the City's fiscal year-end and are not considered as "available" revenue in the governmental funds. In the statement of net position, presented on the accrual basis, these revenues are recognized.	<b>(377,653)</b>
Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, pension and OPEB expenses are reported regardless of when the financial resources are available.	<b>(931,273)</b>
Deferred outflows and deferred inflows of resources related to pension and OPEB costs are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	<b>408,269</b>
Compensated absences 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.	<b>(11,681)</b>
<b>Change in net position of governmental activities</b>	<b>\$ 5,244,872</b>

*The accompanying notes are an integral part of this financial statement.*

**City of West Melbourne, Florida**  
**Statement of Net Position - Proprietary Fund**

	Business-type Activities - Enterprise Fund
<i>September 30, 2019</i>	
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 3,925,513
Restricted current assets:	
Cash and cash equivalents	1,441,904
Investments	15,481,457
Accounts receivable, net	900,684
Accounts receivable earned, but not billed	567,008
Assessments receivable	108,117
Due from other governments	2,514
Inventory	115,679
Total current assets	22,542,876
Noncurrent assets:	
Restricted cash and cash equivalents:	
Bond debt service account	294,588
Total restricted assets	294,588
Capital assets:	
Land	403,959
Buildings	2,512,496
Improvements other than buildings	77,485,526
Machinery and equipment	8,579,942
Intangibles	
Construction in progress	1,341,454
Less accumulated depreciation	(44,837,536)
Total capital assets, net of accumulated depreciation	45,485,841
Total noncurrent assets	45,780,429
<b>Total assets</b>	<b>68,323,305</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	359,323
Deferred outflows related to OPEB	36,154
Deferred amount on advanced refunding	9,656
<b>Total deferred outflows of resources</b>	<b>405,133</b>

*The accompanying notes are an integral part of this financial statement.*

September 30, 2019

Business-type  
Activities -  
Enterprise Fund

**LIABILITIES**

Current liabilities (payable from current assets):

Accounts payable	650,616
Contracts payable	188,927
Accrued payroll and related liabilities	35,691
Compensated absences	43,214
Advance from other funds	151,030
Current portion of revenue bonds payable	1,071,200
Current portion of loans payable	175,000
Current portion of OPEB liability	9,900

Current liabilities (payable from restricted assets):

Accrued interest	169,512
Customer and developer escrow deposits	1,043,723

Total current liabilities	3,538,813
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Noncurrent liabilities:

Compensated absences	10,804
Total OPEB liability, less current portion	80,270
Loans payable, net of unamortized discount	2,406,616
Revenue bonds payable	4,892,868
Net pension liability	976,639

Total noncurrent liabilities	8,367,197
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<b>Total liabilities</b>	<b>11,906,010</b>
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**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows related to pensions	49,704
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<b>Total deferred inflows of resources</b>	<b>49,704</b>
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**NET POSITION**

Net investment in capital assets	36,760,884
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Restricted for:

Debt service	523,257
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Unrestricted	19,488,583
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<b>Total net position</b>	<b>\$ 56,772,724</b>
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**City of West Melbourne, Florida**  
**Statement of Revenues, Expenses and Changes in Fund Net Position -**  
**Proprietary Fund**

	Business-type Activities - Enterprise Fund
<i>For the year ended September 30, 2019</i>	
<b>Operating revenues:</b>	
Charges for services	\$ 12,085,048
Other charges and fees	242,512
Total operating revenues	<u>12,327,560</u>
<b>Operating expenses:</b>	
Personnel services	1,413,724
Contractual services	1,763,909
Supplies and other expenses	4,362,974
Depreciation	3,533,574
Total operating expenses	<u>11,074,181</u>
<b>Operating income</b>	<u>1,253,379</u>
<b>Nonoperating revenues (expenses):</b>	
Investment income	295,741
Interest expense	(380,123)
Total nonoperating revenues (expenses)	<u>(84,382)</u>
<b>Income before capital contributions and transfers</b>	<u>1,168,997</u>
Capital contributions	5,685,218
Transfers out	(34,400)
<b>Change in net position</b>	<u>6,819,815</u>
<b>Net position, beginning of year</b>	<u>49,952,909</u>
<b>Net position, end of year</b>	<u>\$ 56,772,724</u>

*The accompanying notes are an integral part of this financial statement.*

**City of West Melbourne, Florida**  
**Statement of Cash Flows - Proprietary Fund**

	Business-type Activities - Enterprise Fund
<i>For the year ended September 30, 2019</i>	
<b>Cash flows from operating activities:</b>	
Cash received from customers for sales and services	\$ 14,609,924
Cash payments to employees	(1,259,227)
Cash payments to suppliers for goods and services	(6,269,325)
Net cash provided by operating activities	<u>7,081,372</u>
<b>Cash flows from noncapital financing activities:</b>	
Cash paid to other funds to repay advances	(176,036)
Transfers (to) other funds	(34,400)
Net cash used in noncapital financing activities	<u>(210,436)</u>
<b>Cash flows from capital and related financing activities:</b>	
Acquisition and construction of capital assets	(3,067,716)
Collections of special assessment revenue	5,675
Principal paid on revenue bonds	(1,709,782)
Principal paid on loans	(170,000)
Capital contributions	5,685,218
Interest paid on long-term debt	(433,967)
Net cash provided by capital and related financing activities	<u>309,428</u>
<b>Cash flows from investing activities:</b>	
Investment income	295,741
Purchase of investments	(6,937,416)
Net cash used in investing activities	<u>(6,641,675)</u>
<b>Net increase in cash and cash equivalents</b>	<b>538,689</b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>5,123,316</u></b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 5,662,005</u></b>
<b>Cash and cash equivalents reconciliation:</b>	
Current assets:	
Cash and cash equivalents	\$ 3,925,513
Cash and cash equivalents, restricted	1,441,904
Noncurrent assets:	
Cash and cash equivalents, restricted	294,588
<b>Total cash and cash equivalents</b>	<b><u>\$ 5,662,005</u></b>

*The accompanying notes are an integral part of this financial statement.*

For the year ended September 30, 2019

Business-type  
Activities -  
Enterprise Fund

**Reconciliation of operating income to net  
cash provided by operating activities:**

Operating income	\$ 1,253,379
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	3,533,574
Change in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	71,859
Accounts receivable earned but not billed	42,294
Advance to other funds	2,178,558
Due from other governments	(2,514)
Inventory	16,354
Deferred outflows of resources related to pensions	(15,580)
Deferred outflows of resources related to OPEB	(36,154)
Increase (decrease) in liabilities:	
Accounts and contracts payable	(158,796)
Retainage payable	(42,755)
Accrued payroll and related liabilities	22,502
Total OPEB liability	46,054
Net pension liability	147,116
Customer and developer escrow deposits	34,922
Deferred inflows of resources related to pensions	(9,441)
Total adjustments	5,827,993
Net cash provided by operating activities	\$ 7,081,372

**Noncash capital and related financing activities:  
activities:**

Amortization of bond discount	\$ 1,341
Amortization of deferred loss on refunding	\$ 2,987

**City of West Melbourne, Florida**

**Statement of Fiduciary Net Position – Police Employees’ Pension Trust Fund**

	Police Employees' Pension Trust Fund
<i>September 30, 2019</i>	
<b>ASSETS</b>	
Cash and cash equivalents	\$ 144,855
Investments at fair value:	
Fixed income mutual funds	1,011,062
U.S. and international stock mutual funds	9,700,924
U.S. government obligations	1,859,128
Mortgage-asset backed securities	76,233
Corporate bonds	1,308,084
Real estate funds	1,587,015
Contribution receivable	10,104
Interest receivable	18,566
<b>Total assets</b>	<b>15,715,971</b>
<b>LIABILITIES</b>	
Accounts payable	10,315
<b>Total liabilities</b>	<b>10,315</b>
<b>FIDUCIARY NET POSITION</b>	
Restricted for pension benefits	\$ 15,705,656

*The accompanying notes are an integral part of this financial statement.*

**City of West Melbourne, Florida**

**Statement of Changes in Fiduciary Net Position - Police Employees' Pension Trust Fund**

Police  
Employees'  
Pension Trust  
Fund

*For the year ended September 30, 2019*

**ADDITIONS**

Contributions:		
City	\$	447,784
Employees		227,943
State		169,767
Total contributions		845,494
Investment income:		
Net appreciation in the fair value of investments		173,203
Interest, dividends and other income		369,032
Total investment gains		542,235
Less investment-related expense		(44,649)
Net investment gains		497,586
<b>Total additions</b>		<b>1,343,080</b>

**DEDUCTIONS**

Benefit payments	797,294
Refunded contributions	38,701
Administrative expenses	56,825
Total deductions	892,820
<b>Change in net position</b>	<b>450,260</b>

<b>Fiduciary net position, beginning of year</b>	<b>15,255,396</b>
<b>Fiduciary net position, end of year</b>	<b>\$ 15,705,656</b>

*The accompanying notes are an integral part of this financial statement.*



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**NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting entity**

The City of West Melbourne, Florida (the “City”) was originally chartered as a Town on September 11, 1959. On July 2, 1970, the City was incorporated as a political subdivision of the State of Florida with a six member Council, including a Mayor and Deputy-Mayor. In November 1989, a seventh Council member was added and the Mayor became a voting member. The Mayor and Council are elected by the registered voters of the City of West Melbourne, with the entire Council selecting the Deputy-Mayor. The Council appoints the City Manager, who in turn functions as the administrator of the everyday operations of the City. The Council also appoints the Chief of Police and City Attorney. The City provides a full range of municipal services as directed by the City Charter including general government, public safety, public improvements, planning and zoning, water and sewer service, refuse collection, a recycling program and related general and administrative services to its residents.

In evaluating the City as a reporting entity, management has considered all potential component units in accordance with Section 2100: *Defining the Financial Reporting Entity* of the Governmental Accounting Standards Board (GASB) Codification.

**Blended component unit**

West Melbourne–Brevard County Joint Redevelopment Agency – The West Melbourne-Brevard County Joint Community Redevelopment Agency (the “CRA” or “Community Redevelopment”) was organized under Section 163 of the Florida Statutes and formally came into existence during the fiscal year ended September 30, 2013. The Joint Community Redevelopment Agency uses property tax incremental revenues derived from taxable real property within the geographic boundaries of the community redevelopment area to finance development within that area. Although legally separate, the CRA is reported as if it were part of the City, as a special revenue fund, because it is governed by a board comprised primarily of the City’s elected Council members. Additionally, the services provided by the CRA create a primarily financial benefit relationship with the City. The CRA does 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.

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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,

**NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Government-wide and fund financial statements (continued)**

and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. 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 fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The only proprietary fund is reported in the basic financial statements as a business-type activity.

**C. Measurement focus, basis of accounting and financial statement presentation**

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for federal, state, local or private grants or awards, for which the period is 4 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 and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, intergovernmental revenues, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary and pension benefit trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

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.



**NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement focus, basis of accounting and financial statement presentation (continued)**

- The *West Melbourne-Brevard County Joint Community Redevelopment Agency Fund* (“*Community Redevelopment*”) is used to account for tax increment revenues derived from taxable real property within the geographic boundaries of the community redevelopment area to finance development within that area.

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund type:

- The *Police Officers’ Pension Trust Fund* accounts for the activities of the City’s police pension and retirement system, which accumulates resources for pension benefit payments to qualified police officers.

The City’s nonmajor governmental funds consist of two special revenue funds (Recreation and Stormwater Utility) and two capital projects funds (Capital Projects and Vehicle Replacement).

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City’s water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported in the various functions concerned. Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues generally result from producing and delivering goods and providing services such as water and sewer to the general public. The principal operating revenues of the water and sewer enterprise fund are charges to customers for sales and services and connection fees. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting the definition of operating are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted resources first, followed by committed, assigned and unassigned resources. When expenditures have been incurred for which resources in more than one classification can be used, restricted resources are used first, then unrestricted resources are used as they are needed.

**NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity**

**1. Cash, cash equivalents and investments**

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

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

Investments for the City are reported at fair value except for the positions in the Florida PRIME, Florida SAFE and the Florida Local Government Investment Trust (FTIP) Day to Day Fund external investment pools. The Florida PRIME, Florida SAFE and FTIP Day to Day Fund external investment pools meet all of the specified criteria in Section 150: *Investments* of the GASB Codification to qualify to elect to measure their investments at amortized cost. Accordingly, the fair value of the City's position in the pool is equal to the value of pooled shares.

The City of West Melbourne is empowered by statute to invest in the following instruments and may divest itself of such investments, at prevailing market prices or rates subject to the limitations of Section 218.415 – a) the Local Government Surplus Funds Trust Fund, administered by the Florida State Board of Administration or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. 163.01, Florida Statutes; b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; c) savings accounts in state-certified qualified public depositories, as defined in Florida Statute 280.02; d) certificates of deposit and Repurchase Agreements in state-certified qualified public depositories, as defined in Florida Statute 280.02; e) direct obligations of the U.S. Treasury; and f) Federal agencies and instrumentalities.

The Police Pension Fund is authorized to invest surplus funds in a) equity investments (common stock, convertible bonds and preferred stock) in a corporation listed on one or more of the recognized international exchanges or electronic network; b) fixed income investments with a minimum rating of investment grade or higher as reported by a nationally recognized rating agency except that up to 5% of fixed income investments may be below investment grade; c) money market funds or short-term investment fund options provided by the Plan's custodian with a minimum rating of Standard & Poor's "A1" or Moody's "P1"; d) real estate investments and e) pooled funds including, but not limited to, mutual funds, commingled funds, exchange-traded funds, limited partnerships and private equity.

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

**NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)**

**2. Receivables and payables**

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

The City is permitted by State law to levy taxes up to 10 mills on assessed valuation. However, Chapter 74-430, Laws of Florida, a special act applicable only to governmental units in Brevard County, limits the annual increase to 10% of the prior year’s millage. During a Special Session in June 2007, the Florida Legislature adopted HB1B, which limits municipal property tax rates effective with the 2007-2008 fiscal year. This legislation establishes reductions in the millage rate based on a calculated growth in per capita taxes between the 2002 and 2007 fiscal years. The Legislature did authorize local governments to use the rolled back millage rate if approved by a super majority vote of the governing body. The West Melbourne City Council levy for the fiscal year ended September 30, 2019 was 2.6017 mills, which is higher than the rolled back rate.

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

**3. Inventories and prepaid items**

All inventories are valued at cost using the first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. The governmental funds did not have any inventories on hand at year end. Inventory in the proprietary fund 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. Costs are recorded as expenditures or expenses when consumed rather than when purchased.

**NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)**

**4. 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. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets, as follows:

- **Customer and Developer Deposit Accounts** - Deposited in non-interest bearing accounts and refunded upon termination of service with the City and satisfaction of all obligations due.
- **Bond and Capital Lease Debt Service Accounts** – Includes certain proceeds from issuance of revenue bonds, as well as certain resources set aside for the repayment of bonds or capital lease obligations.
- **Law Enforcement Fines and Confiscated Property Account** - Fines and property generated and applied toward further education and enhancement of the police department.

**5. Capital assets**

Capital assets, which include property, equipment 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 are defined by the government as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

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

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

Buildings	10 to 50 years
Improvements other than buildings	2 to 50 years
Machinery and equipment	5 to 10 years
Infrastructure	10 to 40 years

**NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)**

**6. Deferred outflows of resources**

The financial statement element, deferred outflows of resources, represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred amount for advance refunding of debt in the Water and Sewer fund, which is a result of the difference in the carrying value of refunded debt and its reacquisition price, is reported as a deferred outflow of resources in the amount of \$9,656 at September 30, 2019 and is being amortized over the shorter of the life of the refunded or refunding debt.

**7. Compensated absences**

It is the City's policy to permit employees to accumulate earned but unused vacation pay benefits. All vacation is accrued when incurred in the government-wide and proprietary fund type financial statements. A liability for this amount is reported in governmental funds only if it has matured, for example, as a result of employee resignations and retirements or if they will be liquidated with expendable, available financial resources.

**8. Long-term debt and other long-term obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental, business-type activities, or proprietary fund type statement of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium and discount.

**9. Deferred inflows of resources**

The financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a futures period and so will not be recognized as an inflow of resources (revenue) until that time. The City records its deferred business tax receipts in this category. This is a result of tax receipts received in advance of the associated tax year for which the receipts apply. This amount of \$187,433 at September 30, 2019 is deferred and recognized in the period it becomes available.

**10. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's Police Officers' pension trust fund and the Florida Retirement System Pension

**NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)**

**10. Pensions (continued)**

Plan and Health Insurance Subsidy Program and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

The deferred outflows and deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification (GASBC) Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*.

**11. Other Postemployment Benefits**

The City participates in a single employer, defined benefit, other post-employment plan. The City does not have a trust for the plan, and there is no actuarial determined contribution. The OPEB liability is determined in accordance with GASBC Section P52: *Postemployment Benefits Other Than Pensions – Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria*.

The deferred outflows related to other postemployment benefits (OPEB) are an aggregate of items related to OPEB as calculated in accordance with GASBC Section P52: *Postemployment Benefits Other Than Pensions – Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria*.

**12. Fund equity**

Fund balance, under Section 1800 of the GASB Codification, 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 of 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 governmental funds are presented below:

*Nonspendable Fund Balance* – Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash (inventories, prepaid expenditures) and items such as the long-term amount of interfund advances, property acquired for resale, as well as unrealized gains.

*Restricted Fund Balance* – Amounts that have externally enforceable limitations on use of resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

**NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)**

**12. Fund equity (continued)**

*Committed Fund Balance* – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the 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 Fund Balance* – Amounts that are constrained by the government's intent to be used for specific purposes that are neither considered restricted or committed. The authority to assign fund balance lies with the City Council and may occur through the budget process or formal action.

*Unassigned Fund Balance* – The residual classification for the General Fund resources. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes. According to the City's Fund Balance policy, the General Fund shall maintain an unassigned, unappropriated fund balance equivalent to a minimum of twenty (20%) of the current fiscal year expenditures less capital outlay and transfers out. At September 30, 2019, this minimum balance is \$2,316,589.

Restricted amounts shall be spent first unless there are legal documents/contracts prohibiting this, such as grant agreements. Further, the order of priority shall be Committed Fund Balance, followed by Assigned Fund Balance, and then Unassigned Fund Balance when expenditures are incurred for purposes for which amounts in any of the classifications could be used.

**13. Use of estimates**

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**14. Subsequent events**

Management has evaluated subsequent events through the date the financial statements were available to be issued, February 27, 2020. See Note V.F. for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.



**NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)**

**15. Recently issued and implemented accounting pronouncements**

In fiscal year 2019, the City has implemented GASB Statement No. 83, *Certain Asset Retirement Obligations*. The objective of this statement is to provide for the measurement and accounting of legally enforceable liabilities associated with the retirement of tangible capital assets. Additional information related to the implementation of this standard can be found in Note V.E.

The City has implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The implementation of this statement did not result in any change in the City's financial statements. GASB Statement No. 88 requires that additional essential information related to debt be disclosed in the notes to the financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to the financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placement of debt separately from other debt. Additional information can be found in Note IV.F.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 will be effective for the fiscal years beginning after December 15, 2018.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.



**NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)**

**15. Recently issued and implemented accounting pronouncements (continued)**

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

**NOTE II: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(4,661,078) difference are as follows:

Total OPEB liability	\$ (505,132)
Net pension liability	(3,774,068)
Compensated absences	(381,878)
Net adjustment to reduce fund balance - total governmental funds to arrive at <i>net position - governmental activities</i>	\$ (4,661,078)

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net change in fund balances - total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “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 as depreciation expense.” The details of this \$1,706,073 difference are as follows:

**City of West Melbourne, Florida**  
**Notes to Financial Statements**

**NOTE II: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities (continued)**

Capital outlay	\$ 4,556,852
Depreciation expense	(2,850,779)
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ 1,706,073</u>

**NOTE III: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Deficit fund equity**

At September 30, 2019, the Stormwater Utility Fund had a deficit unassigned fund balance of \$527,471. This deficit was the result of capital and flood mitigation projects completed in advance of receipt of designated funding. The Stormwater Utility Fund has received loans from the General Fund, which will be repaid from future stormwater fees collections. This deficit will be eliminated as resources (future stormwater fees) are obtained.

**NOTE IV: DETAILED NOTES ON ALL FUNDS**

**A. Deposits and investments**

At September 30, 2019, the City's carrying amount of cash deposits was \$8,214,230, not including petty cash and change accounts totaling \$4,100, and the bank balance was \$8,520,715. At September 30, 2019, the City's carry amount and bank balance of cash deposits in the City's pension trust funds was \$144,855. As of September 30, 2019, \$500,000 of the City's bank balances was covered by federal depository insurance (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 investment program is established in accordance with the City's investment policy, pertinent bond resolutions and Section 218.45, Florida Statutes, which allows the City to invest in the Florida State Board of Administration intergovernmental investment pool or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, direct obligations of the United States Government, obligations of the different agencies of the Federal Government, registered money market funds and accounts of state qualified public depositories.

**NOTE IV: DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Deposits and investments (continued)**

The investing of public funds with the Florida State Board of Administration (SBA) Local Government Surplus Funds Trust Fund ("Florida PRIME") is governed by Section 218.407, Florida Statutes. The SBA is under regulatory oversight of the State of Florida. The investment pool consists largely of corporate notes and commercial paper. On September 30, 2019, the City had \$10,035,455 invested in the SBA. The fair value of the City's position in the pool is equal to the value of the pooled shares.

The Florida Local Government Investment Trust (Florida SAFE) is a common law trust organized under the laws of the State of Florida as an intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01 of the Florida Statutes. The investment pool consists of obligations guaranteed by the full faith and credit of the United States, U.S. government agency obligations, commercial paper, bank obligations and other obligations permitted by applicable Florida Statutes. At September 30, 2019, the City's share of Florida SAFE was \$9,909,435. The fair value of the City's position in the pool is equal to the value of the pooled shares.

The Florida Surplus Asset Fund Trust (FTIP) Day to Day Fund is a common law trust organized under the laws of the State of Florida as an intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01 of the Florida Statutes. The investment pool offers two open-ended managed funds available only to public entities in Florida. The investment pools consist of short-term to intermediate-term securities permitted by applicable Florida Statutes. At September 30, 2019, the City's share of the FTIP Day to Day Fund was \$5,199,736. The fair value of the City's position in the FTIP Day to Day Fund investment pool is equal to the value of the pooled shares.

Under GASB Codification 150: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of September 30, 2019, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the City's access to 100 percent of their account value in the Florida PRIME, Florida SAFE or FTIP external investment pools.

Cash with escrow and paying agents of \$523,257 accounted for in the Water and Sewer Fund represents reserves and balances to service outstanding bonds.

Deposits available within various funds, except pension trust funds, were consolidated for investment purposes. Interest earned was allocated monthly to the various funds based on their month-end cash and investment balances. The pension trust funds are authorized to invest in corporate bonds and stocks, money markets funds, mortgages and notes, real estate and other investments.

**NOTE IV: DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Deposits and investments (continued)**

*Custodial credit risk* – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution, a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the City places its deposits are certified as “qualified public depositories,” as required under the Florida Security for Public Deposits Act.

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2019, the City’s pension investments are held in street name in the form of stock, debt securities and U.S. government bonds through financial brokerage firms segregated out from the assets and investments held by other clients of the investment firm and their own assets.

*Interest rate risk* – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The City’s investment policy limits interest rate risk by requiring that an attempt be made to match investment maturities with known cash needs and anticipated cash flow requirements. In addition, investments of current operating funds are required to have maturities of no longer than twelve months. The City’s Police Officers’ Plan does not address interest rate risk.

*Credit risk* – Section 150: *Investments* of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. The City’s investment policy and the investment policy for the City’s Police Officers’ Plan, limit investments to securities with specific ranking criteria.

*Concentration risk* – Section 150: *Investments* of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments. The City’s investment policy does not address concentration risk. The Police Officer & Pension Plan restricts the percentage of assets that may be held in the stock of any one company and the bonds issued by any one issuer.

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

Investment type	Fair Value	Investment Maturities (in years)				Rating	Agency	
		Less than 1	1-5	6-10	More than 10			
Primary government:								
State Board of Administration								
Florida Prime	\$10,035,455	\$10,035,455	\$ -	\$ -	\$ -	AAAm	S&P	
Florida Trust Investment Pool								
Day to Day Fund	5,199,736	5,199,736	-	-	-	AAAm	S&P	
Short Term Bond Fund	2,107,638	2,107,638	-	-	-	AAAf/S1	S&P	

**NOTE IV: DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Deposits and investments (continued)**

Investment type	Fair Value	Investment Maturities (in years)				Rating	Agency
		Less than 1	1-5	6-10	More than 10		
Florida SAFE Investment Pool	9,909,435	9,909,435	-	-	-	AAAm	S&P
Total primary government investments	\$27,252,264	\$27,252,264	\$ -	\$ -	\$ -		
Pension trust funds:							
Money market funds	\$ 144,855	\$ 144,855	\$ -	\$ -	\$ -	Not Rated	
US and international stock mutual funds	9,700,924	9,700,924	-	-	-	3★	MS*
Corporate bonds:							
Corporate bonds (A)	860,707	60,167	772,820	27,720	-	AA+ -A-	S&P
Corporate bonds (B)	447,377	-	336,688	110,689	-	BBB+ - BBB	S&P
Fixed income mutual funds	1,011,062	1,011,062	-	-	-	3-4★	MS*
US government obligations	1,859,128	329,619	679,371	850,138	-	Not Rated	
Mortgage/asset backed securities	76,233	-	-	76,233	-	Not Rated	
Real estate funds	1,587,015	-	-	-	1,587,015	Not Rated	
Total fiduciary fund investments	\$15,687,301	\$11,246,627	\$ 1,788,879	\$ 1,064,780	\$ 1,587,015		

\*MS = Morningstar

**Fair value**

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

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

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

Level 2: Inputs to the valuation methodology include:

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

**City of West Melbourne, Florida**  
**Notes to Financial Statements**

**NOTE IV: DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Deposits and investments (continued)**

**Fair value (continued)**

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

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

The following table sets forth by level, within the fair value hierarchy, the City's assets at fair value as of September 30, 2019:

		Quoted Prices in Active Markets for Identical Assets (Level 1)	Observable Inputs Other than Quoted Prices (Level 2)	Significant Unobservable Inputs (Level 3)
Fair Value				
<b>Investments by fair value level:</b>				
Fiduciary fund:				
Money market funds	\$ 144,855	\$ 144,855	\$ -	\$ -
Mutual funds - stock	9,700,924	9,700,924	-	-
Corporate bonds	1,308,084	-	1,308,084	-
Fixed income mutual funds	1,011,062	-	1,011,062	-
US government obligations	1,859,128	-	1,859,128	-
Mortgage/asset backed securities	76,233	-	76,233	-
<b>Total investments measured by fair value level</b>	<b>14,100,286</b>	<b>\$ 9,845,779</b>	<b>\$ 4,254,507</b>	<b>\$ -</b>

**Investments measured at the net asset value (NAV):**

Primary government:

Florida Trust Investment Pool (FTIP)

Short Term Bond Fund 2,107,638

Fiduciary fund:

Real estate funds 1,587,015

**Total investments measured at NAV 3,694,653**

**Total investments measured at fair value \$ 17,794,939**

**NOTE IV: DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Deposits and investments (continued)**

**Fair value (continued)**

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

*Debt and equity securities* – Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using quoted market prices for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique based on the price or yield of similar debt securities.

*Mutual funds* – Mutual funds classified in Level 1 of the fair value hierarchy are valued using quoted market prices for those investments. Mutual funds classified in Level 2 of the fair value hierarchy, while underlying securities have observable Level 1 pricing inputs or observable Level 2 significant other pricing inputs, are not publicly quoted and are based on market-corroborated data.

*Fixed income funds* – Fixed income funds classified in Level 1 of the fair value hierarchy are valued using quoted market prices for those investments. Fixed income funds classified in Level 2 of the fair value hierarchy are not publicly quoted and are based on market-corroborated data.

*Real estate funds* – Real estate funds are valued at net asset value.

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

**Fair value of investments in entities that use Net Asset Value (NAV)**

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

	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
FTIP Short Term Bond Fund	\$ 2,107,638	None	Monthly	None stated
Real estate funds	1,587,015	None	Quarterly	30 days prior to last day of the quarter
Total investments measured at net asset value	\$ 3,694,653			

*FTIP Short Term Bond Fund* – The pool is valued using the quoted value of underlying assets or similar assets and multiplied by the City's percentage of ownership in the pool.

**City of West Melbourne, Florida**  
**Notes to Financial Statements**

**NOTE IV: DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Deposits and investments (continued)**

*Real estate funds* – The real estate funds invest primarily in U.S. commercial and multi-family residential real estate. Distributions from each fund will be received as the underlying investments of the funds are liquidated. The funds were formed as open-ended investments and will have perpetual existence unless terminated by the ownership (partners). Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of the City's ownership interest in partners' capital.

**B. Restricted assets**

The balances of the restricted asset accounts in the governmental activities and business-type activities at September 30, 2019 are as follows:

	Governmental Activities	Business-type Activities
Customer and developer deposit accounts	\$ 206,604	\$ 1,043,723
Law enforcement fines and confiscated property account	2,000	
Accrued interest	-	169,512
Bond debt service accounts - current	-	228,669
Bond debt service account - noncurrent	-	294,588
Total	\$ 208,604	\$ 1,736,492

**C. Receivables**

Receivables and amounts due from other governments as of fiscal year end for the individual major funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

Receivables:	Governmental Activities	Business-type Activities	Total
Taxes	\$ 317,043	\$ -	\$ 317,043
Solid waste	81,515	-	81,515
Utilities	-	1,576,533	1,576,533
Franchise fees	306,358	-	306,358
Special assessments	-	108,117	108,117
Other	35,572	-	35,572
Gross receivables	740,488	1,684,650	2,425,138
Less: allowance for uncollectible accounts	-	(108,841)	(108,841)
Total receivables, net	\$ 740,488	\$ 1,575,809	\$ 2,316,297

The City provides an allowance for water and sewer accounts receivable that may become uncollectible. At September 30, 2019, this allowance was \$108,841. No other allowances for doubtful accounts are maintained since all other accounts receivable are considered collectible at September 30, 2019.



**City of West Melbourne, Florida**  
**Notes to Financial Statements**

**NOTE IV: DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital assets**

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

	Beginning Balance	Increases	Decreases / Transfers	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,452,345	\$ 94,200	\$ (56,558)	\$ 1,489,987
Construction in progress	2,368,773	1,568,992	(578,364)	3,359,401
Total capital assets, not being depreciated	3,821,118	1,663,192	(634,922)	4,849,388
Capital assets, being depreciated:				
Buildings	7,547,667	585,822	(27,643)	8,105,846
Improvements other than buildings	12,660,735	1,774,824	(25,071)	14,410,488
Machinery and equipment	5,898,970	1,763,871	(614,851)	7,047,990
Infrastructure	15,333,025	1,758,846	(2,000)	17,089,871
Total capital assets being depreciated	41,440,397	5,883,363	(669,565)	46,654,195
Less accumulated depreciation for:				
Buildings	(2,779,710)	(301,622)	27,644	(3,053,688)
Improvements other than buildings	(2,620,663)	(791,539)	25,071	(3,387,131)
Machinery and equipment	(3,902,035)	(817,107)	614,562	(4,104,580)
Infrastructure	(5,454,176)	(940,511)	2,000	(6,392,687)
Total accumulated depreciation	(14,756,584)	(2,850,779)	669,277	(16,938,086)
Total capital assets being depreciated, net	26,683,813	3,032,584	(288)	29,716,109
Governmental activities capital assets, net	\$ 30,504,931	\$ 4,695,776	\$ (635,210)	\$ 34,565,497
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 396,459	\$ 7,500	\$ -	\$ 403,959
Construction in progress	188,653	1,153,301	(500)	1,341,454
Total capital assets, not being depreciated	585,112	1,160,801	(500)	1,745,413
Capital assets, being depreciated:				
Buildings	2,512,496	-	-	2,512,496
Improvements other than buildings	75,877,510	1,621,697	(13,681)	77,485,526
Machinery and equipment	8,336,727	285,718	(42,503)	8,579,942
Total capital assets being depreciated	86,726,733	1,907,415	(56,184)	88,577,964
Less accumulated depreciation for:				
Buildings	(2,076,544)	(21,320)	-	(2,097,864)
Improvements other than buildings	(34,108,972)	(3,072,582)	13,681	(37,167,873)
Machinery and equipment	(5,174,630)	(439,672)	42,503	(5,571,799)
Total accumulated depreciation	(41,360,146)	(3,533,574)	56,184	(44,837,536)
Total capital assets, being depreciated, net	45,366,587	(1,626,159)	-	43,740,428
Business-type activities capital assets, net	\$ 45,951,699	\$ (465,358)	\$ (500)	\$ 45,485,841

*Special item* – Current year capital additions in the governmental activities include the donation of the Field of Dreams complex with an estimated acquisition value of \$2,411,339 on the date of the donation.

**NOTE IV: DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital assets (continued)**

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

Governmental activities:

General government	\$ 299,202
Public safety	620,480
Public works	1,366,258
Recreation	564,839
<b>Total depreciation expense - governmental activities</b>	<b>\$ 2,850,779</b>

Business-type activities:

Water and Sewer	\$ 3,533,574
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**E. Interfund receivables, payable and transfers**

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

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
<b>Current:</b>		
General Fund	Community Redevelopment Fund	\$ 100,000
General Fund	Water and Sewer Fund	151,030
General Fund	Stormwater Utility	88,700
<b>Total current</b>		<b>339,730</b>
<b>Noncurrent:</b>		
General Fund	Community Redevelopment Fund	500,000
General Fund	Stormwater Utility	373,800
<b>Total noncurrent</b>		<b>873,800</b>
<b>Total</b>		<b>\$ 1,213,530</b>

Between the General Fund and the Water and Sewer Fund the advances are interfund loans to cover cash shortfalls and the cost of construction projects. The amount is being repaid to the General Fund with interest.

Between the General Fund and the CRA Fund the advances are interfund loans used for working capital for the CRA to begin operations. The amount is being repaid to the General Fund over 10 years without interest, administration or service charges.

Between the General Fund and the Stormwater Utility Fund the advances are interfund loans used for working capital to purchase land and equipment. The amount is being repaid to the General Fund with interest.

**City of West Melbourne, Florida**  
**Notes to Financial Statements**

**NOTE IV: DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Interfund receivables, payable and transfers (continued)**

*Interfund transfers* – The composition of interfund transfers as of September 30, 2019, is as follows:

Description	Total Transfers Out	Transfers In		
		Governmental		Proprietary
		General Fund	Nonmajor Governmental Funds	Water and Sewer Fund
Governmental funds:				
General Fund	\$ (368,500)	\$ -	\$ -	\$ -
Nonmajor governmental fund	-	-	402,900	-
Total - governmental funds	(368,500)	-	402,900	-
Proprietary funds:				
Water and Sewer Fund	(34,400)	-	-	-
Total	\$ (402,900)	\$ -	\$ 402,900	\$ -

The transfers from the General Fund and the Water and Sewer Fund to the Vehicle Replacement Fund reflect the City's budgeted transfers to fund future replacement of City-owned vehicles and are based on a capital replacement schedule developed during the budgeting process.

**F. Long-term debt and liabilities**

**Revenue bonds**

The City issues revenue bonds to pay the costs of constructing certain capital projects and to refund all or a portion of previously issued revenue bonds. The bonds are secured by and payable from the gross revenues of the City's water and sewer system. The bond resolutions provide that revenues in excess of debt service requirements may be used for general operating purposes. Debt service sinking fund requirements, where applicable, on outstanding bonds have been met or exceeded, in accordance with the bond resolutions.

Revenue bonds outstanding at year-end are as follows:

**Business-type activities:**

Water and Sewer Revenue Bonds, Series 2007	\$ 3,152,268
Water and Sewer Revenue Refunding Bonds, Series 2014	2,811,800
Total business-type activities	\$ 5,964,068

**NOTE IV: DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-term debt and liabilities (continued)**

**Revenue bonds (continued)**

*Water and Sewer Revenue Bonds, Series 2007* – \$8,015,000 Water and Sewer Revenue Bonds, Series 2007 (\$3,152,268 remaining at September 30, 2019) - On July 25, 2007, the City issued the West Melbourne Water and Sewer Revenue Bonds, Series 2007 in the principal amount of \$8,015,000. These bonds were sold to: (i) pay the cost of constructing certain capital improvements to the System, and (ii) finance the costs of issuance of the Series 2007 Bonds. The Series 2007 bonds bear interest at 5.45706% per annum, payable semi-annually on April 1 and October 1. Principal is due annually beginning April 1, 2017, in amounts increasing from \$35,000 to \$795,000. The final maturity is April 1, 2024.

*Water and Sewer Refunding Revenue Bonds, Series 2014* – On September 4, 2014, the City issued \$5,778,300 Water and Sewer Revenue Refunding Bonds, Series 2014 (\$2,811,800 remaining at September 30, 2019), a refunding bank loan. These bonds were sold to: (i) fully refund \$960,000 of outstanding Water and Sewer Revenue Refunding Bonds Series 1999, (ii) fully refund \$1,300,000 of outstanding Water and Sewer Revenue Refunding and Improvement Bonds, Series 2004, (iii) partially refund \$2,925,000 of outstanding Florida Municipal Loan Council Series 2005D, and (iv) partially refund \$1,200,000 of outstanding Water and Sewer Revenue Bonds, Series 2007. The Series 2014 bonds bear interest at 2.30% per annum, payable semi-annually on April 1 and October 1. Principal is due annually beginning October 1, 2014, in amounts that range from \$104,700 to \$1,039,500, until final maturity on October 1, 2026.

**Loan payable**

The City obtained a loan to pay the costs of constructing certain capital projects and to finance costs of issuance of revenue bonds. This loan is secured by and payable from the gross revenues of the City's water and sewer system. The loan outstanding at year end, excluding discounts, is as follows:

**Business-type activities:**

Florida Municipal Loan Council, Series 2010D	\$ 2,590,000
Total business-type activities	<u>\$ 2,590,000</u>

*Loan Payable - Florida Municipal Loan Council, Series 2010D* – \$3,820,000 loan payable (\$2,590,000 remaining at September 30, 2019) Florida Municipal Loan Council - On August 25, 2010, the City entered into a loan agreement to: (i) to pay the cost of constructing certain capital improvements to the System, and (ii) finance the City's pro-rata costs of issuance of the FMLC Series 2010D Bonds. The loan bears interest at rates ranging from 2.00% to 4.25% per annum, payable semi-annually on April 1 and October 1. Principal is due annually beginning October 1, 2011, in amounts increasing from \$160,000 to \$270,000 at final maturity on October 1, 2030.

**City of West Melbourne, Florida**  
**Notes to Financial Statements**

**NOTE IV: DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-term debt and liabilities (continued)**

**Annual debt service requirements**

Annual debt service requirements to maturity for revenue bonds and loans outstanding as of September 30, 2019 excluding premiums and discounts are as follows:

<i>Year ending September 30,</i>	<b>Business-type Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2020	\$ 1,246,200	\$ 349,833
2021	1,283,600	314,928
2022	1,329,200	260,521
2023	1,377,900	203,657
2024	743,268	144,466
2025-2029	2,048,900	260,278
2030-2031	525,000	22,632
<b>Totals</b>	<b>\$ 8,554,068</b>	<b>\$ 1,556,315</b>

**Pledged revenue**

Pledged revenues and principal and interest payments are as follows:

	<b>Debt issue</b>	<b>Term</b>	<b>Future principal and interest</b>	<b>Current pledged revenue</b>	<b>Current principal and interest</b>	<b>Current percentage of revenue</b>
<b>Pledged Revenue</b>						
Non ad-valorem	2010D	2030	\$3,007,096	\$ 6,205,789	\$ 273,832	4%
Water and sewer	2007	2023	2,875,784		900,473	
net revenues	2014	2027	2,631,470		421,728	
Total water and sewer net revenues			5,507,254	6,854,215	1,322,201	19%
<b>Total business-type activities</b>			<b>\$8,514,350</b>	<b>\$13,060,004</b>	<b>\$1,596,033</b>	

**Changes in long-term liabilities**

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
Compensated absences	\$ 370,197	\$ 317,635	\$ (305,954)	\$ 381,878	\$ 305,503
<b>Governmental activities long-term liabilities</b>	<b>\$ 370,197</b>	<b>\$ 317,635</b>	<b>\$ (305,954)</b>	<b>\$ 381,878</b>	<b>\$ 305,503</b>

**City of West Melbourne, Florida**  
**Notes to Financial Statements**

**NOTE IV: DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-term debt and liabilities (continued)**

**Changes in long-term liabilities (continued)**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type activities:</b>					
Loan payable:					
Loans payable	\$ 2,760,000	\$ -	\$ (170,000)	\$ 2,590,000	\$ 175,000
Plus/less deferred amounts:					
For issuance discount	(9,725)	1,341	-	(8,384)	-
Total loans payable	2,750,275	1,341	(170,000)	2,581,616	175,000
Bonds payable:					
Revenue bonds payable	\$ 7,673,850	\$ -	\$ (1,709,782)	\$ 5,964,068	\$ 1,071,200
Total bonds from direct borrowings	7,673,850	-	(1,709,782)	5,964,068	1,071,200
Compensated absences	54,381	59,572	(59,935)	54,018	43,214
Business-type activities long-term liabilities	\$ 10,478,506	\$ 60,913	\$ (1,939,717)	\$ 8,599,702	\$ 1,289,414

Long-term liabilities such as compensated absences are liquidated by the respective funds that are obligated for the related cost. For governmental activities, compensated absences are generally liquidated by the general fund.

**G. Employee retirement plans – defined contribution plan**

**General Employees' Retirement Plan**

Plan description. The City of West Melbourne General Employees' Retirement Plan is a defined contribution plan administered by ICMA Retirement Corporation. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All full time general employees hired prior to July 1, 2008 are eligible to participate after six months of service.

Employer contributions are vested according to the following schedule: 50% after three years of service; 75% after four years; 100% after five years. There are currently two employees participating in this plan.

Funding policy. Contributions under the plan were established by the Plan & Trust adoption agreement with ICMA Retirement Corporation and may be amended at the City's discretion. Required contributions are 2% and 8% of eligible earnings for employees and employer, respectively. Administrative costs are financed through investment earnings. Required and actual contributions for the year ended September 30, 2019 were \$4,154 from employees and \$16,621 from the employer. Of the employer's portion, \$1,515 was paid from forfeitures remaining in the plan.

**NOTE IV: DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Employee retirement plans – defined contribution plan (continued)**

**General Employees' Retirement Plan (continued)**

*Participant loans.* The Plan allows participants to borrow from their fund accounts the lesser of \$50,000 or 50% of their vested account balance. The loans are secured by the balance in the participant's account and bear interest at a fixed rate of prime plus 0.5%, as determined on the last day of the month preceding the month the loan is disbursed. Principal and interest are paid ratably through bi-weekly payroll deductions over a period not to exceed five years.

**H. Employee retirement plans – defined benefit plans**

**Florida Retirement System**

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

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options.

FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

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

*Benefits provided.* Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members

**NOTE IV: DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Employee retirement plans – defined benefit plans (continued)**

**Florida Retirement System (continued)**

initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

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

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

	FRS	HIS
Regular class	6.81%	1.66%
Senior management service class	23.75%	1.66%
DROP from FRS	12.94%	1.66%

The employer's contributions for the year ended September 30, 2019, were \$273,679 to the FRS and \$61,481 to the HIS.

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

	FRS	HIS
Net pension liability	\$ 2,931,379	\$ 1,199,732
Proportion at:		
Current measurement date	0.0085%	0.0107%
Prior measurement date	0.0080%	0.0099%
Increase (decrease) in proportionate share	0.0005%	0.0008%
Pension expense (benefit)	\$ 763,308	\$ 126,830



**City of West Melbourne, Florida**  
**Notes to Financial Statements**

**NOTE IV: DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Employee retirement plans – defined benefit plans (continued)**

**Florida Retirement System (continued)**

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

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 173,868	\$ 1,819	\$ 14,572	\$ 1,469
Changes of assumptions	752,904	-	138,918	98,056
Difference between projected and actual earnings on pension plan investments	-	162,179	774	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	147,977	-	156,509	-
Employer contributions subsequent to the measurement date	77,233	-	16,891	-
<b>Total</b>	<b>\$ 1,151,982</b>	<b>\$ 163,998</b>	<b>\$ 327,664</b>	<b>\$ 99,525</b>

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

<i>Year ending September 30,</i>	FRS	HIS
2020	\$ 315,491	\$ 58,352
2021	114,347	52,001
2022	224,837	40,290
2023	177,734	14,561
2024	57,017	20,946
Thereafter	21,325	25,098
<b>Total</b>	<b>\$ 910,751</b>	<b>\$ 211,248</b>

*Actuarial assumptions.* The total pension liability for each of the defined benefit plans was measured as of June 30, 2019. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2019. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2018 and using standard actuarial roll forward procedures to develop the liability at June 30, 2019.

**NOTE IV: DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Employee retirement plans – defined benefit plans (continued)**

**Florida Retirement System (continued)**

The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Payroll growth, including inflation	3.25%	3.25%
Investment rate of return	6.90%	N/A
Discount rate	6.90%	3.50%

Mortality assumptions for the FRS Pension Plan were based on PUB2010 base tables projected generationally with Scale MP-2018. Mortality assumptions for the HIS Program were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2019:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.00% to 6.90%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.87% to 3.50%.

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

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

**NOTE IV: DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Employee retirement plans – defined benefit plans (continued)**

**Florida Retirement System (continued)**

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

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.50% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

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

	FRS			HIS		
	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Employer's proportionate share of the net pension liability	\$ 5,067,378	\$ 2,931,379	\$1,147,458	\$ 1,369,556	\$ 1,199,732	\$1,058,288

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

Payables to the pension plans. As of September 30, 2019, the City had no outstanding payables to the FRS or HIS plans for regular employee and employer contributions that were legally required to be paid to the plans but not remitted prior to the end of the year.

**Police Officers' Pension Plan**

The City maintains and administers a separate single-employer pension plan for all eligible police officers, which assets are included in the Police Officers' Retirement Trust Fund (the "Police Officers' Pension Plan" or the "Plan"). The plan does not issue stand-alone financial reports and is not included in any other retirement system's or the entity's financial report.

Plan description. The City of West Melbourne Police Officers' Retirement Plan (the "Plan") is a single-employer defined benefit pension plan. The Plan is administered by a five-member Board of Trustees (two West Melbourne citizens appointed by the City Council, two plan participants selected by the plan membership, and a fifth board member selected by the other four board members and confirmed by the City Council as a ministerial action).

**NOTE IV: DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Employee retirement plans – defined benefit plans (continued)**

**Police Officers' Pension Plan (continued)**

The Plan does not issue a stand-alone financial report. The Plan's financial statements as of September 30 are included in the City's Comprehensive Annual Financial Report. Pension plan data is provided from the respective actuarial reports as of September 30, 2019.

*Basis of accounting.* The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

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

*Description of benefits.* Benefits under the Plan are established in accordance with requirements of City Ordinance and Florida Statutes Chapter 185. Benefit provisions may be amended by the City Council but may not be reduced below the minimum specified by statute.

The Plan provides retirement, death and disability benefits to plan members and beneficiaries. Retirement benefits vest with the participants based on years of credited service at 20% per year after six years with full vesting provided after ten years. Employees qualifying for normal retirement are entitled to monthly benefits based on 3% of average final compensation times years of service. Employees hired prior to January 1, 2011 additionally receive \$10 per month per year of service. Generally, normal retirement occurs at attained age 55, or with 25 years of service, regardless of age. Early retirement benefits are available at attained age 50 and 10 years of service using reduced benefit formulas.

Service incurred disability benefits are available to employees with no vesting period and provide monthly income (as defined by the plan payable until death or recovery). Non-service incurred disability benefits (available to employees with ten years of plan participation) provide monthly income (as defined by the Plan) payable until death or recovery. In the event of death, the Plan provides for a 10-year certain and life annuity benefit.

Optional forms of benefits are available and may be elected by the employee as provided in the Plan.

**NOTE IV: DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Employee retirement plans – defined benefit plans (continued)**

**Police Officers' Pension Plan (continued)**

*Contribution requirements and funding policy.* The employer, employee and State contribution requirements are actuarially determined on an annual basis. Most administrative costs of the Plan are financed through investment earnings of the Plan. Plan members hired on or after January 1, 2011 are required to contribute 8.44% of pensionable pay and Plan members hired before January 1, 2011 are required to contribute 8.54% of pensionable pay. The City recognized as revenues and expenditures on-behalf payments relating to contributions for its public safety employees that the State paid to the Plan in the amount of \$169,767. These contributions are funded by an excise tax levied on certain casualty and property insurance premiums. If the remittance from the State is less than estimated by the actuary, the City pays the balance required to fund the total actuarial requirement.

The City's contributions to the Plan for the year ended September 30, 2019 totaled \$617,551, which includes the amount contributed by the State. Plan members contributed \$227,943 for the same fiscal year.

*Plan administration.* The Plan is administered by a Board of Trustees comprised of two (2) Council appointees, two (2) members of the Department elected by the Membership and a fifth member elected by the other four (4) members of the Board of Trustees.

*Plan membership as of October 1, 2018:*

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Inactive plan members or beneficiaries currently receiving benefits	16
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	43
Total plan members	63

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*Benefits provided.* The Plan provides retirement, termination, disability and death benefits.

*Normal retirement.* Normal retirement is the earlier of: 1) Age 55 and 10 years of credited service, or 2) 25 years of credited service, regardless of age. Upon retirement, the member receives a monthly benefit equal to 3.0% of Average Final Compensation (AFC) for each year of credited service.

*Early retirement.* Members are eligible for early retirement upon attaining age 50 and completing 10 Years of credited service. Accrued benefits are reduced by 3% for each year from the otherwise normal retirement date.

**NOTE IV: DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Employee retirement plans – defined benefit plans (continued)**

**Police Officers' Pension Plan (continued)**

Vesting. Vesting begins after 6 years of credited service. The members vest at 20% after 6 years of credited service plus 20% per year thereafter up to 100% after 10 years. Each member will receive an unreduced benefit payable at the later of age 55 or when the member would have attained 10 years of service. Reduced benefits are payable at the later of age 50 or when the member would have attained 10 years of service.

Disability. Eligibility for a service incurred disability is covered from date of employment. Eligibility for a non-service incurred liability vests after 10 years of credited service. The benefit for a service incurred disability is the member's accrued benefit but not less than 42% of AFC and not less than 25% of AFC for a non-service incurred disability.

Pre-Retirement death benefits. Eligibility for pre-retirement death benefits vests after 10 years of credited service. The benefit is the member's accrued benefit paid as 50% of the actuarially equivalent 50% Joint and Survivor form of benefit.

Cost of living adjustment. For Members hired before January 1, 2011, the base benefit is increased annually by a pro-rated portion of 2.0% each October 1 beginning 5 years after retirement. The pro-ration will be years of service prior to February 19, 2013 over total years of service at retirement. Minimum COLA for those hired before January 1, 2011 will be 1.0%.

Supplemental Benefit. Members hired before January 1, 2011 receive a monthly supplemental benefit equal to \$10 for each year of Credited Service. This supplemental benefit is not subject to cost-of-living adjustments, and is not provided to vested terminated members.

Share Plan. Effective September 30, 2017, the individual share account of each active member who has accrued at least one complete year of credited service under the plan and who is not participating in the DROP will receive a one-time allocation equal to \$1,200 plus \$400 for each additional complete year of service in excess of one year, subject to a maximum allocation of \$5,200. This is funded by the existing Excess State Monies Reserve with any remaining amounts applied to reduce the UAAL as of September 30, 2017. Effective September 30, 2017 and each September 30 thereafter, the sum of \$600 shall be allocated to the individual share account of each member hired on or after January 1, 2011 who has at least one year of credited service. The annual allocations will be funded solely by the annual state monies received with any remaining amounts applied to reduce the City's annual contribution requirement.

Contributions. Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

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

**NOTE IV: DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Employee retirement plans – defined benefit plans (continued)**

**Police Officers' Pension Plan (continued)**

<b>Asset Class:</b>	<b>Target Allocation</b>
Domestic equity	45.0%
International equity	15.0%
Global tactical asset allocation funds	2.5%
Broad market fixed income	22.5%
Global fixed income	5.0%
Real estate	10.0%
<b>Total</b>	<b>100.0%</b>

**Concentrations.** The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's fiduciary net position.

**Rate of return.** For the year ended September 30, 2019, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 3.17%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Deferred Retirement Option Program (DROP).**

<b><u>Eligibility:</u></b>	Members who are eligible for Normal Retirement.
<b><u>Participation:</u></b>	Earlier of (a) 60 months in the DROP program, or (b) 31 years of employment with the City as a Police Officer.
<b><u>Rate of Return:</u></b>	6.5% per annum, compounded monthly and credited quarterly for those who entered DROP prior to February 19, 2013. 2.0% per annum for those who enter on or after February 19, 2013.

The DROP balance on September 30, 2019 was \$29,795.

**Net pension liability of the sponsor.** The components of the net pension liability of the sponsor on September 30, 2019 were as follows:

Total pension liability	\$ 16,325,252
Plan fiduciary net position	(15,705,656)
<b>Sponsor's net pension liability</b>	<b>\$ 619,596</b>
 Plan fiduciary net position as a percentage of total pension liability	  <b>96.20%</b>

**NOTE IV: DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Employee retirement plans – defined benefit plans (continued)**

**Police Officers' Pension Plan (continued)**

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

Inflation	2.50%
Salary increases	Service based
Discount rate	6.95%
Investment rate of return	6.95%

Mortality assumptions were based on the RP-2000 Generational Table (100% Annuitant White Collar for females, 10% Annuitant White Collar / 90% Annuitant Blue Collar for males) using scale BB for active or inactive members. For disabled members, the mortality rates were based on 60% RP-2000 Disabled Female set forward 2 years / 40% Annuitant White Collar with no setback and no projection scale for females and 60% RP- 2000 Disabled Male setback 4 years / 40% Annuitant White Collar with no setback and no projection scale for males.

Plan changes. For the measurement period ended September 30, 2019, there were no changes in key plan provisions.

Actuarial assumption changes. For the measurement period ended September 30, 2019 and since the prior valuation, there were no changes of actuarial assumptions or methods.

Discount rate. The discount rate used to measure the total pension liability was 6.95%.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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



**NOTE IV: DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Employee retirement plans – defined benefit plans (continued)**

**Police Officers' Pension Plan (continued)**

These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of 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:

<b>Asset Class:</b>	Long Term Expected Real Rate of Return
Domestic equity	7.50%
International equity	8.50%
Broad market fixed income	2.50%
Global fixed income	3.50%
Global tactical asset allocation funds	3.50%
Real estate	4.50%

*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 (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
Sponsor's net pension liability (asset)	\$ 3,029,325	\$ 619,596	\$ (1,340,354)

*Net pension liability and changes in the net pension liability.* The net pension liability for the Plan was measured as of September 30, 2019 and the total pension liability used to calculate the net pension liability was also determined as of that date.

**City of West Melbourne, Florida**  
**Notes to Financial Statements**

**NOTE IV: DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Employee retirement plans – defined benefit plans (continued)**

**Police Officers' Pension Plan (continued)**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Reporting period ending September 30, 2018	\$ 15,732,281	\$ 15,255,396	\$ 476,885
Changes for the year:			
Service cost	587,360	-	587,360
Interest	1,105,163	-	1,105,163
Change in excess State money	-	-	-
Share plan allocation	16,350	-	16,350
Differences between expected and actual experience	(279,907)	-	(279,907)
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	447,784	(447,784)
Contributions - State	-	169,767	(169,767)
Contributions - Employee	-	227,943	(227,943)
Net investment income	-	497,586	(497,586)
Benefit payments, including refunds of employee contributions	(835,995)	(835,995)	-
Administrative expense	-	(56,825)	56,825
Net changes	592,971	450,260	142,711
Reporting period ending September 30, 2019	\$ 16,325,252	\$ 15,705,656	\$ 619,596

*Pension expense and deferred outflows and deferred inflows of resources related to pensions.* For the year ended September 30, 2019, the City recognized pension expense of \$666,462 for the Police Employees' Pension Plan. At September 30, 2019, the City reported deferred outflows and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 503,432	\$ 328,644
Changes of assumptions	286,703	6,222
Net differences between projected and actual earnings on pension plan investments	27,392	-
Total	\$ 817,527	\$ 334,866

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

**NOTE IV: DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Employee retirement plans – defined benefit plans (continued)**

**Police Officers' Pension Plan (continued)**

<i>Year ending September 30:</i>	
2020	\$ 21,995
2021	65,132
2022	187,666
2023	254,519
2024	(46,651)
Thereafter	-
<b>Total</b>	<b>\$ 482,661</b>

The Plans' fiduciary net position has been determined on the same basis used by the pension plans and is equal to the fair value of assets calculated under the accrual basis of accounting.

Required Supplementary Information (RSI) following the notes to financial statements provides multi-year trend data to help determine whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

*Fiduciary fund financial statements.* The City does not issue separate financial statements for the Police Officers' Pension Trust Fund. The basic financial statements of the City include a statement of fiduciary net position and a statement of changes in fiduciary net position for the pension trust fund.

**I. Pension expense summary**

The total of the City's pension expense for the fiscal year ended September 30, 2019 is as follows:

Plan Description	Pension Expense
Defined contribution plan:	
General Employees' plan - ICMA	\$ 16,621
Defined benefit plans:	
Florida Retirement System	890,138
Police Employees' Pension Plan	589,610
<b>Total pension expense</b>	<b>\$ 1,496,369</b>

Pension liabilities are liquidated by the respective funds that are obligated for the related costs. For governmental activities, pension liabilities are generally liquidated by the general fund.

**NOTE IV: DETAILED NOTES ON ALL FUNDS (Continued)**

**J. Post-employment benefits other than pensions (OPEB)**

The City follows Section P52: *Postemployment Benefits Other Than Pensions – Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria* of the GASB Codification for certain post-employment health care benefits provided by the City.

Plan description. The OPEB plan is a single-employer benefit plan administered by the City. Medical insurance benefits are provided to employees and their eligible dependents through an employee group medical insurance plan. In accordance with Section 112.0801 of the Florida Statutes, because the City provides a medical plan to active employees and their eligible dependents, the City is also required to provide retirees with the opportunity to participate in this insurance. Benefit provisions for the insurance are established and may be amended by the City Council. The retirees pay the full group premium amount for health insurance with no explicit subsidy from the City.

Funding policy. Contribution rates for the insurance are established on an annual basis. Eligible retirees and their covered dependents receiving benefits contribute 100% of their premium costs for medical insurance. While the City does not directly contribute toward the costs of retiree premiums via an explicit subsidy, the ability of retirees to obtain health insurance coverage at a group rate which includes active employees constitutes a significant economic benefit to retirees, or an OPEB obligation of the City. The City is currently funding this OPEB obligation on a pay-as-you-go basis, contributing only those amounts necessary to provide for its portion of current year benefit costs and expenses. OPEB liabilities are liquidated by the respective funds that are obligated for the related costs. For governmental activities, OPEB liabilities are generally liquidated by the general fund. For the year ended September 30, 2019, the City estimated it subsidized \$11,503 of medical costs for its retirees and their covered dependents.

As of September 30, 2019, no trust has been established for the other postemployment benefits.

Plan membership. At October 1, 2018, OPEB membership consisted of the following:

	Number of covered individuals
Inactive members currently receiving benefits	7
Inactive members entitled to but not yet receiving benefits	-
Active members	112
Total	119

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:

Salary Increases	3.00% projected annual salary increase
Discount rate	3.58% investment rate of return
Health care cost trend rates	7.50% using Society of Actuaries Long-Term Model

**NOTE IV: DETAILED NOTES ON ALL FUNDS (Continued)**

**J. Post-employment benefits other than pensions (OPEB) (continued)**

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

The actuarial assumptions included an annual healthcare cost trend rate of 7.50% initially, reduced by decrements to an ultimate rate of 5.00% after five years. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The October 1, 2018 actuarial valuation included changes in assumptions for the discount rate (decrease from 3.67% in the prior valuation to 3.58%) and in the health care cost trend rates (decrease from 8.00% in the prior valuation to 7.50%). The methods, assumptions, and participant data used are detailed in the actuarial valuation report dated October 1, 2018. These calculations are based on the Entry Age Normal cost method required by GASBC P52.

At September 30, 2019, the City reported a total OPEB liability of \$595,302. The other postemployment benefit information has been provided as of the September 30, 2019 measurement date.

	<u>Increase (Decrease)</u>
	Total OPEB
<u>Change in total OPEB liability</u>	<u>Liability</u>
Balance, September 30, 2018	\$ 282,281
Changes for the year:	
Service cost	44,485
Expected interest growth	11,494
Demographic experience	21,682
Benefit payments and refunds	(11,503)
Assumption changes	246,863
Net changes	313,021
Balance, September 30, 2019	\$ 595,302

Sensitivity of the OPEB liability. The following presents the City's OPEB liability as if it were calculated using a discount rate that is one percentage point lower or higher than the current discount rate:

	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB Liability	\$ 680,380	\$ 595,302	\$ 524,291

**City of West Melbourne, Florida**  
**Notes to Financial Statements**

**NOTE IV: DETAILED NOTES ON ALL FUNDS (Continued)**

**J. Post-employment benefits other than pensions (OPEB) (continued)**

The following presents the City's total OPEB liability as if it were calculated using a trend rate that is one percentage-point lower or higher than the current trend rate:

	1% Decrease (6.50%)	Healthcare Cost Trend Rate (7.50%)	1% Increase (8.50%)
Total OPEB Liability	\$ 506,364	\$ 595,302	\$ 705,288

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 recognized an OPEB expense of \$67,292. At September 30, 2019, the City reported deferred outflows and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Amortization payments	\$ (22,816)	\$ -
Demographic gain (loss)	21,682	-
Assumption changes	246,863	-
Total	\$ 245,729	\$ -

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

<i>Year ending September 30,</i>	
2020	\$ 22,816
2021	22,816
2022	22,816
2023	22,816
2024	22,816
Thereafter	131,649
Total	\$ 245,729

**NOTE V: OTHER INFORMATION**

**A. Risk management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; worker's compensation and natural disasters.

**NOTE V: OTHER INFORMATION (Continued)**

**A. Risk management (continued)**

In fiscal year 2018-2019, the City was a member of the Florida Municipal Insurance Trust (the "Trust"). The Trust is a self-insurance program established to provide worker's compensation, property, and casualty coverage to participating units of local government in Florida pursuant to various provisions of Florida Statutes. The Trust's underwriting and vote-setting policies are established after consultation with an independent actuary. The Trust is non-assessable and therefore, the City has no liability for future deficits of the Trust, if any. Only workers compensation is subject to audit thus avoiding additional premium charges beyond policy expirations.

There have been no significant reductions in insurance coverage during the fiscal year 2019. Also, there have been no settlements that exceeded insurance coverage for each of the past three fiscal years.

**B. Concentration – Water Supply**

The City purchases all of its residents' water needs from the City of Melbourne, Florida under an agreement dated May 16, 2013, which is currently scheduled to expire December 31, 2026, with an optional fifteen year extension. During the year, approximately \$2.8 million (442,994,000 gallons) of water was purchased and management believes it will be able to continue purchasing water from the City of Melbourne, Florida, sufficient to meet all of its residents' water needs, for the foreseeable future.

**C. Litigation**

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

**D. Commitments and contingencies**

In February of 2011, the City entered into a contract for the management, operation and maintenance of the wastewater treatment, collection and disposal facility. On December 15, 2015, the City Council approved a five-year extension of the contract. The term of the contract extension ends on April 30, 2021. The base fee for the first year was \$1,214,768 and is subject to annual adjustment. For fiscal year 2019, the City paid \$1,470,482 under this contract.

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

**NOTE V: OTHER INFORMATION (Continued)**

**D. Commitments and contingencies (continued)**

The City has active construction projects as of September 30, 2019 for various projects including the construction of the Veteran's Memorial Center wall and fence and the Police Department Station renovation. At year-end, the City's commitments with contractors totaled \$194,194. The commitments are being financed by general revenues and from capital contributions received from developers.

**E. Asset Retirement Obligations**

Asset retirement obligations generally apply to legal obligations associated with the retirement of a tangible long-lived asset that result from the acquisition, construction, or development and the normal operation of a long-lived asset. The City assesses asset retirement obligations on a periodic basis. If a reasonable estimate of fair value can be made, the fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred or a change in estimate occurs.

The City operates a wastewater treatment plant which is regulated by the Florida Department of Environmental Protection, and requires certain cleanup and remediation activities if use of the wastewater treatment plant is discontinued. The City Plans ongoing refurbishment to the plant as needed and has no plans to discontinue use of the plant. As such, the City is not able to readily estimate the fair value of the liability for discontinuing use of the plant, and has not recorded an asset retirement obligation for this asset.

**F. Subsequent Events**

On December 17, 2019, the City Council awarded a contract to Young's Communication Co., Inc. in the amount of \$1,099,764 for construction of a new water main to serve property to be developed west of Interstate 95.

On January 8, 2020, the City made an additional (unscheduled) principal payment on the Water and Sewer Revenue Bonds, Series 2007, in the amount of \$472,840. As a result of the additional principal payment, principal is now due annually in amounts increasing to \$765,000 and the final maturity is April 1, 2023.

On February 4, 2020, the City Council adopted a resolution approving an agreement with Brevard County for the City to receive \$3,991,000 in Transportation Impact Trust Fund revenues for the City to construct four roadway improvement projects by September 30, 2024.



**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**City of West Melbourne, Florida**  
**Required Pension Supplementary Information**  
**Schedule of Proportionate Share of Net Pension Liability**  
**Last Five Fiscal Years**

<b><i>Florida Retirement System (FRS)</i></b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Employer's proportion of the net pension liability (asset)	<b>0.0085%</b>	0.0080%	0.0077%
Employer's proportionate share of the net pension liability (asset)	<b>\$ 2,931,379</b>	\$ 2,418,611	\$ 2,276,922
Employer's covered payroll <sup>(2)</sup>	<b>\$ 3,587,314</b>	\$ 3,221,038	\$ 2,980,912
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<b>81.72%</b>	75.09%	76.38%
Plan fiduciary net position as a percentage of the total pension liability	<b>82.61%</b>	84.26%	83.89%
<b><i>Health Insurance Subsidy Program (HIS)</i></b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Employer's proportion of the net pension liability (asset)	<b>0.0093%</b>	0.0093%	0.0093%
Employer's proportionate share of the net pension liability (asset)	<b>\$ 1,199,732</b>	\$ 1,043,790	\$ 999,100
Employer's covered payroll <sup>(2)</sup>	<b>\$ 3,587,314</b>	\$ 3,221,038	\$ 2,980,912
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<b>33.44%</b>	32.41%	33.52%
Plan fiduciary net position as a percentage of the total pension liability	<b>2.63%</b>	2.15%	1.64%

**Notes to the schedule:**

- (1) The amounts presented for each fiscal year were determined as of the measurement date, which was June 30<sup>th</sup> of the current fiscal year.
- (2) GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*, was implemented during fiscal year 2017. Covered payroll shown includes the payroll for defined benefit plan actives, members in DROP and investment plan members.
- (3) GASB Statement No. 68 was implemented in fiscal year 2015. Until a full 10-year trend is compiled, the City is presenting information only for those years for which it is available.

2016	2015
------	------

0.0076%      0.0076%

\$ 1,924,137    \$ 981,132

\$ 2,866,110    \$ 2,616,648

67.13%      37.50%

84.88%      92.00%

2016	2015
------	------

0.0093%      0.0086%

\$ 1,082,043    \$ 879,605

\$ 2,866,110    \$ 2,616,648

37.75%      33.62%

0.97%      0.50%

**City of West Melbourne, Florida**  
**Required Pension Supplementary Information**  
**Schedule of Contributions – Florida Retirement System**  
**Last Five Fiscal Years**

<b><i>Florida Retirement System (FRS)</i></b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Contractually required contribution	\$ 273,679	\$ 236,670	\$ 205,301
Contributions in relation to the contractually required contribution	273,679	236,670	205,301
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Employer's covered payroll <sup>(1)</sup>	\$ 3,704,208	\$ 3,275,014	\$ 3,048,186
Contributions as a percentage of covered payroll	7.39%	7.23%	6.74%
<b><i>Health Insurance Subsidy Program (HIS)</i></b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Contractually required contribution	\$ 61,481	\$ 54,377	\$ 50,569
Contributions in relation to the contractually required contribution	61,481	54,377	50,569
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Employer's covered payroll <sup>(1)</sup>	\$ 3,704,208	\$ 3,275,014	\$ 3,048,186
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%

**Notes to the schedule:**

- <sup>(1)</sup> Covered payroll includes defined benefit plan actives, investment plan members and members in DROP.
- <sup>(2)</sup> GASB Statement No. 68 was implemented in fiscal year 2015. Until a full 10-year trend is compiled, the City is presenting information only for those years for which it is available.

2016		2015	
\$	199,039	\$	185,321
199,039		185,321	
\$	-	\$	-
\$	3,022,624	\$	2,654,154
6.58%		6.98%	

2016		2015	
\$	50,187	\$	35,935
50,187		35,935	
\$	-	\$	-
\$	3,022,624	\$	2,654,154
1.66%		1.35%	

**City of West Melbourne, Florida**  
**Required Pension Supplementary Information**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Last Seven Fiscal Years**

<b>Police Employees' Pension Plan</b>				
<i>For the year ended September 30,</i>		<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Total pension liability</b>				
Service cost	\$	<b>587,360</b>	\$ 545,010	\$ 426,777
Interest		<b>1,105,163</b>	985,384	917,986
Change in Excess State Money		-	-	(214,182)
Share plan allocation		<b>16,350</b>	13,800	121,800
Changes of benefit terms		-	-	(5,606)
Differences between expected and actual experience		<b>(279,907)</b>	748,684	(129,422)
Changes of assumptions		-	364,891	-
Benefit payments, including refunds of employee contributions		<b>(835,995)</b>	(518,254)	(493,963)
<b>Net change in total pension liability</b>		<b>592,971</b>	2,139,515	623,390
<b>Total pension liability - beginning</b>		<b>15,732,281</b>	13,592,766	12,969,376
<b>Total pension liability - ending (a)</b>	\$	<b>16,325,252</b>	\$ 15,732,281	\$ 13,592,766
<b>Plan fiduciary net position</b>				
Contributions - employer	\$	<b>447,784</b>	\$ 559,041	\$ 694,581
Contributions - state		<b>169,767</b>	157,737	141,328
Contributions - employee		<b>227,943</b>	201,707	194,487
Net investment income		<b>497,586</b>	1,199,335	1,463,500
Benefit payments, including refunds of employee contributions		<b>(835,995)</b>	(518,254)	(493,963)
Administrative expense		<b>(56,825)</b>	(54,986)	(46,693)
<b>Net change in plan fiduciary net position</b>		<b>450,260</b>	1,544,580	1,953,240
<b>Plan fiduciary net position - beginning</b>		<b>15,255,396</b>	13,710,816	11,757,576
<b>Plan fiduciary net position - ending (b)</b>	\$	<b>15,705,656</b>	\$ 15,255,396	\$ 13,710,816
<b>Net pension liability - ending (a) - (b)</b>	\$	<b>619,596</b>	\$ 476,885	\$ (118,050)

<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>96.20%</b>	96.97%	100.87%
<b>Covered payroll<sup>(2)</sup></b>	\$ <b>2,689,396</b>	\$ 2,389,899	\$ 2,304,347
<b>Net pension liability as a percentage of covered payroll</b>	<b>23.04%</b>	19.95%	-5.12%

**Notes to the schedule:**

(1) The amounts presented for each fiscal year were determined as of September 30. The City implemented GASB Statement No. 67 for the fiscal year ended September 30, 2014. As a result this information is only available for the past seven fiscal years.

(2) During fiscal year ending September 30, 2017, the City implemented GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*. The covered payroll amounts shown are in compliance with GASB Statement No. 82, except for the 9/30/2015, 9/30/2014 and 9/30/2013 measurement periods, which include DROP payroll.

Police Employees' Pension Plan			
2016	2015	2014	2013
\$ 431,817	\$ 373,517	\$ 349,217	\$ 325,155
881,847	852,748	802,323	753,170
-	-	-	-
-	-	-	-
-	-	-	-
10,052	(184,074)	-	-
(14,515)	-	304,099	-
(740,129)	(652,537)	(304,307)	(572,002)
569,072	389,654	1,151,332	506,323
12,400,304	12,010,650	10,859,318	10,352,995
\$ 12,969,376	\$ 12,400,304	\$ 12,010,650	\$ 10,859,318
\$ 573,560	\$ 582,408	\$ 606,424	\$ 605,565
138,223	119,977	117,718	110,917
161,203	151,179	139,016	135,524
1,078,301	(67,763)	1,003,043	948,930
(740,129)	(652,537)	(304,307)	(572,002)
(48,793)	(46,398)	(41,892)	(36,475)
1,162,365	86,866	1,520,002	1,192,459
10,595,211	10,508,345	8,988,343	7,795,884
\$ 11,757,576	\$ 10,595,211	\$ 10,508,345	\$ 8,988,343
\$ 1,211,800	\$ 1,805,093	\$ 1,502,305	\$ 1,870,975
90.66%	85.44%	87.49%	82.77%
\$ 1,899,385	\$ 1,938,150	\$ 1,635,200	\$ 1,599,176
63.80%	93.13%	91.87%	117.00%

**City of West Melbourne, Florida**  
**Required Pension Supplementary Information**  
**Schedule of Contributions**  
**Last Seven Fiscal Years**

<b>Police Employees' Pension Plan</b>				
<i>For the year ended September 30,</i>		<b>2019</b>	2018	2017
Actuarially determined contribution	\$	<b>505,875</b>	\$ 494,231	\$ 539,217
Contributions in relation to the actuarially determined contributions		<b>617,551</b>	716,778	835,909
Contribution deficiency (surplus)	\$	<b>(111,676)</b>	\$ (222,547)	\$ (296,692)
Covered payroll <sup>(2)</sup>	\$	<b>2,689,396</b>	\$ 2,389,899	\$ 2,304,347
Contributions as a percentage of covered payroll		<b>22.96%</b>	29.99%	36.28%

**Notes to the schedule:**

- <sup>(1)</sup> The amounts presented for each fiscal year were determined as of September 30. The City implemented GASB Statement No. 67 for the fiscal year ended September 30, 2014. As a result this information is only available for the past seven fiscal years.
- <sup>(2)</sup> During fiscal year ending September 30, 2017, the City implemented GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*. The covered payroll amounts shown are in compliance with GASB Statement No. 82, except for the 9/30/2015, 9/30/2014 and 9/30/2013 measurement periods, which include DROP payroll.



Police Employees' Pension Plan							
2016		2015		2014		2013	
\$	502,767	\$	532,371	\$	567,905	\$	588,816
711,783		702,385		724,142		663,726	
\$	(209,016)	\$	(170,014)	\$	(156,237)	\$	(74,910)
\$	1,899,385	\$	1,938,150	\$	1,635,200	\$	1,599,176
37.47%		36.24%		44.28%		41.50%	

**City of West Melbourne, Florida**  
**Required Pension Supplementary Information**  
**Schedule of Investment Returns**  
**Last Seven Fiscal Years**

<b>Police Employees' Pension Plan</b>							
<i>For the year ended September 30,</i>	<b>2019</b>	2018	2017	2016	2015	2014	2013
Annual money-weighted rate of return							
net of investment expense	<b>3.17%</b>	8.75%	12.36%	9.80%	-0.65%	10.96%	11.98%

**City of West Melbourne, Florida**  
**Required Pension Supplementary Information**  
**Police Employees' Pension Plan**  
**Notes to Schedule**

**Valuation Date:** October 1, 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:**

**Funding method:** Entry Age Normal Actuarial Cost Method.  
**Amortization method:** Level dollar, closed.  
**Remaining amortization period:** 29 years (as of 10/01/2017 valuation)  
**Asset smoothing method:** All assets are valued at market value with an adjustment made to uniformly spread actuarial gains and losses (as measured by actual market value investment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment returns against expected market value investment return) over a five-year period.  
**Inflation:** 2.5% per year.  
**Salary increases:** 6.0% per year until the assumed retirement age. The assumed salary increases were utilized and carried over from the prior actuary.  
**Interest rate:** 7.10% per year, compounded annually, net of investment related expenses.  
**Payroll growth:** None assumed for amortization of the Unfunded Actuarial Accrued Liability.

**Normal Retirement Rates:**

<u>Number of Years after First Eligibility for Normal Retirement</u>	<u>Probability of Normal Retirement</u>
0	60%
1	40%
2	40%
3	40%
4	40%
5 or more	100%

The assumed rates of normal retirement were utilized and carried over from the prior actuary. We feel these rates are reasonable based on long-term expectations and based upon plan provisions.

**Early retirement rate:** Commencing upon eligibility for Early Retirement, Members are assumed to retire with an immediate benefit at the rate of 5.0% per year. The assumed rates of early retirement were utilized and carried over from the prior actuary. We feel these rates are reasonable based on long-term expectations and based upon plan provisions.

**Termination rates:** See table below.

**City of West Melbourne, Florida**  
**Required Pension Supplementary Information**  
**Police Employees' Pension Plan**  
**Notes to Schedule**

**Disability rates:**

See table below.

**Mortality rate:**

*Healthy Lives:*

**Female:** RP2000 Generational, 100% Annuitant White Collar, Scale BB.

**Male:** RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

*Disabled Lives:*

**Female:** 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.

**Male:** 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in the July 1, 2016 FRS actuarial valuation report for special risk employees. We feel this assumption sufficiently accommodates future mortality improvements.

Terminating Rate Table

Age	% Terminating During the Year
20	12.4%
25	11.7%
30	10.5%
35	8.3%
40	5.7%
45	3.5%
50	1.5%
55	0.6%
60	0.5%

The assumed rates of termination were utilized and carried over from the prior actuary. We feel these rates are reasonable based on long-term expectations.

Disability Rate Table

Age	% Becoming Disabled During the Year
25	0.15%
30	0.18%
35	0.23%
40	0.30%
45	0.51%
50	1.00%
55	1.55%

**City of West Melbourne, Florida**  
**Required Pension Supplementary Information**  
**Police Employees' Pension Plan**  
**Notes to Schedule**

*It is assumed that 75% of disablements and active Member deaths are service related.*

The assumed rates of disablement were utilized and carried over from the prior actuary. The Plan feels these rates are consistent with those utilized for plans containing other Florida municipal police officers.

**Changes of benefit terms:**

During the fiscal year ended September 30, 2017, Ordinance No. 2017-10 implemented the following changes:

- \* Provided clarification that the pre-retirement death benefit shall be reduced by 3% per year for each year that commencement precedes the Normal Retirement Date, with a maximum reduction of 15%.
- \* Provided details regarding the treatment of the existing Excess State Monies Reserve and how future annual State Monies will be allocated between the City and the Share Plan.
- \* Provided that members hired on or after January 2, 2011 will be able to participate in the Deferred Retirement Option Plan (DROP).

**Changes of assumptions:**

For measurement date 9/30/18, based on the actuarial experience study dated August 9, 2018, the Board reduced the interest rate to 6.95%, modified the salary increase rates to use a service-based table and updated retirement rates.

For measurement date 9/30/16, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees, the inflation assumption rate was lowered from 3.00% to 2.5%, and the investment rate of return was lowered from 7.20% to 7.10%.

For measurement date 9/30/14, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 7.40% to 7.20%.

**City of West Melbourne, Florida**  
**Required Other Postemployment Benefits Supplementary Information**  
**Schedule of Changes in OPEB Liability and Related Ratios**  
**Last Two Fiscal Years**

<i>September 30,</i>		<b>2019</b>		<b>2018</b>
Service cost	\$	<b>44,485</b>	\$	29,429
Expected interest growth		<b>11,494</b>		10,007
Demographic experience		<b>21,682</b>		-
Benefit payments and refunds		<b>(11,503)</b>		(5,255)
Administrative expenses		-		-
Changes in benefit terms		-		-
Assumption changes		<b>246,863</b>		-
Net change in total OPEB liability		<b>313,021</b>		34,181
Total OPEB liability - beginning		<b>282,281</b>		248,100
Total OPEB liability - ending	\$	<b>595,302</b>	\$	282,281
<hr/>				
Covered-employee payroll	\$	<b>5,280,225</b>	\$	4,992,342
Total OPEB liability as a percentage of covered-employee payroll		<b>11.27%</b>		5.65%

**Notes to the schedule:**

<sup>(1)</sup> GASB 75 requires an employer to disclose a 10-year history. However, until a full 10-year trend is compiled, information will be presented only for those years which information is available.

<sup>(2)</sup> The following discount rate was used in each period:

9/30/2017 - 3.35%

9/30/2018 - 3.64%

9/30/2019 - 3.58%

**City of West Melbourne, Florida**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - General Fund**

<i>For the year ended September 30, 2019</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Taxes	\$ 8,839,600	\$ 8,839,600	\$ 9,201,415	\$ 361,815
Licenses and permits	1,345,400	1,345,400	2,142,236	796,836
Intergovernmental	2,797,700	2,797,700	3,064,868	267,168
Charges for services	330,000	330,000	372,058	42,058
Fines and forfeitures	410,200	410,200	468,765	58,565
Contributions and donations	-	300,000	1,310,840	1,010,840
Investment income	65,600	65,600	278,106	212,506
Miscellaneous	112,000	112,000	126,658	14,658
Total revenues	13,900,500	14,200,500	16,964,946	2,764,446
<b>Expenditures</b>				
General government:				
City Council and Clerk	313,550	316,600	287,617	28,983
Executive and administration	429,200	443,700	418,821	24,879
Finance	372,400	377,350	312,713	64,637
Legal counsel	312,050	312,050	299,665	12,385
Information technology	541,800	543,600	507,588	36,012
Other general services	469,300	469,300	405,818	63,482
Total general government	2,438,300	2,462,600	2,232,222	230,378
Public Safety:				
Law enforcement	8,393,100	9,497,814	8,312,466	1,185,348
Protective inspections	1,096,250	1,105,150	1,026,817	78,333
Total public safety	9,489,350	10,602,964	9,339,283	1,263,681
Public works	2,630,700	2,664,950	2,526,601	138,349
Recreation	903,850	1,054,850	992,767	62,083
Community development	370,300	375,350	320,094	55,256
Total expenditures	15,832,500	17,160,714	15,410,967	1,749,747
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,932,000)</b>	<b>(2,960,214)</b>	<b>1,553,979</b>	<b>4,514,193</b>
<b>Other financing sources (uses)</b>				
Transfers out	(368,500)	(368,500)	(368,500)	-
Insurance proceeds	15,000	15,000	42,819	27,819
Proceeds from sale of capital assets	24,500	24,500	35,752	11,252
Net other financing sources (uses)	(329,000)	(329,000)	(289,929)	39,071
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>(2,261,000)</b>	<b>(3,289,214)</b>	<b>1,264,050</b>	<b>4,553,264</b>
<b>Fund balances, beginning of year</b>	<b>10,967,893</b>	<b>10,967,893</b>	<b>10,967,893</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 8,706,893</b>	<b>\$ 7,678,679</b>	<b>\$ 12,231,943</b>	<b>\$ 4,553,264</b>

**City of West Melbourne, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual – Community Redevelopment**

<i>For the year ended September 30, 2019</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Intergovernmental	\$ 330,000	\$ 330,000	\$ 556,858	\$ 226,858
Miscellaneous	-	-	-	-
Total revenues	330,000	330,000	556,858	226,858
<b>Expenditures</b>				
Current:				
Economic environment	450	450	175	275
Debt service:				
Principal	100,000	100,000	-	100,000
Total expenditures	100,450	100,450	175	100,275
<b>Excess (deficiency) of revenues over (under) expenditures</b>	229,550	229,550	556,683	327,133
<b>Fund balances, beginning of year</b>	(529,977)	(529,977)	(529,977)	-
<b>Fund balances, end of year</b>	\$ (300,427)	\$ (300,427)	\$ 26,706	\$ 327,133



## **City of West Melbourne, Florida**

### **Budgetary Notes to Required Supplementary Information**

#### **A. Budgetary information**

An annual budget is prepared for all Funds of the City except for the Pension Trust Funds, which are effectively controlled through governing agreements and related City ordinances. The annual operating budgets are prepared on a basis consistent with generally accepted accounting principles except for the Enterprise Fund, uses a modified basis that includes debt proceeds, capital contributions, capital outlay and debt service principal.

Budgets are adopted by the City Council pursuant to City Charter using the following procedures:

- Budget preparation begins with the formulation of a budget calendar by the City Manager, which is distributed generally during April of each year.
- Workshops with the City Council are then held regarding budget priorities.
- Budget instructions containing City Council priorities are then distributed to department heads along with forms and worksheets.
- Each department of the City submits an initial expenditure budget proposal to the Finance Director during May of each year. The Finance Director prepares a proposed budget showing each fund, organization unit (department), program activity, purpose or object of expenditure for the past three years, the current years actual to date and budget, and the next year's proposed budget.
- The City Manager reviews the departmental request, and then meets with department heads, where proposed departmental budgets are amended.
- The City Manager and Finance Director prepare their final revenue estimates, which contain comparative and estimated data for each fund and revenue source, during June.
- The proposed budget is presented to the City Council during July each year. At this time, the City Clerk advertises the public hearing on the proposed budget.
- The City Council holds a series of budget workshops and public hearings on the proposed budget, and adopts the official annual budget of the City during September of each year.
- When the budget is formally approved, budget documents are distributed to departments for budget implementation on October 1. During the fiscal year, the Finance Director monitors and reviews budgetary activities and prepares projections to be used to determine year-end cash balance and to prepare for the upcoming fiscal year budget.

Budgetary integration is established in the accounting records for management control purposes at the object of expenditure level; however, the City Charter establishes the level at which expenditures may not legally exceed the total City-wide appropriations. Therefore, the City Manager may, at any time, transfer appropriation amounts between line items, expenditure classifications, departments and funds without formal approval by City Council.

However, any revisions that increase the total appropriations at the fund level of the City must be approved through amendment by the City Council. The Council approved several budgetary amendments during the year.

**City of West Melbourne, Florida**  
**Budgetary Notes to Required Supplementary Information**

**B. Encumbrances**

Open purchase orders and other commitments are recognized as expenditures in the period in which the actual goods or services are received and a liability is incurred. Encumbrances (e.g., purchase order, contracts) outstanding at year end for unfulfilled obligations are cancelled and reappropriated in the succeeding year's budget. Accordingly, there were no encumbrances outstanding at year end.

# CITY OF WEST MELBOURNE, FLORIDA

## Nonmajor Governmental Funds

### Special Revenue Funds

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

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***Recreation*** – The Recreation Special Revenue Fund was established to ensure that impact-generating development bear a proportionate share of the cost of improvements to the City’s recreation system.

The recreation fee paid to the City is based upon the appraised value of the land, prior to development (per acre value), multiplied by the required recreation acreage on site, less any approved recreational improvements (\$ value of acreage value).

***Stormwater Utility Fund*** – The Stormwater Utility Special Revenue Fund is used to account for the proceeds of assessments to pay for drainage improvements within the City. The Stormwater Utility Fund is provided for in the City Code of Ordinances, Sections 58-411 and 58-412.

### Capital Projects Funds

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Capital project funds are used to account for the acquisition of capital assets or the construction of major capital projects.

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***Capital Improvement Construction*** – The Capital Improvement Construction Fund is used to purchase or construct certain capital assets, exclusive of capital improvements financed by proprietary funds or trust funds, including proceeds from an agreement with Brevard County to collect road impact fees from developers in the City.

***Vehicle Replacement*** – The Vehicle Replacement Fund is used to account for vehicle replacement resources which are derived from periodic charges to operations to ensure timely replacement of vehicles.

**City of West Melbourne, Florida**  
**Combining Balance Sheet – Nonmajor Governmental Funds**

	Special Revenue		Capital Projects
<i>September 30, 2019</i>	Recreation	Stormwater Utility	Capital Projects
<b>ASSETS</b>			
Cash and cash equivalents	\$ 111,196	\$ 19,533	\$ 36,763
Investments	597,330	-	554,170
Total assets	\$ 708,526	\$ 19,533	\$ 590,933
<b>LIABILITIES</b>			
Accounts payable	\$ 2,519	\$ 83,520	\$ -
Accrued payroll and related liabilities	-	984	-
Advance from other funds - current	-	88,700	-
Advance from other funds - long-term	-	373,800	-
Total liabilities	2,519	547,004	-
<b>FUND BALANCES</b>			
Restricted	-	-	590,933
Committed	706,007	-	-
Unassigned	-	(527,471)	-
Total fund balances	706,007	(527,471)	590,933
Total liabilities and fund balances	\$ 708,526	\$ 19,533	\$ 590,933

<u>Capital Projects</u>		Total Nonmajor Governmental Funds
Vehicle Replacement		
\$ 790,250	\$ 957,742	
-	1,151,500	
<u>\$ 790,250</u>	<u>\$ 2,109,242</u>	
\$ -	\$ 86,039	
-	984	
	88,700	
-	373,800	
<u>-</u>	<u>549,523</u>	
-	590,933	
790,250	1,496,257	
	(527,471)	
<u>790,250</u>	<u>1,559,719</u>	
<u>\$ 790,250</u>	<u>\$ 2,109,242</u>	

**City of West Melbourne, Florida**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**

	Special Revenue		Capital Projects
<i>For the year ended September 30, 2019</i>	Recreation	Stormwater Utility	Capital Projects
<b>REVENUES</b>			
Taxes	\$ -	\$ 578,993	\$ -
Charges for services	264,534	-	-
Investment income	13,938	48,501	20,636
Total revenues	278,472	627,494	20,636
<b>EXPENDITURES</b>			
Current:			
Public works	-	316,617	-
Capital outlay	9,319	719,509	-
Debt service:			
Interest	-	8,146	-
Total expenditures	9,319	1,044,272	-
<b>Excess (deficiency) of revenues over (under) expenditures</b>	269,153	(416,778)	20,636
<b>Other financing sources</b>			
Transfers in	-	-	-
<b>Net change in fund balances</b>	269,153	(416,778)	20,636
<b>Fund balance (deficit), beginning of year</b>	436,854	(110,693)	570,297
<b>Fund balance (deficit), end of year</b>	\$ 706,007	\$ (527,471)	\$ 590,933

Capital Projects		Total Nonmajor Governmental Funds
Vehicle Replacement		
\$	-	\$ 578,993
	-	264,534
	-	83,075
	-	926,602
	-	316,617
	-	728,828
	-	8,146
	-	1,053,591
	-	(126,989)
402,900		402,900
402,900		275,911
387,350		1,283,808
\$ 790,250	\$	1,559,719

**City of West Melbourne, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Recreation Fund**

<i>For the year ended September 30, 2019</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Charges for services	\$ 260,000	\$ 260,000	\$ 264,534	\$ 4,534
Investment income	6,000	6,000	13,938	7,938
Total revenues	266,000	266,000	278,472	12,472
<b>Expenditures</b>				
Current:				
Recreation	535,000	535,000	9,319	525,681
Total expenditures	535,000	535,000	9,319	525,681
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(269,000)	(269,000)	269,153	538,153
<b>Fund balances, beginning of year</b>	436,854	436,854	436,854	-
<b>Fund balances, end of year</b>	\$ 167,854	\$ 167,854	\$ 706,007	\$ 538,153



**City of West Melbourne, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual – Stormwater Utility Fund**

<i>For the year ended September 30, 2019</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Taxes	\$ 588,600	\$ 588,600	\$ 578,993	\$ (9,607)
Investment income	1,500	1,500	48,501	47,001
Total revenues	590,100	590,100	627,494	37,394
<b>Expenditures</b>				
Current:				
Public works	299,900	299,650	316,617	(16,967)
Capital outlay	560,400	746,750	719,509	27,241
Debt service:				
Interest	7,350	7,600	8,146	(546)
Total expenditures	867,650	1,054,000	1,044,272	9,728
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(277,550)	(463,900)	(416,778)	47,122
<b>Fund (deficit), beginning of year</b>	(110,693)	(110,693)	(110,693)	-
<b>Fund (deficit), end of year</b>	\$ (388,243)	\$ (574,593)	\$ (527,471)	\$ 47,122

**City of West Melbourne, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Capital Projects Fund**

<i>For the year ended September 30, 2019</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Investment income	\$ 15,400	\$ 15,400	\$ 20,636	\$ 5,236
Total revenues	15,400	15,400	20,636	5,236
<b>Expenditures</b>				
Current:				
Public works	-	-	-	-
Total expenditures	-	-	-	-
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>15,400</b>	<b>15,400</b>	<b>20,636</b>	<b>5,236</b>
<b>Fund balances, beginning of year</b>	<b>570,297</b>	<b>570,297</b>	<b>570,297</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 585,697</b>	<b>\$ 585,697</b>	<b>\$ 590,933</b>	<b>\$ 5,236</b>

**City of West Melbourne, Florida**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual – Vehicle Replacement Fund**

<i>For the year ended September 30, 2019</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>Expenditures</b>				
Current:				
Capital Outlay	-	-	-	-
Total expenditures	-	-	-	-
<b>Excess (deficiency) of revenues over (under) expenditures</b>	-	-	-	-
<b>Other financing sources</b>				
Transfers in	402,900	402,900	402,900	-
<b>Net change in fund balance</b>	402,900	402,900	402,900	-
<b>Fund balances, beginning of year</b>	387,350	387,350	387,350	-
<b>Fund balances, end of year</b>	\$ 790,250	\$ 790,250	\$ 790,250	\$ -



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## **STATISTICAL SECTION**



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## STATISTICAL SECTION

This part of the City of West Melbourne, Florida's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

### Table of Contents

#### A. Financial Trends

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

- Schedule A1** Net Position by Component
- Schedule A2** Changes in Net Position – Governmental Activities
- Schedule A3** Changes in Net Position – Business Type Activities
- Schedule A4** Changes in Net Position – Total Government
- Schedule A5** Fund Balances – Governmental Funds
- Schedule A6** Changes in Fund Balances – Governmental Funds

#### B. Revenue Capacity

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

- Schedule B1** Assessed Value and Estimated Actual Value of Taxable Property
- Schedule B2** Tax Revenues by Source Governmental Funds
- Schedule B3** Other Non-source Governmental Revenues
- Schedule B4** Water and Sewer Consumption - Rates and Revenues
- Schedule B5** Direct and Overlapping Property Tax Rates
- Schedule B6** Principal Property Taxpayers
- Schedule B7** Property Tax Levies and Collections

## **C. Debt Capacity**

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

**Schedule C1** Ratios of Outstanding Debt by Type

**Schedule C2** Direct and Overlapping Governmental Activities Debt

**Schedule C3** Pledged Revenue Coverage

**Schedule C4** Ratios of General Bonded Debt Outstanding

**Schedule C5** Legal Debt Margin Information

## **D. Demographic and Economic Information Financial Trends**

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

**Schedule D1** Demographic and Economic Statistics

**Schedule D2** Principal Employers

## **E. Operating Information**

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

**Schedule E1** Employees by Function/Program

**Schedule E2** Operating Indicators by Function/Program

**Schedule E3** Capital Asset Statistics by Function/Program

## **Additional Notes**

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



**City of West Melbourne, Florida**  
**Net Position by Component**  
**Last Ten Fiscal Years**

**Schedule A1**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Governmental activities</b>										
Net investment in										
capital assets	\$ 34,205,606	\$ 29,479,624	\$ 21,230,403	\$ 18,758,700	\$ 17,684,340	\$ 16,495,227	\$ 16,539,186	\$ 17,064,967	\$ 16,332,610	\$ 16,410,297
Restricted	8,866,081	7,821,633	7,214,372	6,076,253	4,874,993	4,819,617	3,943,676	3,566,201	4,730,711	6,036,950
Unrestricted	2,249,840	2,775,398	7,619,082	7,002,945	7,174,709	10,199,474	9,737,050	8,651,915	7,870,008	4,501,006
<b>Total governmental activities</b>										
<b>net position</b>	45,321,527	40,076,655	36,063,857	31,837,898	29,734,042	31,514,318	30,219,912	29,283,083	28,933,329	26,948,253
<b>Business-type activities</b>										
Net investment in										
capital assets	36,760,884	35,497,462	33,382,704	30,394,742	29,978,165	27,276,931	27,230,064	27,697,548	26,335,220	25,464,007
Restricted	523,257	511,487	508,640	504,046	797,698	931,435	860,751	168,289	129,795	597,249
Unrestricted	19,488,583	13,943,960	10,983,628	8,608,312	6,276,583	6,325,820	6,808,543	7,074,313	8,350,179	8,828,740
<b>Total business-type activities</b>										
<b>net position</b>	56,772,724	49,952,909	44,874,972	39,507,100	37,052,446	34,534,186	34,899,358	34,940,150	34,815,194	34,889,996
<b>Primary government</b>										
Net investment in										
capital assets	70,966,490	64,977,086	54,613,107	49,153,442	47,662,505	43,772,158	43,769,250	44,762,515	42,667,830	41,874,304
Restricted	9,389,338	8,333,120	7,723,012	6,580,299	5,672,691	5,751,052	4,804,427	3,734,490	4,860,506	6,634,199
Unrestricted	21,738,423	16,719,358	18,602,710	15,611,257	13,451,292	16,525,294	16,545,593	15,726,228	16,220,187	13,329,746
<b>Total primary government</b>										
<b>net position</b>	\$ 102,094,251	\$ 90,029,564	\$ 80,938,829	\$ 71,344,998	\$ 66,786,488	\$ 66,048,504	\$ 65,119,270	\$ 64,223,233	\$ 63,748,523	\$ 61,838,249

**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 (a) when an external party, (b) a constitutional provision, (c) or enabling legislation imposes legally enforceable limits on how they may be used.

**City of West Melbourne, Florida**  
**Changes in Net Position – Governmental Activities**  
**Last Ten Fiscal Years**

**Schedule A2**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Expenses:</b>										
General government	\$ 2,697,267	\$ 2,487,264	\$ 2,369,589	\$ 2,129,445	\$ 2,021,970	\$ 1,862,813	\$ 1,735,188	\$ 2,043,225	\$ 1,511,738	\$ 1,485,649
Public safety	7,668,450	6,833,193	5,968,523	5,548,176	5,403,754	5,034,270	4,942,386	5,171,866	5,132,249	5,334,155
Public works	2,344,923	2,785,278	2,037,325	1,997,169	2,035,490	1,666,681	1,487,912	1,962,606	1,269,753	1,627,575
Recreation	2,255,949	988,794	746,068	1,714,308	2,859,495	775,071	765,755	681,544	490,099	408,002
Community development	339,529	323,027	311,233	260,560	263,056	295,950	280,870	270,453	259,291	280,768
Economic environment	175	420	176	6,956	15,000	-	-	-	-	-
Interest on long term debt	8,146	2,326	4,603	6,832	9,014	8,346	1,109	2,894	5,241	6,770
<b>Total Expenses</b>	<b>15,314,439</b>	<b>13,420,302</b>	<b>11,437,517</b>	<b>11,663,446</b>	<b>12,607,779</b>	<b>9,643,131</b>	<b>9,213,220</b>	<b>10,132,588</b>	<b>8,668,371</b>	<b>9,142,919</b>
<b>Program Revenues:</b>										
Charges for services:										
General government	404,171	414,793	386,096	412,040	375,474	362,026	248,423	357,434	1,482,850	1,001,515
Public safety	2,358,536	1,759,180	1,645,309	1,492,599	956,302	942,241	814,871	717,671	159,752	141,957
Public works	578,993	373,159	366,577	362,326	360,351	356,485	345,826	343,331	-	-
Recreation	704,031	428,879	177,282	351,800	69,165	153,527	107,632	151,600	54,613	2,627
Community development	184,144	178,248	237,847	202,729	344,996	271,592	139,910	100,802	123,014	156,677
Operating grants and contributions	-	-	-	-	-	-	275,000	194,171	25,206	312,779
Capital grants and contributions	961,801	2,473,014	2,036,754	4,273	404,657	10,553	10,020	110,603	900,000	329,613
<b>Total Program Revenues</b>	<b>5,191,676</b>	<b>5,627,273</b>	<b>4,849,865</b>	<b>2,825,767</b>	<b>2,510,945</b>	<b>2,096,424</b>	<b>1,941,682</b>	<b>1,975,612</b>	<b>2,745,435</b>	<b>1,945,168</b>
<b>Net (Expense) Revenue</b>	<b>(10,122,763)</b>	<b>(7,793,029)</b>	<b>(6,587,652)</b>	<b>(8,837,679)</b>	<b>(10,096,834)</b>	<b>(7,546,707)</b>	<b>(7,271,538)</b>	<b>(8,156,976)</b>	<b>(5,922,936)</b>	<b>(7,197,751)</b>
<b>General Revenues:</b>										
Property taxes	3,990,738	3,310,658	2,990,353	2,685,306	2,406,066	2,146,830	1,998,440	1,972,161	2,352,766	2,589,851
Franchise taxes	1,870,513	1,798,337	1,671,784	1,639,785	1,611,017	1,551,463	1,415,125	1,421,808	1,426,016	1,427,271
Local option gas tax	672,626	608,754	601,336	578,739	523,989	493,346	479,425	449,903	349,443	321,778
Public utility taxes	3,340,164	3,212,103	3,058,189	3,006,729	2,926,332	2,875,172	2,787,819	2,641,329	2,556,430	2,607,033
Payment in lieu of taxes	344,588	377,318	295,743	1,155,353	2,542,187	27,706	-	-	-	-
Intergovernmental shared revenue - unrestricted	2,219,476	2,123,578	1,981,183	1,810,749	1,704,254	1,561,377	1,442,388	1,309,239	1,155,303	1,116,715
Investment income	337,852	224,140	128,282	45,184	86,879	49,030	51,936	61,239	43,423	59,164
Miscellaneous revenue	145,939	149,163	80,641	19,690	6,787	136,189	33,234	48,221	24,631	76,803
Transfers, net	34,400	18,900	6,100	-	-	-	-	-	-	-
<b>Total General Revenues</b>	<b>12,956,296</b>	<b>11,822,951</b>	<b>10,813,611</b>	<b>10,941,535</b>	<b>11,807,511</b>	<b>8,841,113</b>	<b>8,208,367</b>	<b>7,903,900</b>	<b>7,908,012</b>	<b>8,198,615</b>
Special item:										
Donation - Field of Dreams	2,411,339	-	-	-	-	-	-	-	-	-
<b>Change in Net Position</b>	<b>\$ 5,244,872</b>	<b>\$ 4,029,922</b>	<b>\$ 4,225,959</b>	<b>\$ 2,103,856</b>	<b>\$ 1,710,677</b>	<b>\$ 1,294,406</b>	<b>\$ 936,829</b>	<b>\$ (253,076)</b>	<b>\$ 1,985,076</b>	<b>\$ 1,000,864</b>

**City of West Melbourne, Florida**  
**Changes in Net Position – Business-Type Activities**  
**Last Ten Fiscal Years**

**Schedule A3**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Expenses:</b>										
Water and sewer	\$ 11,454,304	\$ 11,667,879	\$ 11,139,291	\$ 10,686,656	\$ 10,925,645	\$ 10,481,059	\$ 10,068,335	\$ 9,735,530	\$ 9,576,024	\$ 8,578,538
<b>Total Expenses</b>	<b>11,454,304</b>	<b>11,667,879</b>	<b>11,139,291</b>	<b>10,686,656</b>	<b>10,925,645</b>	<b>10,481,059</b>	<b>10,068,335</b>	<b>9,735,530</b>	<b>9,576,024</b>	<b>8,578,538</b>
<b>Program Revenues:</b>										
Charges for services:										
Water and sewer	12,085,048	11,589,300	11,155,390	10,449,117	9,843,569	9,255,274	8,853,461	8,739,148	8,438,991	8,089,606
Other charges and fees	242,512	11,378	30,175	11,280	61,599	13,290	14,731	11,570	39,036	-
Operating grants and contributions	-	-	-	-	-	-	-	63,500	-	-
Capital grants and contributions	5,685,218	5,032,423	5,253,638	2,653,015	3,918,895	1,019,375	1,158,156	1,037,225	999,903	1,310,947
<b>Total Program Revenues</b>	<b>18,012,778</b>	<b>16,633,101</b>	<b>16,439,203</b>	<b>13,113,412</b>	<b>13,824,063</b>	<b>10,287,939</b>	<b>10,026,348</b>	<b>9,851,443</b>	<b>9,477,930</b>	<b>9,400,553</b>
<b>Net (Expense) Revenue</b>	<b>6,558,474</b>	<b>4,965,222</b>	<b>5,299,912</b>	<b>2,426,756</b>	<b>2,898,418</b>	<b>(193,120)</b>	<b>(41,987)</b>	<b>115,913</b>	<b>(98,094)</b>	<b>822,015</b>
<b>General Revenues:</b>										
Interest income	295,741	134,591	74,060	27,898	25,238	6,343	1,195	9,043	23,292	32,445
Transfers, net	(34,400)	(18,900)	(6,100)	-	-	-	-	-	-	-
<b>Total General Revenues</b>	<b>261,341</b>	<b>115,691</b>	<b>67,960</b>	<b>27,898</b>	<b>25,238</b>	<b>6,343</b>	<b>1,195</b>	<b>9,043</b>	<b>23,292</b>	<b>32,445</b>
<b>Change in Net Position</b>	<b>\$ 6,819,815</b>	<b>\$ 5,080,913</b>	<b>\$ 5,367,872</b>	<b>\$ 2,454,654</b>	<b>\$ 2,923,656</b>	<b>\$ (186,777)</b>	<b>\$ (40,792)</b>	<b>\$ 124,956</b>	<b>\$ (74,802)</b>	<b>\$ 854,460</b>

**City of West Melbourne, Florida**  
**Changes in Net Position – Total Government**  
**Last Ten Fiscal Years**

**Schedule A4**

		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Expenses:</b>											
Governmental activities	\$	15,314,439	\$ 13,420,302	\$ 11,437,517	\$ 11,663,446	\$ 12,607,779	\$ 9,643,131	\$ 9,213,220	\$ 10,132,588	\$ 8,668,371	\$ 9,142,919
Business-type activities		11,454,304	11,667,879	11,139,291	10,686,656	10,925,645	10,481,059	10,068,335	9,735,530	9,576,024	8,578,538
<b>Total Expenses</b>		26,768,743	25,088,181	22,576,808	22,350,102	23,533,424	20,124,190	19,281,555	19,868,118	18,244,395	17,721,457
<b>Program Revenues:</b>											
Governmental activities		5,191,676	5,627,273	4,849,865	2,825,767	2,510,945	2,096,424	1,941,682	1,975,612	2,745,435	1,945,168
Business-type activities		18,012,778	16,633,101	16,439,203	13,113,412	13,824,063	10,287,939	10,026,348	9,851,443	9,477,930	9,400,553
<b>Total Program Revenues</b>		23,204,454	22,260,374	21,289,068	15,939,179	16,335,008	12,384,363	11,968,030	11,827,055	12,223,365	11,345,721
<b>Net (Expense) Revenue</b>		(3,564,289)	(2,827,807)	(1,287,740)	(6,410,923)	(7,198,416)	(7,739,827)	(7,313,525)	(8,041,063)	(6,021,030)	(6,375,736)
<b>General Revenues:</b>											
Governmental activities		12,956,296	11,822,951	10,813,611	10,941,535	11,807,511	8,841,113	8,208,367	7,903,900	7,908,012	8,198,615
Business-type activities		261,341	115,691	67,960	27,898	25,238	6,343	1,195	9,043	23,292	32,445
<b>Total General Revenues</b>		13,217,637	11,938,642	10,881,571	10,969,433	11,832,749	8,847,456	8,209,562	7,912,943	7,931,304	8,231,060
<b>Special Item:</b>											
Donated assets		2,411,339	-	-	-	-	-	-	-	-	-
<b>Total Special Item</b>		2,411,339	-	-	-	-	-	-	-	-	-
<b>Change in Net Position</b>	\$	12,064,687	\$ 9,110,835	\$ 9,593,831	\$ 4,558,510	\$ 4,634,333	\$ 1,107,629	\$ 896,037	\$ (128,120)	\$ 1,910,274	\$ 1,855,324

**City of West Melbourne, Florida**  
**Fund Balances – Governmental Funds**  
**Last Ten Fiscal Years**

**Schedule A5**

	2019	2018	2017	2016	2015	2014	2013	2012	2011*	2010
<b>General Fund</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,638,927
Unreserved	-	-	-	-	-	-	-	-	-	2,228,294
Nonspendable	876,636	1,190,472	1,105,899	1,398,180	894,365	1,103,899	1,220,001	1,517	62,030	-
Restricted	7,374,642	6,132,806	5,248,234	4,133,311	3,258,871	3,031,364	2,744,493	215,020	273,932	-
Committed	-	-	-	-	-	-	-	3,317,956	3,627,226	-
Assigned	-	-	2,894	51,623	155,779	206,048	206,048	-	-	-
Unassigned	3,980,665	3,644,615	7,191,066	6,895,802	7,594,271	7,124,662	5,646,888	5,044,908	4,081,845	-
<b>Total General Fund</b>	<b>\$ 12,231,943</b>	<b>\$ 10,967,893</b>	<b>\$ 13,548,093</b>	<b>\$ 12,478,916</b>	<b>\$ 11,903,286</b>	<b>\$ 11,465,973</b>	<b>\$ 9,817,430</b>	<b>\$ 8,579,401</b>	<b>\$ 8,045,033</b>	<b>\$ 6,867,221</b>
<b>All other governmental funds</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,673,717
Unreserved, reported in										
Special revenue funds	-	-	-	-	-	-	-	-	-	2,138,704
Non-spendable	-	-	-	-	-	-	337	-	39	-
Restricted	617,639	570,297	939,073	645,006	804,328	796,967	1,199,183	957,653	2,051,590	-
Committed	1,496,257	824,204	2,587,460	2,502,820	2,333,426	2,516,167	2,513,709	2,392,011	2,343,120	-
Unassigned	(527,471)	(640,670)	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 1,586,425</b>	<b>\$ 753,831</b>	<b>\$ 3,526,533</b>	<b>\$ 3,147,826</b>	<b>\$ 3,137,754</b>	<b>\$ 3,313,134</b>	<b>\$ 3,713,229</b>	<b>\$ 3,349,664</b>	<b>\$ 4,394,749</b>	<b>\$ 3,812,421</b>

\* Beginning in FY 2011, GASB 54 was implemented classifying fund balances as nonspendable, restricted, committed, assigned or unassigned.

**City of West Melbourne, Florida**  
**Changes in Fund Balances – Governmental Funds**  
**Last Ten Fiscal Years**

**Schedule A6**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Revenues:</b>										
Taxes	\$ 9,780,408	\$ 8,694,257	\$ 8,086,903	\$ 7,694,146	\$ 7,303,766	\$ 6,929,950	\$ 6,547,210	\$ 6,378,629	\$ 6,691,869	\$ 6,953,768
Licenses and permits	2,142,236	1,766,648	1,714,142	1,589,162	1,007,632	955,661	874,496	777,293	819,462	890,762
Intergovernmental	3,621,726	4,169,003	2,919,512	3,549,114	4,772,241	2,092,982	2,206,833	2,063,916	2,429,952	1,681,659
Charges for services	636,592	715,832	500,737	658,953	507,942	508,704	360,969	352,927	250,022	270,057
Fines and forfeits	468,765	244,705	172,536	168,169	184,607	221,516	207,706	167,385	159,752	171,457
Developer contributions	1,310,840	1,036,007	1,995,504	-	-	-	-	-	-	-
Investment income	361,181	224,140	128,282	45,184	86,879	49,030	51,936	61,669	74,764	59,164
Miscellaneous	126,658	100,142	64,187	47,077	455,389	282,172	50,401	77,693	55,826	116,916
Total Revenues	18,448,406	16,950,734	15,581,803	13,751,805	14,318,456	11,040,015	10,299,551	9,879,512	10,481,647	10,143,783
<b>Expenditures:</b>										
General government	2,173,463	1,982,479	1,915,566	1,765,503	1,687,452	1,600,523	1,484,670	1,880,897	1,345,429	1,309,978
Public safety	6,836,498	6,363,198	6,114,550	5,340,909	5,051,196	4,789,545	4,702,132	5,011,051	5,066,521	5,079,371
Public works	1,736,719	1,640,772	1,208,491	1,235,765	1,299,929	1,063,471	927,617	1,242,174	819,315	1,195,661
Recreation	832,786	724,950	549,453	1,541,003	2,611,184	567,119	561,500	546,884	438,518	353,683
Community development	320,094	313,823	303,003	257,482	278,462	302,462	280,870	275,079	267,912	279,871
Economic environment	175	420	176	6,956	15,000	-	-	-	-	-
Capital outlay	4,556,852	11,313,665	4,035,502	2,923,358	3,032,901	1,394,338	1,277,442	1,369,943	769,812	869,577
Debt service:										
Principal retired	-	108,298	106,021	103,792	101,609	112,053	22,351	61,306	74,184	58,970
Interest	8,146	2,326	4,603	6,832	9,014	8,346	1,109	2,894	5,240	6,770
Total Expenditures	16,464,733	22,449,931	14,237,365	13,181,600	14,086,747	9,837,857	9,257,691	10,390,228	8,786,931	9,153,881
<b>Excess (deficiency) of revenues over (under) expenditures</b>	1,983,673	(5,499,197)	1,344,438	570,205	231,709	1,202,158	1,041,860	(510,716)	1,694,716	989,902
<b>Other Financing Sources (Uses)</b>										
Insurance proceeds	42,819	101,991	75,573	-	-	-	-	-	-	-
Capital lease proceeds		-	-	-	-	-	522,120	-	65,424	-
Transfers in	402,900	223,650	97,800	65,900	-	-	-	-	-	-
Transfers out	(368,500)	(204,750)	(91,700)	(65,900)	-	-	-	-	-	-
Proceeds from sale of capital assets	35,752	25,404	21,773	15,497	30,224	46,290	37,614	-	-	-
<b>Net other financing sources (uses)</b>	112,971	146,295	103,446	15,497	30,224	46,290	559,734	-	65,424	-
<b>Net Change in Fund Balances</b>	\$ 2,096,644	\$ (5,352,902)	\$ 1,447,884	\$ 585,702	\$ 261,933	\$ 1,248,448	\$ 1,601,594	\$ (510,716)	\$ 1,760,140	\$ 989,902
<b>Debt Service as a % of</b>										
<b>Noncapital Expenditures</b>	0.07%	1.00%	1.10%	1.10%	1.02%	1.45%	0.29%	0.72%	1.00%	0.80%

City of West Melbourne, Florida

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Schedule B1

Fiscal Year Ended September 30	Real Property	Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2019	\$ 1,924,744,240	\$ 102,312,218	\$ 440,020,275	\$ 1,587,036,183	\$ 2.6017	\$ 2,166,783,115	73.24%
2018	1,708,466,860	91,455,621	406,728,438	1,393,194,043	2.4633	1,967,838,460	70.80%
2017	1,543,748,475	98,537,137	383,216,930	1,259,068,682	2.4633	1,712,215,741	73.53%
2016	1,405,729,894	94,515,457	369,581,311	1,130,664,040	2.4633	1,490,776,551	75.84%
2015	1,321,519,510	79,727,214	357,842,747	1,043,403,977	2.3850	1,303,447,014	80.05%
2014	1,162,011,200	72,647,356	335,035,441	899,623,115	2.2975	1,171,566,553	76.79%
2013	1,159,336,830	61,140,731	333,036,486	887,441,075	2.2975	925,900,650	95.85%
2012	1,326,472,340	71,618,712	350,293,610	1,047,797,442	2.2975	890,107,311	117.72%
2011	1,438,821,470	70,169,982	334,066,861	1,174,924,591	2.2975	1,094,995,651	107.30%
2010	1,592,050,010	68,429,240	389,672,684	1,270,806,566	2.2975	1,195,750,438	106.28%

Source: Brevard County Property Appraiser

**City of West Melbourne, Florida**  
**Tax Revenues by Source – Governmental Funds**  
**Last Ten Fiscal Years**

**Schedule B2**

<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Utility Taxes and Franchise Fees</b>	<b>Inter- Governmental<sup>(1)</sup></b>	<b>Other Inter- Governmental<sup>(2)</sup></b>	<b>Totals</b>
2019	\$ 3,990,738	\$ 5,789,670	\$ 3,585,622	\$ 36,104	\$ 13,402,134
2018	3,310,658	5,383,599	4,136,639	32,364	12,863,260
2017	2,990,353	5,096,550	2,887,943	31,569	11,006,415
2016	2,685,306	4,646,514	2,510,672	31,020	9,873,512
2015	2,406,066	4,897,700	2,282,524	31,985	9,618,275
2014	2,146,830	4,783,120	2,028,461	26,262	8,984,673
2013	1,998,440	4,548,770	1,896,041	25,772	8,469,023
2012	1,972,161	4,406,468	1,729,977	29,265	8,137,871
2011	2,352,766	4,339,103	1,483,399	21,347	8,196,615
2010	2,589,851	4,363,909	1,412,628	25,865	8,392,253

<sup>(1)</sup> Includes half-cent sales taxes, cigarette and motor fuel taxes, local option gas taxes and police pension premium taxes.

<sup>(2)</sup> Includes mobile home taxes, alcohol beverage licenses, and municipal fuel rebate taxes. Amounts do not include non-recurring grants or contributions.

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

Source: Financial Statements and records, City of West Melbourne.



**City of West Melbourne, Florida**  
**Other Non-Source Governmental Revenues**  
**Last Ten Fiscal Years**

**Schedule B3**

<b>Fiscal Year ended September 30,</b>	<b>Business Tax Receipts</b>	<b>Building Permits</b>	<b>Total Revenues</b>
2019	\$ 252,659	\$ 1,889,577	\$ 2,142,236
2018	253,218	1,513,430	1,766,648
2017	242,099	1,472,043	1,714,142
2016	264,587	1,324,575	1,589,162
2015	236,257	771,375	1,007,632
2014	234,882	720,779	955,661
2013	234,918	639,578	874,496
2012	213,699	563,593	777,292
2011	229,515	589,948	819,463
2010	207,018	683,744	890,762

**Schedule B4**

**City of West Melbourne, Florida**  
**Water and Sewer Consumption – Rates and Revenue**  
**Last Ten Fiscal Years**

Fiscal Year	Gallons of Water Consumed	Water Revenue <sup>(2)</sup>	Total Direct Rate		Gallons of Sewer Treated	Sewer Revenue <sup>(2)</sup>	Total Direct Rate	
			Water Base Rate	Water Usage Rate <sup>(1)</sup>			Sewer Base Rate	Sewer Usage Rate
2019	572,459,500	\$ 6,819,384	13.88	6.25	623,400,000	\$ 5,265,664	13.87	4.93
2018	560,679,460	6,448,955	13.88	6.25	655,310,000	5,140,345	13.87	4.93
2017	542,695,780	6,135,825	13.88	6.25	639,000,000	5,019,565	13.87	4.93
2016	526,709,790	5,746,972	13.88	6.25	633,100,000	4,702,145	13.87	4.93
2015	505,787,700	5,428,686	13.90	5.93	574,240,000	4,414,883	12.75	4.86
2014	492,565,900	5,124,447	13.90	5.93	593,380,000	4,130,827	12.75	4.86
2013	483,408,300	4,829,164	14.08	5.10	465,599,000	4,024,297	12.00	4.75
2012	484,424,200	4,794,699	14.08	5.10	465,519,400	3,944,449	12.03	4.60
2011	476,281,600	4,560,391	14.20	4.85	457,828,400	3,878,600	12.03	4.60
2010	464,586,000	3,942,966	14.30	4.67	444,153,400	4,146,640	21.20	4.60

<sup>(1)</sup> Beginning in fiscal year 2011, the consumption rate for water was tiered to promote conservation. The rate shown is for zero to three thousand gallons.

<sup>(2)</sup> Revenues are not adjusted for bad debt.

**City of West Melbourne, Florida**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**

**Schedule B5**

Fiscal Year	City Direct Rate	Overlapping Rates				Total Overlapping and Direct
	Operating Millage	Brevard County	Brevard County Schools	Special Districts	Total Overlapping	
2019	2.6017	6.3833	6.0860	0.2734	12.7427	15.3444
2018	2.4633	5.3540	6.2990	0.3759	12.0289	14.4922
2017	2.4633	6.0802	6.5680	0.3981	13.0463	15.5096
2016	2.4633	6.4626	6.9160	0.6953	14.0739	16.5372
2015	2.3850	6.4568	7.2750	0.4412	14.1730	16.5580
2014	2.2975	6.4492	7.6060	0.4782	14.5334	16.8309
2013	2.2975	6.7334	8.0960	0.4782	15.3076	17.6051
2012	2.2975	6.7334	8.1120	0.4782	15.3236	17.6211
2011	2.2975	5.9271	7.6530	0.5627	14.1428	16.4403
2010	2.2975	5.1398	7.6870	0.5627	13.3895	15.6870

**Source:** Brevard County Property Appraiser website  
Brevard County Tax Collector website

**City of West Melbourne, Florida**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Prior**

**Schedule B6**

	2019			2010 <sup>(1)</sup>		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
<b>Taxpayer</b>						
Passco Haven Distributors	\$ 36,000,000	1	2.27%			
The Reserves of Melbourne LLC	22,880,000	2	1.44%			
Grand Oaks Pennington LLC	20,790,000	3	1.31%			
Northland Lakeside LLC	16,885,000	4	1.06%			
West Melbourne Town Center, LLC	16,583,220	5	1.04%			
ARC SMWMBFL001 LLC	14,820,190	6	0.93%			
DHIC-Minton Cove LLC	11,696,100	7	0.74%			
Wal-Mart Stores East Inc.	11,272,010	8	0.71%			
Windover Station LLC	8,684,900	9	0.55%			
West Melbourne Associates LC	7,441,280	10	0.47%			
<b>Total taxable assessed value for principal property taxpayers</b>	<b>\$ 167,052,700</b>		<b>10.53%</b>	<b>\$ 0</b>		<b>0.00%</b>

<sup>(1)</sup> Data unavailable for this year.

**Sources:**

Brevard County Property Appraiser  
Brevard County Tax Collector  
Florida Department of Revenue

**City of West Melbourne, Florida**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

**Schedule B7**

Fiscal Year Ended September 30,	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2019	\$ 4,099,877	\$ 3,990,738	97.3%	\$ -	\$ 3,990,738	97.3%
2018	3,433,258	3,310,658	96.4%	-	3,310,658	96.4%
2017	3,095,920	2,990,353	96.6%	-	2,990,353	96.6%
2016	2,771,935	2,685,306	96.9%	-	2,685,306	96.9%
2015	2,488,332	2,406,066	96.7%	640	2,406,706	96.7%
2014	2,224,378	2,146,830	96.5%	-	2,146,830	96.5%
2013	2,067,347	1,998,440	96.7%	-	1,998,440	96.7%
2012	2,038,901	1,969,168	96.6%	1,677	1,970,845	96.7%
2011	2,407,318	2,225,208	92.4%	804	2,226,012	92.5%
2010	2,699,257	2,576,965	95.5%	15,074	2,592,039	96.0%

**Source:** City cash receipt source documents  
Brevard County Tax Collector  
Brevard County Property Appraiser

**City of West Melbourne, Florida**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

**Schedule C1**

Fiscal Year	Governmental Activities	Business-type Activities		Total Outstanding Debt <sup>(2)</sup>	Personal Income <sup>(1)</sup>	Percentage of Personal Income		Debt per Capita
	Capital Leases	Water and Sewer Revenue Bonds	Notes and Loans Payable			Population		
2019	\$ -	\$ 5,964,068	\$ 2,581,616	\$ 8,545,684	582,388,884	1.47%	23,607	\$ 362
2018	-	7,673,850	2,750,275	10,424,125	573,782,152	1.82%	21,990	474
2017	108,298	9,531,900	2,913,845	12,554,043	562,862,617	2.23%	21,360	588
2016	214,319	11,623,400	3,085,000	14,922,719	557,289,720	2.68%	20,640	723
2015	318,111	12,414,000	3,455,829	16,187,940	535,855,500	3.02%	20,250	799
2014	419,720	12,593,300	3,834,257	16,847,277	550,823,000	3.06%	19,834	849
2013	531,773	10,805,344	7,175,776	18,512,893	534,092,160	3.47%	19,464	951
2012	31,974	11,355,324	7,533,550	18,920,848	524,597,920	3.61%	19,118	990
2011	93,115	11,884,329	7,866,288	19,843,732	522,064,800	3.80%	18,712	1,060
2010	101,906	12,393,334	8,063,994	20,559,234	579,485,705	3.55%	18,355	1,120

<sup>(1)</sup> Personal income represents Brevard County since municipal data is not tracked.

<sup>(2)</sup> All debt presented above is net of applicable discounts, premiums, and losses on refundings, as applicable.

**Source:** Space Coast Economic Development Commission ([www.spacecoastedc.org](http://www.spacecoastedc.org))

**City of West Melbourne, Florida**  
**Direct and Overlapping Governmental Activities Debt**  
**As of September 30, 2019**

**Schedule C2**

<b>Governmental Unit</b>	<b>Net Debt Outstanding</b>	<b>Percentage of Debt Applicable to the City <sup>(1)</sup></b>	<b>City's Share of Debt</b>
<b>Debt repaid with property taxes</b>			
Brevard County General Obligation Debt			
Limited Ad Valorem Tax Refunding Bond, Series 2013	\$13,640,000	4.06%	\$ 553,784
South Brevard Recreation Special District, Limited			
Ad Valorem Tax Bonds, Series 2016	20,275,000	4.06%	823,165
Subtotal, overlapping debt			1,376,949
<b>City of West Melbourne direct debt</b>			
Capital Leases			-
<b>Total direct and overlapping debt</b>			<b>\$ 1,376,949</b>

**Sources:**

- (a) Net general obligation debt data was provided by Brevard County Finance
- (b) The taxable assessed values for City and the County were provided by the Brevard County Property Appraiser

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of Brevard County's net general obligation debt that is borne by the residents and businesses of the City of West Melbourne. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

- <sup>(1)</sup> The percentage of overlapping debt applicable is estimated using the taxable assessed value of properties located within the City of West Melbourne divided by the county's total taxable assessed value. FY2019 total taxable assessed value for City of West Melbourne is \$2,606,803,390 and the total County taxable assessed value is \$64,193,867,630.

**City of West Melbourne, Florida**  
**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**

**Schedule C3**

Fiscal Year	Gross Revenues <sup>(a)</sup>	Less: Direct Operating Expense <sup>(b)</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage (c)	Coverage (d)
				Principal	Interest	Total		
2019	\$ 16,911,038	\$ 7,238,370	\$ 9,672,668	\$ 1,879,782	\$ 434,204	\$ 2,313,986	4.18	1.74
2018	15,070,110	7,708,734	7,361,375	2,023,050	465,440	2,488,490	2.96	1.61
2017	13,663,993	7,261,494	6,402,499	2,251,500	519,689	2,771,189	2.31	1.44
2016	12,839,769	6,968,263	5,871,506	1,175,600	527,208	1,702,808	3.45	2.36
2015	11,269,847	7,383,777	3,886,070	559,300	514,131	1,073,431	3.62	2.55
2014	10,294,282	6,962,321	3,331,961	980,000	741,080	1,721,080	1.94	1.41
2013	10,027,543	6,580,977	3,446,566	950,000	822,702	1,772,702	1.94	1.29
2012	9,860,486	6,326,095	3,534,391	905,000	856,140	1,761,140	2.01	1.42
2011	9,501,223	6,408,777	3,092,446	875,000	781,867	1,656,867	1.87	1.26
2010	9,432,998	5,893,677	3,539,321	865,000	727,707	1,592,707	2.22	1.40
2009	10,234,891	5,688,480	4,546,411	840,000	760,318	1,600,318	2.84	2.04

**Notes:**

<sup>(a)</sup> Includes operating, non-operating revenue and connection fees.

<sup>(b)</sup> Excludes depreciation expense, interest expense, amortization and non-recurring losses.

<sup>(c)</sup> & <sup>(d)</sup> Coverage ratio required by most restrictive bond document is at least 1.1 without connection fees and 1.25 including connection fees. The 2019 coverage of 4.18 includes the connection fees and the coverage without connection fees was 1.74. Both requirements were met.



**Schedule C4**

**City of West Melbourne, Florida  
Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years**

**The City of West Melbourne has no general bonded debt.**

**Schedule C5**

**City of West Melbourne, Florida  
Legal Debt Margin Information  
Last Ten Fiscal Years**

**The City of West Melbourne has no Legal debt limit.**

**City of West Melbourne, Florida**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

**Schedule D1**

<b>Year</b>	<b>Population <sup>(a)</sup></b>	<b>Personal Income</b>	<b>Per Capita Income <sup>(b)</sup></b>	<b>Public School Enrollment <sup>(c)</sup></b>	<b>Unemployment Rate <sup>(d)</sup></b>
2019	23,607	\$ 582,388,884	45,425	3,405	2.8%
2018	21,990	573,782,152	36,188	3,405	2.9%
2017	21,360	562,862,617	26,351	3,431	3.6%
2016	20,640	557,289,720	27,000	3,314	4.3%
2015	20,250	535,855,500	26,462	3,497	5.6%
2014	19,834	550,823,000	27,772	3,787	6.5%
2013	19,464	534,092,160	27,440	3,498	7.2%
2012	19,118	524,597,920	27,440	3,445	8.8%
2011	18,712	522,064,800	27,900	3,394	11.0%
2010	18,355	579,485,705	31,571	3,442	11.0%

**Sources:**

- <sup>(a)</sup> University of Florida Bureau of Economic and Business Research
- <sup>(b)</sup> Space Coast Economic Development Commission and U.S. Census Bureau.
- <sup>(c)</sup> Meadowlane Elementary School, Central Junior High School and West Melbourne Elementary School of Science called Brevard County Schools within municipal boundaries.
- <sup>(d)</sup> U.S. Bureau of Labor Statistics

**Notes:**

- <sup>(b)</sup> Per capita income is for Brevard County, statistics aren't maintained for the City of West Melbourne.
- <sup>(d)</sup> Unemployment rates are for Brevard County, statistics aren't maintained for the City of West Melbourne.

**Schedule D2****City of West Melbourne, Florida  
Principal Employers  
For the Current Year and Nine Years Prior**

<b>Employer</b>	<b>2019</b>		<b>2010<sup>(1)</sup></b>	
	<b>Number of Employees</b>	<b>Rank</b>	<b>Number of Employees</b>	<b>Rank</b>
Harris Corporation	462	1		
Publix Stores - Palm Bay Rd. #695	173	2		
Publix Stores - New Haven #258	171	3		
Harris Sanitation Inc	156	4		
City of West Melbourne	136	5		
Home Depot USA Inc.	134	6		
The Olive Garden	124	7		
Buena Vida Estates Inc	122	8		
Cinemaworld Of Florida Inc	120	9		
USSI Global	113	10		
	<b>1,711</b>			

<sup>(1)</sup> Data unavailable for this year.

**Source:**

Principal employers in City of West Melbourne were determined by discussions with management, Economic Development Commission of Florida's Space Coast, or phone calls were made to the employers for employment numbers.

**City of West Melbourne, Florida**  
**Employees by Function/Program**  
**Last Ten Fiscal Years**

**Schedule E1**

<i>Function</i>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>General Government</b>										
City Council/City Clerk	9	7	7	9	9	9	8	9	9	9
City Administration	4	4	4	3	3	3	2	2	3	2
Legal	2	2	2	2	2	2	2	2	2	2
Finance	11.5	11.5	11	14	14	11	10	10	9	8
Non-Departmental	0	0	0	0	0	0	0	0	0	1
Information Technology	2.5	2.5	2	2	2	2	2	2	2	2
<b>Total General Government</b>	<b>29</b>	<b>27</b>	<b>26</b>	<b>30</b>	<b>30</b>	<b>27</b>	<b>24</b>	<b>25</b>	<b>25</b>	<b>24</b>
<b>Public Safety</b>										
Police	56.5	51	51	52	48	45	46	46	50	48
Code Enforcement	13	12	12	12	9	9	9	9	11	13
<b>Total Public Safety</b>	<b>69.5</b>	<b>63</b>	<b>63</b>	<b>64</b>	<b>57</b>	<b>54</b>	<b>55</b>	<b>55</b>	<b>61</b>	<b>61</b>
<b>Highways and Streets</b>										
Public Works	10	11	11	11	12	10	10	8	10	12
Public Works - Water	10	8	9	8	8	9	7	10	10	10
<b>Total Highways and Streets</b>	<b>20</b>	<b>19</b>	<b>20</b>	<b>19</b>	<b>20</b>	<b>19</b>	<b>17</b>	<b>18</b>	<b>20</b>	<b>22</b>
<b>Recreation and Parks</b>	<b>13</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>10</b>	<b>9</b>	<b>9</b>
<b>Community Development</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>Total Employees</b>	<b>135.5</b>	<b>122</b>	<b>121</b>	<b>125</b>	<b>120</b>	<b>113</b>	<b>110</b>	<b>112</b>	<b>119</b>	<b>120</b>

**City of West Melbourne, Florida**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

**Schedule E2**

<i>Function</i>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Police</b>										
Dispatched calls	40,256	37,929	24,763	26,463	24,751	27,332	30,244	23,603	25,444	26,485
Alarms	1,082	1,633	743	921	862	525	728	755	768	723
Physical arrests	860	731	565	471	462	522	616	514	819	792
Traffic accidents	1,386	1,220	1,072	1,334	1,051	841	621	617	656	636
Traffic citations	4,500	3,851	2,932	2,008	2,363	3,157	3,495	3,311	4,546	7,126
<b>Finance</b>										
Purchase orders issued	496	665	592	590	682	660	716	608	696	506
Accounts payable checks	4,812	4,873	4,530	4,806	4,644	4,165	4,905	4,041	3,957	3,166
<b>Highways and streets</b>										
Street resurfacing (miles)	4.15	6.12	6.00	2.07	1.80	2.40	1.95	0.50	1.25	0.72
<b>Culture and Recreation</b>										
Recreation fees	\$ 264,534	\$ 363,927	\$ 94,298	\$ 271,483	\$ -	\$ 65,208	\$ 9,506	\$ 59,366	\$ 2,941	\$ 2,475
<b>Building/Code Enforcement</b>										
Permits issued (construction)	284	263	307	375	147	147	172	194	183	208
Licenses issued/renewed	1,670	1,806	1,248	1,132	1,802	1,835	1,763	1,623	1,968	1,972
Building Inspections	14,078	16,191	17,867	13,094	14,488	10,159	15,224	11,636	11,854	16,882
<b>Municipal Water Department</b>										
New connections	1161	284	398	282	135	128	174	180	174	218
Average daily consumption <sup>(1)</sup>	1,556,190	1,520,316	1,486,838	1,443,205	1,385,720	1,349,496	1,324,406	1,327,190	1,304,881	1,365,851
<b>Wastewater</b>										
Average daily sewage treatment	1,890,000	1,780,000	1,700,000	1,700,000	1,570,000	1,640,000	1,624,000	1,627,000	1,605,000	1,666,000

**Notes:**

<sup>(1)</sup> Average daily consumption is calculated using total gallons sold for year divided by 365 day year

**Source:** Various City Departments

**City of West Melbourne, Florida**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

**Schedule E3**

Function/Program	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>General Government:</b>										
General government buildings	1	1	1	1	1	1	1	1	1	1
<b>Public Safety:</b>										
Police Stations	1	1	1	1	1	1	1	1	1	1
<b>Public Works:</b>										
Public works buildings	3	3	3	3	1	1	1	1	1	1
Paved streets (lane miles)	103	99	99	99	98	98	98	98	98	98
Unpaved streets (lane miles)	0.65	0.65	0.65	0.65	3	3	3	3	3	3
<b>Recreation and Community Development:</b>										
Parks acreage	53	53	53	50	50	50	50	50	50	50
Parks	7	7	7	7	7	7	7	7	7	7
Tennis courts	4	4	4	4	4	4	4	4	4	4
Racquet ball courts	2	2	2	2	2	2	2	2	2	2
Exercise Trail	1	1	1	1	1	1	1	1	1	1
<b>Water</b>										
Potable Water lines (linear miles)	125	124	118	118	118	118	118	117	117	114
<b>Sewer</b>										
Sanitary sewer lines (linear miles)	111	110	100	100	100	100	100	100	97	97
Permitted sewer capacity(gallons)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Lift stations	78	73	73	63	63	63	63	63	63	63

**Source:** Various city departments

**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 West Melbourne, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West 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 West Melbourne, Florida's basic financial statements, and have issued our report thereon dated February 27, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of West 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 West Melbourne, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of West 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of West 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 result 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.

*Carr, Riggs & Ingram, L.L.C.*

Melbourne, Florida  
February 27, 2020



## INDEPENDENT AUDITORS' MANAGEMENT LETTER

Honorable Mayor and Members of City Council  
City of West Melbourne, Florida

### Report on the Financial Statements

We have audited the financial statements of the City of West Melbourne, Florida (the "City") as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated February 27, 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 and Chapter 10.550, Rules of the Florida 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* and Independent Accountants' Report on an Examination Conducted in Accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports, which are dated February 27, 2020, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

Prior Year Management Letter Comments: *	Status
IC 2018-001   Segregation of duties	Corrected

\*The finding listed above originated in the fiscal year 2018 audit.

## Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority of the City of West Melbourne, Florida and its component units are disclosed in the footnotes. The City of West Melbourne, Florida includes the following component unit:

<u>Component Unit:</u>	<u>Established by:</u>
City of West Melbourne – Brevard County Joint Community Redevelopment Agency	City Ordinance

## Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether or not the City of West Melbourne, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City of West 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.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City of West Melbourne, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we have the following recommendation.

### IC 2019-001 UNEXPENDED BALANCE – BUILDING PERMITS

Criteria: Section 553.80(7)(a) of Florida Statutes has been updated to limit the amount of unexpended building permit funds carried forward to future fiscal years to no more than the City's average operating budget for enforcing the Florida Building Code for the previous four (4) fiscal years. A local government must use any funds in excess of this limitation to rebate or reduce fees.

Condition: The City's unexpended building permit funds at September 30, 2019 exceeded the City's average operating budget for enforcing the Florida Building Code for the previous four (4) fiscal years by \$2,728,896.

Cause: Prior to July 1, 2019, there was no provision in the Florida Statutes limiting the amount of carryforward of unexpended building permit funds. In prior fiscal years, the annual revenue derived from building permit fees exceeded anticipated amounts.

Effect: The City has excess unexpended balances at September 30, 2019.

Recommendation: The City should identify how it intends to reduce the amount of unexpended building code balances in order to comply with Section 553.80(7)(a) of Florida Statutes. Such action may require the City to modify its fiscal year 2019-20 budget.

Management Response: The City recognizes the need to reduce the fund balance restricted for Building Code Enforcement and has drafted a resolution to reduce building permit fees by 50% until such time the fund balance meets the requirements of the new statute.

### **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal, State and other granting agencies, the members of the City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Cam, Riggs & Ingram, L.L.C.*

Melbourne, Florida  
February 27, 2020



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## **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES**

Honorable Mayor and Members of City Council  
City of West Melbourne, Florida

We have examined the City of West 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 of the City of West Melbourne, Florida is responsible for the City's compliance with those 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 we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019.

This report is intended solely for the information and use of City Council, 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 27, 2020



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## **SECONDARY MARKET DISCLOSURES**



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**City of West Melbourne, Florida**  
**Secondary Market Disclosures**  
**Anti-Dilution Test**

Revenues	FY2018	FY2019	Prior Two-Year Average
Total Governmental Funds	\$ 16,950,734	\$ 18,491,225	\$ 17,720,980
Less: Grant Revenue & Capital Contributions	(2,473,014)	(1,339,454)	(1,906,234)
Less: Ad Valorem Revenues	(3,310,658)	(3,990,738)	(3,650,698)
Total Governmental Non-Ad Valorem Revenues	11,167,062	13,161,033	12,164,048
Less: Restricted Funds			
Stormwater Utility Fund	(395,915)	(627,494)	(511,705)
Capital Projects Fund	-	-	-
Community Redevelopment Agency	(377,318)	(344,588)	(360,953)
Nonmajor Funds	(392,125)	(299,108)	(345,617)
			-
Adjusted Non-Ad Valorem Revenues	10,001,704	11,889,843	10,945,774

Expenditures			
Essential Expenditures			
Public Safety	6,363,198	6,836,498	6,599,848
General Government	1,982,479	2,173,463	2,077,971
Total Essential Expenditures	8,345,677	9,009,961	8,677,819
Less: Ad-Valorem Revenues Available to pay Essential Expenditures	(3,310,658)	(3,990,738)	(3,650,698)
Adjusted Essential Expenditures	5,035,019	5,019,223	5,027,121
Net Non-Ad Valorem Revenues available for Debt Service	\$ 4,966,685	\$ 6,870,620	\$ 5,918,653

Ad Valorem Revenues Restricted for Debt Service - -

Debt Proceeds - -

**Test 1 - Prior Two Year Average of Non-Ad Valorem Revenues covers projected MADS by 150%**

Net Non-Ad Valorem Revenues available for Debt Service	5,918,653
Maximum Annual Non-Ad Valorem Debt Service	281,475
Coverage	2102.7%

**Test 2 - Projected MADS does not exceed 20% of Governmental Fund Revenues, less ad valorem revenues restricted for debt service and debt proceeds**

Two-Year Average Net Total Governmental Funds	17,720,980
Maximum Annual Non-Ad Valorem Debt Service	281,475
Percentage	1.6%

**City of West Melbourne, Florida**  
**Secondary Market Disclosures**  
**Historical Non-Ad Valorem Revenues**

<b>Revenues</b>	<b>FY2015</b>	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>
Total Governmental Funds	\$ 14,318,456	\$ 13,751,805	\$ 13,586,299	\$ 16,950,734	\$ 18,491,225
Less: Grant Revenue & Capital Contributions	(2,050,000)	(1,007,422)	(41,250)	(2,473,014)	(1,339,454)
Less: Ad Valorem Revenues	(2,406,066)	(2,685,306)	(2,990,353)	(3,310,658)	(3,990,738)
Total Governmental Non-Ad Valorem	9,862,390	10,059,077	10,554,696	11,167,062	13,161,033
Less: Restricted Funds					
Stormwater Utility Fund	-	-	-	(395,915)	(627,494)
Capital Projects Fund	-	-	-	-	-
Community Redevelopment Agency	(86,267)	(152,204)	(295,743)	(377,318)	(344,588)
Nonmajor Funds	(375,141)	(645,873)	(490,519)	(392,125)	(299,108)
Adjusted Non-Ad Valorem Revenues	9,400,982	9,261,000	9,768,434	10,001,704	11,889,843
<b>Expenditures</b>					
Essential Expenditures					
Public Safety	5,051,196	5,340,909	6,114,550	6,363,198	6,836,498
General Government	1,687,452	1,765,503	1,915,566	1,982,479	2,173,463
Total Essential Expenditures	6,738,648	7,106,412	8,030,116	8,345,677	9,009,961
Less: Ad-Valorem Revenues Available to pay					
Essential Expenditures	(2,406,066)	(2,685,306)	(2,990,353)	(3,310,658)	(3,990,738)
Adjusted Essential Expenditures	4,332,582	4,421,106	5,039,763	5,035,019	5,019,223
Net Non-Ad Valorem Revenues available for Debt Service	\$ 5,068,400	\$ 4,839,894	\$ 4,728,671	\$ 4,966,685	\$ 6,870,620
Maximum Annual Debt Service on 2010D	\$ (281,475)	\$ (281,475)	\$ (281,475)	\$ (281,475)	\$ (281,475)
Legally Available Non-Ad Valorem Revenues	\$ 4,786,925	\$ 4,558,419	\$ 4,447,196	\$ 4,685,210	\$ 6,589,145
Existing Coverage	18.01	17.19	16.80	17.65	24.41