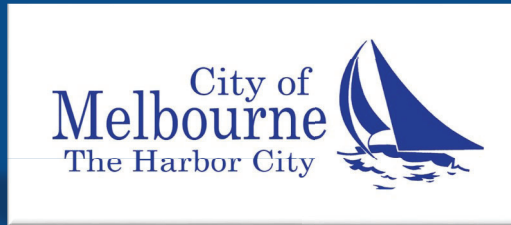
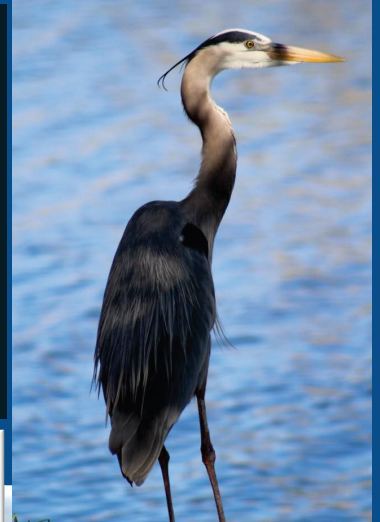


# City of Melbourne, Florida



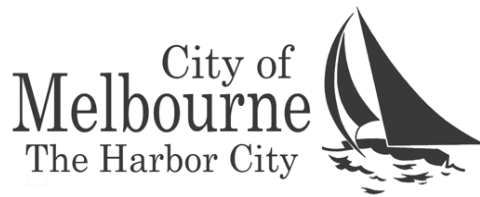
# 2020

Comprehensive Annual Financial Report  
For the Fiscal Year Ended September 30, 2020



**City of Melbourne, Florida**  
**Comprehensive Annual**  
**Financial Report**

**For The Fiscal Year Ended September 30, 2020**



**CITY COUNCIL**

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

**CITY OFFICIALS**

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

**Prepared by: Financial Services Department**



# **INTRODUCTORY SECTION**

This section contains the following subsections:

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



**CITY OF MELBOURNE, FLORIDA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020  
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# City of Melbourne



Financial Services Department

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

February 22, 2021

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

We are submitting the Comprehensive Annual Financial Report of the City of Melbourne, Florida (the "City") for the fiscal year ended September 30, 2020, as prepared by the City's Financial Services department. The report fulfills the requirements set forth in the City Charter, Section 3.20, Florida Statutes, Chapter 166.241; Chapter 218.39 and the Rules of the Auditor General, Chapter 10.550; and Rule 15c2-12 promulgated by the Securities and Exchange Commission.

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

The City's financial statements have been audited by the City's independent Certified Public Accountants, Carr, Riggs & Ingram, LLC. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City, for the year ended September 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2020, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. The independent auditors' reports on internal controls and compliance issued in connection with the Federal and State Single Audits are included in the Single Audit Section of this report.

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

## **Profile of the Government**

The City is located on the central east coast of Florida in Brevard County. The City currently occupies a land area of 51.5 square miles and serves a population of 84,402. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

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

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

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

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

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

### **Factors Affecting Financial Condition**

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

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

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

L3 and Harris completed their merger in 2019, making L3Harris Technologies the sixth largest defense company in the U.S. and a top 10 defense company worldwide. The combined firm has approximately

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

In April 2020, Aerion Supersonic announced it will be making Melbourne the home of its new global headquarters. The new Aerion Park campus will be located on Melbourne International Airport property and is expected to attract new aerospace suppliers to the area and create 675 new jobs as part of a \$300 million investment. The facility will produce Aerion's AS2 supersonic jet, the world's first privately built supersonic aircraft designed for business travel. Manufacturing of the AS2 is expected to commence in 2023.

Construction in the downtown area is booming; the \$31 million Highline Apartment complex, an eight-story building on New Haven Avenue, has 171 studio, one and two-bedroom apartments. Highline is expected to appeal to the Millennial and Generation Z workers who want to work, live, and play in a centralized location. Conveniently located in the heart of downtown Melbourne, it is within walking distance of many local stores and restaurants. Construction continues on the \$42 million Hotel Melby, an 11-story Hilton boutique hotel, and twin 100-foot Paramount Riverfront Condominiums on U.S. 1. Melbourne City Council approved the site plan for a six-story Aloft hotel on New Haven Avenue near U.S. 1.

The number of building permits increased in 2020 as the City experienced an increase in residential building activity. The number of new residential permits increased 69%, the value of new residential construction decreased 3%, and the overall residential property value within the City increased 8% for fiscal year 2020. The number of new commercial permits decreased 54%; and total commercial property values are 7% higher than the previous year. The population increased 1% in fiscal year 2020, and the local unemployment rate increased from 3.1% to 5.5% primarily due to the COVID-19 pandemic.

Pursuant to Florida Statutes, Chapter 200.065(5)(a), the maximum millage rate that the City may levy is a rolled-back rate based on the amount of taxes, which would have been levied in the prior year if the maximum millage rate had been applied, adjusted for the change in per capita Florida personal income, unless a higher rate is adopted, in which case the maximum is the adopted rate. The Melbourne City Council levy for the fiscal year ended September 30, 2020 was 7.1878 mills, which is greater than the computed rolled back rate of 6.8021.

**Long-term financial planning.** Assigned and unassigned fund balance in the General fund is 48% of total fiscal year 2020 General Fund expenditures and 44% of fiscal year 2021 appropriations. The General Fund policy adopted by the City Council requires all excess funds be transferred to assigned and unassigned fund balance until assigned and unassigned fund balance equals 25% of the general fund operating budget. Thereafter, any remaining excess funds shall be identified by the City Manager as available to fund capital purchases, capital construction, non-recurring expenditures, or to establish additional assignments of fund balance. At September 30, 2020, there is \$18,396,023 in excess funds available for assignment.

The Water and Sewer System fund Utility Rate of Return Policy requires excess funds to be transferred to the working capital reserve of the Water and Sewer System until that amount equals 25% of Water and Sewer System operating revenues. At September 30, 2020, the working capital reserves were 75% of fiscal year 2020 operating revenues. The remaining excess funds shall be transferred to the Water and Sewer System Capital Construction Reserve until that amount equals \$1,000,000. Once these two requirements are met, any excess funds shall be split evenly and distributed between the Water and Sewer System Working Capital and the Capital Construction Reserve. A transfer of \$2,857,011 to the Capital Construction Reserve was made, which decreased the working capital reserves to 69% of the fiscal year 2020 operating revenues. This is a 4% increase from the previous year, primarily due to the reduction in transfers out. The Water and Sewer System fund transferred \$3,298,146 to the General fund, which represented 6.3% of sales as defined in the policy.

**Major Initiatives.** A \$12.9 million project to construct a new 16" water transmission main crossing the Indian River at the Pineda Causeway is underway. The new transmission main will improve water service to the entire beachside area and improve fire flow, pressure, quality and circulation of water in the north beach area.

Grant Street Water Reclamation facility improvements of \$15.3 million include rehabilitating and upgrading many systems, which include grit handling, influent station, headworks, mechanical aerator systems and

biological nutrient removal treatment train to accommodate increasing flow demands and State and Federal regulations.

The Surface Water Treatment Plant's control hardware and instrumentation is being upgraded for \$4.6 million to improve the control systems infrastructure, which will increase the reliability of the plant's functions and decrease process downtime.

Construction of a new gravity interceptor at the D.B. Lee Water Reclamation facility for \$2.2 million is to accommodate future flows from large developments west on I-95.

The City anticipates issuing \$35 million in general obligation bonds, approved in 2019, to construct a new Police Department Headquarters facility in 2021. We also anticipate construction to begin in 2021.

A \$10.1 million project to transform Hickory Street to a safe and accessible roadway for all users was completed in July 2020.

The final phase of the Babcock Street reconstruction project is expected to be completed in the spring of 2021, which includes landscaping, lighting, sidewalks, crosswalks, signage and drainage improvements.

The Melbourne International Airport has undertaken several major capital improvements including a terminal renovation and expansion project, two new passenger boarding bridges and a ground run-up enclosure facility.

**Relevant Financial Policies.** The City of Melbourne has adopted a comprehensive set of financial policies, including a policy that requires the adoption of a balanced operating budget (i.e. estimated revenues equal to appropriations). The original budget's estimated revenues were purposefully less than appropriations by \$545,000 because the City utilized fund balance to fund one-time capital expenditures. By fiscal year end, City council voted to appropriate excess unreserved fund balance, beyond amounts required to be retained by the City's fund balance retention policy, to fund one-time capital appropriations. The total amount appropriated of the General Fund's fund balance in fiscal year 2020 was \$3,455,000 but the final net change was only (\$392,899). The City's strong revenues and controlled expenditures were the reason for the positive result.

### **Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Melbourne for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2019. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Melbourne has received a Certificate of Achievement for 33 years. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Jeffrey C. Towne  
Director of Finance



Shannon M. Lewis  
City Manager



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

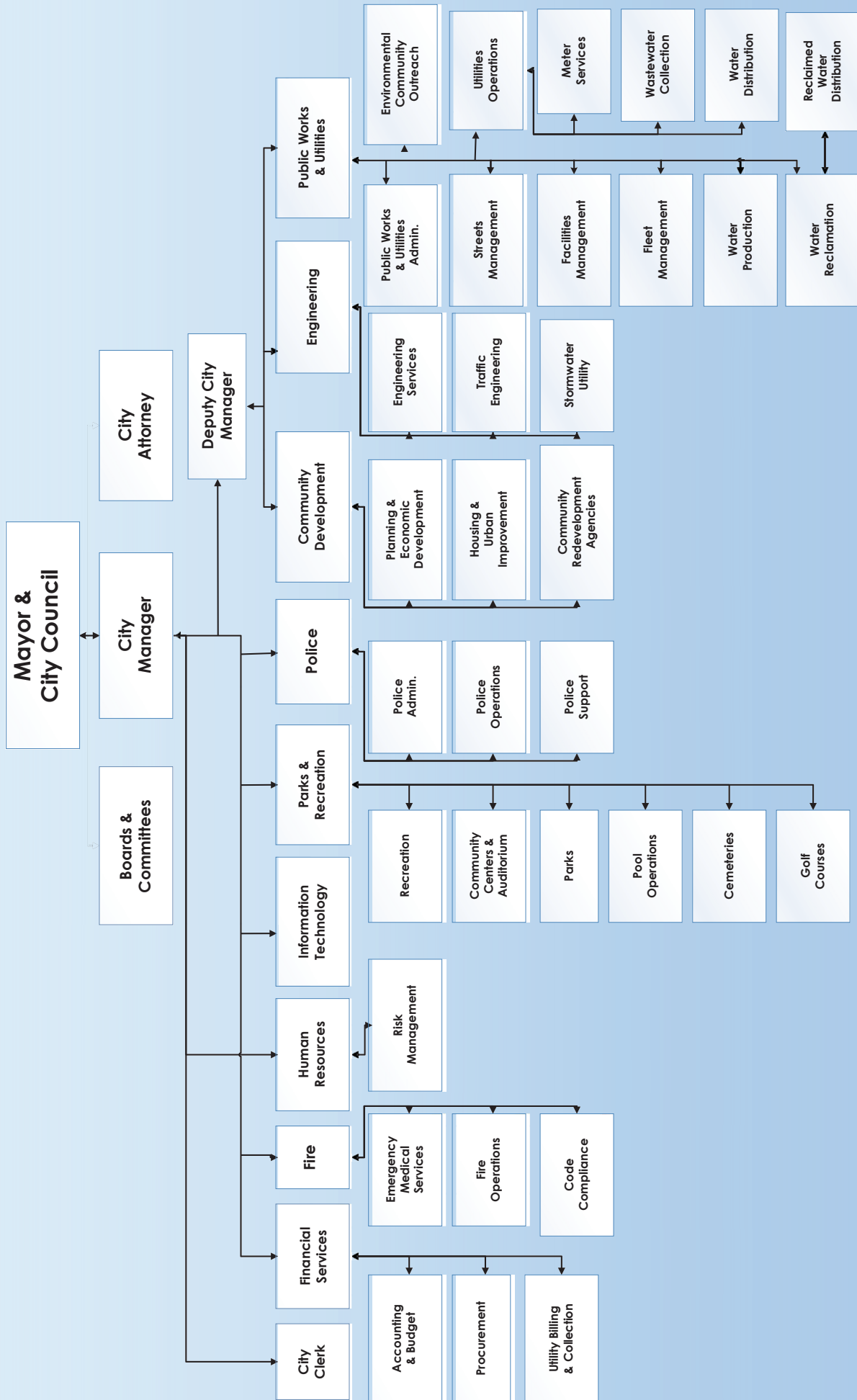
**City of Melbourne  
Florida**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

September 30, 2019

*Christopher P. Morill*

Executive Director/CEO





# **FINANCIAL SECTION**

This section contains the following subsections:

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



## **INDEPENDENT AUDITORS' REPORT**

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Melbourne, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Melbourne, Florida's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Melbourne, Florida, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and other required supplementary information on pages 4-13, and pages 89-115 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Melbourne, Florida's basic financial statements. The introductory section, combining and individual non-major fund financial statements, budgetary schedules of special revenue funds, statistical section, and secondary market disclosures are presented for

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

The combining and individual nonmajor fund financial statements, budgetary schedules of special revenue funds, and schedule of expenditures of federal awards and State of Florida financial assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, budgetary schedules of special revenue funds, and schedule of expenditures of federal awards and State of Florida financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2021 on our consideration of the City of Melbourne, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Melbourne's internal control over financial reporting and compliance.

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

Melbourne, Florida  
February 22, 2021



**CITY OF MELBOURNE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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As management of the City of Melbourne (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages vi-ix of this report.

### **Financial Highlights**

- The assets and deferred outflows of the City of Melbourne exceeded its liabilities and deferred inflows at September 30, 2020 by \$298,791,886. Of this amount, \$63,380,402 may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$17,286,429; \$6,307,403 in governmental activities and \$10,979,026 in business-type activities.
- As of September 30, 2020, the City's governmental funds reported combined ending fund balances of \$88,304,688 an increase of \$8,431,090 in comparison with the prior year, which includes a prior year adjustment of \$215,021. The adjustment was due to the golf courses being reclassified to the General Fund. Approximately 39% of this amount (\$34,252,464) is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of assigned and unassigned components of fund balance) in the General fund was \$38,174,373 or 48% of total General fund expenditures for fiscal year 2020.
- The City's total debt decreased \$3,545,912 during the current fiscal year. This reflects increases of \$2,400,000 for the issuance of the Downtown CRA Highline bond, offset by the normal reductions resulting from annual debt service and lease payments of \$5,212,930 and \$732,982 for net accretion on the Water and Sewer Refunding Revenue Bonds, Series 2002B.

### **Overview of the Financial Statements**

The discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the four reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Melbourne International Airport, governed by the Melbourne Airport Authority, for

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which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

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

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

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The City maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, three community redevelopment funds, and one capital projects fund. The redevelopment funds do not qualify as major funds but have been shown as such to comply with Chapter 163.387(8), Florida Statutes that requires these funds be separately audited. Data from the other four governmental fund types are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general fund and three community redevelopment funds. A budgetary comparison statement has been provided for the General fund and Community Redevelopment funds as part of Required Supplementary Information, to demonstrate compliance with this budget.

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

**Proprietary funds.** The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer system and a stormwater utility. *Internal Service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its workers compensation and insurance costs. Because both of these services benefit governmental and business-type functions, they have been allocated accordingly in the government-wide financial statements and are consolidated into governmental activities.

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

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

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



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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-88 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information (RSI) can be found on pages 89-115 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on page 116-135 of this report.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Melbourne, assets and deferred outflows exceeded liabilities and deferred inflows by \$298,791,886. By far, the largest portion (\$186,169,764) of the City's net position (62%) reflects its investment in capital assets (i.e., land, buildings, improvements other than buildings, machinery, equipment, intangibles, and general government infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to its citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Melbourne's Net Position**

	Governmental Activities		Business-type Activities		Total	
	2020	Restated 2019	2020	Restated 2019	2020	2019
<b>Assets</b>						
Current and other assets	\$ 104,383,034	\$ 95,626,239	\$ 119,659,356	\$ 115,241,634	\$ 224,042,390	\$ 210,867,873
Capital assets	106,707,531	105,990,197	167,113,188	163,772,645	273,820,719	269,762,842
Total assets	211,090,565	201,616,436	286,772,544	279,014,279	497,863,109	480,630,715
Total deferred outflows of resources	23,140,229	18,397,899	6,969,331	5,316,003	30,109,560	23,713,902
<b>Liabilities</b>						
Long-term liabilities outstanding	88,988,842	76,283,483	109,643,896	110,734,009	198,632,738	187,017,492
Other liabilities	8,496,837	8,666,446	14,312,244	14,090,427	22,809,081	22,756,873
Total liabilities	97,485,679	84,949,929	123,956,140	124,824,436	221,441,819	209,774,365
Total deferred inflows of resources	7,104,437	11,731,131	634,527	1,333,664	7,738,964	13,064,795
<b>Net position</b>						
Net investment in capital assets	96,584,680	95,990,767	89,585,114	82,061,735	186,169,794	178,052,502
Restricted	38,106,525	33,548,509	11,135,165	11,105,262	49,241,690	44,653,771
Unrestricted	(5,050,527)	(6,206,001)	68,430,929	65,005,185	63,380,402	58,799,184
<b>Total net position</b>	<b>\$ 129,640,678</b>	<b>\$ 123,333,275</b>	<b>\$ 169,151,208</b>	<b>\$ 158,172,182</b>	<b>\$ 298,791,886</b>	<b>\$ 281,505,457</b>

An additional portion (\$49,241,690) of the City's net position (16%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$63,380,402 may be used to meet the City's ongoing obligations to citizens and creditors.

On September 30, 2020, the City is able to report positive balances in all three categories of net position for its business-type activities. The City's net position, excluding the Melbourne International Airport, a discretely presented component unit, increased by \$17,286,429 (6%) during the current fiscal year.

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

	<b>City of Melbourne's Changes in Net Position</b>					
	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 15,796,326	\$ 14,102,960	\$ 56,869,271	\$ 58,594,941	\$ 72,665,597	\$ 72,697,901
Operating grants and contributions	7,213,124	10,069,629	384,137	504,861	7,597,261	10,574,490
Capital grants and contributions	2,974,140	5,696,923	3,059,721	4,607,559	6,033,861	10,304,482
General revenue:						
Property taxes	37,584,468	34,573,821	-	-	37,584,468	34,573,821
Other taxes	18,846,021	19,120,930	-	-	18,846,021	19,120,930
Grants and contributions not restricted to specific programs	9,552,382	10,340,833	-	-	9,552,382	10,340,833
Unrestricted investment earnings	3,330,445	3,401,963	3,068,008	3,590,799	6,398,453	6,992,762
Other	118,208	119,235	43,853	35,164	162,061	154,399
<b>Total revenues</b>	<b>95,415,114</b>	<b>97,426,294</b>	<b>63,424,990</b>	<b>67,333,324</b>	<b>158,840,104</b>	<b>164,759,618</b>
<b>Expenses:</b>						
General government	20,653,067	18,165,483	-	-	20,653,067	18,165,483
Public safety	43,655,115	41,630,408	-	-	43,655,115	41,630,408
Public works	10,976,764	10,252,960	-	-	10,976,764	10,252,960
Parks and recreation	9,426,419	7,393,800	-	-	9,426,419	7,393,800
Housing and urban improvement	1,565,892	1,816,562	-	-	1,565,892	1,816,562
Interest on long-term debt	158,904	173,634	-	-	158,904	173,634
Unallocated depreciation	4,039,235	3,512,757	-	-	4,039,235	3,512,757
Water and sewer	-	-	49,279,481	44,790,690	49,279,481	44,790,690
Golf courses	-	-	-	2,100,973	-	2,100,973
Stormwater utility	-	-	1,800,298	1,920,703	1,800,298	1,920,703
<b>Total expenses</b>	<b>90,475,396</b>	<b>82,945,604</b>	<b>51,079,779</b>	<b>48,812,366</b>	<b>141,555,175</b>	<b>131,757,970</b>
Increase in net position before contributions to permanent fund and transfers						
Contributions to permanent fund	4,939,718	14,480,690	12,345,211	18,520,958	17,284,929	33,001,648
Transfers	1,500	4,050	-	-	1,500	4,050
Transfers	1,366,185	3,815,993	(1,366,185)	(3,815,993)	-	-
<b>Increase in net position</b>	<b>6,307,403</b>	<b>18,300,733</b>	<b>10,979,026</b>	<b>14,704,965</b>	<b>17,286,429</b>	<b>33,005,698</b>
Net position - October 1, as previously stated	123,306,878	105,040,534	158,198,579	143,493,614	281,505,457	248,534,148
Adjustment (See Note (3)A)	26,397	(34,389)	(26,397)	-	-	(34,389)
Net position - October 1, restated	123,333,275	105,006,145	158,172,182	143,493,614	281,505,457	248,499,759
Net position - September 30	<b>\$ 129,640,678</b>	<b>\$ 123,306,878</b>	<b>\$ 169,151,208</b>	<b>\$ 158,198,579</b>	<b>\$ 298,791,886</b>	<b>\$ 281,505,457</b>

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**Prior Period Adjustment.** The adjustment increasing beginning net position in governmental activities of \$26,397 is due to the closing of the Golf Course fund and reclassifying all activities to the parks and recreation divisions of the General Fund. The Golf Course fund no longer met the requirements of an Enterprise fund. Details of the adjustment are found in Note (3) A.

**Governmental Activities.** Governmental activities increased the City's net position by \$6,307,403. Charges for services increased \$1,693,366, primarily due to the Golf Courses fund being reclassified to the General Fund. The (\$2,856,505) decrease in operating grants is primarily due to FEMA reimbursements for hurricane Irma expenses received in prior fiscal year. The (\$2,722,783) decrease in capital grants is primarily due to the prior year reimbursements from Federal Aid Highway for Hickory Street Complete Street project. The \$3,010,647 increase in property taxes is due to the rise in taxable assessed value as the local economy continued to rebound. Investment earnings decreased by (\$71,518), primarily due to the year-end fair market value adjustment.

Total governmental activities expenses increased by \$7,529,792. General government expenses increased by \$2,487,584, primarily due to salary and benefits and CRA tax increment payments. Public safety expenses increased by \$2,024,707, primarily due to salary and benefits. Parks and recreation expenses increased by \$2,032,619, primarily due to the Golf Courses fund being reclassified to the General Fund.

Transfers decreased by (\$2,449,808), primarily due to the donation of capital assets to the Water and Sewer fund from the capital improvement funds for the utility improvement portion of projects.

**Business-type Activities.** Business-type activities increased the City's net position by \$10,979,026. Charges for services decreased (\$1,725,670), primarily due to the Golf Courses fund being reclassified to the General fund. Capital grants and contributions decreased by (\$1,547,838) primarily due to a decrease in water impact fees. Investment earnings decreased (\$522,791) due to adjustments in fair market value.

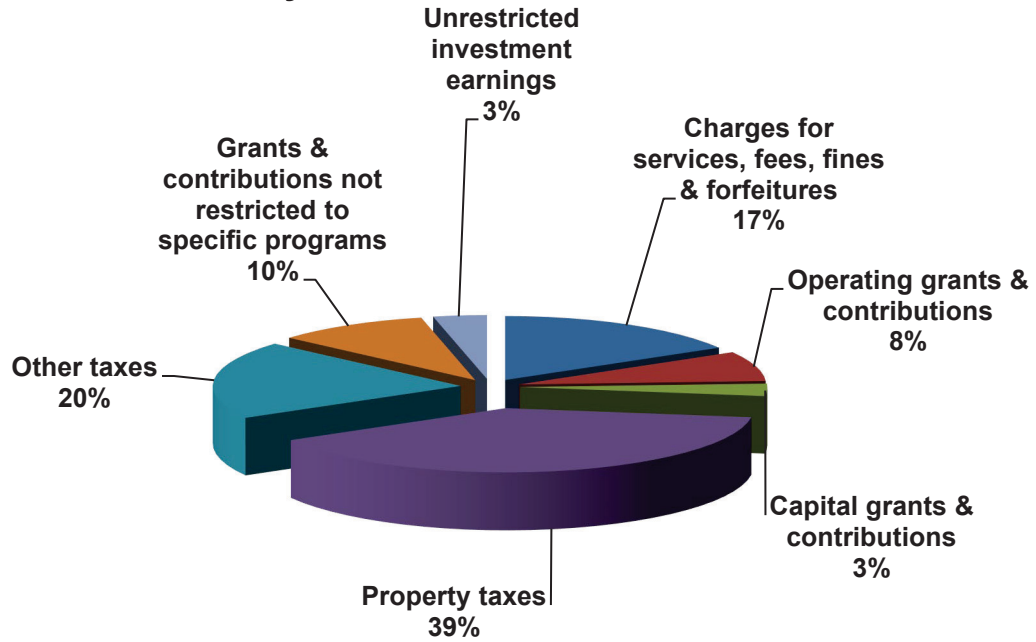
Water and Sewer expenses increased \$4,488,791 due to an increase in chemicals needed this year, an increase in repairs & maintenance of water & sewer lines and an increase in pension expense. Golf Courses fund expenses decreased (\$2,100,973) due to the Golf Courses fund being reclassified to the General fund. Transfers decreased (\$2,449,808) primarily due to the Mobility Improvements fund contribution of the Hickory Street water and sewer lines.

CITY OF MELBOURNE, FLORIDA  
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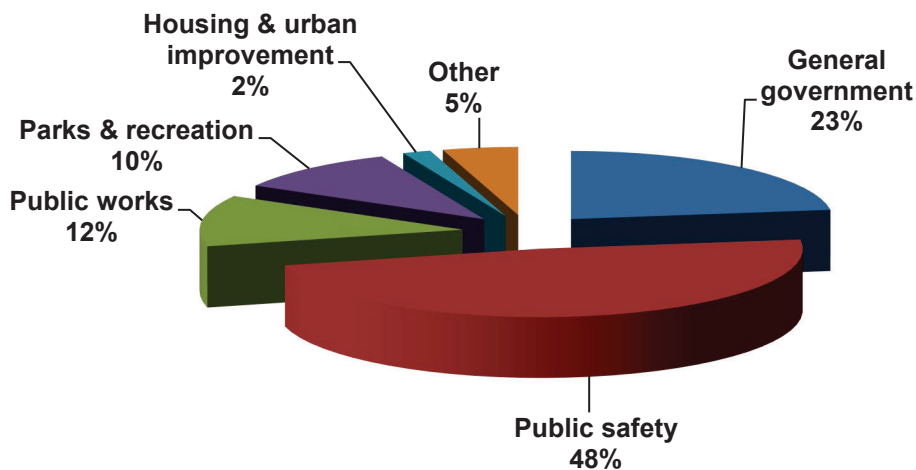
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The revenues by source and expenses by function for governmental activities are displayed in the following graphs:

### Revenue by Source - Governmental Activities



### Expenses by Function - Governmental Activities

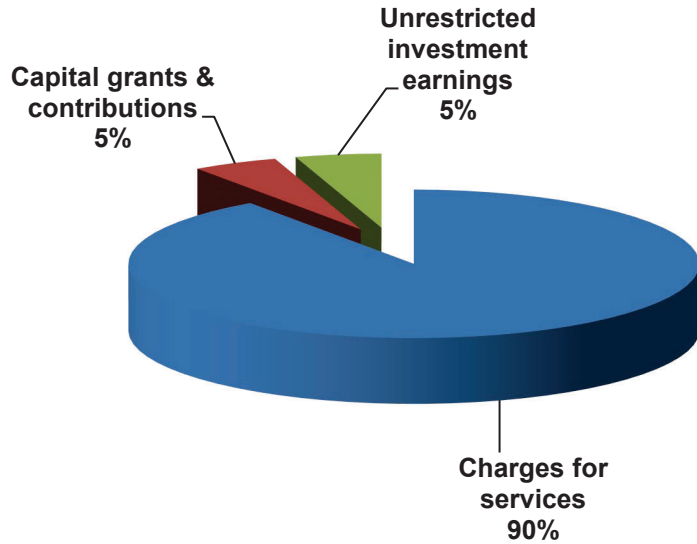


**CITY OF MELBOURNE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

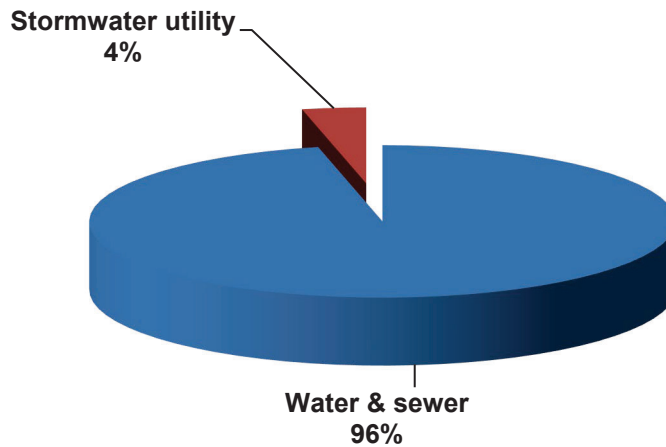
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The revenues by source and expenses by function for all business-type activities are demonstrated in the following graphs:

**Revenues by Source - Business-type Activities**



**Expenses by Function - Business-type Activities**



**CITY OF MELBOURNE, FLORIDA  
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**Financial Analysis of the City's Funds**

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

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

As of the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$88,304,688, an increase of \$8,431,090 in comparison with the prior year. Approximately 39% (\$34,252,464) of this amount constitutes *unassigned fund balance* which is available for spending at the government's discretion. The remainder of fund balance is *non-spendable, restricted, committed, or assigned* to indicate that it is not available for new spending because it is 1) obligated for long term advances to other funds; inventory; prepaids; land held for resale; and perpetual care (\$1,594,005), 2) restricted for specific purposes (\$37,045,511), 3) restricted for debt service (\$868,150), or 4) assigned to pay for obligations previously authorized by the City (\$14,544,558).

The General fund is the chief operating fund of the City. At the end of the current fiscal year, the total assigned and unassigned fund balance of the General fund was \$38,174,373 while total fund balance was \$40,567,041. As a measure of the General fund's liquidity, it may be useful to compare both total assigned and unassigned fund balance and total fund balance to total fund expenditures. Total assigned and unassigned fund balance represents 48% of total fiscal year 2020 General fund expenditures and 45% of fiscal year 2021 appropriations. Total fund balance represents 51% of total fiscal year 2020 General fund expenditures and 47% of fiscal year 2021 appropriations.

The fund balance of the City's General fund increased by \$204,590 during the current fiscal year, primarily a result of the Golf Courses fund being reclassified to the General Fund. All other governmental funds increased by \$8,226,500, a result of increased funding for general construction projects.

The Transportation Capital Improvement fund, a major fund, had an increase in fund balance during the current year of \$2,611,430 to bring the year end fund balance to \$28,615,854. Assigned fund balance increased \$951,088 due to additional funding from the General Fund for roads and streets. Fund balance restricted for transportation increased \$1,660,342 as restricted transportation impact fees and Local Option Gas Tax transfers in exceeded spending on road improvement projects funded from those restricted sources.

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

Unrestricted net position of the Water and Sewer System at the end of the year amounted to \$57,639,684 and the Stormwater Utility was \$10,593,936. The net position in the Water and Sewer System and Stormwater Utility increased by \$8,930,667 and \$1,959,259, respectively, due to normal growth and operating activities. The net position for total business-type activities increased \$89,100 to reflect the consolidation of the Internal Service fund activity in the Enterprise funds.

**General Fund Budgetary Highlights**

The following is a brief review of the budget changes from the original to the final amended budget, and a review of the final amended budget and actual amounts (presented on a budgetary basis). A detailed budgetary comparison schedule for the General fund is included on page 89 of the RSI section of the CAFR.

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

The variance between the final budget and the actual results in the General Fund reflects total revenues, transfers in and sale of capital assets exceeding budget by \$722,697, and total expenditures and transfers out of \$3,142,659 less than appropriated. This is primarily a result of appropriations exceeding actual expenditures in parks and recreation due to canceled classes because of COVID-19 and vacancies within public works, police department and information technology. These factors caused the change in fund balance in the General fund to be \$3,865,356 higher than budgeted.

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**Capital Asset and Debt Administration**

**Capital assets.** The City's capital assets for its governmental and business-type activities as of September 30, 2020 total \$273,820,719 (net of accumulated depreciation). The capital assets include land, buildings, improvements other than buildings, machinery and equipment, intangibles, and general governmental infrastructure. The total increase in the City's capital assets for the current fiscal year was 1.5% (a 0.68% increase in governmental activities and a 2.04% increase for business-type activities).

**City of Melbourne's Capital Assets**

	Governmental		Business-type		Total	
	Activities		Activities			
	2020	Restated 2019	2020	Restated 2019	2020	2019
Land	\$ 35,760,218	\$ 35,604,778	\$ 4,179,011	\$ 4,179,011	\$ 39,939,229	\$ 39,783,789
Buildings	17,957,039	18,358,862	25,456,585	26,632,567	43,413,624	44,991,429
Improvements other than buildings	3,813,015	3,785,220	121,298,072	119,628,316	125,111,087	123,413,536
Machinery and equipment	6,564,568	6,875,240	5,206,148	4,663,191	11,770,716	11,538,431
Intangibles, computer software	624,900	143,017	-	-	624,900	143,017
Infrastructure	35,959,504	30,513,096	-	-	35,959,504	30,513,096
Construction in progress	6,028,287	10,709,984	10,973,372	8,669,560	17,001,659	19,379,544
Total capital assets, net of depreciation/amortization	<u>\$ 106,707,531</u>	<u>\$ 105,990,197</u>	<u>\$ 167,113,188</u>	<u>\$ 163,772,645</u>	<u>\$ 273,820,719</u>	<u>\$ 269,762,842</u>

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

- \$9.1 million expended on street improvements.
- \$813,067 expended on the Ballard Park boat ramp and dock.
- \$468,750 for a new Sutphen pumper fire truck.
- \$465,789 for Energov software.
- \$358,980 in donated streets from developers.

Additional information on the City of Melbourne's capital assets can be found in Note (4) E on pages 49-51 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Melbourne had total debt outstanding of \$96,017,945. Of this amount, \$7,430,000 represents Public Improvement Bonds secured solely by specified revenue sources in the Governmental funds, \$79,016,812 for Water and Sewer Revenue Bonds and \$9,335,408 for state revolving loans, secured solely by revenues of the Water and Sewer fund.

**City of Melbourne's Outstanding Debt**

	Governmental		Business-type		Total	
	Activities		Activities			
	2020	Restated 2019	2020	Restated 2019	2020	2019
Public improvement bonds	\$ 7,430,000	\$ 5,755,000	\$ -	\$ -	\$ 7,430,000	\$ 5,755,000
Revenue bonds	-	-	79,016,812	83,504,533	79,016,812	83,504,533
Capital leases	235,725	422,090	-	-	235,725	422,090
State Revolving Fund loans	-	-	9,335,408	9,882,234	9,335,408	9,882,234
Total	<u>\$ 7,665,725</u>	<u>\$ 6,177,090</u>	<u>\$ 88,352,220</u>	<u>\$ 93,386,767</u>	<u>\$ 96,017,945</u>	<u>\$ 99,563,857</u>

The City of Melbourne's total debt decreased 3.56%. The primary factor was a result of normal principal payments of outstanding debts.

**CITY OF MELBOURNE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Governmental activities debt increased \$1,488,635. The increase reflects \$2,400,000 for the issuance of the Downtown CRA Highline bond, offset by \$725,000 in normal bond principal payments and \$186,365 in capital lease payments.

Business-type activities decreased \$5,034,547. The decrease reflects the \$3,754,739 in normal bonds principal payments, net accretion of \$732,982 in the Water and Sewer Refunding Bonds Series 2002B and State Revolving Fund loan repayment of \$546,826.

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

Additional information on the City of Melbourne's long-term debt can be found in Note (4) J on pages 56-63 of this report.

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

- The unemployment rate as of September 30, 2020 for the City of Melbourne was 5.5%, which is an increase from a rate of 3.1% last year. This is lower than the national average unemployment rate of 7.7% and the state average rate of 7.2%.
- The adopted water and sewer utility rate increases have been deferred since 2015.

### **Requests for Information**

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

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

Or visit our website at: [www.melbourneflorida.org](http://www.melbourneflorida.org)



# **BASIC FINANCIAL STATEMENTS**

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

The following statements and schedules are reported in this subsection:

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

**CITY OF MELBOURNE, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2020**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	International Airport
<b>ASSETS</b>				
Cash and cash equivalents	\$ 18,942	\$ 1,600	\$ 20,542	\$ 15,961,970
Equity in pooled investments	94,998,446	91,996,278	186,994,724	-
Investments, at fair value	-	-	-	6,421,094
Receivables, net	3,041,175	9,203,982	12,245,157	1,007,967
Interest receivable	239,589	229,826	469,415	24,585
Internal balances	(197,309)	197,309	-	-
Due from fiduciary funds	19,752	-	19,752	-
Due from primary government	-	-	-	209,273
Due from other governments	4,217,416	413,253	4,630,669	3,378,898
Inventory	265,072	1,090,067	1,355,139	14,078
Prepaid items	444,188	138,323	582,511	7,794
Land held for resale	215,000	-	215,000	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-	9,824,916	9,824,916	341,598
Equity in pooled investments	-	1,766,042	1,766,042	-
Investments, at fair value	-	4,598,628	4,598,628	-
Interest receivable	-	2,815	2,815	-
Due from other governments	6,152	-	6,152	1,850,832
Permanently restricted:				
Equity in pooled investments	192,375	-	192,375	-
Noncurrent lease receivable	-	-	-	1,422,925
Net pension asset, city general pension	922,236	196,317	1,118,553	132,236
Capital assets:				
Nondepreciable:				
Land	35,760,218	4,179,011	39,939,229	6,513,866
Construction in progress	6,028,287	10,973,372	17,001,659	16,611,181
Depreciable:				
Buildings	35,864,870	77,778,406	113,643,276	127,633,837
Improvements other than buildings	18,008,626	303,588,733	321,597,359	101,756,310
Machinery and equipment	29,349,738	18,958,165	48,307,903	12,117,369
Intangibles, computer software	2,191,866	66,073	2,257,939	293,723
Infrastructure	153,945,210	-	153,945,210	-
Less accumulated depreciation/ amortization	(174,441,284)	(248,430,572)	(422,871,856)	(103,411,148)
Total assets	<u>211,090,565</u>	<u>286,772,544</u>	<u>497,863,109</u>	<u>192,288,388</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows, city pensions	12,010,595	-	12,010,595	77,540
Deferred outflows, FRS pension	7,731,252	4,079,755	11,811,007	1,167,205
Deferred outflows, FRS HIS pension	1,653,307	874,320	2,527,627	268,992
Deferred outflows, OPEB	1,715,249	290,287	2,005,536	73,169
Deferred outflows, asset retirement	29,826	-	29,826	-
Deferred amount on advance refunding	-	1,724,969	1,724,969	-
Total deferred outflows of resources	<u>23,140,229</u>	<u>6,969,331</u>	<u>30,109,560</u>	<u>1,586,906</u>

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	International Airport
<b>LIABILITIES</b>				
Accounts payable	5,174,547	4,472,306	9,646,853	706,206
Accrued payroll expenses	2,010,869	373,689	2,384,558	141,421
Accrued interest payable	55,311	-	55,311	-
Due to fiduciary funds	-	-	-	-
Due to component unit	209,273	-	209,273	-
Due to other governments	121,221	2,362,824	2,484,045	1,508,735
Deposits	390,471	-	390,471	-
Unearned revenue	535,145	-	535,145	5,255,567
Current liabilities payable from restricted assets	-	7,103,425	7,103,425	1,850,832
Noncurrent liabilities:				
Due within one year:				
Accrued claims	669,406	-	669,406	-
Compensated absences	1,779,243	412,378	2,191,621	185,764
State Revolving Fund loan payable	-	479,523	479,523	-
Other postemployment benefits	400,345	97,132	497,477	24,880
Capital leases payable	66,970	-	66,970	54,894
Bonds payable	740,000	-	740,000	-
Due in more than one year:				
Liabilities payable from restricted assets	-	3,869,804	3,869,804	341,598
Accrued claims	2,343,169	-	2,343,169	-
Compensated absences	2,415,546	459,392	2,874,938	378,012
Capital leases payable	168,755	-	168,755	272,227
State Revolving Fund loan payable	-	8,774,892	8,774,892	-
Other postemployment benefits	12,369,506	2,337,646	14,707,152	687,787
Net pension liability, city pensions	32,929,979	-	32,929,979	-
Net pension liability, FRS pension	21,450,287	11,667,897	33,118,184	3,310,430
Net pension liability, FRS HIS pension	6,898,742	3,572,947	10,471,689	1,083,701
Asset retirement obligation	66,894	-	66,894	-
Bonds payable, net of unamortized premium and discount	6,690,000	77,972,285	84,662,285	-
Total liabilities	97,485,679	123,956,140	221,441,819	15,802,054
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows, city pensions	3,587,045	27,137	3,614,182	26,737
Deferred inflows, FRS pension	452,336	87,595	539,931	65,210
Deferred inflows, FRS HIS pension	633,790	323,471	957,261	120,852
Deferred inflows, OPEB	2,097,534	196,324	2,293,858	48,011
Deferred revenue, business tax receipts	333,732	-	333,732	-
Total deferred inflows of resources	7,104,437	634,527	7,738,964	260,810
<b>NET POSITION</b>				
Net investment in capital assets	96,584,680	89,585,114	186,169,794	159,171,266
Restricted - nonexpendable	192,864	-	192,864	-
Restricted for:				
Debt service	868,150	10,520,379	11,388,529	-
Renewal and replacement	-	250,000	250,000	-
Capital improvements	28,504,688	364,786	28,869,474	1,850,832
Legal restrictions	18,714	-	18,714	-
Housing and urban improvement	200,732	-	200,732	-
Economic development	7,826,263	-	7,826,263	-
Public safety	495,114	-	495,114	-
Unrestricted	(5,050,527)	68,430,929	63,380,402	16,790,332
Total net position	\$ 129,640,678	\$ 169,151,208	\$ 298,791,886	\$ 177,812,430

**CITY OF MELBOURNE, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services, Fees Fines, and Forfeitures	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 20,653,067	\$ 10,318,084	\$ 311,226	\$ -
Public safety - fire and police	43,655,115	1,607,878	1,778,190	-
Public works	10,976,764	1,108,541	4,049,023	2,667,640
Parks and recreation	9,426,419	2,696,898	108,354	306,500
Housing and urban improvement	1,565,892	64,925	966,331	-
Interest on long-term debt	158,904	-	-	-
Unallocated depreciation	4,039,235	-	-	-
Total governmental activities	<u>90,475,396</u>	<u>15,796,326</u>	<u>7,213,124</u>	<u>2,974,140</u>
Business-type activities:				
Water and sewer	49,279,481	54,039,603	384,137	2,711,940
Stormwater utility	1,800,298	2,829,668	-	347,781
Total business-type activities	<u>51,079,779</u>	<u>56,869,271</u>	<u>384,137</u>	<u>3,059,721</u>
Total primary government	<u>\$ 141,555,175</u>	<u>\$ 72,665,597</u>	<u>\$ 7,597,261</u>	<u>\$ 6,033,861</u>
Component unit - Airport	<u>\$ 23,027,614</u>	<u>\$ 15,363,422</u>	<u>\$ 6,925,890</u>	<u>\$ 7,265,266</u>

## General Revenues:

## Taxes:

Property

Utility and telecommunication

Franchise fees

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Gain on sale of capital assets

Contributions to permanent funds

Transfers

Total general revenues and transfers

Change in net position

Net position, October 1, as previously stated

Adjustment (See Note (3)A)

Net position, October 1, restated

Net position, September 30

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	International Airport
\$ (10,023,757)	\$	\$ (10,023,757)	\$
(40,269,047)		(40,269,047)	
(3,151,560)		(3,151,560)	
(6,314,667)		(6,314,667)	
(534,636)		(534,636)	
(158,904)		(158,904)	
(4,039,235)		(4,039,235)	
<u>(64,491,806)</u>		<u>(64,491,806)</u>	
-	7,856,199	7,856,199	
-	1,377,151	1,377,151	
-	9,233,350	9,233,350	
<u>(64,491,806)</u>	<u>9,233,350</u>	<u>(55,258,456)</u>	
			<u>6,526,964</u>
37,584,468	-	37,584,468	-
11,990,191	-	11,990,191	-
6,855,830	-	6,855,830	-
9,552,382	-	9,552,382	-
3,330,445	3,068,008	6,398,453	403,150
118,208	43,853	162,061	5,898
1,500	-	1,500	-
1,366,185	(1,366,185)	-	-
<u>70,799,209</u>	<u>1,745,676</u>	<u>72,544,885</u>	<u>409,048</u>
6,307,403	10,979,026	17,286,429	6,936,012
123,306,878	158,172,182	281,479,060	170,876,418
26,397	-	26,397	-
<u>123,333,275</u>	<u>158,172,182</u>	<u>281,505,457</u>	<u>170,876,418</u>
<u>\$ 129,640,678</u>	<u>\$ 169,151,208</u>	<u>\$ 298,791,886</u>	<u>\$ 177,812,430</u>

**CITY OF MELBOURNE, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2020**

	General Fund	Downtown Redevelopment Fund	Babcock Street Redevelopment Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 18,942	\$ -	\$ -
Equity in pooled investments	37,457,848	148,812	363,281
Receivables (net of allowance of \$1,474)	3,041,075	-	-
Interest receivable	147,378	9,818	3,032
Due from other funds	1,519,469	-	-
Due from fiduciary funds	19,752	-	-
Due from other governments	2,159,275	-	-
Due from other governments, restricted	6,152	-	-
Advances to other funds	880,678	-	-
Inventory	265,072	-	-
Prepaid items	40,391	-	-
Land held for resale	215,000	-	-
Total assets	<u>\$ 45,771,032</u>	<u>\$ 158,630</u>	<u>\$ 366,313</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 1,956,609	\$ 1,929	\$ 476
Accrued payroll expenditures	1,988,045	6,582	5,625
Due to other funds	-	-	273,933
Due to component unit	209,273	-	-
Due to other governments	121,221	-	-
Advances from other funds	-	-	880,678
Deposits	344,118	-	-
Unearned revenue	250,993	-	-
Total liabilities	<u>4,870,259</u>	<u>8,511</u>	<u>1,160,712</u>
Deferred inflows of resources:			
Deferred and unavailable revenue	<u>333,732</u>	<u>-</u>	<u>-</u>
Fund balances:			
Non-spendable:			
Long-term advances to other funds	880,678	-	-
Inventory	265,072	-	-
Prepays	40,391	-	-
Land held for resale	215,000	-	-
Perpetual care	-	-	-
Restricted:			
Public safety, law enforcement	104,663	-	-
Housing and urban improvement	-	-	-
Debt service	868,150	-	-
Economic development	-	150,119	-
Capital improvements	-	-	-
Transportation improvement	-	-	-
Recreation improvement	-	-	-
Fireworks display	18,714	-	-
Assigned:			
General government	149,271	-	-
Public safety, law enforcement	230,199	-	-
Public safety, fire protection	9,100	-	-
Public works	122,019	-	-
Parks and recreation	301,921	-	-
Capital improvements	2,315,000	-	-
Unassigned	35,046,863	-	(794,399)
Total fund balances (deficits)	<u>40,567,041</u>	<u>150,119</u>	<u>(794,399)</u>
Total liabilities, deferred inflows of of resources, and fund balances	<u>\$ 45,771,032</u>	<u>\$ 158,630</u>	<u>\$ 366,313</u>

The accompanying notes are an integral part of this statement.

Olde Eau Gallie Redevelopment Fund	Transportation Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 18,942
590,346	29,820,202	20,624,040	89,004,529
-	-	100	3,041,175
2,358	47,796	13,963	224,345
-	-	-	1,519,469
-	-	-	19,752
-	222,417	1,835,724	4,217,416
-	-	-	6,152
-	-	-	880,678
-	-	-	265,072
-	-	-	40,391
-	-	-	215,000
<u>\$ 592,704</u>	<u>\$ 30,090,415</u>	<u>\$ 22,473,827</u>	<u>\$ 99,452,921</u>
\$ 298	\$ 1,467,469	\$ 1,730,204	\$ 5,156,985
2,768	-	-	2,003,020
-	-	1,245,536	1,519,469
-	-	-	209,273
-	-	-	121,221
-	-	-	880,678
-	7,092	37,500	388,710
-	-	284,152	535,145
<u>3,066</u>	<u>1,474,561</u>	<u>3,297,392</u>	<u>10,814,501</u>
-	-	-	333,732
-	-	-	880,678
-	-	-	265,072
-	-	-	40,391
-	-	-	215,000
-	-	192,864	192,864
-	-	390,451	495,114
-	-	200,732	200,732
-	-	-	868,150
589,638	-	7,086,506	7,826,263
-	-	1,096,748	1,096,748
-	23,766,584	2,063,883	25,830,467
-	-	1,577,473	1,577,473
-	-	-	18,714
-	-	-	149,271
-	-	-	230,199
-	-	-	9,100
-	-	-	122,019
-	-	-	301,921
-	4,849,270	6,567,778	13,732,048
-	-	-	34,252,464
<u>589,638</u>	<u>28,615,854</u>	<u>19,176,435</u>	<u>88,304,688</u>
<u>\$ 592,704</u>	<u>\$ 30,090,415</u>	<u>\$ 22,473,827</u>	<u>\$ 99,452,921</u>

**CITY OF MELBOURNE, FLORIDA  
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2020**

Total *fund balances* for governmental funds \$ 88,304,688

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

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

	Balance	Accumulated Depreciation/ Amortization	
Land	\$ 35,760,218	\$ -	
Construction in progress	6,028,287	-	
Buildings	35,864,870	(17,907,831)	
Improvements	18,008,626	(14,195,611)	
Machinery and equipment	29,326,364	(22,761,796)	
Intangibles, computer software	2,191,866	(1,566,966)	
Infrastructure	153,945,210	(117,985,706)	
Total capital assets	\$ 281,125,441	\$ (174,417,910)	106,707,531

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

Net pension asset	\$ 883,931		
Net pension liability	(61,040,045)		
Deferred outflows - pensions	21,321,731		
Deferred inflows - pensions	(4,653,370)		(43,487,753)

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

Other postemployment benefits liability	\$ (12,745,807)		
Deferred outflows - other postemployment benefits	1,709,884		
Deferred inflows - other postemployment benefits	(2,086,729)		(13,122,652)

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

Total internal service funds net position	\$ 3,379,013		
Less amounts attributable to business-type activities	(197,309)		3,181,704

Long-term liabilities, including bonds payable, are not due and payable in the current period, and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position.

Accrued interest on bonds and notes	\$ (55,311)		
Bonds and notes payable	(7,430,000)		
Capital leases	(235,725)		
Compensated absences	(4,184,736)		(11,905,772)
Total long-term liabilities and associated accrued interest			

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

Asset retirement obligation liability	\$ (66,894)		
Deferred outflows - asset retirement obligation	29,826		(37,068)

Net position of governmental activities \$ 129,640,678

The accompanying notes are an integral part of this statement.





**CITY OF MELBOURNE, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	General Fund	Downtown Redevelopment Fund	Babcock Street Redevelopment Fund
<b>REVENUES</b>			
Taxes:			
Property	\$ 37,584,468	\$ -	\$ -
Utility and telecommunications	11,990,191	-	-
Franchise fees	6,855,830	-	-
Intergovernmental	13,769,639	1,398,709	1,114,055
Charges for services	9,787,764	-	-
Impact fees	-	-	-
Licenses and permits	3,995,498	-	-
Confiscated property	-	-	-
Fines, forfeitures, penalties and fees	223,649	-	-
Investment earnings	2,503,681	56,765	38,920
Perpetual care endowment additions	-	-	-
Other revenues	1,135,444	8,400	-
Total revenues	<u>87,846,164</u>	<u>1,463,874</u>	<u>1,152,975</u>
<b>EXPENDITURES</b>			
Current:			
General government	17,490,346	714,962	227,193
Public safety	44,685,896	-	-
Public works	7,087,680	-	-
Parks and recreation	8,324,792	-	-
Housing and urban improvement	651,615	-	-
Debt service:			
Principal	725,000	-	-
Interest and fiscal agent fees	148,072	-	45,049
Capital outlay	-	-	-
Total expenditures	<u>79,113,401</u>	<u>714,962</u>	<u>272,242</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,732,763</u>	<u>748,912</u>	<u>880,733</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt issue expense	-	(35,000)	-
Transfers in	3,540,727	-	-
Transfers out	(11,999,667)	(3,750,000)	(564,627)
Revenue bonds issued	-	2,400,000	-
Sale of capital assets	145,788	5,135	-
Total other financing sources (uses)	<u>(8,313,152)</u>	<u>(1,379,865)</u>	<u>(564,627)</u>
Net change in fund balances	419,611	(630,953)	316,106
Fund balances (deficits), October 1	<u>40,362,451</u>	<u>781,072</u>	<u>(1,110,505)</u>
Adjustment (See Note (3) A)	<u>(215,021)</u>	<u>-</u>	<u>-</u>
Fund balances, October 1, as adjusted	<u>40,147,430</u>	<u>781,072</u>	<u>(1,110,505)</u>
Fund balances (deficits), September 30	<u>\$ 40,567,041</u>	<u>\$ 150,119</u>	<u>\$ (794,399)</u>

The accompanying notes are an integral part of this statement.

Olde Eau Gallie Redevelopment Fund	Transportation Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 37,584,468
-	-	-	11,990,191
-	-	-	6,855,830
544,126	233,075	3,272,657	20,332,261
-	-	-	9,787,764
-	645,391	632,509	1,277,900
-	-	-	3,995,498
-	-	16,129	16,129
-	-	-	223,649
25,028	466,406	128,872	3,219,672
-	-	1,500	1,500
-	-	27,742	1,171,586
<u>569,154</u>	<u>1,344,872</u>	<u>4,079,409</u>	<u>96,456,448</u>
159,148	-	141,698	18,733,347
-	-	-	44,685,896
-	3,990,425	137,564	11,215,669
-	-	41,354	8,366,146
-	-	856,389	1,508,004
-	-	-	725,000
620	-	-	193,741
-	1,061,637	6,908,543	7,970,180
<u>159,768</u>	<u>5,052,062</u>	<u>8,085,548</u>	<u>93,397,983</u>
<u>409,386</u>	<u>(3,707,190)</u>	<u>(4,006,139)</u>	<u>3,058,465</u>
-	-	-	(35,000)
-	6,390,284	10,214,665	20,145,676
(350,000)	(71,664)	(337,995)	(17,073,953)
-	-	-	2,400,000
-	-	-	150,923
<u>(350,000)</u>	<u>6,318,620</u>	<u>9,876,670</u>	<u>5,587,646</u>
59,386	2,611,430	5,870,531	8,646,111
<u>530,252</u>	<u>26,004,424</u>	<u>13,305,904</u>	<u>79,873,598</u>
-	-	-	(215,021)
<u>530,252</u>	<u>26,004,424</u>	<u>13,305,904</u>	<u>79,658,577</u>
<u>\$ 589,638</u>	<u>\$ 28,615,854</u>	<u>\$ 19,176,435</u>	<u>\$ 88,304,688</u>

**CITY OF MELBOURNE, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Net change in *fund balances* - total governmental funds \$ 8,646,111

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

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

Cost of capital assets	\$ 9,930,922	
Depreciation and amortization expense	<u>(8,100,451)</u>	1,830,471

In the statement of activities, only the gain or loss on the sale of capital assets are reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the capital assets sold or disposed.

Cost of capital assets sold or disposed	\$ (32,716)	
Transfer of capital assets to business-type activities		
Construction in Progress	\$ (1,705,538)	
	<u>(1,705,538)</u>	(1,738,254)

Pension contributions are reported as expenditures in the fund financial statements and the change in net pension asset (liability) and related outflows (inflows) are reported on the statement of activities. (1,799,291)

Other postemployment benefits are reported as expenditures in the fund financial statements and the change in other post employment benefit liability and related outflows (inflows) are reported on the statement of activities. 71,580

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

Issuance of revenue bonds	\$ (2,400,000)	
Principal repayment, bonds and notes	725,000	
Principal repayment, leases	<u>186,365</u>	(1,488,635)

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

Accrued interest on bonds and notes	\$ (55,311)	
Asset retirement obligations	<u>(1,356)</u>	(56,667)

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

Accrued interest on bonds and notes	\$ 52,754	
Compensated absences	<u>(621,895)</u>	(569,141)

Some expenditures reported in the governmental funds have been recognized as expenses in the prior fiscal year in the statement of activities.

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

Capital asset contributed to general government	\$ 108,847	
Street infrastructure contributions	358,980	
Land contributions	157,290	
Capital assets purchased from business-type activities		
Machinery and equipment	\$ 83,534	
Accumulated depreciation	<u>(83,534)</u>	625,117

Internal service funds are used by management to charge the costs of workers compensation and insurance to individual funds. The net revenue of certain activities of the internal service funds are reported with governmental activities. 786,112

Change in net position of governmental activities \$ 6,307,403

The accompanying notes are an integral part of this statement.



**CITY OF MELBOURNE, FLORIDA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2020**

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer System	Stormwater Utility (Non-Major)	Total	Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,600	\$ -	\$ 1,600	\$ -
Cash and cash equivalents, restricted	6,055,374	-	6,055,374	-
Equity in pooled investments	81,551,083	10,445,195	91,996,278	6,186,292
Equity in pooled investments, restricted	1,049,002	-	1,049,002	-
Receivables, trade				
Billed (net of allowance of \$ 285,000)	5,429,994	-	5,429,994	-
Unbilled	3,773,988	-	3,773,988	-
Interest receivable	203,071	26,755	229,826	15,244
Interest receivable, restricted	2,815	-	2,815	-
Due from other governments	65,362	347,891	413,253	-
Inventory	1,090,067	-	1,090,067	-
Prepaid items	138,323	-	138,323	403,797
Total current assets	<u>99,360,679</u>	<u>10,819,841</u>	<u>110,180,520</u>	<u>6,605,333</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	3,769,542	-	3,769,542	-
Equity in pooled investments	717,040	-	717,040	-
Investments, at fair value	4,598,628	-	4,598,628	-
Total noncurrent restricted assets	<u>9,085,210</u>	<u>-</u>	<u>9,085,210</u>	<u>-</u>
Net pension asset, city general pension	196,317	-	196,317	38,305
Total noncurrent, nonrestricted assets	<u>196,317</u>	<u>-</u>	<u>196,317</u>	<u>38,305</u>
Capital assets:				
Nondepreciable:				
Land	3,189,512	989,499	4,179,011	-
Construction in progress	10,289,305	684,067	10,973,372	-
Depreciable:				
Buildings	77,778,406	-	77,778,406	-
Improvements other than buildings	286,644,627	16,944,106	303,588,733	-
Machinery and equipment	16,101,085	2,857,080	18,958,165	23,374
Intangibles, computer software	57,910	8,163	66,073	-
Less accumulated depreciation/amortization	(242,231,647)	(6,198,925)	(248,430,572)	(23,374)
Total capital assets, net of accumulated depreciation/amortization	<u>151,829,198</u>	<u>15,283,990</u>	<u>167,113,188</u>	<u>-</u>
Total noncurrent assets	<u>161,110,725</u>	<u>15,283,990</u>	<u>176,394,715</u>	<u>38,305</u>
Total assets	<u>260,471,404</u>	<u>26,103,831</u>	<u>286,575,235</u>	<u>6,643,638</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows, FRS pension	4,038,666	41,089	4,079,755	61,215
Deferred outflows, FRS HIS pension	864,711	9,609	874,320	12,208
Deferred outflows, other postemployment benefits	290,287	-	290,287	5,365
Deferred amount on advance refunding	1,724,969	-	1,724,969	-
Total deferred outflows	<u>6,918,633</u>	<u>50,698</u>	<u>6,969,331</u>	<u>78,788</u>

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

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer System	Stormwater Utility (Non-Major)	Total	Internal Service Funds
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	4,323,035	149,271	4,472,306	17,562
Accrued payroll expenses	368,524	5,165	373,689	7,849
Accrued claims	-	-	-	669,406
Due to other governments	2,362,824	-	2,362,824	-
Compensated absences	411,544	834	412,378	5,752
Deposits	-	-	-	1,761
State Revolving Fund loan payable	479,523	-	479,523	-
Other postemployment benefits	97,132	-	97,132	-
Current liabilities payable from restricted assets:				
Accrued interest payable	1,171,615	-	1,171,615	-
Unearned revenue	15,817	-	15,817	-
State Revolving Fund loan payable	80,993	-	80,993	-
Revenue bonds payable	5,835,000	-	5,835,000	-
Total current liabilities	15,146,007	155,270	15,301,277	702,330
Noncurrent liabilities:				
Customer deposits payable from restricted assets	3,869,804	-	3,869,804	-
Accrued claims	-	-	-	2,343,169
Compensated absences	459,080	312	459,392	4,301
State Revolving Fund loan payable	8,774,892	-	8,774,892	-
Other postemployment benefits	2,315,888	21,758	2,337,646	24,044
Net pension liability, FRS pension	11,526,418	141,479	11,667,897	175,602
Net pension liability, FRS HIS pension	3,536,736	36,211	3,572,947	63,361
Revenue bonds payable, net of unamortized premium and discount	77,972,285	-	77,972,285	-
Total noncurrent liabilities	108,455,103	199,760	108,654,863	2,610,477
Total liabilities	123,601,110	355,030	123,956,140	3,312,807
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows, city general pension	27,137	-	27,137	4,790
Deferred inflows, FRS pension	87,416	179	87,595	9,816
Deferred inflows, FRS HIS pension	319,635	3,836	323,471	5,195
Deferred inflows, other postemployment benefits	196,324	-	196,324	10,805
Total deferred inflows of resources	630,512	4,015	634,527	30,606
<b>NET POSITION</b>				
Net investment in capital assets	74,383,566	15,201,548	89,585,114	-
Restricted for:				
Debt service	10,520,379	-	10,520,379	-
Renewal and replacement	250,000	-	250,000	-
Capital improvements	364,786	-	364,786	-
Unrestricted	57,639,684	10,593,936	68,233,620	3,379,013
Total net position	\$ 143,158,415	\$ 25,795,484	168,953,899	\$ 3,379,013
Adjustment to reflect the consolidation of internal service fund activities				
Related to enterprise funds for the current year			89,100	
Related to enterprise funds for prior years			108,209	
Net position of business-type activities			<u>\$ 169,151,208</u>	

**CITY OF MELBOURNE, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer System	Stormwater Utility (Non-Major)	Total	Internal Service Funds
<b>OPERATING REVENUES</b>				
Water sales (net of bad debt of \$90,254)	\$ 31,178,388	\$ -	\$ 31,178,388	\$ -
Sewer charges (net of bad debt of \$60,169)	20,885,031	-	20,885,031	-
Stormwater fees	-	2,829,489	2,829,489	-
Charges to other funds	-	-	-	4,328,530
Charges to component unit	-	-	-	507,923
Other revenues	1,976,184	179	1,976,363	242
Total operating revenues	54,039,603	2,829,668	56,869,271	4,836,695
<b>OPERATING EXPENSES</b>				
Salaries, wages and employee benefits	15,687,842	230,934	15,918,776	219,168
Contractual services, materials and supplies	18,438,209	765,810	19,204,019	2,902,421
Claims	-	-	-	1,013,567
Depreciation and amortization	11,638,142	807,362	12,445,504	-
Total operating expenses	45,764,193	1,804,106	47,568,299	4,135,156
Operating income	8,275,410	1,025,562	9,300,972	701,539
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Federal and State grants	331,585	-	331,585	-
Investment earnings	2,707,092	360,916	3,068,008	173,673
Contributions to/from other governments	(82,673)	-	(82,673)	-
Interest expense	(3,465,355)	-	(3,465,355)	-
Gain on sale/disposal of capital assets	43,853	-	43,853	-
Total nonoperating revenues (expenses)	(465,498)	360,916	(104,582)	173,673
Income before contributions and transfers	7,809,912	1,386,478	9,196,390	875,212
Capital contributions	4,417,478	347,781	4,765,259	-
Transfers in	81,423	500,000	581,423	-
Transfers out	(3,378,146)	(275,000)	(3,653,146)	-
Change in net position	8,930,667	1,959,259	10,889,926	875,212
Total net position, October 1,	134,227,748	23,836,225		2,503,801
Total net position, September 30	\$ 143,158,415	\$ 25,795,484		\$ 3,379,013
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds for the current year			89,100	
Change in net position of business-type activities			\$ 10,979,026	

The accompanying notes are an integral part of this statement.



**CITY OF MELBOURNE, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

1 of 2

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer System	Stormwater Utility (Non-Major)	Total	Internal Service Funds
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 53,643,786	\$ 2,829,589	\$ 56,473,375	\$ -
Cash received from other funds	-	-	-	4,328,530
Cash received from component unit	-	-	-	507,923
Cash payments to suppliers for goods and services	(18,591,944)	(736,436)	(19,328,380)	(3,955,631)
Cash payments for employee services	(13,658,570)	(205,928)	(13,864,498)	(191,716)
Deposits received	1,087,641	-	1,087,641	3,939
Deposits returned	(983,123)	-	(983,123)	(2,178)
Other operating revenues	122,713	179	122,892	242
Net cash provided by operating activities	<u>21,620,503</u>	<u>1,887,404</u>	<u>23,507,907</u>	<u>691,109</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
FEMA Federal/State proceeds	298,474	-	298,474	-
Contributions to/from other governments	(82,673)	-	(82,673)	-
Transfers out	(3,378,146)	(275,000)	(3,653,146)	-
Net cash used by noncapital financing activities	<u>(3,162,345)</u>	<u>(275,000)</u>	<u>(3,437,345)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(12,519,082)	(1,168,028)	(13,687,110)	-
Principal paid on revenue bond maturities and lease obligations	(3,754,739)	-	(3,754,739)	-
Principal paid on State Revolving Fund loan	(546,826)	-	(546,826)	-
Interest paid on revenue bonds and lease obligations	(4,592,002)	-	(4,592,002)	-
Cash received from impact fees	2,310,746	-	2,310,746	-
Proceeds from sale of capital assets	93,248	-	93,248	-
Transfers in	81,423	500,000	581,423	-
Capital grants and contributions	46,119	-	46,119	-
Net cash used by capital and related financing activities	<u>(18,881,113)</u>	<u>(668,028)</u>	<u>(19,549,141)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investment securities	(17,692,810)	-	(17,692,810)	-
Proceeds from sale and maturities of investment securities	17,651,357	-	17,651,357	-
Interest on investments	2,784,860	366,023	3,150,883	176,980
Net cash provided by investing activities	<u>2,743,407</u>	<u>366,023</u>	<u>3,109,430</u>	<u>176,980</u>
Net increase in cash and cash equivalents	2,320,452	1,310,399	3,630,851	868,089
Cash and cash equivalents at October 1	90,823,189	9,134,796	99,957,985	5,318,203
Cash and cash equivalents at September 30	<u>\$ 93,143,641</u>	<u>\$ 10,445,195</u>	<u>\$ 103,588,836</u>	<u>\$ 6,186,292</u>

The accompanying notes are an integral part of this statement.

**CITY OF MELBOURNE, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**  
**(CONTINUED)**

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer System	Stormwater Utility (Non-Major)	Total	Internal Service Funds
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income	\$ 8,275,410	\$ 1,025,562	\$ 9,300,972	\$ 701,539
Adjustments not affecting cash:				
Depreciation and amortization	11,638,142	807,362	12,445,504	-
Deferred outflows, pensions and OPEB	(1,892,734)	(25,856)	(1,918,590)	(23,677)
Deferred inflows, pensions and OPEB	(690,156)	(8,981)	(699,137)	(17,468)
Changes in assets and liabilities:				
Receivables, trade	(273,104)	-	(273,104)	-
Due from other governments	-	100	100	-
Inventory	(67,781)	-	(67,781)	-
Prepaid items	(42,042)	-	(42,042)	25,364
Net pension asset	8,194	-	8,194	1,885
Net pension liability	4,146,835	62,854	4,209,689	54,381
Accounts payable	(432,164)	29,374	(402,790)	7,054
Accrued payroll expenses	258,715	(3,011)	255,704	6,819
Accrued claims	-	-	-	(72,061)
Due to other governments	388,252	-	388,252	-
Deposits	104,518	-	104,518	1,761
Other postemployment benefits	198,418	-	198,418	5,512
Net cash provided by operating activities	<u>\$ 21,620,503</u>	<u>\$ 1,887,404</u>	<u>\$ 23,507,907</u>	<u>\$ 691,109</u>
<b>NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Contributions from developers	\$ 367,880	\$ -	\$ 367,880	\$ -
Contributions from other funds	1,705,538	-	1,705,538	-
Total non-cash capital and related financing activities	<u>\$ 2,073,418</u>	<u>\$ -</u>	<u>\$ 2,073,418</u>	<u>\$ -</u>
<b>NON-CASH INVESTING ACTIVITIES</b>				
Increase in fair value of investments	<u>\$ 617,363</u>	<u>\$ 92,123</u>	<u>\$ 709,486</u>	<u>\$ 39,489</u>
Cash and cash equivalents reconciliation:				
Current assets:				
Cash and cash equivalents	\$ 1,600	\$ -	\$ 1,600	\$ -
Cash and cash equivalents, restricted	6,055,374	-	6,055,374	-
Equity in pooled investments	81,551,083	10,445,195	91,996,278	6,186,292
Equity in pooled investments, restricted	1,049,002	-	1,049,002	-
Noncurrent assets:				
Cash and cash equivalents, restricted	3,769,542	-	3,769,542	-
Equity in pooled investments, restricted	717,040	-	717,040	-
Cash and cash equivalents at September 30	<u>\$ 93,143,641</u>	<u>\$ 10,445,195</u>	<u>\$ 103,588,836</u>	<u>\$ 6,186,292</u>

The accompanying notes are an integral part of this statement.

**CITY OF MELBOURNE, FLORIDA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2020**

	Employee Pension Trust Funds	Performance Deposits Agency Fund
<b>ASSETS</b>		
Cash and cash equivalents	\$ 6,759,384	\$ -
Equity in pooled investments	-	866,365
Investments, at fair value:		
U.S. government obligations	16,786,485	-
Corporate bonds	24,093,878	-
Common stocks	90,883,661	-
Real estate funds	13,665,707	-
Foreign bond funds	3,910,161	-
Private debt	5,113,072	-
Foreign equity funds	16,974,000	-
Interest receivable	257,775	-
Due from other funds	71,732	-
Prepaid items	457,915	-
Total assets	178,973,770	\$ 866,365
 <b>LIABILITIES</b>		
Accounts payable and accrued expenses	170,875	\$ -
Due to other funds	91,484	-
Overfunded contributions	417,112	-
Refundable deposits	-	866,365
Total liabilities	679,471	\$ 866,365
 <b>NET POSITION</b>		
Restricted for pension benefits	\$ 178,294,299	

The accompanying notes are an integral part of this statement.

**CITY OF MELBOURNE, FLORIDA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Employee Pension Trust Funds</u>
<b>ADDITIONS</b>	
Contributions:	
Employer contributions	\$ 6,448,762
Employee contributions	1,328,203
State contributions	<u>1,367,447</u>
Total contributions	<u>9,144,412</u>
Investment earnings:	
Net appreciation in fair value of investments	8,922,940
Interest, dividends, and other income	<u>4,075,789</u>
Total investment earnings	12,998,729
Less investment expense	<u>(687,820)</u>
Net investment earnings	<u>12,310,909</u>
Total additions	<u>21,455,321</u>
<b>DEDUCTIONS</b>	
Benefits paid	12,995,121
Refunded contributions	132,113
Administrative expenses	<u>376,189</u>
Total deductions	<u>13,503,423</u>
Change in net position	7,951,898
Net position, October 1	<u>170,342,401</u>
Net position, September 30	<u><u>\$ 178,294,299</u></u>

The accompanying notes are an integral part of this statement.

## (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Melbourne (the "City"), a Florida Municipal Corporation, was formed in 1969 as a result of the unification of the former cities of Melbourne and Eau Gallie. The City has a population of 84,402 living within an area of approximately 51.5 square miles. The governing body is a seven member elected City Council comprised of a Mayor and six Council members. The City Council appoints the City Manager who is responsible for the administration of all City services.

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

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

### A. REPORTING ENTITY

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

#### Blended Component Units

The following component units are blended with the primary government for financial statement purposes. Although they are legally separate from the City, the component unit's governing body either is substantively the same as the City Council and the City manages their operations or the component unit exclusively serves the City. The Community Redevelopment funds issue separate financial statements. These statements may be obtained from the Director of Finance, City of Melbourne, 900 E. Strawbridge Ave, Melbourne, FL 32901. The pension funds do not issue separate financial statements. Their financial statements are included in the City's Comprehensive Annual Financial Report for the year ended September 30, 2020.

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

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

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

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

**CITY OF MELBOURNE, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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

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

**Discretely Presented Component Unit**

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

**Related Organizations**

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

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary pension fund financial statements. The agency fund has no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for grants, for which the period is 12 months. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

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

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

**The City reports the following major governmental funds:**

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

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

**The City reports the following major proprietary fund:**

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

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**Additionally, the City reports the following fund types:**

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

**The City reports the following discretely presented component unit:**

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are administrative charges provided by the General fund to the Enterprise funds and the Airport, and fire services provided by the General fund to the Airport. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

**1. Cash and Cash Equivalents/Investments**

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

**2. Pooled Cash**

Equity in pooled cash consists primarily of investments in debt instruments of the federal government and corporate holdings. Investment earnings of the pool are allocated to the participating funds at the end of each



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month based on the ratio of each participant fund's investment to the total pooled investment. As of September 30, 2020, the funds participating in pooled cash investments are the General fund; all Special Revenue funds; all Capital Projects funds; all Enterprise funds; all Internal Service funds, the Permanent fund, and the Performance Deposits Agency fund. The Airport participates in the equity in pooled cash system on a limited basis to expedite disbursements. Its funds are primarily invested in debt instruments of the federal government.

### **3. Receivables and Payables**

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

The City is permitted by State law to levy taxes up to 10 mills on assessed valuation. However, Chapter 74-430 Laws of Florida, a special act applicable only to governmental units in Brevard County, limits increases to 10% of the prior year's millage. Pursuant to Florida Statutes, Chapter 200.065(5)(a), the maximum millage rate that the City may levy is a rolled-back rate based on the amount of taxes which would have been levied in the prior year if the maximum millage rate had been applied, adjusted for the change in per capita Florida personal income, unless a higher rate is adopted, in which case the maximum is the adopted rate. The Melbourne City Council levy for the fiscal year ended September 30, 2020 was 7.1878 mills, which was greater than the computed rolled back rate of 6.8021 mills.

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

### **4. Inventories and Prepaids**

Inventories such as central warehouse supplies are valued on a moving average cost basis. All other inventories, including fuel and chemicals, are valued at cost on the first-in, first-out method. Inventory in the General fund consists of materials and supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are issued. Inventory in the Proprietary funds consists of materials and supplies used in the production of goods and services. None of the inventory is above net realizable value.

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

### **5. Restricted Assets**

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

- Revenue Bonds/State Revolving Fund (SRF) Current Debt Service – used to segregate resources accumulated for debt service payments over the next twelve months.

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- Revenue Bonds Future Debt Service – used to report resources set aside to make up potential future deficiencies in the revenue bonds current debt service account.
- Revenue Bonds Renewal and Replacement – used to report resources set aside to fund asset renewals and replacements or to meet unexpected contingencies.
- Water/Sewer Impact Fees – used to segregate resources set aside for water and sewer improvements.
- Wastewater Capital Recovery – used to segregate resources set aside for wastewater improvements at the David B. Lee Water Reclamation Facility.
- Due from Other Governments – used to segregate revenues due from other governments for General fund police and firefighters pension contributions, fines restricted for police education, and FEMA and grant restricted revenues for City and Airport projects.
- Customer/Tenant Deposits – used to segregate deposits collected from water customers and Airport tenants.
- Interest Receivable – used to report interest receivable on restricted revenue and reserve accounts.
- Cash and Cash Equivalents – used to report resources set aside to meet grant requirements for Airport projects.

**6. Capital Assets**

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

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

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

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

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**7. Deferred Outflows of Resources**

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

**8. Compensated Absences**

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

The General fund and Internal Service funds obligations for accumulated, vested vacation, reimbursable sick leave, and applicable benefits of \$4,194,789 are recorded as a liability in the governmental column of the Government-wide Statement of Net Position. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability for accumulated, vested vacation, reimbursable sick leave, and applicable benefits of the Proprietary funds and the Airport was recorded in the applicable funds as compensated absences.

**9. Long-Term Liabilities**

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

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred. Net pension liabilities and other postemployment benefits are determined based on actuarial valuations, see Note (6) B and (6) C for additional information.

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

**10. Deferred Inflows of Resources**

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

**11. Categories and Classification of Fund Equity**

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

**Nonspendable** - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable

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form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund advances.

**Restricted** - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances). Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

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

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

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

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

The government-wide statement of net position reports \$49,241,690 of restricted net position, of which \$23,585,534 is restricted by enabling legislation.

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

**E. USE OF ESTIMATES**

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

**(2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information**

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

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

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**(3) ACCOUNTING CHANGES**

**A. RECLASSIFICATION OF FUNDS**

The Golf Courses Enterprise fund was closed and reclassified to parks and recreation divisions of the General fund. The Golf Courses Enterprise fund had been subsidized by the General fund for many of the last ten years and no longer met the requirements of an Enterprise fund. The adjustment resulted in a decrease of net position in the Golf Courses fund of (\$18,740) and a decrease of fund balance in the General fund of (\$215,021). The combination of \$241,418 is recorded as a prior period adjustment to governmental net position and is attributed to capital assets, long-term obligations, and internal service fund lookback, which are recognized in business-type and governmental activities, but not in governmental funds. A summary of the prior period adjustment follows:

	Golf Fund	General Fund	Governmental Activities
Current assets	\$ (155,989)	\$ 155,989	\$ -
Net pension asset, city general pension	(17,304)	-	17,304
Capital assets	(6,856,903)	-	6,856,903
Less accumulated depreciation	5,610,440	-	(5,610,440)
Deferred outflow of resources	(319,930)	-	319,930
Payables	101,450	(101,450)	-
Due to other governments	41,443	(41,443)	-
Unearned revenue	42,022	(42,022)	-
Advance from other funds	186,095	(186,095)	-
Capital leases payable	121,010	-	(121,010)
Compensated absences	24,987	-	(24,987)
Other postemployment benefits	232,869	-	(232,869)
Net pension liabilities	851,718	-	(851,718)
Deferred inflows of resources	119,352	-	(119,352)
Internal service fund lookback	-	-	7,657
Net position	<u>\$ (18,740)</u>		241,418
Fund balance		<u>\$ (215,021)</u>	(215,021)
Net position-governmental activities			<u>\$ 26,397</u>

**B. CONDUIT DEBT OBLIGATION**

The City has implemented GASB Statement No. 91, "Conduit Debt Obligations", which provides a single method of reporting conduit debt obligations by issuers. This Statement clarifies the definition of conduit debt obligation; establishes that conduit debt is not a liability of the issuer; establishes standards for accounting and financial reporting and requires disclosure of information of conduit debt obligations. (see note (4)J7)

**(4) DETAILED NOTES – ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

**Deposits** –Banks and savings and loans must meet the criteria to be a qualified public depository as described in the Florida Security for Public Deposits Act in accordance with Chapter 280, Florida Statutes before any investment of public funds can be made with them. At September 30, 2020, the carrying amount of the City of Melbourne’s deposits with banks was \$11,390,903 and the bank balance was \$11,137,590. For the Airport, the carrying amount of deposits with banks was \$4,865,803 and the bank balance was \$4,857,810.

For the Fiduciary funds, the carrying amount was \$422,115 and the bank balance was \$492,097. As of September 30, 2020, all of the City’s non-interest bearing bank balances are covered by the Federal Depository Insurance Corporation (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the City pursuant to Section 280.08, Florida Statutes.

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

City and Airport daily deposits are deposited in Earnings Credit Rate (ECR) earning accounts. These accounts are fully collateralized in accordance with Florida state law. Cash also includes Primary Government petty cash of \$7,790 and Component Unit petty cash of \$200.

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

	Concentration of Credit Risk	Credit Rating (S&P)	Fair Value Level <sup>(1)</sup>	Investment Maturities (in Years)				
				Fair Value	Less Than 1	1-5	6-10	More Than 10
<b>Primary Government</b>								
<u>Cash Equivalents</u>								
Money Market Funds	9.13%	AAA	-	\$ 17,527,887	\$ 17,527,887	\$ -	\$ -	\$ -
<u>Investments</u>								
U.S. Treasury & Agency Bonds:								
U.S. Treasury Bills	2.40%	-	L2	4,598,628	4,598,628	-	-	-
U.S. Treasury Notes	20.25%	-	L2	38,880,090	-	38,880,090	-	-
Federal National Mortgage Association	12.12%	AA	L2	23,281,488	365,098	10,964,852	11,535,939	415,599
Federal Home Loan Bank Mortgage Corporation	17.29%	AA	L2	33,197,846	1,493,484	29,577,363	1,586,692	540,307
Federal Home Loan Bank	0.30%	AA	L2	577,970	-	577,970	-	-
Supra-National Agency Bond/ Note	1.72%	AAA	L2	3,298,213	984,533	2,313,680	-	-
Municipal Bond/Notes:								
Municipal Bond/Note	0.59%	A	L2	1,134,897	-	1,134,897	-	-
Municipal Bond/Note	0.22%	AA	L2	431,447	-	431,447	-	-
Municipal Bond/Note	0.20%	Unrated	L2	374,565	-	374,565	-	-
Corporate Notes <sup>(2)</sup>	35.78%	-	L2	68,695,503	13,904,509	54,790,994	-	-
Subtotal Investments				174,470,647	21,346,252	139,045,858	13,122,631	955,906
Total Primary Government Cash Equivalents and Investments				191,998,534	\$ 38,874,139	\$ 139,045,858	\$ 13,122,631	\$ 955,906
<b>Fiduciary and Agency Funds</b>								
<b>Agency Fund Investment</b>								
<u>Cash Equivalents</u>								
Agency Fund Money Market	0.48%	AAA	-	866,365	\$ 866,365	\$ -	\$ -	\$ -
<u>Fiduciary Fund Investments</u>								
<u>Cash Equivalents</u>								
Money Market Funds	3.55%	AAA	-	6,337,269	6,337,269	-	-	-
<u>Investments</u>								
Corporate Bonds <sup>(2)</sup>	13.49%	-	L2	24,093,878	3,126,676	1,030,484	19,623,308	313,410
U.S. Treasury & Agency Bonds:								
U.S. Treasury Bonds/Notes	2.38%	-	L2	4,253,625	-	-	3,910,434	343,191
Federal National Mortgage Association	0.33%	AA	L2	595,399	4,509	590,890	-	-
Federal Home Loan Mortgage Corporation	0.59%	AA	L2	1,054,007	-	1,054,007	-	-
Federal Home Loan Bank	4.32%	AA	L2	7,710,668	7,710,668	-	-	-
Federal Farm Credit Bank	1.78%	AA	L2	3,172,786	3,172,786	-	-	-
Foreign Bonds	1.22%	BBB		2,178,035	-	2,178,035	-	-
Private Debt	2.23%	BBB	L1	3,983,943	-	3,983,943	-	-
Common Stock	50.88%	Unrated		90,883,661	90,883,661	-	-	-
Foreign Equity	9.50%	Unrated		16,974,000	16,974,000	-	-	-
Real Estate	6.95%	Unrated	L3	12,420,894	12,420,894	-	-	-
Limited Partnerships	0.97%	Unrated	L3	1,732,126	1,732,126	-	-	-
Limited Partnerships	1.33%	Unrated	L3	2,373,942	2,373,942	-	-	-
Subtotal Investments				171,426,964	138,399,262	8,837,359	23,533,742	656,601
Fiduciary Fund Cash Equivalents and Investments				177,764,233	144,736,531	8,837,359	23,533,742	656,601
Total Fiduciary/Agency Fund Cash Equivalents and Investments				178,630,598	\$ 145,602,896	\$ 8,837,359	\$ 23,533,742	\$ 656,601

**CITY OF MELBOURNE, FLORIDA  
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	Concentration of Credit Risk	Credit Rating (S&P)	Fair Value Level <sup>(1)</sup>	Fair Value	Investment Maturities (in Years)			
					Less Than 1	1-5	6-10	More Than 10
<b>Component Unit - Airport</b>								
<u>Cash Equivalents</u>								
Money Market Funds	64.05%	AAA	-	11,437,565	\$ 11,437,565	\$ -	\$ -	\$ -
<u>Investments</u>								
U.S. Treasury & Agency Bonds:								
U.S. Treasury Notes	9.24%	-	L2	1,650,804	-	1,650,804	-	-
Federal National Mortgage Association	4.11%	AA	L2	733,828	21,732	245,186	440,935	25,975
Federal Home Loan Mortgage Corporation	5.41%	AA	L2	965,852	-	902,326	63,526	-
Federal Home Loan Bank	0.29%	AA	L2	52,543	-	52,543	-	-
Supra-National Agency Bond/Note	2.14%	AAA	L2	382,346	150,727	231,619	-	-
Corporate Notes <sup>(2)</sup>	14.19%	-	L2	2,534,410	171,427	2,362,983	-	-
Municipal Bond/Notes:								
Municipal Bond/Note	0.34%	A	L2	61,112	-	61,112	-	-
Municipal Bond/Note	0.09%	AA	L2	15,228	-	15,228	-	-
Municipal Bond/Note	0.14%	Unrated	L2	24,971	-	24,971	-	-
Subtotal Investments				6,421,094	343,886	5,546,772	504,461	25,975
Total Component Unit Cash Equivalents and Investments				17,858,659	\$ 11,781,451	\$ 5,546,772	\$ 504,461	\$ 25,975
Total Reporting Entity Cash Equivalents and Investments				\$ 388,487,791				

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

The City has the following recurring fair value measurements as of September 30, 2020:

- *Mutual funds* – valued at the daily closing price as reported by the fund. Mutual funds held by the City are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the City are deemed to be actively traded.
- *Fixed income funds* – valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yield currently available on comparable securities of issuers with similar credit ratings.
- *Equity funds* – valued at market prices for similar assets in active markets.
- *Common stock* – valued at quoted market prices for identical assets in active markets. (L1)
- *Real estate and limited partnerships* – valued at net asset value, which approximates fair value or discounted cash flows, or market comparable.

The above table summarizes the assets of the City for which fair values are determined on a recurring basis as of September 30, 2020. In accordance with GASB Codification, I50, "Investments", money market funds have not been classified in the fair value hierarchy as they can be redeemed daily with no redemption notice period.



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	Credit Rating (S&P)	(3)	Fire	Police	General	Primary	Component
			Pension	Pension	Pension	Government	Unit
(2) Corporate Bonds/Notes	N/A		-	-	8.17%	8.67%	3.80%
	AAA		-	-	1.08%	25.04%	30.62%
	AA		-	-	3.77%	12.95%	8.38%
	A		62.81%	65.28%	32.57%	45.13%	46.85%
	BBB		37.19%	34.72%	54.41%	8.21%	10.35%
			<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

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

### Level 3 Financial Instruments

The following table summarizes the City's Level 3 financial instruments, the value technique used to measure the fair value of those financial instruments as of September 30, 2020, and the significant unobservable inputs and the ranges:

Instrument	Fair Value 9/30/20	Principal Valuation Technique	Significant Unobservable Inputs	Range of Significant Input Values	Weighted Average
AEW Partners	\$ 392,397	Discounted Cash Flow	Discount Rate	8%-13%	9.67%
			Exit Cap Rate	5% - 9%	6.83%
			Loan-to-Value	34% - 84%	54.20%
			Market Interest Rates	3% - 7%	4.40%
Angelo Gordon LP	\$ 1,244,814	Discounted Cash Flow	Discounted Rate - levered	14% - 21%	15.83%
			Discounted Rate - unlevered	20%	20.00%
			Capitalization Rate	5.8% - 12.3%	7.00%
Bain Middle Market Credit 2014 LP	\$ 1,129,128	Market Comparable Companies	Discount Rate	10% - 23.35%	12.51%
			Revenue Multiple	2.7% - 7.5%	4.95%
			EBITDA Multiple	2.5% - 11.5%	6.48%
Barings Core Property Fund	\$ 4,084,373	Discounted Cash Flow	Discount Rate	5.72% - 11.7%	6.81%
			Terminal Cap Rate	4.5% - 7.0%	5.38%
			DCF Term (years)	5 - 11 (years)	9.99 (years)
			Price per Floor Area Ratio	\$35.06 - \$42.31	\$37.98
			Loan to Value Ratio	15.11% - 51.28%	35.21%
			Market Interest Rate	2.84% - 20.425%	4.54%
Prime Property Fund	\$ 7,944,124	Discounted Cash Flow	Discount Rate	5.98% - 7.01%	6.38%
			Exit Cap Rate	4.96% - 6.16%	5.42%
			Revenue Growth Rate	1.50% - 3.33%	2.96%
			Market Interest Rate	3.15% - 4.59%	3.67%
			Loan-to-Value	1.31% - 65.10%	39.39%

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**Fair value of investments in entities that use net asset value (NAV)**

The following table summarizes investment measured at fair value based on NAV per share as of September 30, 2020:

Entity	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
PIMCO Distressed Senior Credit Opportunities Fund II Offshore Feeder LP	\$1,732,126	N/A	Quarterly	60 days

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

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

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

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

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

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

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investment policy limits its investment portfolio to maturities of less than 5.5 years for corporate notes, two years for time deposits, and 270 days for commercial paper.

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

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

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

Performance of the total Fund is measured for rolling three and five year periods to accommodate the market cycles experienced with investments. The Fund performance is compared to the return of a blended index of 45% Russell 3000, 15% MSCI All Country World Index ex U.S., 20% Barclays Capital U.S. Aggregate Bond Index, 5% Barclays Global Aggregate Index, 5% Consumer Price Index + 5%, and 10% NFI Open End Diversified Core Equity (ODCE). On a relative basis, the total return of combined equity, fixed income, and cash portfolio is expected to be in the top 40% of the appropriate peer universe. On an absolute basis, the total return of the combined equity, fixed income, and cash portfolio is expected to equal or exceed the actuarial earnings assumption of 7.25%.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**B. ALLOWANCE FOR DOUBTFUL ACCOUNTS**

The City provides an allowance for water and sewer accounts receivable that may become uncollectible. At September 30, 2020, this allowance was \$285,000. In the General fund, the City provides an allowance for miscellaneous uncollectible accounts of \$1,474. No other allowances for doubtful accounts are maintained since all other accounts receivable are considered collectible at September 30, 2020.

CITY OF MELBOURNE, FLORIDA  
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**C. RECEIVABLES**

Receivables in the General fund of \$3,041,075, net of uncollectibles of \$1,474, mainly include \$2,729,509 of utility taxes and franchise fees due to the City from Florida Power and Light for taxes and fees billed as of September 30, 2020.

**D. RETAINAGE PAYABLES**

Retainage payable balances by fund as of September 30, 2020, included in accounts payable and current liabilities payable from restricted assets, are as follows:

**Governmental Activities:**

Community Development Block Grant	\$ 7,590
General Construction	194,566
Mobility Improvement	186,882
Transportation Capital Improvement	84,196

**Business-type Activities:**

Water and Sewer System	157,821
Total Primary Government	<u>631,055</u>

**Component Unit:**

Airport	321,773
Total Reporting Entity	<u><u>\$ 952,828</u></u>



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**E. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2020 was as follows:

<b>Primary Government Governmental Activities:</b>	Restated Balance October 1, 2019	Additions	Deletions	Balance September 30, 2020
Capital assets, not being depreciated/amortized:				
Land and intangible land rights	\$ 35,604,778	\$ 157,290	\$ 1,850	\$ 35,760,218
Construction in progress	10,709,984	8,434,395	13,116,092	6,028,287
Total capital assets, not being depreciated/amortized	<u>46,314,762</u>	<u>8,591,685</u>	<u>13,117,942</u>	<u>41,788,505</u>
Capital assets, being depreciated/amortized:				
Buildings	35,785,191	431,120	351,441	35,864,870
Improvements other than buildings	18,164,622	1,023,260	1,179,256	18,008,626
Machinery and equipment	29,638,851	1,983,607	2,272,720	29,349,738
Intangibles	1,801,126	529,092	138,352	2,191,866
Infrastructure	144,463,547	9,491,363	9,700	153,945,210
Total capital assets, being depreciated/amortized	<u>229,853,337</u>	<u>13,458,442</u>	<u>3,951,469</u>	<u>239,360,310</u>
Less accumulated depreciation/amortization:				
Buildings	17,426,329	832,943	351,441	17,907,831
Improvements other than buildings	14,379,402	995,465	1,179,256	14,195,611
Machinery and equipment	22,763,611	2,263,413	2,241,854	22,785,170
Intangibles	1,658,109	47,209	138,352	1,566,966
Infrastructure	113,950,451	4,044,955	9,700	117,985,706
Total accumulated depreciation/amortization	<u>170,177,902</u>	<u>8,183,985</u> <sup>(1)</sup>	<u>3,920,603</u>	<u>174,441,284</u>
Total capital assets, being depreciated/amortized, net	<u>59,675,435</u>	<u>5,274,457</u>	<u>30,866</u>	<u>64,919,026</u>
Governmental activities capital assets, net	<u>\$ 105,990,197</u>	<u>\$ 13,866,142</u>	<u>\$ 13,148,808</u>	<u>\$ 106,707,531</u>
<b>Business-type Activities:</b>	Restated Balance October 1, 2019	Additions	Deletions	Balance September 30, 2020
Capital assets, not being depreciated:				
Land	\$ 4,179,011	\$ -	\$ -	\$ 4,179,011
Construction in progress	8,669,560	11,931,981	9,628,169	10,973,372
Total capital assets, not being depreciated/amortized	<u>12,848,571</u>	<u>11,931,981</u>	<u>9,628,169</u>	<u>15,152,383</u>
Capital assets, being depreciated/amortized:				
Buildings	84,247,370	128,120	6,597,084	77,778,406
Improvements other than buildings	292,561,862	11,661,953 <sup>(2)</sup>	635,082	303,588,733
Machinery and equipment	18,024,017	1,698,358	764,210	18,958,165
Intangibles, computer software	371,579	-	305,506	66,073
Total capital assets, being depreciated/amortized	<u>395,204,828</u>	<u>13,488,431</u>	<u>8,301,882</u>	<u>400,391,377</u>

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	Restated Balance October 1, 2019	Additions	Deletions	Balance September 30, 2020
Less accumulated depreciation/amortization:				
Buildings	57,614,803	1,304,102	6,597,084	52,321,821
Improvements other than buildings	172,933,546	9,992,197	635,082	182,290,661
Machinery and equipment	13,360,826	1,149,205	758,014	13,752,017
Intangibles, computer software	371,579	-	305,506	66,073
Total accumulated depreciation/amortization	<u>244,280,754</u>	<u>12,445,504</u>	<u>8,295,686</u>	<u>248,430,572</u>
Total capital assets, being depreciated/amortized, net	<u>150,924,074</u>	<u>1,042,927</u>	<u>6,196</u>	<u>151,960,805</u>
Business-type activities capital assets, net	<u>\$ 163,772,645</u>	<u>\$ 12,974,908</u>	<u>\$ 9,634,365</u>	<u>\$ 167,113,188</u>
<b>Component Unit:</b>				
	Balance October 1, 2019	Additions	Deletions	Balance September 30, 2020
Capital assets, not being depreciated:				
Land	\$ 6,513,866	\$ -	\$ -	\$ 6,513,866
Construction in progress	8,226,469	8,798,722	414,010	16,611,181
Total capital assets, not being depreciated/amortized	<u>14,740,335</u>	<u>8,798,722</u>	<u>414,010</u>	<u>23,125,047</u>
Capital assets, being depreciated/amortized:				
Buildings	127,604,028	149,809	120,000	127,633,837
Improvements other than buildings	101,502,309	264,201	10,200	101,756,310
Machinery and equipment	12,418,183	85,064	385,878	12,117,369
Intangibles, computer software	293,723	-	-	293,723
Total capital assets, being depreciated/amortized	<u>241,818,243</u>	<u>499,074</u>	<u>516,078</u>	<u>241,801,239</u>
Less accumulated depreciation/amortization:				
Buildings	42,742,052	3,376,802	120,000	45,998,854
Improvements other than buildings	43,811,585	4,050,611	10,200	47,851,996
Machinery and equipment	8,931,533	738,009	385,878	9,283,664
Intangibles, computer software	263,816	12,818	-	276,634
Total accumulated depreciation/amortization	<u>95,748,986</u>	<u>8,178,240</u>	<u>516,078</u>	<u>103,411,148</u>
Total capital assets, being depreciated/amortized, net	<u>146,069,257</u>	<u>(7,679,166)</u>	<u>-</u>	<u>138,390,091</u>
Component unit capital assets, net	<u>\$ 160,809,592</u>	<u>\$ 1,119,556</u>	<u>\$ 414,010</u>	<u>\$ 161,515,138</u>



**CITY OF MELBOURNE, FLORIDA  
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Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 704,082
Housing and urban improvement	42,416
Public safety:	
Fire protection	590,837
Police protection	1,027,772
Highways and streets, including general infrastructure assets	4,039,235
Public works	334,407
Parks and recreation	1,361,702
Total depreciation/amortization expense - governmental activities	<u>\$ 8,100,451</u>
Business-type Activities:	
Water and Sewer System	\$ 11,638,142
Stormwater Utility	807,362
Total depreciation/amortization expense - business-type activities	<u>\$ 12,445,504</u>

- (1) The difference between accumulated depreciation/amortization additions and depreciation/amortization expense of \$83,534 is due to the transfer of assets from the Water and Sewer fund to the General fund.
- (2) The City has a non-recurring fair value measurement as of September 30, 2020 for donations from developers to the Water and Sewer fund for various hydrants, pipes and manholes. The water and sewer contributions are valued at \$367,880 based on the actual price the developers paid. (Level 2 input).



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

**Construction Commitments**

The Reporting Entity's construction and other significant commitments at September 30, 2020 are summarized below by fund.

**Governmental Activities:**

General Construction	
Police Headquarters Building	\$ 1,496,961
Babcock Street, Apollo Blvd to Brevard Drive	1,401,568
Aerial Fire Truck	959,937
Pipe Replacement on Hibiscus Blvd	419,819
Exhaust Removal System for Fire Stations	227,522
Babcock Street Reconstruction	161,569
Miscellaneous Pipe Lining	144,401
Fire Bunker Gear Storage	115,921
Landscape Medians on Nasa Blvd	97,135
Municipal Development Tracking System	63,634
Storm Pipe and Boxes on Apollo Blvd	58,832
Transportation Improvement	
FY14 to FY20 Resurfacing Program	2,544,289
Strawbridge/Waverly Intersection Improvements	550,653
Widen and Realign Pirate Lane	320,870
Nasa Blvd and Evans Mast Arms	124,265
Babcock Street and Bulldog Blvd Mast Arms	124,755

**Business-type Activities:**

Water and Sewer System	
D B Lee Water Reclamation Facility Improvements	2,026,911
Lake Washington Surface Water Treatment Plant Improvements	1,465,670
Reverse Osmosis Water Treatment Plant Booster Pumps and Motors	687,313
Renovate Lift Stations	635,804
Reclaim Water Extensions	570,139
Canova Booster Station Improvements	381,143
Rehab Manholes and Sanitary Sewer Lines	377,800
Replace Water Distribution Lines City to Improve Flow and Fire Protection	377,742
Biosolid Process Improvements at both Water Reclamation Facilities	327,233
Grant Street Water Reclamation Facility Improvements	326,706
Reverse Osmosis Water Treatment Plant Well Construction	195,855
Relocate 20" Water Main - Melbourne Airport	133,655
Construct a 16" Water Main Crossing the Indian River	83,267
Stormwater Utility	
Sherwood Park Water Quality	1,782,387
Fabri Form Headwalls	109,875
Spring Creek Baffle Box	87,635
Total Primary Government	<u>18,381,266</u>

**Component Unit:**

Airport	
Ground Runup Enclosure Facility	2,727,038
Terminal Expansion	1,814,478
St Michaels Place Expansion	142,301
Passenger Bridges	126,677
Air Traffic Control Tower	94,250
Total Component Unit	<u>4,904,744</u>
Total Reporting Entity	<u>\$ 23,286,010</u>

**CITY OF MELBOURNE, FLORIDA  
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**Encumbrance Commitments**

At September 30, 2020, the City had encumbrance commitments in the Governmental funds as follows:

Major funds:	
General fund	\$ 812,510
Downtown Redevelopment fund	33,166
Babcock Redevelopment fund	19,962
Olde Eau Gallie Redevelopment fund	109
Transportation Capital Improvement fund	3,815,596
Total Major funds	<u>4,681,343</u>
Other funds:	
Community Development Block Grant	\$ 10,723
General Construction fund	5,307,184
Recreation Improvement fund	34,974
Public Facility Improvement fund	2,703
Total Other funds	<u>5,355,584</u>
Total Encumbrances	<u>\$ 10,036,927</u>

**G. INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables of the Reporting Entity at September 30, 2020, are summarized below.

<u>Primary Government Transactions</u>	<u>Due From</u>	<u>Due To</u>
By Major fund:		
General fund	\$ 1,539,221	\$ -
Babcock Redevelopment fund	-	273,933 *
By Other government funds:		
Home Investment Partnership Program	-	144,363 *
General Construction Improvement Fund	-	1,101,173 *
By Fiduciary funds:		
Firefighters Pension	-	81,183
Police Pension	-	10,301
General Employees Pension	71,732	-
Totals	<u>\$ 1,610,953</u>	<u>\$ 1,610,953</u>
<u>Transactions between Primary Government and Component Unit</u>	<u>Due From</u>	<u>Due To</u>
General fund	\$ -	\$ 209,273
Component Unit - Airport	209,273	-
Totals	<u>\$ 209,273</u>	<u>\$ 209,273</u>
<u>Advances to/from other funds</u>	<u>Advance To</u>	<u>Advance From</u>
By Major fund:		
General fund	\$ 880,678	\$ -
Babcock Redevelopment fund	-	880,678 *
Totals	<u>\$ 880,678</u>	<u>\$ 880,678</u>

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

**CITY OF MELBOURNE, FLORIDA  
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All interfund receivables and payables within the primary government represent cash transfers for operating purposes and amounts expected to be repaid within one year. Advances represent the non-current portion of interfund loans. Amounts advanced to the Babcock Street Redevelopment fund in 2018 were to finance the reconstruction, rehabilitation and drainage improvements of a portion of Babcock Street and will be repaid by 2024.

**H. INTERFUND TRANSACTIONS**

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

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

All other transfers are included in the results of operations for both Governmental and Proprietary fund statements. Interfund transfers at September 30, 2020 are summarized as follows:

Transfer out:	Transfer in:					Total
	General Fund	Transportation Capital Improvement	Water and Sewer System	Other Governmental	Other Business-type	
General fund	\$ -	\$ 6,023,167	\$ -	\$ 5,476,500	\$ 500,000	\$ 11,999,667
Downtown Redevelopment	-	-	-	3,750,000	-	3,750,000
Babcock Street Redevelopment	-	-	-	564,627	-	564,627
Olde Eau Gallie Redevelopment	-	-	-	350,000	-	350,000
Transportation Capital Improvement	-	-	-	71,664	-	71,664
Other Governmental	242,581	12,117	81,423	1,874	-	337,995
Water and Sewer System	3,298,146	80,000	-	-	-	3,378,146
Other Business-Type	-	275,000	-	-	-	275,000
<b>Total Transfers out</b>	<b>\$ 3,540,727</b>	<b>\$ 6,390,284</b>	<b>\$ 81,423</b>	<b>\$ 10,214,665</b>	<b>\$ 500,000</b>	<b>\$ 20,727,099</b>

Significant transfers included \$6,023,167 from General Fund to the Transportation Improvement fund to fund various projects; \$5,476,500 from the General Fund to General Construction fund for capital improvements; \$500,000 from the General Fund to Stormwater fund for a feasibility study on the Eau Gallie dam; \$2,400,000 from Downtown Redevelopment fund to General Construction fund for the Highline Apartments project; \$1,275,000 for South Expansion Streetscape project; \$3,298,146 from the Water and Sewer fund to the General fund for the rate of return per Resolution No. 3510; and \$540,000 from Babcock Street Redevelopment Fund to General Construction fund for a right turn lane at Martin Luther King Jr. Blvd.

**CITY OF MELBOURNE, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
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**I. LEASES**

**1. Capital Leases**

**Governmental Activities:**

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

Year ending September 30,	
2021	\$ 71,982
2022	71,982
2023	71,982
2024	<u>29,993</u>
Total minimum lease payments	245,939
Less amount representing interest	<u>(10,214)</u>
Present value of net minimum lease payments	<u><u>\$ 235,725</u></u>

**Component Unit:**

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

Year Ending September 30,	
2021	\$ 70,003
2022	70,003
2023	70,003
2024	70,003
2025	70,003
2026	<u>23,335</u>
Total minimum lease payments	373,350
Less amount representing interest	<u>(46,229)</u>
Present value of net minimum lease payments	<u><u>\$ 327,121</u></u>

The assets acquired through capital leases are as follows:

	Governmental Activities	Component Unit
Buildings	\$ -	\$ 34,905
Improvements other than buildings	-	311,264
Machinery and equipment	974,627	143,283
Intangible computer software	-	64,088
Less accumulated depreciation/amortization	<u>(649,751)</u>	<u>(279,001)</u>
Net property, plant, and equipment	<u><u>\$ 324,876</u></u>	<u><u>\$ 274,539</u></u>

**CITY OF MELBOURNE, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
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**2. Operating Leases**

**Component Unit:**

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

Year Ending September 30,	
2021	\$ 10,077,161
2022	8,534,217
2023	8,070,310
2024	7,776,058
2025	7,677,820
2026-2030	33,393,796
2031-2035	31,379,618
2036-2040	25,280,123
2041-2045	18,105,101
2046-2050	14,264,865
2051-2055	7,030,404
2056	24,578
Total minimum future rentals	<u>\$ 171,614,051</u>
Total lease income for the current fiscal year	<u>\$ 9,901,132</u>

The following provides an analysis of the Airport's investment in property held for lease as of September 30, 2020:

Land improvements	\$ 141,906
Buildings	90,766,807
Improvements other than buildings	6,512,395
Machinery and equipment	358,955
Less accumulated depreciation	<u>(26,498,440)</u>
Net property, plant and equipment	<u>\$ 71,281,623</u>

**J. LONG-TERM LIABILITIES**

**1. Debt Service Requirements to Maturity**

The annual requirements to amortize all bonded debt outstanding as of September 30, 2020 including interest requirements are described on pages 57 through 59.



**MATURITIES**

	Purpose of Issue	Amount Issued
<b>PRIMARY GOVERNMENT:</b>		
<b>Governmental Activities</b>		
<b>Notes from direct borrowings</b>		
Non-Ad Valorem Refunding Revenue Note Series 2018 - 2.75%	Refunding Series 2003 Public Service bonds, 2005 and 2006 Subordinate Electric Utility Tax bonds	\$ 6,490,000
Downtown CRA Revenue Note, Series 2020 - 2.03%	Finance loan for the redevelopment incentive to the Highline apartments	2,400,000
Total Notes from direct borrowings		8,890,000
Governmental activities interest		-
<b>Total governmental activities</b>		8,890,000
<b>Business-type Activities</b>		
Water and Sewer Refunding Revenue Bonds, Series 2002B - 5.28% - 5.61% *	Partial refunding of Series 2000 bonds	21,495,333
Series 2013 - 2.00% - 5.00%*	Partial refunding of Series 2004 bonds	14,525,000
Series 2016A - 3.00% - 5.00% *	Partial refunding of Series 2007B	19,160,000
Series 2016B - 5.00% *	Refunding Series 2007A	14,465,000
Water and Sewer Refunding and Improvement Revenue Bonds, Series 2012 - 3.00% - 3.375%*	Refunding Series 2002A/improvements of \$5,000,000	12,200,000
Total Revenue Bonds		81,845,333
Interest		-
Total Revenue Bonds and interest		81,845,333
<b>Bonds from direct borrowings</b>		
Water and Sewer Refunding Revenue Bonds, Series 2014 - 1.98%	Partial refunding of Series 2004 bonds(refunded 1994A)	7,030,000
Interest		-
Total Bonds from direct borrowings and interest		7,030,000
<b>Total business-type activities</b>		88,875,333
<b>TOTAL REPORTING ENTITY DEBT SERVICE</b>		<b>\$ 97,765,333</b>

\*Subject to Federal Arbitrage



<b>Amount Outstanding</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
\$ 5,030,000	\$ 740,000	\$ 755,000	\$ 770,000	\$ 780,000	\$ 795,000
<u>2,400,000</u>	<u>-</u>	<u>110,000</u>	<u>115,000</u>	<u>115,000</u>	<u>120,000</u>
7,430,000	740,000	865,000	885,000	895,000	915,000
<u>1,001,852</u>	<u>182,013</u>	<u>156,314</u>	<u>133,112</u>	<u>109,466</u>	<u>85,474</u>
<u>8,431,852</u>	<u>922,013</u>	<u>1,021,314</u>	<u>1,018,112</u>	<u>1,004,466</u>	<u>1,000,474</u>
24,171,812	3,445,000	3,440,000	3,435,000	4,600,000	4,600,000
11,765,000	610,000	635,000	655,000	670,000	685,000
17,950,000	645,000	680,000	715,000	750,000	785,000
14,465,000	-	-	-	-	-
<u>7,885,000</u>	<u>230,000</u>	<u>235,000</u>	<u>240,000</u>	<u>250,000</u>	<u>255,000</u>
76,236,812	4,930,000	4,990,000	5,045,000	6,270,000	6,325,000
<u>25,663,541</u>	<u>2,218,531</u>	<u>2,156,581</u>	<u>2,095,332</u>	<u>2,037,269</u>	<u>1,970,081</u>
101,900,353	7,148,531	7,146,581	7,140,332	8,307,269	8,295,081
2,780,000	905,000	925,000	950,000	-	-
83,457	46,085	27,967	9,405	-	-
<u>2,863,457</u>	<u>951,085</u>	<u>952,967</u>	<u>959,405</u>	<u>-</u>	<u>-</u>
<u>104,763,810</u>	<u>8,099,616</u>	<u>8,099,548</u>	<u>8,099,737</u>	<u>8,307,269</u>	<u>8,295,081</u>
<b><u>\$ 113,195,662</u></b>	<b><u>\$ 9,021,629</u></b>	<b><u>\$ 9,120,862</u></b>	<b><u>\$ 9,117,849</u></b>	<b><u>\$ 9,311,735</u></b>	<b><u>\$ 9,295,555</u></b>

**MATURITIES**

	<u>2026-</u> <u>2030</u>	<u>2031-</u> <u>2035</u>	<u>2036-</u> <u>2039</u>
<b>PRIMARY GOVERNMENT:</b>			
<b>Governmental Activities</b>			
<b>Notes from direct borrowings</b>			
Non-Ad Valorem Refunding Revenue Note			
Series 2018 - 2.75%	\$ 1,190,000	\$ -	\$ -
Downtown CRA Revenue Note,			
Series 2020 - 2.03%	<u>630,000</u>	<u>695,000</u>	<u>615,000</u>
Total Notes from direct borrowings	1,820,000	695,000	615,000
Governmental activities interest	<u>198,651</u>	<u>105,256</u>	<u>31,566</u>
<b>Total governmental activities</b>	<u>2,018,651</u>	<u>800,256</u>	<u>646,566</u>
<b>Business-type Activities</b>			
Water and Sewer Refunding Revenue Bonds,			
Series 2002B - 5.28% - 5.61% *	4,651,812	-	-
Series 2013 - 2.00% - 5.00%*	3,880,000	4,630,000	-
Series 2016A - 3.00% - 5.00% *	4,535,000	5,730,000	4,110,000
Series 2016B - 5.00% *	10,580,000	3,885,000	-
Water and Sewer Refunding and Improvement			
Revenue Bonds,			
Series 2012 - 3.00% - 3.375%*	<u>1,405,000</u>	<u>5,270,000</u>	<u>-</u>
Total Revenue Bonds	25,051,812	19,515,000	4,110,000
Interest	<u>12,425,206</u>	<u>2,502,591</u>	<u>257,950</u>
Total Revenue Bonds and interest	37,477,018	22,017,591	4,367,950
<b>Bonds from direct borrowings</b>			
Water and Sewer Refunding Revenue Bonds,			
Series 2014 - 1.98%	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>
Total Bonds from direct borrowings and interest	-	-	-
<b>Total business-type activities</b>	<u>37,477,018</u>	<u>22,017,591</u>	<u>4,367,950</u>
<b>TOTAL REPORTING ENTITY</b>			
<b>DEBT SERVICE</b>	<u>\$ 39,495,669</u>	<u>\$ 22,817,847</u>	<u>\$ 5,014,516</u>

\*Subject to Federal Arbitrage

**CITY OF MELBOURNE, FLORIDA  
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**2. Revenue Bonds**

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

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

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

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

These requirements have been met for the City as of September 30, 2020.

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

**3. Pledged Revenues**

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

Pledged Revenue	Term	Future Principal and Interest	Current Pledged Revenue	Current Principal and Interest	Current Percentage of Revenue
<b>Governmental Activities:</b>					
Downtown CRA	2039	\$ 2,943,702	\$ 1,469,009	\$ -	0.00%
Non Ad-Valorem	2027	5,488,150	25,669,922	873,072	3.40%
Total governmental activities		<u>\$ 8,431,852</u>	<u>\$ 27,138,931</u>	<u>\$ 873,072</u>	
<b>Business-type Activities:</b>					
Water and Sewer net revenues	2038	\$ 104,763,810	\$ 26,420,759	\$ 8,137,300	30.80%
		<u>\$ 104,763,810</u>	<u>\$ 26,420,759</u>	<u>\$ 8,137,300</u>	

**4. New Bond Issues**

On July 23, 2020, the City issued Melbourne Downtown Community Redevelopment Agency Capital Improvement Revenue Note, Series 2020 in the principal amount of \$2,400,000. These bonds were sold and proceeds provided to Highline Apartments, LLC as an economic incentive and inducement to the Developer after construction was completed.

**5. Accretion on Capital Appreciation Bonds**

A portion of the Water and Sewer Refunding Revenue Bonds, Series 2002B was issued in the form of capital appreciation bonds. These bonds were sold at a deep discount and increase in value each year as they

**CITY OF MELBOURNE, FLORIDA  
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approach their various maturity dates. This increase in value, or accretion, from August 15, 2002 to September 30, 2020 amounted to \$15,135,218 and is reported as bonds payable.

**6. State Revolving Fund Loan**

On October, 20, 2009, the City was awarded financial assistance from the Florida Department of Environmental Protection, in the form of a Clean Water State Revolving Fund loan (WW513030), for the purpose of financing the planning, design, and construction of the reclaimed water reuse facility project. The amount of the loan payable at September 30, 2020 is \$3,731,000. The loan bears interest at fixed rates ranging from 2.65% to 2.81% per annum, with principal and interest payments of \$182,839 due in March and September of each year until the loan is repaid in full in fiscal year 2032.

On February 27, 2013, the City was awarded financial assistance from the Florida Department of Environmental Protection, in the form of a Clean Water State Revolving Fund loan (WW050900), for the purpose of financing the planning and design of the transmission, treatment, and reclaimed water system improvements project. The amount of the loan payable at September 30, 2020 is \$5,604,408. The loan bears interest at fixed rates ranging from 1.74% to 2.37% per annum, with principal and interest payments of \$210,589 due in February and August of each year until the loan is repaid in full in fiscal year 2036.

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

Year Ending September 30,	Business-type Activities	
	Principal	Interest
2021	\$ 560,516	\$ 226,341
2022	574,553	212,304
2023	588,944	197,913
2024	603,698	183,159
2025	618,825	168,032
2026-2030	3,334,760	559,525
2031-2035	2,640,143	197,108
2036	413,969	7,209
	<u>\$ 9,335,408</u>	<u>\$ 1,751,591</u>

**7. Conduit Debt Obligation**

In September 2009, the City issued \$6,000,000 tax-exempt revenue bonds that provided funds to the non-profit organization Circles of Care Inc., for construction of a thirty-bed health care facility, equipping some of their existing facilities, and refinancing an outstanding loan. The bonds mature in September 2030 and are payable solely from the revenues and proceeds derived from payments made by Circles of Care Inc., and will not constitute a debt, liability or obligation of the City. No tax revenues or other revenues of the City will be used to repay the bonds. Circles of Care Inc. has indemnified the City against any loss or damage arising out of the Circles of Care Inc. project or the issuance of the bonds. Rents and property secure the mortgage and in the event of default, the City could foreclose and sell the property to recover all costs incurred. At September 30, 2020, the bonds have an aggregate outstanding principal amount payable of \$3,423,904.

In 2019, the City issued a Section 108 Housing and Urban Development (“HUD”) guaranteed non-recourse \$2,000,000 note to 801 Strawbridge Hotel LLC (the “Developer”), for construction of a 156-room boutique hotel with structured parking and other offsite public improvements. Payments are interest only for the first seven years and an additional thirteen years of principal and interest. The note is payable solely from the revenues and proceeds derived from payments made by the Developer. In the event of default by the Developer, the City has guaranteed the note with future Community Development Block Grant funds. The owners of the development have personally guaranteed the note, therefore the City would have recourse. At September 30, 2020, the outstanding principal amount is \$2,000,000.

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

**CITY OF MELBOURNE, FLORIDA  
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**8. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended September 30, 2020 was as follows:

	Restated Balance October 1, 2019	Additions	Reductions	Balance September 30, 2020	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Compensated absences	\$ 3,570,014	\$ 3,426,309	\$ 2,801,534	\$ 4,194,789	\$ 1,779,243
Capital leases payable	422,090	-	186,365	235,725	66,970
Notes from direct borrowings	5,755,000	2,400,000	725,000	7,430,000	740,000
Total governmental activities	<u>\$ 9,747,104</u>	<u>\$ 5,826,309</u>	<u>\$ 3,712,899</u>	<u>\$ 11,860,514</u>	<u>\$ 2,586,213</u>

The City's outstanding notes from direct borrowings related to governmental activities of \$5,030,000 and \$2,400,000 are from the 2018 Non-Ad Valorem Refunding Revenue Note and the 2020 Downtown CRA Revenue Note. The 2018 Non-Ad Valorem Refunding Note contains a provision that in an event of default, outstanding amounts become immediately due if the City is unable to make a payment. The 2020 Downtown CRA Note contains a provision that in the event of default, the bank is entitled to sue for payment and increase the interest rate by 3%.

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above total for governmental activities. At year-end, \$10,053 of internal service funds compensated absences are included in the above amounts.

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

	Restated Balance October 1, 2019	Additions	Reductions	Balance September 30, 2020	Amounts Due Within One Year
<b>Business-type Activities:</b>					
Bonds payable:					
Water and Sewer revenue bonds	\$ 63,966,333	-	\$ 2,864,739	\$ 61,101,594	\$ 2,824,347
Accretion on Water and Sewer bonds	15,868,200	-	732,982	15,135,218	2,105,653
Unamortized issuance premium	5,408,869	-	618,396	4,790,473	-
Total bonds payable	<u>85,243,402</u>	<u>-</u>	<u>4,216,117</u>	<u>81,027,285</u>	<u>4,930,000</u>
2014 W&S revenue bond State Revolving Fund loans payable	3,670,000	-	890,000	2,780,000	905,000
	<u>9,882,234</u>	<u>-</u>	<u>546,826</u>	<u>9,335,408</u>	<u>560,516</u>
Bonds and loans from direct borrowings	13,552,234	-	1,436,826	12,115,408	1,465,516
Compensated absences	750,481	881,517	760,228	871,770	412,378
Total business-type activities	<u>\$ 99,546,117</u>	<u>\$ 881,517</u>	<u>\$ 6,413,171</u>	<u>\$ 94,014,463</u>	<u>\$ 6,807,894</u>

**CITY OF MELBOURNE, FLORIDA  
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The City's outstanding bonds from direct borrowings relate to business-type activities of \$2,780,000 and \$9,335,408 are from the 2014 Water and Sewer Refunding Revenue Bond and the State Revolving Fund Loan, respectively. The 2014 Water and Sewer Refunding Bond is secured equally and ratably by an irrevocable lien on pledged revenues and the State Revolving Fund loans are junior, inferior and subordinate in all respects in right of payment and security to the senior revenue obligations. The outstanding notes from direct borrowings related to business-type activities of \$2,780,000 contain a provision that in the event of default, the bank and bond holders are entitled to sue for and enforce payment of all amounts due including interest on overdue payments if pledged revenues during the year are less than the gross revenues of 100% of the sum of the cost of operation and maintenance and 115% of the bond service requirement or if the City is unable to make payment. The outstanding notes from direct borrowings related to business-type activities of \$9,335,408 contain a provision that in the event of default, notification to financial market credit rating agencies, sue for payment, accelerate the repayment schedule or increase the financing rate on the unpaid principal to as much as 1.667 times the financing rate.

Long-term liability activity for the Airport for year ended September 30, 2020 was as follows:

	Restated Balance October 1, 2019	Additions	Reductions	Balance September 30, 2020	Amounts Due Within One Year
<b>Component Unit:</b>					
Compensated absences	\$ 444,254	\$ 341,374	\$ 221,852	\$ 563,776	\$ 185,764
Leases payable	379,343	-	52,222	327,121	54,894
Total Component Unit	<u>\$ 823,597</u>	<u>\$ 341,374</u>	<u>\$ 274,074</u>	<u>\$ 890,897</u>	<u>\$ 240,658</u>

**(5) RESTRICTED ASSETS**

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

Customer deposits	\$ 3,869,804
Interest receivable	2,815
Due from other Governments	15,817
Wastewater capital recovery	364,786
State Revolving Fund current debt service	101,064
Revenue bonds current debt service	6,987,495
Revenue bonds future debt service	4,600,620
Revenue bonds renewal and replacement	250,000
Total restricted assets	<u>\$ 16,192,401</u>

**(6) OTHER INFORMATION**

**A. RISK MANAGEMENT**

**Insurance** - The City is exposed to various risks of loss related to torts; theft of or damage to and destruction of assets; errors and omissions; and natural disasters. The City purchases commercial insurance with various deductibles for different types of losses. The costs for this insurance program are accounted for in the Insurance Internal Service fund. Settled claims have not exceeded this commercial coverage in the past three fiscal years. All applicable funds and component units participate in the general property and liability insurance program and make payments to the Insurance fund based on estimates of the amounts needed to pay insurance premiums and claims and to accumulate funds for financial stability. The excess accumulated funds over claims liability was \$1,283,735 at September 30, 2020. The Airport also purchased additional insurance not covered by these programs, which is accounted for in the Airport fund.

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The General Property and Liability claims liability at September 30, 2020 is \$792,260 and is based on the requirements of GASB Codification, C50, "Claims and Judgements", which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. To estimate this liability the incurred but not reported (IBNR) factors are applied to trended claims history. General Property and Liability claims at September 30, 2019 and 2020 are summarized below:

Fiscal Year	Claims Liability October 1,	Current Year Claims and Changes in Estimates	Payments	Claims Liability September 30,	Due Within One Year
2018-2019	\$ 865,976	\$ 207,009	\$ 268,510	\$ 804,475	\$ 234,306
2019-2020	804,475	143,755	155,970	792,260	229,815

**Workers Compensation** - The City is exposed to risk of loss related to injuries to employees. The City established a self-insured workers compensation program, accounted for in the Workers Compensation Internal Service fund to finance its uninsured risk of loss. The Workers Compensation fund provides coverage for up to a maximum of \$200,000 for each worker's compensation claim. The City purchases commercial insurance for claims in excess of coverage provided by the self-insurance program. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. All applicable funds and component units participate in the workers compensation self-insurance program and make payments to the Workers Compensation fund based on estimates of the amounts needed to pay prior and current year claims and to accumulate funds for financial stability. Excess accumulated funds over claims liability was \$2,095,278 at September 30, 2020.

The workers compensation claims liability at September 30, 2020 is \$2,220,315 and is based on the requirements of GASB Codification, C50, "Claims and Judgements", which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. To estimate this liability the incurred but not reported (IBNR) factors are applied to trended claims history. Workers compensation claims at September 30, 2019 and 2020 are summarized below:

Fiscal Year	Claims Liability October 1,	Current Year Claims and Changes in Estimates	Payments	Claims Liability September 30,	Due Within One Year
2018-2019	\$ 2,735,120	\$ 928,864	\$ 1,383,823	\$ 2,280,161	\$ 889,409
2019-2020	2,280,161	1,061,786	1,121,632	2,220,315	439,591

**B. PENSION PLANS**

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

The total pension expense as of September 30, 2020 are as follows:

Governmental Activities	\$ 11,887,427
Business-type Activities	3,061,785
Total Primary Government	14,949,212
Component Unit	998,621
Total Reporting Entity	\$ 15,947,833

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The City has three defined benefit single employer pension plans:

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

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

**Firefighters, Police and General Employee Pension Plans**

**Summary of Significant Accounting Policies**

*Method Used to Value Investments.* Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair value.

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

The Pension trust funds fiduciary net position activity as of September 30, 2020 was as follows:

	Firefighters Pension	Police Pension	General Employees Pension	Total Pension Trust Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,810,522	\$ 3,804,178	\$ 144,684	\$ 6,759,384
Investments, at fair value:				
U.S. government obligations	5,540,034	9,997,514	1,248,937	16,786,485
Corporate bonds	6,644,925	15,628,010	1,820,943	24,093,878
Common stocks	39,718,913	46,091,891	5,072,857	90,883,661
Real estate funds	9,581,335	4,084,372	-	13,665,707
Foreign bond funds	3,451,032	-	459,129	3,910,161
Private debt	3,262,922	1,850,150	-	5,113,072
Foreign equity funds	3,547,142	12,458,837	968,021	16,974,000
Interest receivable	92,825	143,886	21,064	257,775
Due from other funds	-	-	71,732	71,732
Prepaid expenses	-	457,915	-	457,915
<b>Total assets</b>	<b>74,649,650</b>	<b>94,516,753</b>	<b>9,807,367</b>	<b>178,973,770</b>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	81,996	71,739	17,140	170,875
Due to other funds	81,183	10,301	-	91,484
Overfunded contributions	196,331	15,772	205,009	417,112
<b>Total liabilities</b>	<b>359,510</b>	<b>97,812</b>	<b>222,149</b>	<b>679,471</b>
<b>NET POSITION</b>				
Held in trust for pension benefits	<b>\$ 74,290,140</b>	<b>\$ 94,418,941</b>	<b>\$ 9,585,218</b>	<b>\$ 178,294,299</b>



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The Pension trust funds change in fiduciary net position activity as of September 30, 2020 was as follows:

	Firefighters Pension	Police Pension	General Employees Pension	Total Pension Trust Funds
<b>ADDITIONS</b>				
Contributions				
Employer contributions	\$ 3,242,351	\$ 3,080,236	\$ 126,175	\$ 6,448,762
Employee contributions	694,499	633,704	-	1,328,203
State contributions	547,722	819,725	-	1,367,447
Total contributions	<u>4,484,572</u>	<u>4,533,665</u>	<u>126,175</u>	<u>9,144,412</u>
Investment income				
Net appreciation in fair value of investments	(299,874)	8,578,512	644,302	8,922,940
Interest, dividends, and other income	2,042,951	1,765,634	267,204	4,075,789
Total investment gains	<u>1,743,077</u>	<u>10,344,146</u>	<u>911,506</u>	<u>12,998,729</u>
Less investment expense	<u>(381,311)</u>	<u>(271,185)</u>	<u>(35,324)</u>	<u>(687,820)</u>
Net investment earnings	<u>1,361,766</u>	<u>10,072,961</u>	<u>876,182</u>	<u>12,310,909</u>
Total additions	<u>5,846,338</u>	<u>14,606,626</u>	<u>1,002,357</u>	<u>21,455,321</u>
<b>DEDUCTIONS</b>				
Benefits paid	5,734,384	6,835,242	425,495	12,995,121
Refunded contributions	88,644	43,469	-	132,113
Administrative expense	131,393	172,908	71,888	376,189
Total deductions	<u>5,954,421</u>	<u>7,051,619</u>	<u>497,383</u>	<u>13,503,423</u>
Net change in net position	<u>(108,083)</u>	<u>7,555,007</u>	<u>504,974</u>	<u>7,951,898</u>
Net position held in trust for pension benefits October 1	<u>74,398,223</u>	<u>86,863,934</u>	<u>9,080,244</u>	<u>170,342,401</u>
Net position held in trust for pension benefits September 30	<u>\$ 74,290,140</u>	<u>\$ 94,418,941</u>	<u>\$ 9,585,218</u>	<u>\$ 178,294,299</u>

**Plan Description**

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

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

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

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**Plan membership.** At October 1, 2019, pension plan membership consisted of the following:

	Firefighters Pension Plan	Police Pension Plan	General Employees Pension Plan	
			Primary Government	Component Unit
			Inactive plan members or beneficiaries currently receiving benefits	118
Inactive plan members entitled to but not yet receiving benefits	4	51	31	3
Active plan members	125	133	2	1
Total	<u>247</u>	<u>349</u>	<u>68</u>	<u>10</u>

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

**Firefighters Pension Plan:**

Normal Retirement:

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

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

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

Early Retirement:

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

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

Vesting:

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

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

Disability Retirement:

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

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

Pre-Retirement Death:

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

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

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

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Enhanced Benefit Account (EBA):

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

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

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

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

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

**Police Officers Pension Plan:**

Normal Retirement:

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

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

Early Retirement:

**Date:** Age 45 and 10 years of Credited Service.

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

Vesting:

**Less than 10 years:** Return of Member Contributions.

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

Disability Retirement:

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

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

Pre-Retirement Death:

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

**Non-Vested:** Refund of Member Contributions.

Cost of Living Adjustment (COLA):

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

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

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

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

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**General Employees Pension Plan:**

Normal Retirement:

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

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

Early Retirement:

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

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

Vesting:

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

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

Disability Retirement:

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

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

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

Pre-Retirement Death:

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

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

Cost of Living Adjustment (COLA):

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

Supplement:

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

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

**Contributions.** The employer, employee, and State contribution requirements are applicable to each Plan and actuarially determined on an annual basis. Administrative costs of each of the pension plans are financed by the respective plans. The employee contribution rates, expressed as a percentage of salary, for the Firefighters Pension Plan and the Police Pension Plan were 7.5% and 6.5%, respectively for the 2019-2020 fiscal year. Police officers hired after November 27, 2012 contribute 8.0%. No employee contributions are required for the General Employee Pension Plan. The employer contribution rates, expressed as a percentage of salary for the Firefighters and Police Pension Plans were 40.21% and 36.06%, respectively, for the 2019-2020 fiscal year. The employer contributions for the General Employee Pension Plan were \$48,635 for general employees and \$77,540 for Airport police personnel for the 2019-2020 fiscal year. The City recognized as revenues and expenditures on-behalf payments relating to pension contributions for its public safety employees that the State paid to the Firefighters and Police Pension Plans in the amounts of \$547,722 and \$819,725 respectively. These contributions are funded by an excise tax upon certain casualty and property insurance companies on their gross

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receipts of premiums from policy holders. If the remittance from the State is less than estimated by the actuary, the City pays the balance required to fund the total actuarial requirements.

The City's and Airport's annual contributions exceeded the annual pension cost for each of the local pension plans for the year ended September 30, 2020. The City's contributions to the Firefighters and Police Pension Plans were \$3,242,351 and \$3,080,236 which includes prepaids of \$196,331 and \$15,772 respectively. The Airport's contribution to the General Employees Special Risk Class was \$77,540. The General Employees Regular Class used \$48,635 in prepaids.

**Investments**

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

The following was the Board's adopted asset allocation policy as of September 30, 2020:

Asset Class	Target Allocation		
	Firefighters Pension Plan	Police Pension Plan	General Employees Pension Plan
Domestic	45.00%	45.00%	50.00%
International	15.00%	15.00%	10.00%
Domestic Bonds	20.00%	30.00%	35.00%
Global Bonds	5.00%	5.00%	5.00%
Real Estate	10.00%	5.00%	0.00%
Alternatives	5.00%	0.00%	0.00%

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

**Rate of Return.** For the year end September 30, 2020, the annual money-weighted rate of return on the Firefighters' Pension Plan, the Police Pension Plan, and the General Employee Pension Plan investments, net of pension plan investment expense, was 1.64%, 11.77% and 9.33% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**DEFERRED RETIREMENT OPTION PLAN (DROP)**

**Firefighters Pension Plan:**

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

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

A Member's final DROP account value for distribution is the value of the account at the end of the quarter immediately preceding termination of participation in the DROP, plus any monthly periodic additions made to the DROP account subsequent to the end of the previous quarter and prior to distribution. The Supplemental

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Benefit is payable once the member actually terminates from employment and begins to receive monthly pension payments after the end of the DROP. The DROP balance at September 30, 2020 was \$6,723,372.

**Police Officers Pension Plan:**

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

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

A Member's final DROP account value for distribution is the value of the account at the end of the quarter immediately preceding termination of participation in the DROP, plus any monthly periodic additions made to the DROP account subsequent to the end of the previous quarter and prior to distribution. The DROP balance at September 30, 2020 was \$2,198,617.

**General Employees Pension Plan:**

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

A Member's final DROP account value for distribution is the value of the account at the end of the quarter immediately preceding termination of participation in the DROP, plus any monthly periodic additions made to the DROP account subsequent to the end of the previous quarter and prior to distribution. The DROP balance at September 30, 2020 was \$19,524.

**Net Pension Liability of the City of Melbourne**

The components of the net pension liability of the City at September 30, 2020, as follows, is presented in accordance with GASB Statement No. 67, while the net pension liability recognized by the city in the current financial statements represents the net pension liability measured as of September 30, 2019, which is allowed by GASB Statement No. 68.

	Firefighters Pension Plan	Police Pension Plan	General Employees Pension Plan	
			Regular Class*	Airport Special Risk Class
Total pension liability	\$ 98,012,506	\$108,249,277	\$ 6,355,008	\$ 1,459,375
Plan fiduciary net position	(74,290,140)	(94,418,941)	(7,964,038)	(1,621,180)
Sponsor's net pension liability (asset)	\$ 23,722,366	\$ 13,830,336	\$ (1,609,030)	\$ (161,805)
 Plan fiduciary net position as a percentage of total pension liability	 75.80%	 87.22%	 125.32%	 111.09%

\* The Airport's portion of the Regular Class net pension liability is 9.13%.

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**Actuarial assumptions.** The total pension liability was determined by an actuarial valuation as of October 1, 2019 for the Firefighters' Pension Plan, Police Pension and General Employees Pension Plan using the following actuarial assumptions applied to all measurement periods:

	Firefighters Pension Plan	Police Pension Plan	General Employees Pension Plan
Inflation	2.50%	2.50%	2.50%
Salary increases	6.00%	Service Based	6.00%
Investment rate of return	7.25%	7.25%	7.00%

The actuarial assumptions used in the October 1, 2019 valuation were carried forward from the prior actuary. No recent actuarial experience study has been performed. The mortality table has been revised to that used in the valuation of FRS as of July 1, 2019 and 2020, as required by state statutes.

The long term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return		
	Firefighters Pension Plan	Police Pension Plan	General Employees Pension Plan
Domestic equity	7.50%	7.50%	7.50%
International	8.50%	8.50%	8.50%
Domestic fixed income	2.50%	2.50%	2.50%
Global fixed income	3.50%	3.50%	3.50%
Real Estate	4.50%	4.50%	0.00%
Alternatives	6.08%	0.00%	0.00%

**Discount rate.** The discount rate used to measure the total pension liability for the Firefighters, Police, and General Employee Pension Plans were 7.25%, 7.25%, and 7.00% percent, respectively. The projection of cash flows used to determine the discount rate assumes that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
Firefighters Pension Plan	\$ 34,074,335	\$ 23,722,366	\$ 15,072,765
Police Pension Plan	26,020,647	13,830,336	3,644,538
General Employee Regular Class	(898,356)	(1,609,030)	(2,204,540)
General Employee Airport Special Risk Class	36,466	(161,805)	(323,307)

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**Net Pension Liability**

The City's net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2020 for the Firefighters Pension Plan, and October 1, 2020 for the Police and General Employee Pension Plans, which will be recorded in the fiscal year ending September 30, 2021.

**Changes in Net Pension Liability**

**FIREFIGHTERS PENSION PLAN**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Reporting Period Ending 9/30/2019	\$ 87,887,177	\$ 72,896,353	\$ 14,990,824
Changes for the year:			
Service cost	1,958,018	-	1,958,018
Interest	6,644,955	-	6,644,955
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(198,691)	-	(198,691)
Changes of assumptions	2,094,557	-	2,094,557
Contributions - employer	-	3,022,527	(3,022,527)
Contributions - state	-	518,691	(518,691)
Contributions - employee	-	678,868	(678,868)
Contributions - buy back	-	-	-
Net investment income	-	3,180,130	(3,180,130)
Benefit payments, including refunds of employee contributions	(5,751,398)	(5,751,398)	-
Administrative expenses	-	(146,948)	146,948
Net changes	<u>4,747,441</u>	<u>1,501,870</u>	<u>3,245,571</u>
Reporting Period Ending 9/30/2020	<u>\$ 92,634,618</u>	<u>\$ 74,398,223</u>	<u>\$ 18,236,395</u>

**POLICE OFFICERS PENSION PLAN**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Reporting Period Ending 9/30/2019	\$ 100,266,734	\$ 83,913,899	\$ 16,352,835
Changes for the year:			
Service cost	1,554,118	-	1,554,118
Interest	7,414,402	-	7,414,402
Change in excess state contributions	(149,431)	-	(149,431)
Share Plan Allocation	199,236	-	199,236
Differences between expected and actual experience	(2,113,526)	-	(2,113,526)
Changes of assumptions	-	-	-
Changes in benefit terms	-	-	-
Contributions - employer	-	3,184,967	(3,184,967)
Contributions - state	-	769,322	(769,322)
Contributions - employee	-	618,037	(618,037)
Contributions - buy back	11,453	11,453	-
Net investment income	-	4,074,906	(4,074,906)
Benefit payments, including refunds of employee contributions	(5,625,467)	(5,625,467)	-
Administrative expenses	-	(83,182)	83,182
Net changes	<u>1,290,785</u>	<u>2,950,036</u>	<u>(1,659,251)</u>
Reporting Period Ending 9/30/2020	<u>\$ 101,557,519</u>	<u>\$ 86,863,935</u>	<u>\$ 14,693,584</u>



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**GENERAL EMPLOYEES REGULAR CLASS PENSION PLAN\***

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Reporting Period Ending 9/30/2019	\$ 6,383,154	\$ 7,649,708	\$ (1,266,554)
Changes for the year:			
Service cost	28,806	-	28,806
Interest	435,536	-	435,536
Difference between expected and actual experience	(42,598)	-	(42,598)
Changes of assumptions	-	-	-
Changes in benefit terms	-	-	-
Contributions - employer	-	45,479	(45,479)
Contributions - buy back	-	-	-
Net investment income	-	363,214	(363,214)
Benefit payments, including refunds of employee contributions	(380,046)	(380,046)	-
Administrative expenses	-	(47,375)	47,375
Net changes	41,698	(18,728)	60,426
Reporting Period Ending 9/30/2020	<u>\$ 6,424,852</u>	<u>\$ 7,630,980</u>	<u>\$ (1,206,128)</u>

\* The Airport's portion of the Regular Class net pension liability is 9.13%.

**GENERAL EMPLOYEES SPECIAL RISK CLASS PENSION PLAN (AIRPORT)**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Reporting Period Ending 9/30/2019	\$ 1,334,358	\$ 1,353,519	\$ (19,161)
Changes for the year:			
Service cost	26,338	-	26,338
Interest	94,064	-	94,064
Difference between expected and actual experience	(16,296)	-	(16,296)
Changes of assumptions	-	-	-
Changes in benefit terms	-	-	-
Contributions - employer	-	73,106	(73,106)
Net investment income	-	64,937	(64,937)
Benefit payments, including refunds of employee contributions	(33,861)	(33,861)	-
Administrative expenses	-	(8,437)	8,437
Net changes	70,245	95,745	(25,500)
Reporting Period Ending 9/30/2020	<u>\$ 1,404,603</u>	<u>\$ 1,449,264</u>	<u>\$ (44,661)</u>

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

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

\* The Airport's portion of the Regular Class sensitivity of the net pension liability is 9.13%.

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

For the year ended September 30, 2020 the City will recognize a pension expense of \$3,742,270 for the Firefighters Pension Plan. On September 30, 2020 the City reported for the **Firefighters Pension Plan** deferred outflows and inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 521,669
Changes of assumptions	3,291,492	-
Net difference between projected and actual earnings on pension plan investments	109,071	-
Contributions subsequent to the measurement date	3,790,073	-
Total	<u>\$ 7,190,636</u>	<u>\$ 521,669</u>

Deferred outflows of \$3,790,073, resulting from City and State contributions subsequent to the measurement date of September 30, 2019, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2020	\$ 201,397
2021	506,718
2022	1,086,584
2023	943,759
2024	140,436

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For the year ended September 30, 2020 the City will recognize a pension expense of \$2,594,273 for the Police Officers Pension Plan. On September 30, 2020 the City reported for the **Police Officers Pension Plan** deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 871,363	\$ 1,585,146
Net difference between projected and actual earnings on pension plan investments	-	1,362,428
Contributions subsequent to the measurement date	3,899,961	-
Total	\$ 4,771,324	\$ 2,947,574

Deferred outflows of \$3,899,961, resulting from City and State contributions subsequent to the measurement date of September 30, 2019, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2021	\$ (1,032,714)
2022	(744,195)
2023	(734,593)
2024	435,291

For the year ended September 30, 2020 the City will recognize a pension expense of (\$21,808) for the General Employees Regular Class Pension Plan. On September 30, 2020 the City reported for the **General Employees Regular Class Pension Plan** deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 153,853
Contributions subsequent to the measurement date	48,635	-
Total	\$ 48,635	\$ 153,853

The Airport's portion of the deferred outflows is 0% and inflows of resources is 9.13%.

Deferred outflows of \$48,635, resulting from City contributions subsequent to the measurement date of September 30, 2019, will be recognized as an adjustment to the net pension asset (liability) in the fiscal year ending September 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2021	\$ (107,617)
2022	(82,113)
2023	4,097
2024	31,780

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For the year ended September 30, 2020 the Airport will recognize a pension expense of \$21,194 for the General Employees Special Risk Class Pension Plan. On September 30, 2020 the City reported for the Airport's **General Employees Special Risk Class Pension Plan** deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 17,823
Contributions subsequent to the measurement date	77,540	-
Total	\$ 77,540	\$ 17,823

Deferred outflows of \$77,540, resulting from Airport contributions subsequent to the measurement date of September 30, 2019, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2021	\$ (14,604)
2022	(11,277)
2023	1,880
2024	6,178

### FLORIDA RETIREMENT SYSTEM

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

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

[www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

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## **Pension Plan**

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

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

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

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

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

**Contributions** – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates, which include the HIS plan of 1.66%, are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2019 through June 30, 2020 and from July 1, 2020 through September 30, 2020, respectively, were as follows: Regular 8.47% and 10.00%; Special Risk Airport Police 25.48% and 24.45%; Senior Management Service 25.41% and 27.29%; Elected Officers’ 48.82% and 49.18%; DROP participants 14.60% and 16.98%; Re-employed General 5.22% and 5.10%, and Re-employed Airport Police 12.81% and 9.26%.

City’s contributions, including employee contributions, to the Pension Plan totaled \$3,655,894 for the fiscal year ended September 30, 2020, which include Airport contributions of \$412,183.

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

– At September 30, 2020, the City reported a liability of \$36,428,614 for its proportionate share of the Pension Plan’s net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The City’s proportionate share of the net pension liability was based on the City’s 2019-20 fiscal year contributions relative to the 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the City’s proportionate share was .08405%, which was an increase of .00927% from its proportionate share measured as of June 30, 2019.

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

For the fiscal year ended September 30, 2020, the City recognized pension expense of \$7,914,938. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,394,197	\$ -
Change of assumptions	6,594,738	-
Net difference between projected and actual earnings on FRS plan investments	2,168,995	-
Changes in proportion and differences between City FRS plan contributions and proportionate share of contributions	1,966,287	605,141
City FRS plan contributions subsequent to the measurement date	853,995	-
Total	\$ 12,978,212	\$ 605,141

The Airport’s portion of the deferred outflows and inflows of resources is 10.88%.

The deferred outflows of resources related to the FRS Pension Plan, totaling \$853,995 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the FRS Pension Plan will be recognized in pension expense as follows:

Year Ending September 30:	
2021	\$ 2,419,006
2022	3,686,104
2023	3,110,151
2024	1,843,052
2025	460,763
Thereafter	-

**Actuarial Assumptions** – The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.40 %
Salary increases	3.25%, average, including inflation
Investment rate of return	6.80%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation. The reduced investment return assumption of 6.80 percent, which was adopted by the Florida Retirement System Actuarial Assumption Conference, conflicts with the consulting actuary's judgement of a reasonable assumption as defined by Actuarial Standards of Practice No. 27.

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.00%	2.20%	2.20%	1.20%
Fixed income	19.00%	3.00%	2.90%	3.50%
Global equity	54.20%	8.00%	6.70%	17.10%
Real estate	10.30%	6.40%	5.80%	11.70%
Private equity	11.10%	10.80%	8.10%	25.70%
Strategic investments	<u>4.40%</u>	5.50%	5.30%	6.90%
Total	<u>100.00%</u>			

Assumed Inflation - Mean 2.40%      1.70%

\* As outlined in the Plan's investment policy

**Discount Rate** - The discount rate used to measure the total pension liability was 6.80%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

**Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate** - The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 6.80%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.80%) or one percentage point higher (7.80%) than the current rate:

	<u>1% Decrease (5.80%)</u>	<u>Current Discount Rate (6.80%)</u>	<u>1% Increase (7.80%)</u>
City's proportionate share of the net pension liability	\$ 58,170,374	\$ 36,428,614	\$ 18,269,801

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

**Payables to the Pension Plan** - At September 30, 2020, the City reported a payable in the amount of \$329,877 for outstanding contributions to the FRS Pension Plan required for the fiscal year ended September 30, 2020.

**CITY OF MELBOURNE, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
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**Health Insurance Subsidy (HIS) Plan**

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

**Benefits Provided** – For the fiscal year ended September 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

**Contributions** – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2020, the HIS contribution was 1.66%. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

City's contributions to the HIS Plan totaled \$531,376 for the fiscal year ended September 30, 2020, which includes Airport's contribution of \$57,801.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At September 30, 2020, the City reported a liability of \$11,555,390 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The City's proportionate share of the net pension liability was based on the City's 2019-20 fiscal year contributions relative to the 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the City's proportionate share was .09464%, which was an increase of .00927% from its proportionate share measured as of June 30, 2019.

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

For the fiscal year ended September 30, 2020, the City recognized pension expense of \$1,047,809. In addition the City reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 472,685	\$ 8,914
Change of assumptions	1,242,533	671,901
Net difference between projected and actual earnings on HIS Plan investments	9,226	-
Changes in proportion and differences between City HIS Plan contributions and proportionate share of contributions	931,985	397,298
City HIS Plan contributions subsequent to the measurement date	140,190	-
Total	<u>\$ 2,796,619</u>	<u>\$ 1,078,113</u>

The Airport's portion of the deferred outflows and inflows of resources is 10.88 %.



**CITY OF MELBOURNE, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
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The deferred outflows of resources related to the HIS Plan, totaling \$140,190 resulting from City contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Year Ending September 30,	
2021	\$ 441,928
2022	331,446
2023	94,699
2024	205,181
2025	284,097
Thereafter	220,965

**Actuarial Assumptions** – The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 %
Salary increases	3.25%, average, including inflation
Municipal bond rate	2.21 %

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

**Discount Rate** - The discount rate used to measure the total pension liability was 2.21%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate** - The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 2.21%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
City's proportionate share of the net pension liability	\$ 13,357,515	\$ 11,555,390	\$10,080,356

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

**Payables to the Pension Plan** - At September 30, 2020, the City reported a payable in the amount of \$40,581 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2020.

### **Investment Plan**

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

The FRS Investment Plan has 980 participating employers. The City has 124 participating employees, including 17 Airport employees.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2019-20 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.75%, Special Risk class 23.76%, Senior Management Service class 23.69% and County Elected Officers class 47.10%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2020, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

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

City's contributions, including employee contributions, to the Investment Plan totaled \$804,622 for the fiscal year ended September 30, 2020, including Airport contributions of \$224,849.

### **C. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**Plan Description** - The City of Melbourne administers a single-employer defined benefit healthcare plan (the "Plan") that provides medical insurance to its employees and their eligible dependents. Pursuant to Section 112.0801 Florida Statutes, the City is required to provide eligible retirees (as defined in the City's pension plans) the opportunity to participate in this Plan at the same cost that is applicable to active employees. Eligible retirees must be drawing an immediate benefit from their respective pension plan and be enrolled in medical coverage prior to retirement. Surviving spouses of participants are allowed access to the Plan but must pay the full premium. Benefit provisions for the Plan were established by City Council on May 12, 1987 and may only be amended by City Council. The City does not issue stand-alone financial statements for this Plan. All financial

**CITY OF MELBOURNE, FLORIDA  
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information related to the Plan is accounted for in the City's basic financial statements. The Plan does not have a trust.

**Funding Policy** - The City is funding the postemployee benefits on a pay-as-you-go basis. Contribution rates for the Plan are established by City Council annually. For non-union and Police Union employees hired prior to January 1, 2011, the City provides 50% of the health insurance premium for retirees who opt for coverage through the City's insurance program or the Florida Retired Public Employees Group Medicare Supplemental Insurance Program as an explicit subsidy. IAFF employees hired prior to October 14, 2014, receive a subsidy at the rate of 2% per year of service up to a maximum of 50% of published rates, until the retiree reaches normal Medicare age. LIU Union employees hired prior to January 1, 2011, and who retire from the City with at least 8 years of service (current FRS vesting requirement) with the City, receive a 50% contribution toward retiree (single) group health insurance or toward the group Medicare supplemental plan. For the fiscal year ended September 30, 2020 the City contributed \$497,477 to cover 269 retired employees and \$24,880 for the Airport to cover 16 retired employees. Blended premium rates for active and retired employees combined provide an implicit subsidy for retirees because on an actual basis, their current and future claims are expected to result in higher costs to the Plan than those of active employees. The current year contribution represents an estimate of this implied subsidy.

**Plan Membership** – At October 1, 2020, OPEB membership consisted of the following:

	Firefighters	Police	General Employees	
			Primary Government	Component Unit
Inactive members currently receiving benefits	49	61	147	16
Active members	134	142	509	48
Total	<u>183</u>	<u>203</u>	<u>656</u>	<u>64</u>

**Actuarial Assumptions and Other Inputs** – The total OPEB liability in the September 30, 2020 actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40 percent
*Salary Increases	1.1 to 5.2 percent projected annual salary increase
Discount rate	2.75 percent investment rate of return
Health care cost trend rates	5.40 percent using Society of Actuaries Long-Term Model
Retirees' share of benefit-related costs	50 percent of projected health insurance premiums
*Salary scale used by FRS depends on gender and service.	

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

Mortality rates were based on the RP 2000 Healthy Annuitant Mortality Table for Males and Females as appropriate, fully generational with adjustments for mortality improvements based on Scale BB. RP 2000 Disabled Annuitant Combined Healthy Mortality Table set forward 3 years, with no projected improvement.

The actuarial assumption used for September 30, 2020 are based on the results of a full valuation as of September 30, 2019, which was completed on the measurement date.

At September 30, 2020 the City of Melbourne reported a Net OPEB liability of \$15,917,296. The GASB 75 information has been provided as of the September 30, 2019 measurement date.

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NOTES TO THE FINANCIAL STATEMENTS  
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**Change in Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance as of October 1, 2018 for FYE 2019	\$ 13,931,003	\$ -	\$ 13,931,003
Changes for the year:			
Service cost	401,198	-	401,198
Interest	519,920	-	519,920
Experience Losses/(Gains)	38,454	-	38,454
Changes of assumptions	1,777,286	-	1,777,286
Changes in benefit terms	-	-	-
Contributions - employer	-	750,565	(750,565)
Benefit payments	(750,565)	(750,565)	-
Net changes	1,986,293	-	1,986,293
Balance as of October 1, 2019 for FYE 2020	<u>\$ 15,917,296</u>	<u>\$ -</u>	<u>\$ 15,917,296</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.83% as of September 30, 2018 to 2.75% as of September 30, 2019. The methods, assumptions, and participant data used are detailed in the actuarial valuation report dated December 3, 2019 with the exception of the actuarial cost method. These calculations are based in the Entry Age Normal cost method required by GASB 75.

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

**Sensitivity of the Net OPEB Liability** - The following table represents the City's net OPEB liability calculated using the discount rate of 2.75%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.75%) or one percentage point higher (3.75%) than the current rate:

	Current		
	1% Decrease (1.75%)	Discount Rate (2.75%)	1% Increase (3.75%)
Net OPEB Liability	\$ 17,921,213	\$ 15,917,296	\$ 14,224,958

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

	Current		
	1% Decrease (2.90%)	Ultimate Trend (3.90%)	1% Increase (4.90%)
Net OPEB Liability	\$ 14,000,874	\$ 15,917,296	\$ 18,280,712

**CITY OF MELBOURNE, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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

For the fiscal year ended September 30, 2020, the City of Melbourne recognized an OPEB expense of \$617,642. In addition the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 32,960	\$ 1,514,244
Change of assumptions	1,523,388	827,625
City contributions subsequent to the measurement date	522,357	-
Total	\$ 2,078,705	\$ 2,341,869

The Airport's portion of the deferred outflows and inflows of resources is 4.76%.

The deferred outflows of resources related to OPEB, totaling \$522,357 resulting from City contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the fiscal year ending September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in the expense as follows:

Year Ending September 30:	
2021	\$ (303,475)
2022	(303,474)
2023	(145,987)
2024	(145,987)
2025	(145,991)
Thereafter	259,393

**D. CONTINGENCIES**

**1. Litigation**

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

**2. Pollution Remediation**

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

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

**3. Asset Retirement Obligations**

The City has a liability of \$66,894 in governmental activities for two 12,000-gallon underground fiberglass-clad steel storage tanks at the City fleet fuel facility.

**CITY OF MELBOURNE, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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

**4. Grants**

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

**5. Coronavirus**

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic which is still going on. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the City. The occurrence and extent of such an impact will depend on future developments, including: (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

**E. TAX ABATEMENTS**

The City enters into property tax abatement agreements with new or expanding businesses under the Economic Development Ad Valorem Tax Exemption Program authorized by Melbourne City Code, Chapter 54, Article VI, and Section 196.1995 Florida Statutes. Under the program, the City grants 100% property tax abatements from one to 10 years to attract or retain businesses, which contribute to the economy of the City with new jobs and improvements to real and personal property. The program criteria scores applications on the number of employees, average payroll, capital investment, and additional high economic impact factors such as significant capital investment over \$15 million, over 150 new employees, or targeted industries. Benefitting businesses are required to file an annual report detailing their year-end investment and employment levels and verifying their new or expansion status as outlined in Florida Statutes Section 196.012. For the fiscal year ended September 30, 2020, the City abated 2019 property taxes to three businesses totaling \$283,441. Compliance review of the benefitting businesses annual reports determined that three businesses qualified for 2020 property tax abatements.

**F. SUBSEQUENT EVENTS**

On October 13, 2020 City Council approved a contract award for the Reverse Osmosis Water Treatment Plan Degasifier and Scrubber Replacement, Project No. 31217 to SGS Contracting Services, Inc., High Springs, Florida for \$1,837,670.

On October 27, 2020 City Council approved a contract award for the Thrush Drive Baffle Box, Project No. 20018 to Gregori Construction, Inc., Titusville, Florida for \$609,394.

On October 27, 2020 City Council approved the purchase of one custom engine pumper fire truck from Sutphen Corporation, Dublin, Ohio for \$498,800.

On October 28, 2020 the Melbourne Airport Authority Board approved a contract award for two passenger boarding bridges for the Terminal Renovation and Expansion Project to Aero Bridgeworks, Inc., Marietta, Georgia for \$2,938,500.

On December 2, 2020 the Melbourne Airport Authority Board approved a contract award for the Terminal Renovation and Expansion Apron Reconstruction/Expansion Project to Carr & Collier, Inc., Leesburg, Florida for \$11,717,200.

**CITY OF MELBOURNE, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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On December 2, 2020 the Melbourne Airport Authority Board approved a contract award for the Terminal Renovation and Expansion Project 75 Percent Phase of Work to the Haskell Company/RS&H/Kinley Team for \$3,110,313.

On December 2, 2020, the Melbourne Airport Authority Board approved Resolution 12-20 to establish a 401(a) retirement plan for key Airport executive positions.

On December 8, 2020 City Council approved a five-year purchasing agreement for body worn cameras and interview room video systems with Axon Enterprise, Inc., Scottsdale, Arizona with the first year cost of \$396,993.50, an initial five-year cost of \$1,639,424.06, and a five-year renewal option.

On January 12, 2021 City Council approved a contract award for Intelligent Transportation System maintenance services to Advanced Cabling Systems, Inc., of Casselberry, Florida, not-to-exceed \$800,000 and estimated amount of \$100,000 for each succeeding contract term year.

On January 12, 2021 City council approved a contract award for the Babcock/Apollo Mast Arm Project, Project No. 64419, to Traffic Control Devices, Inc., of Altamonte Springs, Florida, for \$441,873.

On January 12, 2021 City Council approved Work Order #21-02 for asphalt and milling for the FY20 Annual Resurfacing Project No. 68020, to V.A. Paving Inc., Cocoa, Florida, for \$600,000.

On January 12, 2021 City Council approved the purchase of one Lenco BearCat SWAT vehicle from Lenco Industries, Inc., Pittsfield, Massachusetts, for \$262,049.

On January 27, 2021 the Melbourne Airport Authority Board approved a change order to Carr & Collier, Inc., Marietta, Georgia, for the electrical portion of the Terminal Renovation and Expansion: Apron Reconstruction/Expansion Project for \$1,279,200.

On February 9, 2021 City Council approved a contract awarded for the Ocean Boulevard and Flamingo Drive Water Line Replacement Project, Project No. 30212 to Young's Communications, LLC, Melbourne, FL for \$783,223.95.

On February 9, 2021 City Council approved Resolution No. 3993 for the Spectrum Enterprise Service Agreement for internet and data communication services for a five-year period in an amount not-to-exceed \$1,037,181.60.





## **REQUIRED SUPPLEMENTARY INFORMATION**

The following schedules are reported in this subsection:

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

**REQUIRED SUPPLEMENTARY INFORMATION**  
**CITY OF MELBOURNE, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Budgeted Amounts		Actual Amounts (Budgetary Basis, (See Note A)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 37,714,298	\$ 37,714,298	\$ 37,584,468	\$ (129,830)
Utility and communications	11,941,000	11,941,000	11,990,191	49,191
Franchise fees	6,992,000	6,992,000	6,855,830	(136,170)
Intergovernmental	14,186,692	14,439,673	13,769,639	(670,034)
Charges for services	8,517,632	10,629,701	9,787,764	(841,937)
Licenses and permits	3,290,400	3,290,400	3,995,498	705,098
Fines, forfeitures, penalties and fees	225,000	225,000	223,649	(1,351)
Investment earnings	730,505	757,357	2,503,681	1,746,324
Other revenues	1,052,281	1,200,084	1,135,444	(64,640)
Total revenues	84,649,808	87,189,513	87,846,164	656,651
<b>EXPENDITURES</b>				
Current:				
General government:				
Mayor and council	198,433	198,433	184,432	14,001
City manager	914,329	952,144	912,881	39,263
City attorney	818,965	826,471	798,599	27,872
City clerk	435,733	490,565	448,023	42,542
Accounting and budget	1,938,555	2,271,746	2,250,849	20,897
Procurement	422,934	438,493	427,285	11,208
Human resources	752,961	848,145	826,310	21,835
Information technology	4,973,126	5,320,186	5,005,223	314,963
Engineering	1,436,207	1,457,827	1,424,331	33,496
Community development	781,989	966,938	827,369	139,569
Other - unclassified	6,397,475	4,692,160	4,534,315	157,845
Total general government	19,070,707	18,463,108	17,639,617	823,491
Public Safety:				
Fire	20,267,392	21,062,074	20,868,624	193,450
Police	23,996,746	24,874,215	24,056,571	817,644
Total public safety	44,264,138	45,936,289	44,925,195	1,011,094
Public works	7,808,066	7,871,153	7,209,699	661,454
Parks and recreation	7,145,649	9,512,242	8,626,713	885,529
Housing and urban improvement	589,576	672,650	651,615	21,035
Debt service:				
Principal	725,000	725,000	725,000	-
Interest and fiscal agent fees	148,295	148,295	148,072	223
Total debt service	873,295	873,295	873,072	223
Total expenditures	79,751,431	83,328,737	79,925,911	3,402,826
Excess of revenues over expenditures	4,898,377	3,860,776	7,920,253	4,059,477
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,399,123	3,620,469	3,540,727	(79,742)
Transfers out	(8,842,500)	(11,739,500)	(11,999,667)	(260,167)
Sale of capital assets	-	-	145,788	145,788
Total other financing sources (uses)	(5,443,377)	(8,119,031)	(8,313,152)	(194,121)
Net change in fund balance	(545,000)	(4,258,255)	(392,899)	3,865,356
Fund balance, October 1	40,362,451	40,362,451	40,362,451	-
Adjustment (See Note (3) A)	(215,021)	(215,021)	(215,021)	-
Fund balance, October 1, as adjusted	40,147,430	40,147,430	40,147,430	
Fund balance, September 30	\$ 39,602,430	\$ 35,889,175	\$ 39,754,531	\$ 3,865,356

**REQUIRED SUPPLEMENTARY INFORMATION  
CITY OF MELBOURNE, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
DOWNTOWN REDEVELOPMENT  
SPECIAL REVENUE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Budget Amounts		Actual on (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive/ (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 1,414,720	\$ 1,414,720	\$ 1,398,709	\$ (16,011)
Investment earnings	12,000	12,000	56,765	44,765
Other revenue	-	-	8,400	8,400
Total revenues	<u>1,426,720</u>	<u>1,426,720</u>	<u>1,463,874</u>	<u>37,154</u>
<b>EXPENDITURES</b>				
Current:				
General government	<u>776,720</u>	<u>796,720</u>	<u>748,128</u>	<u>48,592</u>
Excess (deficiency) of revenues over (under) expenditures	650,000	630,000	715,746	85,746
<b>OTHER FINANCING SOURCES (USES)</b>				
Revenue bonds issued	-	2,400,000	2,400,000	-
Proceeds from sale of capital assets	-	-	5,135	5,135
Debt issue expense	-	(75,000)	(35,000)	40,000
Transfers out	<u>(650,000)</u>	<u>(3,750,000)</u>	<u>(3,750,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(650,000)</u>	<u>(1,425,000)</u>	<u>(1,379,865)</u>	<u>45,135</u>
Net change in fund balance	-	(795,000)	(664,119)	130,881
Fund balance, October 1	<u>781,072</u>	<u>781,072</u>	<u>781,072</u>	<u>-</u>
Fund balance, September 30	<u><u>\$ 781,072</u></u>	<u><u>\$ (13,928)</u></u>	<u><u>\$ 116,953</u></u>	<u><u>\$ 130,881</u></u>

**REQUIRED SUPPLEMENTARY INFORMATION  
CITY OF MELBOURNE, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
BABCOCK STREET REDEVELOPMENT  
SPECIAL REVENUE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Budget Amounts		Actual on (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive/ (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 1,126,807	\$ 1,126,807	\$ 1,114,055	\$ (12,752)
Investment earnings	20,000	20,000	38,920	18,920
Total revenues	1,146,807	1,146,807	1,152,975	6,168
<b>EXPENDITURES</b>				
Current:				
General government	832,462	267,834	247,155	20,679
Debt service:				
Principal	264,670	264,670	-	264,670
Interest	49,675	49,675	45,049	4,626
Total expenditures	1,146,807	582,179	292,204	289,975
Excess of revenues over expenditures	-	564,628	860,771	296,143
<b>OTHER FINANCING USES</b>				
Transfers out	-	(564,628)	(564,627)	1
Net change in fund balance	-	-	296,144	296,144
Fund deficit, October 1	(1,110,505)	(1,110,505)	(1,110,505)	-
Fund deficit, September 30	<u>\$ (1,110,505)</u>	<u>\$ (1,110,505)</u>	<u>\$ (814,361)</u>	<u>\$ 296,144</u>

**REQUIRED SUPPLEMENTARY INFORMATION  
CITY OF MELBOURNE, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
OLDE EAU GALLIE REDEVELOPMENT  
SPECIAL REVENUE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Budget Amounts		Actual on (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive/ (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 550,355	\$ 550,355	\$ 544,126	\$ (6,229)
Investment earnings	10,000	10,000	25,028	15,028
Total revenues	<u>560,355</u>	<u>560,355</u>	<u>569,154</u>	<u>8,799</u>
<b>EXPENDITURES</b>				
Current:				
General government	338,775	188,775	159,257	29,518
Debt service:				
Principal	20,750	20,750	-	20,750
Interest and fiscal agent fees	830	830	620	210
Total expenditures	<u>360,355</u>	<u>210,355</u>	<u>159,877</u>	<u>50,478</u>
Excess of revenues over expenditures	200,000	350,000	409,277	59,277
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(200,000)</u>	<u>(350,000)</u>	<u>(350,000)</u>	<u>-</u>
Net change in fund balance	-	-	59,277	59,277
Fund balance, October 1	<u>530,252</u>	<u>530,252</u>	<u>530,252</u>	<u>-</u>
Fund balance, September 30	<u><u>\$ 530,252</u></u>	<u><u>\$ 530,252</u></u>	<u><u>\$ 589,529</u></u>	<u><u>\$ 59,277</u></u>

**CITY OF MELBOURNE, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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**BUDGETARY NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

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

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

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

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

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

**CITY OF MELBOURNE, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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

**Revenues**

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

<b>Expenditures</b>	<u>General Fund</u>	<u>Downtown Redevelopment</u>	<u>Babcock Street Redevelopment</u>	<u>Olde Eau Gallie Redevelopment</u>
Actual amounts (budgetary basis) "total expenditures" as reported on the statement of revenues, expenditures and changes in fund balances - - budget and actual	\$ 79,925,911	\$ 748,128	\$ 292,204	\$ 159,877
Differences - - budget to GAAP:				
Encumbrances for professional services, supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies and services are received for <i>financial reporting</i> purposes.	<u>(812,510)</u>	<u>(33,166)</u>	<u>(19,962)</u>	<u>(109)</u>
Total expenditures are reported on the statement of revenues, expenditures, and changes in fund balances.	<u>\$ 79,113,401</u>	<u>\$ 714,962</u>	<u>\$ 272,242</u>	<u>\$ 159,768</u>

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

The budgetary schedules present comparisons of the legally adopted budget with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of the resultant timing differences in the excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) (Budgetary Basis) as compared to the excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) (GAAP Basis) for the year ended September 30, 2020 is presented in the following table:

	<u>General Fund</u>	<u>Downtown Redevelopment</u>	<u>Babcock Street Redevelopment</u>	<u>Olde Eau Gallie Redevelopment</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) (Budgetary Basis)	\$ (392,899)	\$ (664,119)	\$ 296,144	\$ 59,277
Adjustments:				
Encumbrances	<u>812,510</u>	<u>33,166</u>	<u>19,962</u>	<u>109</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) (GAAP Basis)	<u>\$ 419,611</u>	<u>\$ (630,953)</u>	<u>\$ 316,106</u>	<u>\$ 59,386</u>

**CITY OF MELBOURNE, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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

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

	9/30/2020	9/30/2019*	9/30/2018
<b>Total pension liability</b>			
Service cost	\$ 2,092,888	\$ 1,958,018	\$ 1,824,715
Interest	6,803,337	6,644,955	6,508,591
Changes of benefit terms	-	-	-
Difference between expected and actual experience	36,704	(198,691)	(64,611)
Changes in assumptions	2,267,987	2,094,557	2,112,977
Benefit payments	(5,734,384)	(5,737,239)	(5,617,080)
Contribution refunds	(88,644)	(14,159)	(24,055)
<b>Net change in total pension liability</b>	5,377,888	4,747,441	4,740,537
<b>Total pension liability - beginning</b>	92,634,618	87,887,177	83,146,640
<b>Total pension liability - ending (a)</b>	98,012,506	92,634,618	87,887,177
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 3,242,351	\$ 3,022,527	\$ 2,633,114
Contributions - state	547,722	518,691	546,838
Contributions - employee	694,499	678,868	595,652
Net investment income	1,361,766	3,180,130	5,650,567
Benefit payments	(5,734,384)	(5,737,239)	(5,617,080)
Contributions refunds	(88,644)	(14,159)	(24,055)
Administrative expense	(131,393)	(146,948)	(161,017)
<b>Net change in plan fiduciary net position</b>	(108,083)	1,501,870	3,624,019
<b>Plan fiduciary net position - beginning</b>	74,398,223	72,896,353	69,272,334
<b>Plan fiduciary net position - ending (b)</b>	74,290,140	74,398,223	72,896,353
<b>Net pension liability - ending (a) - (b)</b>	\$ 23,722,366	\$ 18,236,395	\$ 14,990,824
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	75.80%	80.31%	82.94%
<b>Covered payroll</b>	\$ 8,755,735	\$ 8,367,972	\$ 7,614,471
<b>Net pension liability as a percentage of covered payroll</b>	270.94%	217.93%	196.87%

\*The net pension liability recognized by the City in the current year financial statements represents the net pension liability measured as of September 30, 2019, which is allowed by GASB Codification P20.



**CITY OF MELBOURNE, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
\$	1,643,241	\$ 1,596,483	\$ 1,465,467	\$ 1,431,629
	6,370,620	6,164,017	5,937,717	5,743,448
	(139,655)	-	(1,042,704)	-
	(735,297)	-	(418,968)	(604,020)
	586,277	-	76,676	1,189,708
	(5,983,213)	(4,459,046)	(4,136,588)	(4,113,250)
	(63,789)	-	(14,935)	(47,795)
	1,678,184	3,301,454	1,866,665	3,599,720
	81,468,456	78,167,002	76,300,337	72,700,617
	<u>83,146,640</u>	<u>81,468,456</u>	<u>78,167,002</u>	<u>76,300,337</u>
\$	2,767,223	\$ 2,622,565	\$ 2,702,209	\$ 2,282,865
	514,983	545,561	569,837	604,006
	748,579	578,536	466,578	442,286
	7,785,352	6,138,463	126,002	5,965,296
	(5,983,213)	(4,459,046)	(4,136,588)	(4,113,250)
	(63,789)	-	(14,935)	(47,795)
	(135,797)	(128,302)	(132,078)	(159,794)
	5,633,338	5,297,777	(418,975)	4,973,614
	63,638,996	58,341,219	58,760,194	53,786,580
	<u>69,272,334</u>	<u>\$ 63,638,996</u>	<u>\$ 58,341,219</u>	<u>58,760,194</u>
	<u>13,874,306</u>	<u>\$ 17,829,460</u>	<u>\$ 19,825,783</u>	<u>\$ 17,540,143</u>
	83.31%	78.11%	74.64%	77.01%
\$	7,566,356	\$ 6,893,083	\$ 6,513,920	\$ 6,075,965
	183.37%	258.66%	304.36%	288.68%

**CITY OF MELBOURNE, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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

	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Actuarially determined contribution	\$ 3,790,073	\$ 3,541,218	\$ 3,179,952
Contributions in relation to the actuarially determined contributions	<u>3,790,073</u>	<u>3,541,218</u>	<u>3,179,952</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 8,755,735	\$ 8,367,972	\$ 7,614,471
Contributions as a percentage of covered payroll	43.29%	42.32%	41.76%

**Notes to Schedule**

Valuation date: 10/01/2018

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent closed
Remaining amortization period	25 years
Asset valuation method	5-Year smoothed market
Inflation	2.5%
Salary increases	6.0%
Investment rate of return	7.5%
Payroll growth assumption	None
Normal retirement	Earlier of age 55 and 10 years of service or the completion of 25 years of service
Early retirement	Age 50 and 20 years of credited service
Disability retirement	It is assumed the 100% of disablements and active member deaths are service related.
Mortality	RP-00 Generational using Scale BB. Disabled lives 60% RP-00 Disabled and 40% Annuitant.

**CITY OF MELBOURNE, FLORIDA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
\$ 3,282,206	\$ 3,168,126	\$ 3,272,046	\$ 2,886,871
<u>3,282,206</u>	<u>3,168,126</u>	<u>3,272,046</u>	<u>2,886,871</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,566,356	\$ 6,893,083	\$ 6,513,920	\$ 6,075,965
43.38%	45.96%	50.23%	47.51%

**CITY OF MELBOURNE, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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

	9/30/2020	9/30/2019*	9/30/2018
<b>Total pension liability</b>			
Service cost	\$ 1,665,001	\$ 1,554,118	\$ 1,598,984
Interest	7,483,737	7,414,402	7,070,607
Changes of benefit terms	-	(149,431)	21,658
	149,722	199,236	-
Difference between expected and actual experience	2,155,379	(2,113,526)	1,655,678
Changes in assumptions	2,090,485	-	-
Contributions - buy back	26,145	11,453	1,373
Benefit payments, including refunds of employee contributions	(6,878,711)	(5,625,467)	(5,770,235)
<b>Net change in total pension liability</b>	<b>6,691,758</b>	<b>1,290,785</b>	<b>4,578,065</b>
<b>Total pension liability - beginning</b>	<b>101,557,519</b>	<b>100,266,734</b>	<b>95,688,669</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 108,249,277</b>	<b>\$ 101,557,519</b>	<b>\$ 100,266,734</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 3,080,236	\$ 3,184,967	\$ 2,911,276
Contributions - state	819,725	769,322	697,770
Contributions - employee	607,559	618,037	544,936
Contributions - buy back	26,145	11,453	1,373
Net investment income	9,989,716	4,074,906	8,897,069
Benefit payments, including refunds of employee contributions	(6,878,711)	(5,625,467)	(5,770,235)
Administrative expense	(89,664)	(83,182)	(72,973)
<b>Net change in plan fiduciary net position</b>	<b>7,555,006</b>	<b>2,950,036</b>	<b>7,209,216</b>
<b>Plan fiduciary net position - beginning</b>	<b>86,863,935</b>	<b>83,913,899</b>	<b>76,704,683</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 94,418,941</b>	<b>\$ 86,863,935</b>	<b>\$ 83,913,899</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 13,830,336</b>	<b>\$ 14,693,584</b>	<b>\$ 16,352,835</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>87.22%</b>	<b>85.53%</b>	<b>83.69%</b>
<b>Covered payroll</b>	<b>\$ 8,585,712</b>	<b>\$ 8,838,609</b>	<b>\$ 7,822,477</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>161.09%</b>	<b>166.24%</b>	<b>209.05%</b>

\*The net pension liability recognized by the City in the current year financial statements represents the net pension liability measured as of September 30, 2019, which is allowed by GASB Codification P20.

**CITY OF MELBOURNE, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
\$	1,463,224	\$ 1,514,579	\$ 1,457,495	\$ 1,468,863
	6,888,890	6,609,747	6,500,397	6,297,597
		-	-	-
		-	-	-
	174,092	(723,896)	(129,550)	-
	-	2,243,175	(1,189,338)	-
	125,811	6,497	8,784	-
	<u>(6,959,523)</u>	<u>(4,794,165)</u>	<u>(5,699,583)</u>	<u>(4,402,589)</u>
	1,692,494	4,855,937	948,205	3,363,871
	93,996,175	89,140,238	88,192,033	84,828,162
\$	<u>\$ 95,688,669</u>	<u>\$ 93,996,175</u>	<u>\$ 89,140,238</u>	<u>\$ 88,192,033</u>
\$	3,073,421	\$ 2,948,527	\$ 2,876,710	\$ 3,025,362
	630,296	597,263	543,474	535,651
	581,719	549,814	512,708	523,863
	125,811	6,497	8,784	-
	7,412,999	6,589,808	(43,614)	6,199,184
	<u>(6,959,523)</u>	<u>(4,794,165)</u>	<u>(5,699,583)</u>	<u>(4,402,589)</u>
	<u>(78,701)</u>	<u>(106,160)</u>	<u>(78,532)</u>	<u>(85,877)</u>
	4,786,022	5,791,584	(1,880,053)	5,795,594
	71,918,661	66,127,077	68,007,130	62,211,536
\$	<u>\$ 76,704,683</u>	<u>\$ 71,918,661</u>	<u>\$ 66,127,077</u>	<u>\$ 68,007,130</u>
\$	<u>\$ 18,983,986</u>	<u>\$ 22,077,514</u>	<u>\$ 23,013,161</u>	<u>\$ 20,184,903</u>
	80.16%	76.51%	74.18%	77.11%
\$	7,666,800	\$ 8,108,369	\$ 8,613,965	\$ 7,753,130
	247.61%	272.28%	267.16%	260.35%

**CITY OF MELBOURNE, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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

	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Actuarially determined contribution	\$ 3,750,239	\$ 3,829,769	\$ 3,587,388
Contributions in relation to the actuarially determined contributions	<u>3,750,239</u>	<u>3,829,769</u> *	<u>3,587,388</u> *
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 8,585,712	\$ 8,838,609	\$ 7,822,477
Contributions as a percentage of covered payroll	43.68%	43.33%	45.86%

\*Contributions do not include contributions to the share plan.

**Notes to Schedule**

Valuation date: 10/01/2018

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

Methods and assumptions used to determine contribution rates:

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

**CITY OF MELBOURNE, FLORIDA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
\$ 3,703,717	\$ 3,545,790	\$ 3,420,184	\$ 3,561,013
<u>3,703,717</u>	<u>3,545,790</u>	<u>3,420,184</u>	<u>3,561,013</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,666,800	\$ 8,108,369	\$ 8,613,965	\$ 7,753,130
48.31%	43.73%	39.71%	45.93%

**CITY OF MELBOURNE, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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

	<u>9/30/2020</u>	<u>9/30/2019*</u>	<u>9/30/2018</u>
<b>Total pension liability</b>			
Service cost	\$ 17,072	\$ 28,806	\$ 29,388
Interest	437,262	435,536	430,656
Difference between expected and actual experience	27,758	(42,598)	(8,617)
Changes in assumptions	(161,274)	-	-
Contributions - Buy Back	-	-	-
Benefit payments, including refunds of employee contributions	(390,662)	(380,046)	(382,238)
<b>Net change in total pension liability</b>	(69,844)	41,698	69,189
<b>Total pension liability - beginning</b>	<u>6,424,852</u>	<u>6,383,154</u>	<u>6,313,965</u>
<b>Total pension liability - ending (a)</b>	<u><u>6,355,008</u></u>	<u><u>6,424,852</u></u>	<u><u>6,383,154</u></u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 48,635	\$ 45,479	\$ 36,154
Contributions - Buy Back	-	-	-
Net investment income	715,805	363,214	642,567
Benefit payments including refunds of employee contributions	(390,662)	(380,046)	(382,238)
Administrative expense	(40,720)	(47,375)	(43,941)
<b>Net change in plan fiduciary net position</b>	333,058	(18,728)	252,542
<b>Plan fiduciary net position - beginning</b>	<u>7,630,980</u>	<u>7,649,708</u>	<u>7,397,166</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>7,964,038</u></u>	<u><u>7,630,980</u></u>	<u><u>7,649,708</u></u>
<b>Net pension asset - ending (a) - (b)</b>	<u><u>\$ (1,609,030)</u></u>	<u><u>\$ (1,206,128)</u></u>	<u><u>\$ (1,266,554)</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	125.32%	118.77%	119.84%
<b>Covered payroll</b>	\$ 95,315	\$ 173,308	\$ 155,432
<b>Net pension liability of a percentage of covered payroll</b>	(1688.12)%	(695.94)%	(814.86)%

\*The net pension liability recognized by the City in the current year financial statements represents the net pension liability measured as of September 30, 2019, which is allowed by GASB Codification P20.



**CITY OF MELBOURNE, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
\$ 34,004	\$ 57,835	\$ 49,546	\$ 90,848
418,526	396,941	406,207	391,267
88,609	(62,793)	(31,975)	-
-	338,980	442,831	-
-	20,712	-	-
<u>(344,239)</u>	<u>(494,716)</u>	<u>(329,470)</u>	<u>(169,081)</u>
196,900	256,959	537,139	313,034
<u>6,117,065</u>	<u>5,860,106</u>	<u>5,322,967</u>	<u>5,009,933</u>
<u>\$ 6,313,965</u>	<u>\$ 6,117,065</u>	<u>\$ 5,860,106</u>	<u>\$ 5,322,967</u>
\$ 25,204	\$ 43,928	\$ 52,573	\$ 70,913
-	20,712	-	-
898,559	583,511	(143,686)	819,869
(344,239)	(494,716)	(329,470)	(169,081)
<u>(41,090)</u>	<u>(47,733)</u>	<u>(40,805)</u>	<u>(37,463)</u>
538,434	105,702	(461,388)	684,238
<u>6,858,732</u>	<u>6,753,030</u>	<u>7,214,418</u>	<u>6,530,180</u>
<u>\$ 7,397,166</u>	<u>\$ 6,858,732</u>	<u>\$ 6,753,030</u>	<u>\$ 7,214,418</u>
<u>\$ (1,083,201)</u>	<u>\$ (741,667)</u>	<u>\$ (892,924)</u>	<u>\$ (1,891,451)</u>
117.16%	112.12%	115.24%	135.53%
\$ 193,136	\$ 284,325	\$ 496,332	\$ 416,889
(560.85)%	(260.85)%	(179.90)%	(453.71)%

CITY OF MELBOURNE, FLORIDA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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

	9/30/2020	9/30/2019*	9/30/2018
<b>Total pension liability</b>			
Service cost	\$ 27,775	\$ 26,338	\$ 25,640
Interest	99,047	94,064	89,768
Difference between expected and actual experience	7,096	(16,296)	(21,419)
Changes in assumptions	(44,312)	-	-
Benefit payments, including refunds of employee contributions	(34,834)	(33,861)	(32,776)
<b>Net change in total pension liability</b>	54,772	70,245	61,213
<b>Total pension liability - beginning</b>	1,404,603	1,334,358	1,273,145
<b>Total pension liability - ending (a)</b>	<u>\$ 1,459,375</u>	<u>\$ 1,404,603</u>	<u>\$ 1,334,358</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 77,540	\$ 73,106	\$ 60,208
Net investment income	136,905	64,937	107,983
Benefit payments, including refunds of employee contributions	(34,834)	(33,861)	(32,776)
Administrative expense	(7,695)	(8,437)	(7,624)
<b>Net change in plan fiduciary net position</b>	171,916	95,745	127,791
<b>Plan fiduciary net position - beginning</b>	1,449,264	1,353,519	1,225,728
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 1,621,180</u>	<u>\$ 1,449,264</u>	<u>\$ 1,353,519</u>
<b>Net pension liability (asset) - ending (a) - (b)</b>	<u>\$ (161,805)</u>	<u>\$ (44,661)</u>	<u>\$ (19,161)</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	111.09%	103.18%	101.44%
<b>Covered payroll</b>	\$ 71,569	\$ 72,705	\$ 69,831
<b>Net pension liability (asset) as a percentage of covered payroll</b>	(226.08)%	(61.43)%	(27.44)%

\*The net pension liability recognized by the City in the current year financial statements represents the net pension liability measured as of September 30, 2019, which is allowed by GASB Codification P20.

**CITY OF MELBOURNE, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
\$ 25,050	\$ 22,024	\$ 56,954	\$ 47,919
80,237	91,869	82,160	72,693
58,940	(281,383)	32,533	-
-	20,015	136,013	-
<u>(24,552)</u>	<u>(18,900)</u>	<u>(8,382)</u>	<u>(8,174)</u>
139,675	(166,375)	299,278	112,438
1,133,470	1,299,845	1,000,567	888,129
<u>\$ 1,273,145</u>	<u>\$ 1,133,470</u>	<u>\$ 1,299,845</u>	<u>\$ 1,000,567</u>
\$ 51,197	\$ 32,286	\$ 47,458	\$ 90,530
141,013	84,999	(19,272)	100,040
(24,552)	(18,900)	(8,382)	(8,174)
<u>(6,639)</u>	<u>(7,217)</u>	<u>(5,710)</u>	<u>(4,822)</u>
161,019	91,168	14,094	177,574
1,064,709	973,541	959,447	781,873
<u>\$ 1,225,728</u>	<u>\$ 1,064,709</u>	<u>\$ 973,541</u>	<u>\$ 959,447</u>
<u>\$ 47,417</u>	<u>\$ 68,761</u>	<u>\$ 326,304</u>	<u>\$ 41,120</u>
96.28%	93.93%	74.90%	95.89%
\$ 70,811	\$ 75,771	\$ 110,625	\$ 190,350
66.96%	90.75%	294.96%	21.60%

**CITY OF MELBOURNE, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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

	Regular Class		
	9/30/2020	9/30/2019	9/30/2018
Actuarially determined contribution	\$ 48,635	\$ 45,479	\$ 36,154
Contributions in relations to the actuarially determined contributions	48,635	45,479	36,154
Contributions deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 95,315	\$ 173,308	\$ 155,432
Contributions as a percentage of covered payroll	51.03%	26.24%	23.26%

	Airport Special Risk Class		
	9/30/2020	9/30/2019	9/30/2018
Actuarially determined contribution	\$ 77,540	\$ 73,106	\$ 60,208
Contributions in relation to the actuarially determined contributions	77,540	73,106	60,208
Contributions deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 71,569	\$ 72,705	\$ 69,831
Contributions as a percentage of covered payroll	108.34%	100.55%	86.22%

**Notes to Schedule**

Valuation date: 10/01/2018

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

Methods and assumptions used to determine contribution rates:

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

**CITY OF MELBOURNE, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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Regular Class			
9/30/2017	9/30/2016	9/30/2015	9/30/2014
\$ 25,204	\$ 43,928	\$ 52,573	\$ 70,913
25,204	43,928	52,573	70,913
\$ -	\$ -	\$ -	\$ -
\$ 193,136	\$ 284,325	\$ 496,332	\$ 416,889
13.05%	15.45%	10.59%	17.01%

Airport Special Risk Class			
9/30/2017	9/30/2016	9/30/2015	9/30/2014
\$ 51,197	\$ 32,286	\$ 47,458	\$ 90,530
51,197	32,286	47,458	90,530
\$ -	\$ -	\$ -	\$ -
\$ 70,811	\$ 75,771	\$ 110,625	\$ 190,350
72.30%	42.61%	42.90%	47.56%

Normal retirement	Regular - Earlier of age 62 and 6 years of service or the completion of 30 years of service Special Risk – Earlier of 55 and 6 years of service or the completion of 25 years of service
Early retirement	Completion of 6 years of service
Disability retirement	It is assumed that 75% of disablements and active member deaths are service related.
Mortality	RP-2000 Generational using Scale BB. Disabled lives 100% for Regular Class and 60% RP-2000 Disabled and 40% Annuitant for Special Risk Class.

CITY OF MELBOURNE, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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

**FIREFIGHTERS PENSION**

	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Annual money-weighted rate of return, net of investment expenses	1.64%	4.26%	7.99%

**POLICE OFFICERS PENSION**

	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Annual money-weighted rate of return, net of investment expenses	11.77%	4.93%	11.80%

**GENERAL EMPLOYEES PENSION**

	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Annual money-weighted rate of return, net of investment expenses	9.33%	4.70%	8.55%

CITY OF MELBOURNE, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
12.22%	10.36%	0.07%	10.85%

<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
10.57%	10.02%	(0.07)%	9.99%

<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
12.79%	8.46%	(1.92)%	11.79%

**CITY OF MELBOURNE, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net pension liability (asset)	0.084050243%	0.074783341%	0.078370505%
City's proportionate share of the net pension liability (asset)	\$ 36,428,614	\$ 25,754,342	\$ 23,605,602
City's covered payroll	32,847,376	28,521,661	29,567,774
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	110.90%	90.30%	79.84%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net pension liability (asset)	0.094640000%	0.085367187%	0.090438251%
City's proportionate share of the net pension liability (asset)	\$ 11,555,390	\$ 9,551,734	\$ 9,572,086
City's covered payroll	32,847,376	28,521,661	29,567,774
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	35.18%	33.49%	32.37%
Plan fiduciary net position as a percentage of the total pension liability	3.00%	2.63%	2.15%

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



**CITY OF MELBOURNE, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.079354279%	0.079258566%	0.079673656%	0.079984257%
\$ 23,472,463	\$ 20,012,850	\$ 10,290,921	\$ 4,880,216
29,674,596	27,871,449	26,680,027	25,481,617
79.10%	71.80%	38.57%	19.15%
83.89%	84.88%	92.00%	96.09%

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.090468948%	0.090215231%	0.087923955%	0.088954715%
\$ 9,673,357	\$ 10,514,211	\$ 8,966,860	\$ 8,317,483
29,674,596	27,871,449	26,680,027	25,481,617
32.60%	37.72%	33.60%	32.64%
1.64%	.97%	.50%	.99%

**CITY OF MELBOURNE, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 2,792,617	\$ 2,318,823	\$ 2,233,496
Contributions in relation to the contractually required contribution	2,792,617	2,318,823	2,233,496
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 32,010,599	\$ 30,228,181	\$ 28,765,311
Contributions as a percentage of covered payroll	8.72%	7.67%	7.76%

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 545,366	\$ 474,036	\$ 490,449
Contributions in relation to the contractually required contribution	545,366	474,036	490,449
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 32,010,599	\$ 30,228,181	\$ 28,765,311
Contributions as a percentage of covered payroll	1.70%	1.57%	1.71%

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

**CITY OF MELBOURNE, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 2,065,787	\$ 2,169,203	\$ 1,936,874	\$ 1,589,141
2,065,787	2,169,203	1,936,874	1,589,141
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 29,260,292</u>	<u>\$ 30,392,862</u>	<u>\$ 26,867,609</u>	<u>\$ 25,478,479</u>
7.06%	7.14%	7.21%	6.24%

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 478,788	\$ 497,507	\$ 363,208	\$ 308,312
478,788	497,507	363,208	308,312
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 29,260,292</u>	<u>\$ 30,392,862</u>	<u>\$ 26,867,609</u>	<u>\$ 25,478,479</u>
1.64%	1.64%	1.35%	1.21%

**CITY OF MELBOURNE, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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

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

	9/30/2020	9/30/2019	9/30/2018
<b>Total OPEB liability</b>			
Service cost	\$ 401,198	\$ 551,562	\$ 585,037
Interest cost	519,920	559,862	509,501
Changes in benefit terms	-	-	-
Difference between expected and actual experience	38,454	(2,119,942)	-
Changes in assumptions	1,777,286	(717,709)	(787,439)
Benefit payments	(750,565)	(712,111)	(746,566)
<b>Net change in total OPEB liability</b>	<b>1,986,293</b>	<b>(2,438,338)</b>	<b>(439,467)</b>
<b>Total OPEB liability - beginning</b>	<b>13,931,003</b>	<b>16,369,341</b>	<b>16,808,808</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 15,917,296</b>	<b>\$ 13,931,003</b>	<b>\$ 16,369,341</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 750,565	\$ 712,111	\$ 746,566
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments	(750,565)	(712,111)	(746,566)
Administrative expense	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position - beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net OPEB liability - ending (a) - (b)</b>	<b>\$ 15,917,296</b>	<b>\$ 13,931,003</b>	<b>\$ 16,369,341</b>
<b>Plan fiduciary net position as a percentage of total</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Covered payroll*</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net OPEB liability as a percentage of covered payroll</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

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

*Changes in benefit terms:* None

*Changes in assumptions:* None

*The following are the discount rates used in each period:*

10/1/2017	3.50%
10/1/2018	3.83%
10/1/2019	2.75%

# **COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

The following statements and schedules are reported in this subsection:

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

# **NONMAJOR GOVERNMENTAL FUNDS**

## **SPECIAL REVENUE FUNDS**

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

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

- Community Development Block Grant
  - State Housing Initiative Partnership Program
  - HOME Investment Partnership Program
  - CARES Act
- 
- Law Enforcement – accounts for confiscated money, vehicles, and tangible personal property for use in law enforcement activities.

## **CAPITAL PROJECTS FUNDS**

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

The City maintains the following Capital Projects Funds:

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

## **PERMANENT FUNDS**

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

The City maintains the following Permanent Fund:

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

**CITY OF MELBOURNE, FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2020**

	Special Revenue Funds	Capital Projects Funds	Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Equity in pooled investments	\$ 834,156	\$ 19,597,509	\$ 192,375	\$ 20,624,040
Receivables, net	100	-	-	100
Interest receivable	2,129	11,345	489	13,963
Due from other governments	348,531	1,487,193	-	1,835,724
Total assets	\$ 1,184,916	\$ 21,096,047	\$ 192,864	\$ 22,473,827
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 139,897	\$ 1,590,307	\$ -	\$ 1,730,204
Due to other funds	144,363	1,101,173	-	1,245,536
Deposits	25,321	12,179	-	37,500
Unearned revenue	284,152	-	-	284,152
Total liabilities	593,733	2,703,659	-	3,297,392
Fund balances:				
Non-spendable	-	-	192,864	192,864
Restricted:				
Public safety, law enforcement	390,451	-	-	390,451
Housing and urban improvement	200,732	-	-	200,732
Economic development	-	7,086,506	-	7,086,506
Capital improvements	-	1,096,748	-	1,096,748
Transportation improvement	-	2,063,883	-	2,063,883
Recreation improvement	-	1,577,473	-	1,577,473
Assigned to capital improvements	-	6,567,778	-	6,567,778
Total fund balances	591,183	18,392,388	192,864	19,176,435
Total liabilities and fund balances	\$ 1,184,916	\$ 21,096,047	\$ 192,864	\$ 22,473,827



**CITY OF MELBOURNE, FLORIDA  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Special Revenue Funds	Capital Projects Funds	Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Intergovernmental	\$ 943,293	\$ 2,329,364	\$ -	\$ 3,272,657
Impact fees	-	632,509	-	632,509
Confiscated property	16,129	-	-	16,129
Investment earnings	17,232	106,763	4,877	128,872
Perpetual care endowment additions	-	-	1,500	1,500
Other revenue	27,742	-	-	27,742
Total revenues	<u>1,004,396</u>	<u>3,068,636</u>	<u>6,377</u>	<u>4,079,409</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	141,698	-	141,698
Public works	-	137,564	-	137,564
Parks and recreation	-	41,354	-	41,354
Housing and urban improvement	856,389	-	-	856,389
Capital outlay	5,901	6,902,642	-	6,908,543
Total expenditures	<u>862,290</u>	<u>7,223,258</u>	<u>-</u>	<u>8,085,548</u>
Excess (deficiency) of revenues over (under) expenditures	<u>142,106</u>	<u>(4,154,622)</u>	<u>6,377</u>	<u>(4,006,139)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	10,214,665	-	10,214,665
Transfers out	(237,704)	(95,414)	(4,877)	(337,995)
Total other financing sources (uses)	<u>(237,704)</u>	<u>10,119,251</u>	<u>(4,877)</u>	<u>9,876,670</u>
Net change in fund balances	(95,598)	5,964,629	1,500	5,870,531
Fund balances, October 1	686,781	12,427,759	191,364	13,305,904
Fund balances, September 30	<u>\$ 591,183</u>	<u>\$ 18,392,388</u>	<u>\$ 192,864</u>	<u>\$ 19,176,435</u>

**CITY OF MELBOURNE  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2020**

	Community Development Block Grant	State Housing Initiative Partnership Program	HOME Investment Partnership Program	CARES Act	Law Enforcement	Total
<b>ASSETS</b>						
Equity in pooled investments	\$ 52,941	\$ 211,115	\$ -	\$ 180,684	\$ 389,416	\$ 834,156
Accounts Receivable	100	-	-	-	-	100
Interest receivable	-	475	-	619	1,035	2,129
Due from other governments	129,727	-	218,804	-	-	348,531
<b>Total assets</b>	<b><u>\$ 182,768</u></b>	<b><u>\$ 211,590</u></b>	<b><u>\$ 218,804</u></b>	<b><u>\$ 181,303</u></b>	<b><u>\$ 390,451</u></b>	<b><u>\$ 1,184,916</u></b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 42,934	\$ 8,201	\$ 55,116	\$ 33,646	\$ -	\$ 139,897
Due to other funds	-	-	144,363	-	-	144,363
Deposits	-	23,321	2,000	-	-	25,321
Unearned revenues	119,681	-	17,325	147,146	-	284,152
<b>Total liabilities</b>	<b><u>162,615</u></b>	<b><u>31,522</u></b>	<b><u>218,804</u></b>	<b><u>180,792</u></b>	<b><u>-</u></b>	<b><u>593,733</u></b>
Fund balances:						
Restricted	20,153	180,068	-	511	390,451	591,183
<b>Total fund balances</b>	<b><u>20,153</u></b>	<b><u>180,068</u></b>	<b><u>-</u></b>	<b><u>511</u></b>	<b><u>390,451</u></b>	<b><u>591,183</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 182,768</u></b>	<b><u>\$ 211,590</u></b>	<b><u>\$ 218,804</u></b>	<b><u>\$ 181,303</u></b>	<b><u>\$ 390,451</u></b>	<b><u>\$ 1,184,916</u></b>

**CITY OF MELBOURNE, FLORIDA  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Community Development Block Grant	State Housing Initiative Partnership Program	HOME Investment Partnership Program	CARES Act	Law Enforcement	Total
<b>REVENUES</b>						
Intergovernmental	\$ 408,445	\$ 177,821	\$ 257,185	\$ 99,842	\$ -	\$ 943,293
Confiscated property	-	-	-	-	16,129	16,129
Investment earnings	-	5,648	-	511	11,073	17,232
Other revenue	20,153	2,627	-	-	4,962	27,742
<b>Total revenues</b>	<u>428,598</u>	<u>186,096</u>	<u>257,185</u>	<u>100,353</u>	<u>32,164</u>	<u>1,004,396</u>
<b>EXPENDITURES</b>						
Current:						
Housing and urban improvement	292,930	222,567	241,050	99,842	-	856,389
Capital outlay	5,901	-	-	-	-	5,901
<b>Total expenditures</b>	<u>298,831</u>	<u>222,567</u>	<u>241,050</u>	<u>99,842</u>	<u>-</u>	<u>862,290</u>
Excess (deficiency) of revenues over (under) expenditures	129,767	(36,471)	16,135	511	32,164	142,106
<b>OTHER FINANCING USES</b>						
Transfers out	(109,614)	(16,296)	(16,135)	-	(95,659)	(237,704)
<b>Total other financing uses</b>	<u>(109,614)</u>	<u>(16,296)</u>	<u>(16,135)</u>	<u>-</u>	<u>(95,659)</u>	<u>(237,704)</u>
<b>Net change in fund balances</b>	20,153	(52,767)	-	511	(63,495)	(95,598)
Fund balances, October 1	-	232,835	-	-	453,946	686,781
Fund balances, September 30	<u>\$ 20,153</u>	<u>\$ 180,068</u>	<u>\$ -</u>	<u>\$ 511</u>	<u>\$ 390,451</u>	<u>\$ 591,183</u>

**CITY OF MELBOURNE, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
COMMUNITY DEVELOPMENT BLOCK GRANT  
SPECIAL REVENUE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Positive/ (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ 1,448,932	\$ 408,445	\$ (1,040,487)
Other revenue	20,153	20,153	-
	<u>1,469,085</u>	<u>428,598</u>	<u>(1,040,487)</u>
<b>EXPENDITURES</b>			
Current:			
Housing and urban improvement	730,261	292,930	437,331
Capital outlay	<u>352,025</u>	<u>16,624</u>	<u>335,401</u>
Total expenditures	<u>1,082,286</u>	<u>309,554</u>	<u>772,732</u>
Excess of revenues over expenditures	386,799	119,044	(267,755)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(164,825)</u>	<u>(109,614)</u>	<u>55,211</u>
Net change in fund balance	221,974	9,430	(212,544)
Fund balance, October 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, September 30	<u>\$ 221,974</u>	<u>\$ 9,430</u>	<u>\$ (212,544)</u>

**CITY OF MELBOURNE, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
STATE HOUSING INITIATIVE PARTNERSHIP PROGRAM  
SPECIAL REVENUE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Positive/ (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ 196,531	\$ 177,821	\$ (18,710)
Investment earnings	5,648	5,648	-
Other revenue	2,627	2,627	-
	<u>204,806</u>	<u>186,096</u>	<u>(18,710)</u>
Total revenues	204,806	186,096	(18,710)
<b>EXPENDITURES</b>			
Current:			
Housing and urban improvement	421,345	222,567	198,778
Deficiency of revenues under expenditures	(216,539)	(36,471)	180,068
<b>OTHER FINANCING USES</b>			
Transfers out	(16,296)	(16,296)	-
Net change in fund balance	(232,835)	(52,767)	180,068
Fund balance, October 1	232,835	232,835	-
Fund balance, September 30	<u>\$ -</u>	<u>\$ 180,068</u>	<u>\$ 180,068</u>

**CITY OF MELBOURNE, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
HOME INVESTMENT PARTNERSHIP PROGRAM  
SPECIAL REVENUE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Positive/ (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ <u>516,397</u>	\$ <u>257,185</u>	\$ <u>(259,212)</u>
<b>EXPENDITURES</b>			
Current:			
Housing and urban improvement	<u>513,779</u>	<u>241,050</u>	<u>272,729</u>
Excess of revenues over expenditures	2,618	16,135	13,517
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(16,135)</u>	<u>(16,135)</u>	<u>-</u>
Net change in fund balance	(13,517)	-	13,517
Fund balance, October 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund deficit, September 30	<u>\$ (13,517)</u>	<u>\$ -</u>	<u>\$ 13,517</u>

**CITY OF MELBOURNE, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
CARES ACT  
SPECIAL REVENUE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Positive/ (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ 246,988	\$ 99,842	\$ (147,146)
Investment earnings	511	511	-
	<u>247,499</u>	<u>100,353</u>	<u>(147,146)</u>
<b>EXPENDITURES</b>			
Current:			
Housing and urban improvement	<u>222,801</u>	<u>99,842</u>	<u>122,959</u>
Excess of revenues over expenditures	24,698	511	(24,187)
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(24,698)</u>	<u>-</u>	<u>24,698</u>
Net change in fund balance	-	511	511
Fund balance, October 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, September 30	<u>\$ -</u>	<u>\$ 511</u>	<u>\$ 511</u>

**CITY OF MELBOURNE, FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
SEPTEMBER 30, 2020**

	<u>General Construction</u>	<u>Mobility Improvement</u>	<u>Recreation Improvement</u>	<u>Bikeways Improvement</u>	<u>Public Facility Improvement</u>	<u>Total</u>
<b>ASSETS</b>						
Equity in pooled investments	\$ 15,697,406	\$ 1,040,993	\$ 1,593,245	\$ 155,937	\$ 1,109,928	\$ 19,597,509
Interest receivable	208	3,898	4,044	394	2,801	11,345
Due from other governments	<u>350,000</u>	<u>1,109,601</u>	<u>27,592</u>	<u>-</u>	<u>-</u>	<u>1,487,193</u>
Total assets	<u>\$ 16,047,614</u>	<u>\$ 2,154,492</u>	<u>\$ 1,624,881</u>	<u>\$ 156,331</u>	<u>\$ 1,112,729</u>	<u>\$ 21,096,047</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 1,247,596	\$ 326,730	\$ -	\$ -	\$ 15,981	\$ 1,590,307
Due to general fund	1,101,173	-	-	-	-	1,101,173
Deposits	<u>12,179</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,179</u>
Total liabilities	<u>2,360,948</u>	<u>326,730</u>	<u>-</u>	<u>-</u>	<u>15,981</u>	<u>2,703,659</u>
Fund balances:						
Restricted:						
Economic development	7,039,098	-	47,408	-	-	7,086,506
Capital improvement	-	-	-	-	1,096,748	1,096,748
Transportation improvement	79,790	1,827,762	-	156,331	-	2,063,883
Recreation improvement	-	-	1,577,473	-	-	1,577,473
Assigned to capital improvement	<u>6,567,778</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,567,778</u>
Total fund balances	<u>13,686,666</u>	<u>1,827,762</u>	<u>1,624,881</u>	<u>156,331</u>	<u>1,096,748</u>	<u>18,392,388</u>
Total liabilities and fund balances	<u>\$ 16,047,614</u>	<u>\$ 2,154,492</u>	<u>\$ 1,624,881</u>	<u>\$ 156,331</u>	<u>\$ 1,112,729</u>	<u>\$ 21,096,047</u>



**CITY OF MELBOURNE, FLORIDA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	General Construction	Mobility Improvement	Recreation Improvement	Bikeways Improvement	Public Facility Improvement	Total
<b>REVENUES</b>						
Intergovernmental	\$ 194,632	\$ 2,132,040	\$ 2,692	\$ -	\$ -	\$ 2,329,364
Impact fees	-	313,599	168,612	25,135	125,163	632,509
Investment earnings	2,053	35,807	38,169	3,855	26,879	106,763
<b>Total revenues</b>	<b>196,685</b>	<b>2,481,446</b>	<b>209,473</b>	<b>28,990</b>	<b>152,042</b>	<b>3,068,636</b>
<b>EXPENDITURES</b>						
Current:						
General government	141,423	-	-	275	-	141,698
Public works	131,814	5,750	-	-	-	137,564
Parks and recreation	41,354	-	-	-	-	41,354
Capital outlay:						
General government	395,942	-	-	-	45,591	441,533
Public safety - fire and police	1,115,410	-	-	-	-	1,115,410
Public works	2,755,383	1,804,357	-	-	-	4,559,740
Parks and recreation	752,133	-	33,826	-	-	785,959
<b>Total expenditures</b>	<b>5,333,459</b>	<b>1,810,107</b>	<b>33,826</b>	<b>275</b>	<b>45,591</b>	<b>7,223,258</b>
Excess (deficiency) of revenues over (under) expenditures	(5,136,774)	671,339	175,647	28,715	106,451	(4,154,622)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	10,189,665	-	25,000	-	-	10,214,665
Transfers out	(81,423)	(12,117)	(1,874)	-	-	(95,414)
<b>Total other financing Total other financing sources (uses)</b>	<b>10,108,242</b>	<b>(12,117)</b>	<b>23,126</b>	<b>-</b>	<b>-</b>	<b>10,119,251</b>
<b>Net change in fund balances</b>	<b>4,971,468</b>	<b>659,222</b>	<b>198,773</b>	<b>28,715</b>	<b>106,451</b>	<b>5,964,629</b>
Fund balances, October 1	8,715,198	1,168,540	1,426,108	127,616	990,297	12,427,759
Fund balances, September 30	<u>\$ 13,686,666</u>	<u>\$ 1,827,762</u>	<u>\$ 1,624,881</u>	<u>\$ 156,331</u>	<u>\$ 1,096,748</u>	<u>\$ 18,392,388</u>



## **INTERNAL SERVICE FUNDS**

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

The City maintains the following Internal Service Funds:

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

**CITY OF MELBOURNE, FLORIDA  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
SEPTEMBER 30, 2020**

	Workers Compensation	Insurance	Total
<b>ASSETS</b>			
Current assets:			
Equity in pooled investments	\$ 3,912,604	\$ 2,273,688	\$ 6,186,292
Interest receivable	9,534	5,710	15,244
Prepaid items	400,000	3,797	403,797
Total current assets	<u>4,322,138</u>	<u>2,283,195</u>	<u>6,605,333</u>
Noncurrent asset:			
Net pension asset, city general pension	-	38,305	38,305
Capital assets:			
Machinery and equipment	-	23,374	23,374
Less accumulated depreciation	-	(23,374)	(23,374)
Total capital assets, net of accumulated depreciation	-	-	-
Total noncurrent assets	<u>-</u>	<u>38,305</u>	<u>38,305</u>
Total assets	<u>4,322,138</u>	<u>2,321,500</u>	<u>6,643,638</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows, FRS pension	-	61,215	61,215
Deferred outflows, FRS HIS pension	-	12,208	12,208
Deferred outflows, OPEB	-	5,365	5,365
Total deferred outflows of resources	<u>-</u>	<u>78,788</u>	<u>78,788</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	6,545	11,017	17,562
Accrued payroll expenses	-	7,849	7,849
Accrued claims	439,591	229,815	669,406
Compensated absences	-	5,752	5,752
Deposits	-	1,761	1,761
Total current liabilities	<u>446,136</u>	<u>256,194</u>	<u>702,330</u>
Noncurrent liabilities:			
Accrued claims	1,780,724	562,445	2,343,169
Compensated absences	-	4,301	4,301
Other postemployment benefits	-	24,044	24,044
Net pension liability, FRS pension	-	175,602	175,602
Net pension liability, FRS HIS pension	-	63,361	63,361
Total noncurrent liabilities	<u>1,780,724</u>	<u>829,753</u>	<u>2,610,477</u>
Total liabilities	<u>2,226,860</u>	<u>1,085,947</u>	<u>3,312,807</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows, city general pension	-	4,790	4,790
Deferred inflows, FRS pension	-	9,816	9,816
Deferred inflows, FRS HIS pension	-	5,195	5,195
Deferred inflows, other postemployment benefits	-	10,805	10,805
Total deferred inflows of resources	<u>-</u>	<u>30,606</u>	<u>30,606</u>
<b>NET POSITION</b>			
Unrestricted	<u>2,095,278</u>	<u>1,283,735</u>	<u>3,379,013</u>
Total net position	<u>\$ 2,095,278</u>	<u>\$ 1,283,735</u>	<u>\$ 3,379,013</u>

**CITY OF MELBOURNE, FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND NET POSITION  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Workers Compensation</u>	<u>Insurance</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges to other funds	\$ 2,430,843	\$ 1,897,687	\$ 4,328,530
Charges to component unit	125,567	382,356	507,923
Other revenues	-	242	242
	<u>2,556,410</u>	<u>2,280,285</u>	<u>4,836,695</u>
<b>OPERATING EXPENSES</b>			
Salaries, wages and employee benefits	-	219,168	219,168
Contractual services, materials and supplies	828,105	2,074,316	2,902,421
Claims	832,916	180,651	1,013,567
	<u>1,661,021</u>	<u>2,474,135</u>	<u>4,135,156</u>
Total operating expense	<u>1,661,021</u>	<u>2,474,135</u>	<u>4,135,156</u>
Operating income (loss)	895,389	(193,850)	701,539
<b>NONOPERATING REVENUE</b>			
Investment earnings	112,502	61,171	173,673
	<u>112,502</u>	<u>61,171</u>	<u>173,673</u>
Total nonoperating revenues	<u>112,502</u>	<u>61,171</u>	<u>173,673</u>
Change in net position	<u>1,007,891</u>	<u>(132,679)</u>	<u>875,212</u>
Total net position, October 1	<u>1,087,387</u>	<u>1,416,414</u>	<u>2,503,801</u>
Total net position, September 30	<u>\$ 2,095,278</u>	<u>\$ 1,283,735</u>	<u>\$ 3,379,013</u>

**CITY OF MELBOURNE, FLORIDA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Workers Compensation</u>	<u>Insurance</u>	<u>Total</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from other funds	\$ 2,430,843	\$ 1,897,687	\$ 4,328,530
Cash received from component unit	125,567	382,356	507,923
Cash payments to suppliers for goods and services	(1,724,002)	(2,231,629)	(3,955,631)
Cash payments for employee services	-	(191,716)	(191,716)
Deposits received	-	3,939	3,939
Deposits returned	-	(2,178)	(2,178)
Other operating revenues	-	242	242
Net cash provided (used) by operating activities	<u>832,408</u>	<u>(141,299)</u>	<u>691,109</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	<u>113,432</u>	<u>63,548</u>	<u>176,980</u>
Net cash provided by investing activities	<u>113,432</u>	<u>63,548</u>	<u>176,980</u>
Net increase (decrease) in cash and cash equivalents	945,840	(77,751)	868,089
Cash and cash equivalents at October 1	<u>2,966,764</u>	<u>2,351,439</u>	<u>5,318,203</u>
Cash and cash equivalents at September 30	<u>\$ 3,912,604</u>	<u>\$ 2,273,688</u>	<u>\$ 6,186,292</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 895,389	\$ (193,850)	\$ 701,539
Adjustments not affecting cash:			
Deferred outflows - pensions and OPEB	-	(23,677)	(23,677)
Deferred inflows - pensions and OPEB	-	(17,468)	(17,468)
Changes in assets and liabilities:			
Prepaid items	-	25,364	25,364
Net pension asset	-	1,885	1,885
Net pension liability	-	54,381	54,381
Accounts payable	(3,135)	10,189	7,054
Accrued payroll expenses	-	6,819	6,819
Accrued claims	(59,846)	(12,215)	(72,061)
Deposits	-	1,761	1,761
Other postemployment benefits	-	5,512	5,512
Net cash provided (used) by operating activities	<u>\$ 832,408</u>	<u>\$ (141,299)</u>	<u>\$ 691,109</u>
<b>NON-CASH INVESTING ACTIVITIES</b>			
Increase in fair value of investments	<u>\$ 28,556</u>	<u>\$ 10,933</u>	<u>\$ 39,489</u>
Cash and cash equivalents reconciliation at September 30			
Current assets:			
Equity in pooled investments	<u>\$ 3,912,604</u>	<u>\$ 2,273,688</u>	<u>\$ 6,186,292</u>

## **FIDUCIARY FUNDS**

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

### **AGENCY FUND**

The City maintains the following Agency Fund:

- Performance Deposits

**CITY OF MELBOURNE, FLORIDA  
STATEMENT OF FIDUCIARY NET POSITION  
PERFORMANCE DEPOSITS AGENCY FUND  
SEPTEMBER 30, 2020**

**ASSETS**

Equity in pooled investments	<u>\$ 866,365</u>
Total assets	<u><u>\$ 866,365</u></u>

**LIABILITIES**

Refundable deposits	<u>\$ 866,365</u>
Total liabilities	<u><u>\$ 866,365</u></u>



**CITY OF MELBOURNE, FLORIDA**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**PERFORMANCE DEPOSITS AGENCY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<b>ASSETS</b>				
Equity in pooled investments	<u>\$ 836,652</u>	<u>\$ 142,397</u>	<u>\$ 112,684</u>	<u>\$ 866,365</u>
Total assets	<u><u>\$ 836,652</u></u>	<u><u>\$ 142,397</u></u>	<u><u>\$ 112,684</u></u>	<u><u>\$ 866,365</u></u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 107,334	\$ 107,334	\$ -
Refundable deposits	<u>836,652</u>	<u>141,397</u>	<u>111,684</u>	<u>866,365</u>
Total liabilities	<u><u>\$ 836,652</u></u>	<u><u>\$ 248,731</u></u>	<u><u>\$ 219,018</u></u>	<u><u>\$ 866,365</u></u>



## **DISCRETELY PRESENTED COMPONENT UNIT**

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

**CITY OF MELBOURNE, FLORIDA**  
**STATEMENT OF NET POSITION**  
**DISCRETELY PRESENTED COMPONENT UNIT**  
**INTERNATIONAL AIRPORT**  
**SEPTEMBER 30, 2020**

**ASSETS**

## Current assets:

Cash and cash equivalents	\$ 15,961,970
Investments, at fair value	6,421,094
Receivables, trade (net of allowance of \$56,992)	926,978
Other receivables	80,989
Interest receivable	24,585
Due from primary government	209,273
Due from other governments	3,378,898
Due from other governments, restricted	1,850,832
Inventory	14,078
Prepaid items	<u>7,794</u>

Total current assets 28,876,491

## Noncurrent assets:

## Restricted assets:

Cash and cash equivalents	<u>341,598</u>
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Noncurrent lease receivables	<u>1,422,925</u>
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Net pension asset, city general pension	<u>132,236</u>
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## Capital assets:

## Nondepreciable:

Land	6,513,866
Construction in progress	16,611,181

## Depreciable:

Buildings	127,633,837
Improvements other than buildings	101,756,310
Machinery and equipment	12,117,369
Intangibles, computer software	293,723
Less accumulated depreciation/amortization	<u>(103,411,148)</u>

Total capital assets, net of accumulated  
depreciation/amortization 161,515,138

Total noncurrent assets 163,411,897

Total assets 192,288,388

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows, city general pensions	77,540
Deferred outflows, FRS pension	1,167,205
Deferred outflows, FRS HIS pension	268,992
Deferred outflows, other postemployment benefits	<u>73,169</u>

Total deferred outflows of resources 1,586,906

**LIABILITIES**

## Current liabilities:

Accounts payable	706,206
Accrued payroll expenses	141,421
Due to other governments	1,508,735
Unearned revenue	5,255,567
Compensated absences	185,764
Capital leases payable	54,894
Other postemployment benefits	24,880

## Current liabilities payable from restricted assets:

Accounts payable	<u>1,850,832</u>
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Total current liabilities	<u>9,728,299</u>
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## Noncurrent liabilities:

Liabilities payable from restricted assets, customer deposits	341,598
Compensated absences	378,012
Capital leases payable	272,227
Other postemployment benefits	687,787
Net pension liability, FRS pension	3,310,430
Net pension liability, FRS HIS pension	<u>1,083,701</u>

Total noncurrent liabilities	<u>6,073,755</u>
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Total liabilities	<u>15,802,054</u>
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**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows, city general pensions	26,737
Deferred inflows, FRS pension	65,210
Deferred inflows, FRS HIS pension	120,852
Deferred inflows, other postemployment benefits	<u>48,011</u>

Total deferred inflows of resources	<u>260,810</u>
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**NET POSITION**

Net investment in capital assets	159,171,266
Restricted for:	
Capital improvements	1,850,832
Unrestricted	<u>16,790,332</u>

Total net position	<u>\$ 177,812,430</u>
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**CITY OF MELBOURNE, FLORIDA  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
DISCRETELY PRESENTED COMPONENT UNIT  
INTERNATIONAL AIRPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**OPERATING REVENUES**

Airfield and hangar fees	\$ 2,055,001
Terminal and area building fees	2,614,952
Commercial business center fees	8,695,951
Tropical Haven fees	1,906,062
International/U.S. Customs/Foreign Trade Zone fees	12,241
Other	79,215
Total operating revenues	<u>15,363,422</u>

**OPERATING EXPENSES**

Salaries, wages and employee benefits	5,697,964
Contractual services, materials and supplies	9,126,521
Depreciation and amortization	8,178,240
Total operating expenses	<u>23,002,725</u>
Operating loss	<u>(7,639,303)</u>

**NONOPERATING REVENUES (EXPENSES)**

Federal and State grants	5,744,829
Passenger Facility Charges	591,282
Investment earnings	403,150
Customer Facility Charges	589,779
Interest expense	(17,781)
Gain on sale/disposal of capital assets	5,898
Other nonoperating revenue (expense)	<u>(7,108)</u>
Total nonoperating revenues (expenses)	<u>7,310,049</u>
Income before contributions	(329,254)
Capital contributions	<u>7,265,266</u>
Change in net position	6,936,012
Total net position, October 1	<u>170,876,418</u>
Total net position, September 30	<u>\$ 177,812,430</u>

**CITY OF MELBOURNE, FLORIDA  
STATEMENT OF CASH FLOWS  
DISCRETELY PRESENTED COMPONENT UNIT  
INTERNATIONAL AIRPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

1 of 2

**INCREASE IN CASH AND CASH EQUIVALENTS**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 15,663,657
Cash payments to suppliers for goods and services	(7,615,108)
Cash payments for employee services	(5,131,220)
Other operating revenues	79,215
	2,996,544
Net cash provided by operating activities	2,996,544

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

FEMA/State hurricane proceeds	6,173
Operating grants and donations	3,954,763
Customer facility charges	598,995
Passenger facility charges	612,947
Other nonoperating revenue (expense)	(7,108)
	5,165,770
Net cash provided by noncapital financing activities	5,165,770

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Acquisition and construction of capital assets	(8,625,356)
Principal paid on lease obligations	(52,222)
Interest paid on lease obligations	(17,781)
Proceeds from sale of capital assets	5,898
Capital grants	4,046,168
	(4,643,293)
Net cash used by capital and related financing activities	(4,643,293)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of investment securities	(7,346,482)
Proceeds from sale and maturities of investment securities	4,740,711
Interest on investments	297,398
	(2,308,373)
Net cash used by investing activities	(2,308,373)

Net increase in cash and cash equivalents	1,210,648
Cash and cash equivalents at October 1	15,092,920
Cash and cash equivalents at September 30	\$ 16,303,568

**CITY OF MELBOURNE, FLORIDA  
STATEMENT OF CASH FLOWS  
DISCRETELY PRESENTED COMPONENT UNIT  
INTERNATIONAL AIRPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2020  
(Continued)**

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

Operating loss	\$ (7,639,303)
Adjustments not affecting cash:	
Depreciation and amortization	8,178,240
Deferred outflows - pensions and other postemployment benefits	(505,212)
Deferred inflows - pensions and other postemployment benefits	(239,045)
Receivables, trade	(544,409)
Other receivables	33,706
Due from other governments	193
Inventory	(874)
Prepaid items	(7,008)
Noncurrent lease receivables	(87,657)
Net pension asset	(21,059)
Net pension liability	1,129,581
Accounts payable	1,632,489
Accrued payroll expenses	152,875
Due to (from) primary government	(181,387)
Due to other governments	644,526
Unearned revenue	401,284
Other postemployment benefits	49,604
Net cash provided by operating activities	<u>\$ 2,996,544</u>

**NON-CASH INVESTING ACTIVITIES**

Increase in fair value of investments	<u>\$ 106,480</u>
Cash and cash equivalents reconciliation:	
Current assets:	
Cash and cash equivalents	\$ 15,961,970
Noncurrent assets:	
Cash and cash equivalents, restricted	341,598
Cash and cash equivalents at September 30	<u>\$ 16,303,568</u>



## **STATISTICAL SECTION**

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

This section contains the following subsections:

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

# FINANCIAL TRENDS

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

## Schedule

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

# REVENUE CAPACITY

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

## Schedule

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

## **DEBT CAPACITY**

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

### Schedule

- 11 Ratios of Outstanding Debt by Type, Last Ten Fiscal Years
- 12 Ratios of General Bonded Debt Outstanding, Last Ten Fiscal Years
- 13 Legal Debt Margin Information, Last Ten Fiscal Years
- 14 Direct and Overlapping Governmental Activities Debt, as of September 30, 2020
- 15 Pledged Revenue Coverage, Last Ten Fiscal Years

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

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

### Schedule

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

## **OPERATING INFORMATION**

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

### Schedule

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

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

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities				
Net investment in capital assets	\$ 77,645,248	\$ 81,082,994	\$ 78,404,558	\$ 82,144,646
Restricted	22,714,682	22,841,308	22,841,609	22,826,912
Unrestricted	18,489,936	14,490,489	12,231,951	8,669,905
Total governmental activities net position	<u>\$ 118,849,866</u>	<u>\$ 118,414,791</u>	<u>\$ 113,478,118</u>	<u>\$ 113,641,463</u>
Business-type activities				
Net investment in capital assets	\$ 58,609,763	\$ 58,925,901	\$ 65,889,305	\$ 63,190,585
Restricted	18,985,861	18,156,113	14,849,906	14,489,407
Unrestricted	15,655,994	19,864,115	19,547,409	29,614,094
Total business-type activities net position	<u>\$ 93,251,618</u>	<u>\$ 96,946,129</u>	<u>\$ 100,286,620</u>	<u>\$ 107,294,086</u>
Primary government				
Net investment in capital assets	\$ 136,255,011	\$ 140,008,895	\$ 144,293,863	\$ 145,335,231
Restricted	41,700,543	40,997,421	37,691,515	37,316,319
Unrestricted	34,145,930	34,354,604	31,779,360	38,283,999
Total primary government net position	<u>\$ 212,101,484</u>	<u>\$ 215,360,920</u>	<u>\$ 213,764,738</u>	<u>\$ 220,935,549</u>

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

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

2019 restated due to the golf courses being reclassified from an Enterprise fund into the General Fund.

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

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 82,067,802	\$ 82,079,774	\$ 81,588,488	\$ 89,050,264	\$ 95,990,767	\$ 96,584,680
22,960,162	24,564,405	27,329,441	30,148,113	33,548,509	38,106,525
<u>(34,403,547)</u>	<u>(32,099,072)</u>	<u>(28,259,345)</u>	<u>(14,157,843)</u>	<u>(6,206,001)</u>	<u>(5,050,527)</u>
<u>\$ 70,624,417</u>	<u>\$ 74,545,107</u>	<u>\$ 80,658,584</u>	<u>\$ 105,040,534</u>	<u>\$ 123,333,275</u>	<u>\$ 129,640,678</u>
\$ 64,009,483	\$ 69,542,203	\$ 73,725,381	\$ 76,184,071	\$ 82,061,735	\$ 89,585,114
12,253,588	10,677,396	10,454,252	11,211,084	11,105,262	11,135,165
<u>35,818,205</u>	<u>41,553,220</u>	<u>46,365,888</u>	<u>56,098,459</u>	<u>65,005,185</u>	<u>68,430,929</u>
<u>\$ 112,081,276</u>	<u>\$ 121,772,819</u>	<u>\$ 130,545,521</u>	<u>\$ 143,493,614</u>	<u>\$ 158,172,182</u>	<u>\$ 169,151,208</u>
\$ 146,077,285	\$ 151,621,977	\$ 155,313,869	\$ 165,234,335	\$ 178,052,502	\$ 186,169,794
35,213,750	35,241,801	37,783,693	41,359,197	44,653,771	49,241,690
<u>1,414,658</u>	<u>9,454,148</u>	<u>18,106,543</u>	<u>41,940,616</u>	<u>58,799,184</u>	<u>63,380,402</u>
<u>\$ 182,705,693</u>	<u>\$ 196,317,926</u>	<u>\$ 211,204,105</u>	<u>\$ 248,534,148</u>	<u>\$ 281,505,457</u>	<u>\$ 298,791,886</u>

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Expenses</b>				
Governmental activities:				
General government	\$ 13,366,909	\$ 13,764,828	\$ 15,561,604 <sup>(2)</sup>	\$ 13,835,021
Public safety - fire and police	39,717,295	41,815,591 <sup>(1)</sup>	40,168,100	41,353,221
Public works	8,720,053	6,049,564	8,316,795 <sup>(3)</sup>	8,116,255
Parks and recreation	6,036,530	6,136,168	6,254,656	6,711,448
Housing and urban improvement	2,399,107	1,592,095	2,574,619	1,883,401
Interest on long-term debt	569,317	537,544	497,222	467,651
Unallocated depreciation	2,567,216	2,794,502	2,868,115	2,997,742
Total governmental activities expenses	<u>73,376,427</u>	<u>72,690,292</u>	<u>76,241,111</u>	<u>75,364,739</u>
Business-type activities:				
Water and sewer	43,688,265	43,494,835	45,289,816 <sup>(4)</sup>	42,643,322
Golf courses	2,510,247	2,535,298	2,507,241	2,565,545
Stormwater utility	808,587	1,007,033	1,099,665	1,174,732
Total business-type activities expenses	<u>47,007,099</u>	<u>47,037,166</u>	<u>48,896,722</u>	<u>46,383,599</u>
Total primary government expenses	<u>\$ 120,383,526</u>	<u>\$ 119,727,458</u>	<u>\$ 125,137,833</u>	<u>\$ 121,748,338</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 10,220,895	\$ 9,918,937	\$ 10,456,884	\$ 9,523,800
Public safety - fire and police	1,483,927	1,566,866	1,776,557	1,873,093
Public works	1,075,153	1,015,248	976,080	1,091,551
Parks & recreation	806,870	838,908	815,759	834,368
Housing and urban development	16,300	13,100	13,500	19,685
Operating grants and contributions	6,948,506	6,660,356	7,084,093	6,133,822
Capital grants and contributions	6,795,571	3,273,290	1,418,806	2,553,954
Total governmental activities program revenues	<u>27,347,222</u>	<u>23,286,705</u>	<u>22,541,679</u>	<u>22,030,273</u>
Business-type activities:				
Charges for services:				
Water and sewer	45,853,683	47,245,389	47,370,637	50,164,115
Golf courses	2,455,332	2,413,445	2,286,132	2,078,840
Stormwater utility	1,775,997	2,218,083	2,290,742	2,275,789
Operating grants and contributions	(24,972)	110,477	-	-
Capital grants and contributions	1,359,095	736,596	2,244,507	1,241,348
Total business-type activities program revenues	<u>51,419,135</u>	<u>52,723,990</u>	<u>54,192,018</u>	<u>55,760,092</u>
Total primary government program revenues	<u>\$ 78,766,357</u>	<u>\$ 76,010,695</u>	<u>\$ 76,733,697</u>	<u>\$ 77,790,365</u>

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 14,194,930 <sup>(7)</sup>	\$ 16,928,412	\$ 17,484,202	\$ 17,801,811	\$ 18,165,483	\$ 20,653,067
33,441,611 <sup>(7)</sup>	40,329,521	42,771,938	38,947,712	41,630,408	43,655,115
7,108,185	8,145,791 <sup>(8)</sup>	9,049,033 <sup>(3)</sup>	9,126,029	10,252,960 <sup>(3)</sup>	10,976,764
6,437,870	6,927,039	6,986,112	7,060,525	7,393,800	9,426,419 <sup>(13)</sup>
1,289,586	1,298,756	1,252,620	1,710,006	1,816,562	1,565,892
445,221	394,519	342,693	306,969	173,634	158,904
3,191,952	3,322,705	3,364,937	3,335,756	3,512,757	4,039,235
<u>66,109,355</u>	<u>77,346,743</u>	<u>81,251,535</u>	<u>78,288,808</u>	<u>82,945,604</u>	<u>90,475,396</u>
43,578,657 <sup>(7)</sup>	45,201,038	45,050,186	45,143,068	44,790,690	49,279,481 <sup>(14)</sup>
2,292,530	2,642,683	2,404,043	2,387,867	2,100,973	- <sup>(13)</sup>
1,180,219	1,323,778	2,023,246	2,165,265	1,920,703	1,800,298
<u>47,051,406</u>	<u>49,167,499</u>	<u>49,477,475</u>	<u>49,696,200</u>	<u>48,812,366</u>	<u>51,079,779</u>
<u>\$ 113,160,761</u>	<u>\$ 126,514,242</u>	<u>\$ 130,729,010</u>	<u>\$ 127,985,008</u>	<u>\$ 131,757,970</u>	<u>\$ 141,555,175</u>
\$ 10,072,902	\$ 10,784,839	\$ 11,432,709	\$ 10,838,171	\$ 9,585,217	\$ 10,318,084
1,810,164	1,836,711	1,715,871	1,818,858	2,037,871	1,607,878
1,157,906	1,188,363	1,161,085	1,161,313	1,180,060	1,108,541
898,132	1,114,217	1,128,470	1,145,208	1,236,613	2,696,898 <sup>(13)</sup>
1,250	-	-	36,404	63,199	64,925
6,999,122	7,117,618	6,564,181	8,052,739	10,069,629 <sup>(10)</sup>	7,213,124
628,876	903,067	997,676	12,056,046 <sup>(9)</sup>	5,696,923	2,974,140
<u>21,568,352</u>	<u>22,944,815</u>	<u>22,999,992</u>	<u>35,108,739</u>	<u>29,869,512</u>	<u>25,983,590</u>
53,391,431	54,089,987	54,143,079	54,187,355	53,600,696	54,039,603
2,029,093	2,019,697	2,133,504	2,187,353	2,182,917	- <sup>(13)</sup>
2,720,436	2,773,816	2,786,848	2,808,866	2,811,328	2,829,668
-	-	-	56,673	504,861	384,137
2,174,091	1,884,001	3,687,662	5,049,854	4,607,559	3,059,721
<u>60,315,051</u>	<u>60,767,501</u>	<u>62,751,093</u>	<u>64,290,101</u>	<u>63,707,361</u>	<u>60,313,129</u>
<u>\$ 81,883,403</u>	<u>\$ 83,712,316</u>	<u>\$ 85,751,085</u>	<u>\$ 99,398,840</u>	<u>\$ 93,576,873</u>	<u>\$ 86,296,719</u>

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Net (Expense)/Revenue				
Governmental activities	\$ (46,029,205)	\$ (49,403,587)	\$ (53,699,432)	\$ (53,334,466)
Business-type activities	4,412,036	5,686,824	5,295,296	9,376,493 <sup>(5)</sup>
Total primary government net expense	<u>\$ (41,617,169)</u>	<u>\$ (43,716,763)</u>	<u>\$ (48,404,136)</u>	<u>\$ (43,957,973)</u>
 <b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Property	\$ 22,137,715	\$ 21,813,062	\$ 21,896,644	\$ 24,328,815 <sup>(6)</sup>
Utility and telecommunication	11,104,099	10,922,977	11,234,486	11,360,611
Franchise fees	6,587,477	6,280,299	6,246,963	6,614,483
Unrestricted grants and contributions	6,441,922	6,804,372	7,092,078	8,487,828
Investment earnings	492,069	484,969	149,243	125,364
Miscellaneous	-	-	-	-
Gain on sale of capital assets	-	3,250	3,500	1,600
Contributions to permanent funds	-	-	-	-
Extraordinary item	-	197,508	-	-
Transfers	1,835,169	2,462,075	2,139,845	2,579,110
Total governmental activities	<u>48,598,451</u>	<u>48,968,512</u>	<u>48,762,759</u>	<u>53,497,811</u>
Business-type activities:				
Unrestricted grants and contributions	301	-	-	-
Investment earnings	354,268	379,256	177,220	210,083
Gain on sale of capital assets	-	90,506	7,820	-
Transfers	(1,835,169)	(2,462,075)	(2,139,845)	(2,579,110)
Total business-type activities	<u>(1,480,600)</u>	<u>(1,992,313)</u>	<u>(1,954,805)</u>	<u>(2,369,027)</u>
Total primary government	<u>\$ 47,117,851</u>	<u>\$ 46,976,199</u>	<u>\$ 46,807,954</u>	<u>\$ 51,128,784</u>
 <b>Change in Net Position</b>				
Governmental activities	\$ 2,569,246	\$ (435,075)	\$ (4,936,673)	\$ 163,345
Business-type activities	2,931,436	3,694,511	3,340,491	7,007,466
Total primary government	<u>\$ 5,500,682</u>	<u>\$ 3,259,436</u>	<u>\$ (1,596,182)</u>	<u>\$ 7,170,811</u>

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



<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ (44,541,003)	\$ (54,401,928)	\$ (58,251,543)	\$ (43,180,069)	\$ (53,076,092)	\$ (64,491,806)
13,263,645	11,600,002	13,273,618	14,593,901	14,894,995	9,233,350
<u>\$ (31,277,358)</u>	<u>\$ (42,801,926)</u>	<u>\$ (44,977,925)</u>	<u>\$ (28,586,168)</u>	<u>\$ (38,181,097)</u>	<u>\$ (55,258,456)</u>
\$ 25,652,370	\$ 28,762,101	\$ 30,875,437	\$ 31,455,964	\$ 34,573,821 <sup>(11)</sup>	\$ 37,584,468
11,394,026	11,473,828	11,523,700	11,992,531	11,966,296	11,990,191
6,785,031	6,668,887	6,873,844	7,035,821	7,154,634	6,855,830
7,678,420	8,117,198	9,512,376	10,453,445	10,340,833	9,552,382
384,988	657,927	506,200	539,344	3,401,963 <sup>(12)</sup>	3,330,445
-	-	-	-	-	-
41,013	-	-	-	119,235	118,208
3,150	2,500	2,100	12,350	4,050	1,500
-	-	-	-	-	-
2,671,942	2,640,177	5,071,363	3,046,607	3,815,993	1,366,185
<u>54,610,940</u>	<u>58,322,618</u>	<u>64,365,020</u>	<u>64,536,062</u>	<u>71,376,825</u>	<u>70,799,209</u>
-	-	-	-	-	-
508,043	695,166	563,796	676,055	3,590,799 <sup>(12)</sup>	3,068,008
-	36,552	6,651	69,947	35,164	43,853
(2,671,942)	(2,640,177)	(5,071,363)	(3,046,607)	(3,815,993)	(1,366,185)
<u>(2,163,899)</u>	<u>(1,908,459)</u>	<u>(4,500,916)</u>	<u>(2,300,605)</u>	<u>(190,030)</u>	<u>1,745,676</u>
<u>\$ 52,447,041</u>	<u>\$ 56,414,159</u>	<u>\$ 59,864,104</u>	<u>\$ 62,235,457</u>	<u>\$ 71,186,795</u>	<u>\$ 72,544,885</u>
\$ 10,069,937	\$ 3,920,690	\$ 6,113,477	\$ 21,355,993	\$ 18,300,733	\$ 6,307,403
11,099,746	9,691,543	8,772,702	12,293,296	14,704,965	10,979,026
<u>\$ 21,169,683</u>	<u>\$ 13,612,233</u>	<u>\$ 14,886,179</u>	<u>\$ 33,649,289</u>	<u>\$ 33,005,698</u>	<u>\$ 17,286,429</u>

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General fund				
Non-spendable	\$ 1,813,302	\$ 1,622,852	\$ 1,316,565	\$ 1,472,121
Restricted	172,649	174,979	297,940	183,165
Committed <sup>(1)</sup>	-	-	-	1,000,000
Assigned	2,756,749	4,132,491	5,189,667	5,119,574
Unassigned	<u>16,619,290</u>	<u>15,084,688</u>	<u>14,400,945</u>	<u>11,694,539</u>
Total general fund	<u>\$ 21,361,990</u>	<u>\$ 21,015,010</u>	<u>\$ 21,205,117</u>	<u>\$ 19,469,399</u>
All Other Governmental funds				
Non-spendable	\$ 158,864	\$ 162,114	\$ 165,614	\$ 167,214
Restricted	22,430,641	22,494,871	22,411,090	22,495,728
Assigned	2,379,452	2,570,803	2,027,216	2,257,553
Unassigned	<u>(118,174)</u>	<u>(86,772)</u>	<u>(46,257)</u>	<u>-</u>
Total all other governmental funds	<u>\$ 24,850,783</u>	<u>\$ 25,141,016</u>	<u>\$ 24,557,663</u>	<u>\$ 24,920,495</u>

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

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

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 1,186,384	\$ 831,098	\$ 730,784	\$ 2,148,039	\$ 1,799,305	\$ 1,401,141
186,720	200,708	207,113	1,116,417	2,229,066	991,527
1,000,000	666,667	333,334	-	-	-
3,194,815 <sup>(2)</sup>	3,186,632	4,963,231	3,979,201	6,980,155	3,127,510
<u>14,061,310</u>	<u>16,987,905</u>	<u>18,169,931</u>	<u>25,000,485</u>	<u>29,353,925</u>	<u>35,046,863</u>
<u>\$ 19,629,229</u>	<u>\$ 21,873,010</u>	<u>\$ 24,404,393</u>	<u>\$ 32,244,142</u>	<u>\$ 40,362,451</u>	<u>\$ 40,567,041</u>
\$ 170,364	\$ 172,864	\$ 174,964	\$ 187,314	\$ 191,364	\$ 192,864
22,620,233	24,203,945	26,956,273	30,276,780	31,128,079	36,922,134
4,589,785	5,113,249	7,377,387	8,447,113	9,302,209	11,417,048
-	-	-	(1,427,857)	(1,110,505)	(794,399)
<u>\$ 27,380,382</u>	<u>\$ 29,490,058</u>	<u>\$ 34,508,624</u>	<u>\$ 37,483,350</u>	<u>\$ 39,511,147</u>	<u>\$ 47,737,647</u>

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

<b>Revenues</b>	<u><b>2011</b></u>	<u><b>2012</b></u>	<u><b>2013</b></u>	<u><b>2014</b></u>
Taxes				
Property	\$ 22,137,715	\$ 21,813,062	\$ 21,896,644	\$ 24,328,815
Utility and telecommunications	11,201,693	10,947,375	11,234,486	11,360,611
Franchise fees	6,587,477	6,280,299	6,246,963	6,614,483
Intergovernmental	15,683,713	14,149,766	15,098,505	14,472,033
Charges for services	9,700,060	9,785,168	9,840,594	8,575,679
Impact fees	438,748	637,910	856,742	1,867,890
Licenses and permits	1,987,969	2,046,163	2,394,206	2,635,612
Confiscated property	56,864	30,352	79,342	144,431
Fines, forfeitures, penalties and fees	323,931	294,776	306,942	318,348
Investment earnings	454,240	450,086	142,459	115,967
Perpetual care endowment additions	-	3,250	3,500	1,600
Other revenues	1,280,613	871,611	1,171,801	1,064,968
<b>Total revenues</b>	<u>69,853,023</u>	<u>67,309,818</u>	<u>69,272,184</u>	<u>71,500,437</u>
<b>Expenditures</b>				
General government	12,655,808	12,975,285	13,251,414	14,736,194
Public safety	37,296,823	38,729,328	37,806,771	41,033,892 <sup>(4)</sup>
Public works	8,739,063	6,223,871 <sup>(1)</sup>	8,376,512	8,261,768
Parks and recreation	5,384,549	5,542,863	5,606,919	5,995,492
Housing and urban improvement	2,351,014	1,529,290	2,525,881 <sup>(3)</sup>	1,799,654
Capital outlay	5,905,671	3,863,206	3,155,525	3,422,444
Debt service				
Principal	872,299	907,542	941,189	983,256
Interest	570,230	532,575	493,529	453,032
<b>Total expenditures</b>	<u>73,775,457</u>	<u>70,303,960</u>	<u>72,157,740</u>	<u>76,685,732</u>
Excess of revenues over (under) expenditures	<u>(3,922,434)</u>	<u>(2,994,142)</u>	<u>(2,885,556)</u>	<u>(5,185,295)</u>
<b>Other financing sources (uses)</b>				
Revenue bonds issued	-	-	-	-
Debt issue expense	-	-	-	-
Capital leases	604,160	142,546 <sup>(2)</sup>	284,934 <sup>(2)</sup>	1,194,795 <sup>(5)</sup>
Payment to refunding bond escrow agent	-	-	-	-
Sale of capital assets	103,300	43,945	67,531	38,504
Insurance recoveries	-	282,122	-	-
Transfers in	5,881,667	6,262,963	6,863,500	7,748,928
Transfers out	(4,048,333)	(3,794,181)	(4,723,655)	(5,169,818)
<b>Total other financing sources (uses)</b>	<u>2,540,794</u>	<u>2,937,395</u>	<u>2,492,310</u>	<u>3,812,409</u>
<b>Net change in fund balances</b>	<u>\$ (1,381,640)</u>	<u>\$ (56,747)</u>	<u>\$ (393,246)</u>	<u>\$ (1,372,886)</u>
Debt service as a percentage of noncapital expenditures	2.1%	2.2%	2.1%	2.0%

(1) No road resurfacing in 2012.

(2) Purchase of police vehicles and radios.

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

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

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

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

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

(8) Downtown CRA Revenue Note, Series 2020, issued to finance loan for the redevelopment incentive to Highline Apartments.

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 25,652,370	\$ 28,762,101	\$ 30,875,437	\$ 31,455,964	\$ 34,573,821	\$ 37,584,468
11,394,026	11,473,828	11,523,700	11,992,531	11,966,296	11,990,191
6,785,031	6,668,887	6,873,844	7,035,821	7,154,634	6,855,830
15,963,669	16,891,197	16,647,167	20,684,026	26,401,911	20,332,261
9,255,551	9,566,648	9,323,674	9,177,758	8,508,486	9,787,764
659,517	763,169	1,640,134	2,045,713	1,870,525	1,277,900
2,562,653	3,401,098	3,993,327	3,411,519	3,381,036	3,995,498
15,436	12,290	7,242	96,329	317,554	16,129
276,967	259,230	241,941	248,616	230,963	223,649
358,728	635,748	489,895	521,092	3,272,783 <sup>(7)</sup>	3,219,672
3,150	2,500	2,100	12,350	4,050	1,500
1,170,249	900,680	1,015,978	1,021,276	1,158,861	1,171,586
<u>74,097,347</u>	<u>79,337,376</u>	<u>82,634,439</u>	<u>87,702,995</u>	<u>98,840,920</u>	<u>96,456,448</u>
14,868,874	15,817,777	16,318,633	16,442,112	17,197,290	18,733,347
41,143,272	42,479,210	43,548,485	40,941,520	43,548,638	44,685,896
7,148,771	8,247,008	9,381,894	9,259,707	10,605,320	11,215,669
5,810,118	6,322,634	6,314,782	6,294,569	6,733,844	8,366,146
1,218,370	1,201,873	1,173,495	1,644,592	1,778,928	1,508,004
2,916,863	2,349,466	2,297,239	6,338,533	11,623,518	7,970,180
1,026,761	890,721	926,151	963,078	1,019,493	725,000
409,983	370,865	334,598	336,450	239,286	193,741
<u>74,543,012</u>	<u>77,679,554</u>	<u>80,295,277</u>	<u>82,220,561</u>	<u>92,746,317</u>	<u>93,397,983</u>
<u>(445,665)</u>	<u>1,657,822</u>	<u>2,339,162</u>	<u>5,482,434</u>	<u>6,094,603</u>	<u>3,058,465</u>
-	-	-	6,490,000 <sup>(6)</sup>	-	2,400,000 <sup>(8)</sup>
-	-	-	-	-	(35,000)
-	-	-	-	-	-
-	-	-	(6,444,782) <sup>(6)</sup>	-	-
102,170	45,208	139,018	1,788,439	235,510	150,923
291,195	-	-	-	-	-
7,871,803	6,194,572	10,283,963	12,436,680	12,891,334	20,145,676
(5,199,786)	(3,544,145)	(5,212,194)	(8,938,296)	(9,075,341)	(17,073,953)
<u>3,065,382</u>	<u>2,695,635</u>	<u>5,210,787</u>	<u>5,332,041</u>	<u>4,051,503</u>	<u>5,587,646</u>
<u>\$ 2,619,717</u>	<u>\$ 4,353,457</u>	<u>\$ 7,549,949</u>	<u>\$ 10,814,475</u>	<u>\$ 10,146,106</u>	<u>\$ 8,646,111</u>
2.1%	1.7%	1.7%	1.7%	1.6%	1.1%

SCHEDULE 5

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

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property <sup>(1)</sup></u>	<u>Less: Tax Exempt Property <sup>(2)</sup></u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
2011	\$ 2,571,020,800	\$ 3,382,339,518	\$ 2,083,735,043	\$ 3,869,625,275	5.9223	\$ 4,299,583,639	90%
2012	2,570,972,360	2,479,804,026	1,788,286,688	3,262,489,698	6.9200	3,624,988,553	90
2013	2,504,916,790	2,511,387,105	1,733,928,941	3,282,374,954	6.9000	3,647,083,282	90
2014	2,705,952,860	2,603,573,641	1,864,230,555	3,445,295,946	7.3126	3,828,106,607	90
2015	3,022,128,940	2,653,608,626	2,059,322,942	3,616,414,624	7.3125	4,018,238,471	90
2016	3,367,691,320 <sup>(3)</sup>	2,745,036,807 <sup>(3)</sup>	2,247,871,092	3,864,857,035	7.6886	4,294,285,594	90
2017	3,714,336,280	3,025,602,111	2,570,334,211	4,169,604,180	7.6886	4,632,893,533	90
2018	4,278,357,730	3,408,427,908	3,128,614,611	4,558,171,027	7.1878	5,064,634,474	90
2019	4,898,171,590	3,619,074,907	3,543,891,991	4,973,354,506	7.1878	5,525,949,451	90
2020	5,271,224,050	3,864,818,169	3,719,476,252	5,416,565,967	7.1878	6,018,406,630	90

Source: Brevard County Property Appraiser

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

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

Fiscal Year	City of Melbourne	Overlapping Rates			Total Direct & Overlapping Rates
	Single Direct <sup>(1)</sup> Rate	School Rate	County Rate	Multi-County <sup>(2)</sup> Rate	
2011	5.9223	7.6530	5.8249	0.5627	19.9629
2012	6.9200	8.1120	6.5199	0.4782	22.0301
2013	6.9000	8.0960	6.5199	0.4782	21.9941
2014	7.3126	7.6060	6.3979	0.4752	21.7917
2015	7.3125	7.3390	6.2310	0.4633	21.3458
2016	7.6886	7.2750	6.0692	0.4412	21.4740
2017	7.6886	6.9160	5.8548	0.4212	20.8806
2018	7.1878	6.5680	5.6025	0.3981	19.7564
2019	7.1878	6.2990	5.3540	0.3759	19.2167
2020	7.1878	6.0860	5.1891	0.3565	18.8194

Source: Brevard County Tax Collector

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

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

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

SCHEDULE 7

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

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Melbourne Airport Authority	\$ 143,139,850	1	2.64%	\$ 109,671,770	1	3.16%
Health First Physicians Real Estate	38,688,600	2	0.71			
Melbourne Square, LLC <sup>(1)</sup>	37,474,160	3	0.69	33,000,000	2	0.95
MPT of Melbourne-Steward, LLC	35,881,170	4	0.66			
L3Harris <sup>(2)</sup>	35,033,320	5	0.65	31,450,000	3	0.91
DAD 2605 N Highway A1A Melbourne Owner, LLC	28,379,140	6	0.52			
Northland Caribbean Isle, LLC <sup>(3)</sup>	25,168,000	7	0.46	13,300,000	9	0.38
Melbourne Hotel XL Owner, LLC	24,000,190	8	0.44			
Preserve at Longleaf Partners, LLC	23,799,000	9	0.44	15,000,000	7	0.43
Wal-Mart Stores	23,181,020	10	0.43	20,117,050	4	0.58
MIMA Real Estate, LLC				19,534,890	5	0.56
KRC Melbourne, LTD				16,413,380	6	0.47
Gray Property 4104 LLC				14,000,000	8	0.40
Rialto, LTD				12,610,950	10	0.36
	<u>\$ 414,744,450</u>		<u>7.64%</u>	<u>\$ 285,098,040</u>		<u>8.20%</u>

(1) Formerly reported as Melbourne- JCP Assoc., LTD

(2) Harris Corporation and L3 merged as of 6/29/2019

(3) Formerly reported as SIMA/Caribbean Isle LLC

Source: Brevard County Property Appraiser



**CITY OF MELBOURNE, FLORIDA  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended September 30</b>	<b>Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2011	\$ 23,001,409	\$ 21,136,767	92%	\$ 1,000,948	\$ 22,137,715	96%
2012	22,576,429	21,175,428	94	637,634	21,813,062	97
2013	22,648,387	21,091,561	93	805,083	21,896,644	97
2014	25,194,071	23,667,815	94	661,000	24,328,815	97
2015	26,549,365	24,922,260	94	730,110	25,652,370	97
2016	29,775,050	28,092,686	94	669,415	28,762,101	97
2017	31,786,412	30,240,898	95	634,539	30,875,437	97
2018	32,547,388	30,775,432	95	680,532	31,455,964	97
2019	35,670,107	33,673,226	94	900,595	34,573,821	97
2020	38,791,893	36,657,296	95	927,172	37,584,468	97

Sources: Brevard County Property Appraiser and City of Melbourne Financial Services.

SCHEDULE 9

**CITY OF MELBOURNE, FLORIDA  
WATER AND SEWER CONSUMPTION, RATES AND REVENUE  
LAST TEN FISCAL YEARS**

Fiscal Year	Gallons of Water Consumed <sup>(1)</sup>	Water Revenue <sup>(4)</sup>	Total Direct Rate		Gallons of Sewer Treated <sup>(1)</sup>	Sewer Revenue <sup>(4)</sup>	Total Direct Rate	
			Water Base Rate <sup>(2)</sup>	Water Usage Rate <sup>(3)</sup>			Sewer Base Rate <sup>(2)</sup>	Sewer Usage Rate <sup>(3)</sup>
2011	4,783,236	\$ 26,334,505	\$ 6.56	\$ 4.04	2,179,757	\$ 17,543,002	\$ 8.59	\$ 6.22
2012	4,687,615	27,195,156	6.89	4.24	2,143,691	18,100,459	9.02	6.53
2013	4,645,065	27,275,917	6.89	4.24	2,129,172	18,083,757	9.02	6.53
2014	4,672,892	28,638,534	7.58	4.33	2,127,061	19,292,642	11.21	6.49
2015	4,643,892	30,412,363	8.00	4.57	2,136,767	20,527,181	11.83	6.85
2016	4,768,201	30,984,020	8.00	4.57	2,214,882	20,817,696	11.83	6.85
2017	4,878,231	31,527,010	8.00	4.57	2,235,262	20,838,145	11.83	6.85
2018	4,768,179	31,246,858	8.00	4.57	2,208,216	21,000,231	11.83	6.85
2019	4,598,198	30,416,642	8.00	4.57	2,210,571	20,942,547	11.83	6.85
2020	4,784,495	31,268,642	8.00	4.57	2,178,786	20,945,200	11.83	6.85

Source: City Water and Sewer Department

- (1) Gallons are presented in thousands.
- (2) Rates are based on one equivalent residential connection (ERC) at the inside City rate.
- (3) Per 1,000 gallons of metered water at the inside City rate.
- (4) Revenues are not adjusted for bad debt.

**CITY OF MELBOURNE, FLORIDA**  
**PRINCIPAL WATER AND SEWER CUSTOMERS**  
**CURRENT YEAR AND NINE YEARS AGO**

<u>Water Customer</u>	2020			2011		
	<u>Water Revenue</u>	<u>Rank</u>	<u>Percentage of Total Water Revenue</u>	<u>Water Revenue</u>	<u>Rank</u>	<u>Percentage of Total Water Revenue</u>
City of West Melbourne	\$ 3,333,340	1	10.66 %	\$ 2,549,293	1	9.68 %
Holmes Regional Medical Center	381,477	2	1.22	360,478	2	1.37
Florida Institute of Technology	268,658	3	0.86	258,645	3	0.98
School Board of Brevard County	207,314	4	0.66	198,481	4	0.75
Northrop Grumman Systems Corp	131,115	5	0.42			
We Harbours, LLC	97,645	6	0.31			
HP Communities, LLC	96,460	7	0.31			
The Meadows	88,890	8	0.28			
Collins Aerospace <sup>(2)</sup>	83,484	9	0.27			
Northland Caribbean Isle, LLC	83,130	10	0.27			
Patrick AFB				175,681	5	0.67
L3Harris <sup>(1)</sup>				90,761	6	0.34
Lake in the Woods				77,032	7	0.29
Princeton Florida Associates				71,097	8	0.27
Brevard Community College				63,408	9	0.24
Manufactured Home Communities, Inc.				61,806	10	0.23
<b>Total</b>	<b>\$ 4,771,513</b>		<b>15.26 %</b>	<b>\$ 3,906,682</b>		<b>14.82 %</b>

<u>Sewer Customer</u>	2020			2011		
	<u>Sewer Revenue</u>	<u>Rank</u>	<u>Percentage of Total Sewer Revenue</u>	<u>Sewer Revenue</u>	<u>Rank</u>	<u>Percentage of Total Sewer Revenue</u>
Holmes Regional Medical Center	\$ 570,163	1	2.72 %	\$ 541,188	1	3.08 %
Florida Institute of Technology	399,931	2	1.91	389,796	2	2.22
Northrop Grumman Systems Corp	196,022	3	0.94			
School Board of Brevard County	186,833	4	0.89	160,948	3	0.92
We Harbours, LLC	145,973	5	0.70			
The Meadows	132,861	6	0.63			
Collins Aerospace <sup>(2)</sup>	124,782	7	0.60			
Northland Caribbean Isle, LLC	124,407	8	0.59	87,775	10	0.50
Steward Melbourne Hospital	115,912	9	0.55			
Manufactured Home Communities	115,079	10	0.55	93,058	8	0.53
L3Harris <sup>(1)</sup>				135,931	4	0.77
Lake in the Woods				115,519	5	0.66
Princeton Florida Associates				106,997	6	0.61
Brevard Community College				95,975	7	0.55
Melbourne Hampton Greens				90,878	9	0.52
<b>Total</b>	<b>\$ 2,111,963</b>		<b>10.08 %</b>	<b>\$ 1,818,065</b>		<b>10.36 %</b>

Source: City Water and Sewer Department

(1) Harris Corporation and L3 merged as of 6/29/2019.

(2) Rockwell Collins was bought by UTC on November 27, 2018 and the name changed to Collins Aerospace.

**CITY OF MELBOURNE, FLORIDA  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities					
	1994 Sales Tax Bonds	2003 Utility Tax Bonds	2003 Gax Tax Bonds	2005 & 2006 Electric Utility Tax Note	Redevelopment Bonds	2018 Non-Ad Valorem Note
2011	\$ 625,000	\$ 461,555	\$ 967,494	\$ 10,286,000	\$ 1,027,961	\$ -
2012	480,000	408,961	862,307	9,793,000	916,200	-
2013	330,000	354,290	752,965	9,282,000	800,024	-
2014	170,000	297,460	639,304	8,750,000	679,259	-
2015	-	238,385	521,153	8,196,000	553,724	-
2016	-	176,976	398,335	7,620,000	423,230	-
2017	-	113,142	270,666	7,021,000	287,582	-
2018	-	-	137,954	-	146,576	6,490,000
2019	-	-	-	-	-	5,755,000
2020	-	-	-	-	-	5,030,000

Fiscal Year	Total Primary Government	Percentage of Personal Income <sup>(1)</sup>	Per Capita <sup>(1)</sup>
2011	\$ 131,497,203	6.71%	\$ 1,722
2012	131,614,270	7.71	1,707
2013	131,229,204	7.36	1,697
2014	129,544,759	6.64	1,659
2015	124,670,414	6.67	1,566
2016	123,457,255	6.01	1,535
2017	117,250,352	5.59	1,448
2018	111,694,632	4.97	1,361
2019	104,972,726	4.43	1,259
2020	100,808,418	4.78	1,194

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Population and personal income data can be found in Schedule 16.

<b>Governmental Activities</b>		<b>Business-type Activities</b>			
<b>2020 Redevelopment Note</b>	<b>Capital Leases</b>	<b>Water and Sewer Bonds</b>	<b>Golf Course Bonds</b>	<b>Capital Leases</b>	<b>State Revolving Fund Loans</b>
\$ -	\$ 744,413	\$ 117,047,777	\$ 90,449	\$ -	\$ 246,554
-	588,383	113,600,088	46,174	-	4,919,157
-	684,624	112,749,277	-	467,732	5,808,292
-	1,492,237	111,594,173	-	329,148	5,593,178
-	1,138,327	107,951,135	-	188,385	5,883,305
-	782,969	102,850,644	-	551,064	10,654,037
-	568,841	98,004,834	-	392,944	10,591,343
-	364,859	93,880,767	-	258,769	10,415,707
-	301,080	88,913,402	-	121,010	9,882,234
2,400,000	235,725	83,807,285	-	-	9,335,408

SCHEDULE 12

**CITY OF MELBOURNE, FLORIDA  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

The City of Melbourne has no general bonded debt.

SCHEDULE 13

**CITY OF MELBOURNE, FLORIDA  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

The City of Melbourne has no general bonded debt.

**CITY OF MELBOURNE, FLORIDA  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF SEPTEMBER 30, 2020**

<u>Governmental Unit</u>	<u>Debt Outstanding</u> <sup>(1)</sup>	<u>Estimated Percentage Applicable</u> <sup>(*)</sup>	<u>City's Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Brevard County General Obligation Debt	\$ 11,015,000	13.28% <sup>(2)</sup>	\$ 1,462,792
South Brevard Recreation Special District	22,475,000	22.84 <sup>(2)</sup>	5,133,290
<b>Other debt</b>			
Brevard County Sales Tax Bonds	10,340,000	9.92 <sup>(3)</sup>	<u>1,025,728</u>
Subtotal, overlapping debt			<u>7,621,810</u>
<b>City of Melbourne direct debt</b>			
Capital Leases			235,725
Public Improvement Bonds and Notes			<u>7,430,000</u>
Subtotal, direct debt			<u>7,665,725</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 15,287,535</u></u>

Notes: Overlapping governments are local and county governments that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Melbourne. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

(\*) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's assessed value that is within the City's boundaries and dividing it by each unit's total assessed value. The percentage of fuel tax debt applicable to the City was estimated by dividing Melbourne's population by Brevard County's population. The applicable percentage of Brevard County Sales Tax Bonds based on the State of Florida sales tax percentage for the City of Melbourne.

Sources:

- (1) Brevard County Clerk of Court.
- (2) Assessed value data used to estimate applicable percentages is provided by the Brevard County Property Appraiser.
- (3) Florida Department of Revenue provided percentage of sales tax the City receives.

**CITY OF MELBOURNE, FLORIDA  
PLEGDED REVENUE COVERAGE  
LAST TEN FISCAL YEARS**

Fiscal Year	Pledged Revenues <sup>(1)</sup>	Less: Operating Expenses	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
<b>1994 Sales Tax Bonds</b>						
2011	\$ 3,467,138	\$ -	\$ 3,467,138	\$ 140,000	\$ 34,680	19.85
2012	3,533,182	-	3,533,182	145,000	27,625	20.47
2013	3,707,972	-	3,707,972	150,000	20,250	21.78
2014	3,896,683	-	3,896,683	160,000	12,500	22.59
2015	4,158,771	-	4,158,771	170,000	4,250	23.87

(1) Pledged revenues include local government 1/2 cent sales tax

**2003 Utility Tax Bonds**

2011	\$ 6,389,132	\$ -	\$ 6,389,132	\$ 50,595	\$ 20,230	90.21
2012	6,426,055	-	6,426,055	52,594	18,231	90.73
2013	6,901,061	-	6,901,061	54,671	16,154	97.44
2014	7,393,614	-	7,393,614	56,830	13,988	104.40
2015	7,543,411	-	7,543,411	59,075	11,725	106.55
2016	7,853,722	-	7,853,722	61,409	9,416	110.89
2017	8,076,949	-	8,076,949	63,834	6,990	114.04

(1) Pledged revenues include electric utility taxes and gas utility taxes

**2005 & 2006 Subordinate Electric Utility Tax Revenue Note**

2011	\$ 6,047,410	\$ -	\$ 6,047,410	\$ 473,000	\$ 419,753	6.77
2012	6,088,803	-	6,088,803	493,000	400,480	6.81
2013	6,553,097	-	6,553,097	511,000	380,420	7.35
2014	7,030,112	-	7,030,112	532,000	359,519	7.89
2015	7,172,554	-	7,172,554	554,000	337,972	8.04
2016	7,488,265	-	7,488,265	576,000	315,426	8.40
2017	7,701,350	-	7,701,350	599,000	291,983	8.64

(1) Pledged revenues include electric utility taxes

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.



Fiscal Year	Pledged Revenues <sup>(1)</sup>	Less: Operating Expenses	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
<b>2003 Gas Tax Bonds</b>						
2011	\$ 2,015,306	\$ -	\$ 2,015,306	\$ 101,190	\$ 42,213	14.05
2012	2,524,218	-	2,524,218	105,187	38,216	17.60
2013	2,436,072	-	2,436,072	109,342	34,061	16.99
2014	2,493,210	-	2,493,210	113,661	29,730	17.39
2015	2,643,746	-	2,643,746	118,151	25,202	18.44
2016	2,926,058	-	2,926,058	122,818	20,585	20.40
2017	3,229,498	-	3,229,498	127,669	15,734	22.52
2018	3,165,499	-	3,165,499	132,712	10,691	22.07
2019	3,424,299	-	3,424,299	137,945	5,521	23.87

<sup>(1)</sup> Pledged revenues include local option gas taxes

**2003 Downtown Community Redevelopment Agency Bonds**

2011	\$ 865,519	\$ -	\$ 865,519	\$ 107,514	\$ 44,851	5.68
2012	895,798	-	895,798	111,761	40,604	5.88
2013	863,941	-	863,941	116,176	36,189	5.67
2014	907,221	-	907,221	120,765	31,600	5.95
2015	958,164	-	958,164	125,535	26,816	6.29
2016	1,054,035	-	1,054,035	130,494	21,857	6.92
2017	1,119,598	-	1,119,598	135,648	16,716	7.35
2018	1,173,441	-	1,173,441	141,006	11,343	7.70
2019	1,477,226	-	1,477,226	146,548	5,773	9.70

<sup>(1)</sup> Pledged revenues include Downtown Community Redevelopment Agency revenues

**2018 Non-Ad Valorem Refunding Revenue Note**

		<sup>(2)</sup>				
2018	\$ 47,959,605	\$ 24,654,560	\$ 23,305,045	\$ -	\$ 30,242	770.62
2019	52,058,787	24,898,647	27,160,140	735,000	168,313	30.07
2020	50,261,696	24,591,774	25,669,922	725,000	148,072	29.40

<sup>(1)</sup> Pledged revenues include Non-Ad Valorem revenues

<sup>(2)</sup> Ad Valorem taxes less general government and public safety expenditures

**CITY OF MELBOURNE, FLORIDA  
PLEGGED REVENUE COVERAGE (Continued)  
LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
<b>Water and Sewer System Bonds</b>						
	(3)	(4)				(5)
2011	\$ 47,764,676	\$ 28,707,983	\$ 19,056,693	\$ 5,260,000	\$ 3,863,564	2.09
2012	48,657,854	28,119,487	20,538,367	5,465,000	3,651,526	2.25
2013	48,856,212	28,880,314	19,975,898	5,025,000	2,997,351	2.49
2014	51,620,232	27,386,863	24,233,369	5,245,000	3,154,311	2.89
2015	55,532,077	28,260,906	27,271,171	5,655,000	2,819,919	3.22
2016	56,501,605	30,210,477	26,291,128	5,680,000	2,775,716	3.11
2017	57,710,982	30,700,513	27,010,469	5,750,000	2,516,428	3.27
2018	60,696,591	30,327,884	30,368,707	5,695,000	2,449,248	3.73
2019	60,245,932	29,145,422	31,100,510	5,765,000	2,381,122	3.82
2020	60,697,233	34,276,474	26,420,759	5,835,000	2,302,300	3.25
<b>Golf Course Bonds</b>						
	(6)					(7)
2011	\$ 2,456,865	\$ -	\$ 2,456,865	\$ 91,884	\$ 6,344	25.01
2012	2,415,675	-	2,415,675	44,275	2,613	51.52
2013	2,293,952	-	2,293,952	46,174	648	48.99

- (3) Total gross operating revenues, grants, interest income (less construction interest income) and capital contributions up to pledged amount.
- (4) Total operating expenses, exclusive of depreciation and amortization, plus bad debt.
- (5) Required coverage is 1.15.
- (6) Total of operating and non-operating revenues.
- (7) Required coverage is 1.0 of gross revenues.

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

<b>Fiscal Year</b>	<b>Population <sup>(1)</sup></b>	<b>Personal Income (amounts expressed in thousands of dollars)</b>	<b>Per Capita Personal Income <sup>(2)</sup></b>	<b>Median Age <sup>(2)</sup></b>	<b>School Enrollment <sup>(3)</sup></b>	<b>Unemployment Rate <sup>(4)</sup></b>
2011	76,354	\$ 1,959,625	\$ 25,665	44.7	12,716	9.7
2012	77,101	1,706,554	22,134	44.9	12,694	8.6
2013	77,394	1,783,622	23,046	45.6	12,864	6.4
2014	78,088	1,952,044	24,998	44.9	12,965	6.3
2015	79,600	1,869,963	23,492	44.8	13,079	5.3
2016	80,419	2,054,866	25,552	45.1	12,993	5.1
2017	80,982	2,099,296	25,923	45.4	12,634	3.8
2018	82,040	2,248,060	27,402	45.7	12,380	3.0
2019	83,349	2,369,529	28,429	45.3	12,344	3.1
2020	84,402	2,109,881	24,998	44.9	11,589	5.5

## Sources:

- (1) Bureau of Economic and Business Research
- (2) Economic Development Commission of Florida's Space Coast
- (3) The School Board of Brevard County
- (4) Bureau of Labor Statistics

SCHEDULE 17

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

<u>Employer</u>	<u>2020</u>			<u>2011</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Northrop Grumman	4,832	1	12.64 %	1,340	5	3.80 %
Health First, Inc. <sup>(1)</sup>	3,974	2	10.39	3,286	1	9.32
L3Harris <sup>(2)</sup>	2,581	3	6.75	2,603	2	7.38
Florida Institute of Technology	2,018	4	5.28	912	7	2.59
Brevard County School Board	1,622	5	4.24	2,063	3	5.85
Collins Aerospace <sup>(3)</sup>	1,404	6	3.67	1,517	4	4.30
City of Melbourne	894	7	2.34	893	8	2.53
Percepta	882	8	2.31			
Walmart	852	9	2.23	933	6	2.65
Embraer	786	10	2.06			
DRS RSTA Florida				812	9	2.30
MIMA <sup>(1)</sup>				712	10	2.02
<b>Total</b>	<u>19,845</u>		<u>51.91 %</u>	<u>15,071</u>		<u>42.74 %</u>

(1) Health First and MIMA merged in 2013.

(2) Harris Corporation and L3 merged as of 6/29/2019.

(3) Rockwell Collins was bought by UTC on November 27, 2018 and the name changed to Collins Aerospace.

Source: The companies listed above.

**CITY OF MELBOURNE, FLORIDA**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS <sup>(1)</sup>**

<u>Function/program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General government	102	102	103	103	103	104	106 <sup>(4)</sup>	106	108	109 <sup>(4)</sup>
Police	244	241	241	239	239	239	241	237	246 <sup>(6)</sup>	248 <sup>(7)</sup>
Fire	168	164	164	164	165	165	167	165	169	172 <sup>(7)</sup>
Public works	64	64	63 <sup>(2)</sup>	65	65	65	64	64	66	67 <sup>(7)</sup>
Parks and recreation	84	84	82	84	87 <sup>(3)</sup>	88	87	86	89 <sup>(3)</sup>	95 <sup>(3)</sup>
Housing and urban improvement	7	7	7	6	6	6	6	7	7	7
Water and sewer system	175	175	175	178	179	183	186 <sup>(5)</sup>	185	188 <sup>(5)</sup>	189 <sup>(5)</sup>
Stormwater utility	1	1	4 <sup>(2)</sup>	4	4	4	4	4	5	5
Golf courses	31	31	23	23	22	21	19	18	12	0 <sup>(3)</sup>
<b>Total</b>	<b>876</b>	<b>869</b>	<b>862</b>	<b>866</b>	<b>870</b>	<b>875</b>	<b>880</b>	<b>872</b>	<b>890</b>	<b>892</b>
<b>Component unit - Airport</b>	<b>52</b>	<b>51</b>	<b>52</b>	<b>49</b>	<b>52</b>	<b>55</b>	<b>60</b>	<b>61</b>	<b>62</b>	<b>63</b>

Source: City of Melbourne Budget Department

- (1) Full-time equivalent employees per the adopted budget.
- (2) The Stormwater Utility added one new position and reclassified two positions from the Streets Management Division of Public Works to meet federal mandates and regulatory compliance in 2013.
- (3) In 2015, the Parks and Recreation department added three new positions to staff Wickham Park Community Center. In 2019, a new recreation aide position was created and positions were administratively transferred to the divisions to which they reported. In 2020, Golf course fund was transferred into the General fund per resolution 3936 passed at the June 9, 2020 council meeting. The 12 Golf course positions were offset by a decrease in the part time summer positions that were not needed this year due to COVID-19.
- (4) In 2017, the Human Resources department and Human Resources director position were created. In 2020, Financial Services added one position.
- (5) In 2017, the Water and Sewer System department added a three person valve and hydrant crew. In 2019, a two person valve maintenance crew was added. In 2020, Utility billing & collection added 1 new position.
- (6) The Police department created positions for a Police Lieutenant, Training Technician, Background Investigator, Accounts Payable Clerk, and Clerical Assistant.
- (7) The Police department added two positions, the Fire department added three positions and Traffic Engineering added one position to maintain service levels in 2020.

**CITY OF MELBOURNE, FLORIDA  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

<u>Function/program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Police</b>				
Physical arrests	3,158	2,948	3,101	3,315
Parking violations	436	733	692	1,099
Traffic violations	19,412	16,847	20,061	15,861
<b>Fire</b>				
Emergency responses	14,263	14,932	14,986	15,650
Fires extinguished	244	214	245	208
Inspections	6,665	5,864	5,878	5,298
<b>Public works</b>				
Resurfacing (miles)	14.40	-	8.10	7.22
New streets (miles)	0.49	-	-	-
<b>Parks and recreation</b>				
Auditorium (number of events)	193	184	182	162
Recreation centers (attendance)	56,971	59,483	61,208	71,089
Tennis courts (attendance)	27,194	21,414	23,337	21,694
Golf courses (rounds played)	93,717	87,720	86,302	80,151
<b>Water</b>				
Average number of accounts	56,819	56,934	57,162	57,487
Average daily consumption (gallons)	13,104,756	12,842,782	12,726,206	12,802,444
<b>Sewer</b>				
Average number of accounts	28,583	28,764	28,878	29,026
Average daily sewage treatment (gallons)	5,971,936	5,873,126	5,833,348	5,827,564

Sources: Various City departments.

- (1) The City contracted with a consultant to create a pavement management system and began implementation in fiscal year 16/17.
- (2) Higher recreation attendance due to first full year of operation of the Wickham Park Community Center and change in methodology in attendance calculation.
- (3) Tennis court attendance increase as a result of a change in methodology in how attendance is calculated.
- (4) Decrease in events and attendance due to COVID19 closures.

SCHEDULE 19  
2 of 2

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
2,895	2,938	2,941	2,675	2,390	2,428
886	581	437	287	304	170
12,193	17,870	15,404	12,644	10,486	10,702
16,787	17,394	18,142	17,810	18,628	17,769
210	225	336	268	205	232
3,972	5,555	6,204	5,474	6,259	6,658
-	3.05	18.27 <sup>(1)</sup>	2.72	7.00	10.63
-	-	-	3.10	0.84	0.12
195	199	176	205	198	104 <sup>(4)</sup>
67,717	222,066 <sup>(2)</sup>	188,334	213,454	211,324	64,724 <sup>(4)</sup>
20,858	33,152 <sup>(3)</sup>	26,930	27,743	18,046	18,114
73,833	83,617	71,780	76,671	75,702	76,897
57,766	58,108	58,215	58,393	58,725	59,110
12,722,993	13,063,565	13,365,017	13,063,505	12,597,803	13,108,205
29,132	29,250	29,112	29,277	29,389	29,435
5,854,155	6,068,169	6,124,005	6,049,908	6,056,360	5,969,275

SCHEDULE 20

**CITY OF MELBOURNE, FLORIDA  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

<u>Function/program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol vehicles	135	142	150	146	142	142	148	142	130 <sup>(5)</sup>	122 <sup>(7)</sup>
Fire stations										
	8	8	8	8	8	8	8	8	8	8
Public works										
Streets (miles)	289 <sup>(1)</sup>	289	286	286	284	291	290	293	294	296
Streetlights	8,638	8,886	8,403	8,415	8,460	8,460	8,460	8,460	8,460	8,460
Parks and recreation										
Acreage	555	570 <sup>(2)</sup>	570	570	570	570	570	570	570	521 <sup>(4)</sup>
Special use facilities	7	7	7	7	7	7	6	6	6	6
Community parks	11	12 <sup>(2)</sup>	12	12	12	12	12	12	12	12
Neighborhood parks	27	27	27	27	27	27	27	27	28	29
Water										
Mains (miles)										
Water transmission	149	149	149	149	149	149	157	157	180 <sup>(4)</sup>	170 <sup>(4)</sup>
Water distribution	730	730	730	730	730	730	710	709	758 <sup>(4)</sup>	754 <sup>(4)</sup>
Storage tanks										
Quantity	10	10	7 <sup>(3)</sup>	7	7	7	7	7	6 <sup>(6)</sup>	6
Capacity (thousands of gallons)	17,000	17,000	16,000	16,000	16,000	16,000	16,000	16,000	15,000 <sup>(6)</sup>	15,000
Sewer (miles)										
Gravity sewer mains	267	256	257	257	258	258	258	259	259	259
Force mains	53	53	53	53	57	57	57	57	57	59
Stormwater sewers	201	201	201	201	201	201	201	240 <sup>(4)</sup>	221 <sup>(4)</sup>	249 <sup>(4)</sup>
Reclaimed -										
Water mains	24	33	34	34	34	34	34	35	36 <sup>(4)</sup>	37 <sup>(4)</sup>

Sources: Various City departments.

(1) Per City GIS survey, portions of Aurora Rd. reclassified as County maintained.

(2) Brevard County donation to City of Riverview Park.

(3) 5th Street, Oak Street and Tradewinds tanks were demolished in 2013.

(4) Updated per City GIS survey

(5) Previous years included vehicles that are not used for patrol.

(6) Patrick AFB tank is out of service and awaiting demolition.

(7) Four patrol vehicles were totaled in crashes and four were taken out of service.



## **SINGLE AUDIT SECTION**

The Single Audit Section contains various independent auditors' reports and schedules as required by the Single Audit Act of 1996 for state and local governments that receive federal financial assistance and as required by Chapter 215.97, Florida Statutes for local governments that receive grants from State agencies.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Melbourne, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Melbourne, Florida's basic financial statements, and have issued our report thereon dated February 22, 2021.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Melbourne, Florida  
February 22, 2021



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE FLORIDA AUDITOR GENERAL**

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

**Report on Compliance for Each Major Federal Program and State Program**

We have audited the City of Melbourne, Florida's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Melbourne, Florida's major federal programs and state programs for the year ended September 30, 2020. The City of Melbourne, Florida's major federal programs and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs and state programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Melbourne, Florida's major federal programs and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.550, Rules of the Auditor General. Those standards, the Uniform Guidance and Chapter 10.550, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Melbourne, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state program. However, our audit does not provide a legal determination of the City of Melbourne, Florida's compliance.

### **Opinion on Each Major Federal Program and State Programs**

In our opinion, the City of Melbourne, Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state programs for the year ended September 30, 2020.

### **Report on Internal Control over Compliance**

Management of the City of Melbourne, Florida is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the City of Melbourne, Florida's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state program, and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Melbourne, Florida's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Honorable Mayor and Members of City Council  
City of Melbourne, Florida  
Page Three

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

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

Melbourne, Florida  
February 22, 2021

**CITY OF MELBOURNE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE OF FLORIDA FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA CSFA No.	Contract/ Grant No.	Expenditures	Transfers to Subrecipients	State Matching of Federal Awards
<b>Federal Programs:</b>					
<b>U.S. DEPARTMENT OF JUSTICE</b>					
Edward Byrne Memorial Justice Assistance Grant Program - 2018	16.738	2018-DJ-BX-0821	\$ 33,020		
Edward Byrne Memorial Justice Assistance Grant Program - 2019	16.738	2019-DJ-BX-0895	3,820		
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0184	57,437		
<b>Total U.S. Department of Justice</b>			<b>94,277</b>		
<b>U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</b>					
Community Development Block Grants/Entitlement Grants - 2017	14.218	B-17-MC-12-0012	329		
Community Development Block Grants/Entitlement Grants - 2018	14.218	B-18-MC-12-0012	5,572		
Community Development Block Grants/Entitlement Grants - 2019	14.218	B-19-MC-12-0012	399,726	\$ 80,021	
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	B-20-MW-12-0012	2,818		
Total Community Development Block Grants/Entitlement Grants Cluster			408,445	<b>80,021</b>	
<b>U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</b>					
<b>Pass through Brevard County:</b>					
Home Investment Partnerships Program - 2015	14.239	M-15-DC-12-00200	20,706		
Home Investment Partnerships Program - 2016	14.239	M-16-DC-12-00200	95,624		
Home Investment Partnerships Program - 2017	14.239	M-17-DC-12-00200	963		
Home Investment Partnerships Program - 2018	14.239	M-18-DC-12-00200	139,892		
Total Pass through Brevard County			257,185		
<b>Total U.S. Department of Housing &amp; Urban Development</b>			<b>665,630</b>		
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>					
<b>Pass through State of Florida, Division of Emergency Management</b>					
Disaster Relief Funding - Hurricane Matthew	97.036	17-PA-U5-06-15-01-052	107,901		\$ 15,414
Disaster Relief Funding - Hurricane Irma	97.036	PA-00-06-15-01-292	191,636		
<b>Total Federal Emergency Management Agency</b>			<b>299,537</b>		<b>15,414</b>
<b>U.S. DEPARTMENT OF TREASURY</b>					
<b>Pass through Florida Housing Finance Corporation:</b>					
COVID-19 Coronavirus Relief Fund	21.019	125-2020	99,842		
<b>Pass through Brevard County:</b>					
COVID-19 Coronavirus Relief Fund	21.019	125-2020	322,491		
<b>Total U.S. Department of Treasury</b>			<b>422,333</b>		
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>					
<b>Pass through Florida Department of Transportation</b>					
Highway Planning and Construction-Hickory Street Complete Street	20.205	G0D42	2,132,040		
Highway Planning and Construction - Country Club School Safety Project					
Sidewalk Gaps	20.205	G0U91	3,986		
Highway Planning and Construction - Pineapple Ave from Montreal Ave to Aurora Rd	20.205	G0U92	9,609		
Highway Planning and Construction - Front St from Melbourne Ave to New Haven Ave	20.205	G0U93	5,734		
Total Highway Planning and Construction Cluster			2,151,369		
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>					
<b>Federal Aviation Administration</b>					
Airport Improvement Program - Air Traffic Control Tower Demo	20.106	3-12-0046-46-2018	163,379		
Airport Improvement Program - Obstruction Removal/Markings	20.106	3-12-0046-47-2019	1,006,786		
Airport Improvement Program - Passenger Boarding Bridge 4 & 7	20.106	3-12-0046-47-2019	2,146,233		
Airport Improvement Program - Terminal Expansion/Rehab - Public Spaces Ph 1	20.106	3-12-0046-048-2020	1,600,696		
COVID-19 Airport Improvement Program - CARES Act	20.106	3-12-0046-049-2020	5,678,571		
Total Airport Improvement Program			10,595,665		
<b>Total U.S. Department of Transportation</b>			<b>12,747,034</b>		
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 14,228,811</b>	<b>\$ 80,021</b>	<b>\$ 15,414</b>



Federal/State Agency, Pass-through Entity, <u>Federal Program/State Project</u>	CFDA CSFA <u>No.</u>	Contract/ Grant <u>No.</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
<b>State Programs:</b>				
<b>FLORIDA HOUSING FINANCE CORPORATION</b>				
State Housing Initiatives Partnership Program - 17/18	40.901		\$ 86,535	
State Housing Initiatives Partnership Program - 18/19	40.901		136,032	
State Housing Initiatives Partnership Program - 19/20	40.901		16,296	
<b>Total Florida Housing Finance Corporation</b>			<b>238,863</b>	
<b>FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY</b>				
Economic Development Tax Refund, Tax Credit and Grant Program - Ground Run Up Facility	40.043	G0042	<b>1,576,908</b>	
<b>FLORIDA DEPARTMENT OF TRANSPORTATION</b>				
<b>Joint Participation Agreements</b>				
Aviation Grant Programs - Construct Air Traffic Control Tower	55.004	437014/G0383	84,968	
Aviation Grant Programs - Air Traffic Control Tower Equipment Relocation	55.004	437014/03/G0383	104,859	
Aviation Grant Programs - Obstruction Removal/Markings	55.004	444217-1-94-01/G1F86	55,842	
Aviation Grant Programs - Passenger Boarding Bridge 4 & 7	55.004	438452-2-94-01/G1C68	119,235	
Aviation Grant Programs - Terminal Exp - Public Spaces	55.004	438542-1-94-03/G1175	351,932	
Aviation Grant Programs - Northside Exp - St Michael Place Ext	55.004	447465-1-94-01/G1M66	45,350	
Aviation Grant Programs- Air Traffic Control Tower- Demo	55.004	437014/G1248	9,077	
<b>Total Florida Department of Transportation</b>			<b>771,263</b>	
<b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>			<b>\$ 2,587,034</b>	<b>\$ -</b>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE OF FLORIDA FINANCIAL ASSISTANCE

NOTE A

The Schedule of Expenditures of Federal Awards and State of Florida Financial Assistance is a summary of the activity of the City's Federal and State award programs presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

NOTE B

The Uniform Guidance allows a City to elect a 10% de minimus indirect cost rate. For the year ended September 30, 2020, the City elected not to use the rate.

NOTE C

The City did not receive any noncash assistance during the year ended September 30, 2020.

CFDA- Federal Grants

CSFA- State Grants



**THE CITY OF MELBOURNE, FLORIDA**  
**Schedule of Findings and Questioned Costs**  
**Fiscal Year Ended September 30, 2020**

**Section I—Summary of Auditors’ Results**

*Financial Statements*

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified?  yes  none noted

Noncompliance material to financial statements noted?  yes  no

*Federal Awards and State Programs*

Internal control over major federal programs and state programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified?  yes  none noted

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200 of OMB Compliance Supplement and/or Chapter 10.550?  yes  none noted

Identification of major federal programs and state programs:

<u>Federal CFDA Numbers</u> 21.019 20.106	<u>Federal Program or Cluster</u> Coronavirus Relief Fund Airport Improvement Program
<u>State CSFA Numbers</u> 40.043	<u>State Programs</u> Economic Development Tax Refund, Tax Credit and Grant Program

**THE CITY OF MELBOURNE, FLORIDA**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Fiscal Year Ended September 30, 2020**

**Section I—Summary of Auditors' Results (Continued)**

Dollar threshold used to distinguish between type A and B programs was \$750,000 for major federal programs and for major state programs.

Auditee qualified as a low-risk auditee for federal purposes?          X   yes           no

**Section II—Financial Statement Findings**

No matters were reported.

**Section III—Federal Award Findings and Questioned Costs**

No matters were reported.

**Section IV—State Programs Findings and Questioned Costs**

No matters were reported.

**Section V—Prior Findings and Questioned Costs for Federal Awards**

No matters were reported in the prior year.



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## **INDEPENDENT AUDITORS' MANAGEMENT LETTER**

To the Honorable Mayor and Members of City Council  
City of Melbourne, Florida

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

We have audited the financial statements of the City of Melbourne, Florida, as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated February 22, 2021.

### **Auditors' Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

### **Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards; Independent Auditors' Report on Compliance for Each Major Federal Program and State Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated February 22, 2021, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address finding and recommendations made in the preceding audit report. However, no recommendations were made in the preceding audit report.

### **Official Title and Legal Authority**

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

## **Financial Condition and Management**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and communicate the results of our determination as to whether or not the City of Melbourne, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify of the specific condition(s) met. In connection with our audit, we determined that the City of Melbourne, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City of Melbourne, Florida. It is management's responsibility to monitor the City of Melbourne, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we had the recommendation listed below.

### **2020-001      Review of Submissions**

**Criteria:** 2 CFR 200.303 requires non-federal entities to establish and maintain effective internal controls. Reports and expense reimbursements should be subject to independent review to verify completeness, validity, and timeliness of the submission.

**Condition:** Review was not consistently documented prior to submission of reports and expenses.

**Cause:** Coronavirus Relief Fund is a new federal program with a short time frame for expenditure of funds. The City received funding through both Brevard County and the Florida Housing Finance Corporation. Regulations changed frequently and City staff met in person to discuss how to comply with these regulations; however, these discussions were not documented.

**Potential Effect:** Expenses submitted to the County and reports to Florida Housing Finance Corporation may include errors.

**Perspective (Context):** The City submitted six groups of expenses to Brevard County for reimbursement under the terms of the Coronavirus Relief Fund. We tested a sample of these expense submissions and review was documented for two of the three submissions sampled.

There was one quarterly report to Florida Housing Finance Corporation required to be submitted for the fiscal year. The report was submitted timely but review of the report, prior to submission, was not documented.

**Recommendation:** Review of expense reimbursements and reports should be documented prior to submission.

**Management's Response:** Management reviewed expense reimbursements and reports prior to submission. Management will document, in writing, approval in advance of submission in the future.

**Additional Matters**

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

**Purpose of this Letter**

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

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

Melbourne, Florida  
February 22, 2021





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

To the Honorable Mayor and Members of City Council  
City of Melbourne, Florida

We have examined the City of Melbourne, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2020. Management is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the City complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2020.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

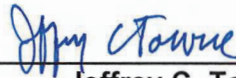
*Carr, Riggs & Ingram, L.L.C.*

Melbourne, Florida  
February 22, 2021

BEFORE ME, the undersigned authority, personally appeared Jeffrey C. Towne, who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer of the City of Melbourne which is a local governmental entity of the State of Florida;
2. The City of Melbourne adopted Ordinance No. **2019-18** implementing impact fees; and
3. City of Melbourne has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

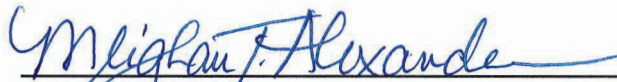
**FURTHER AFFIANT SAYETH NAUGHT.**



\_\_\_\_\_  
Jeffrey C. Towne

STATE OF FLORIDA  
COUNTY OF BREVARD

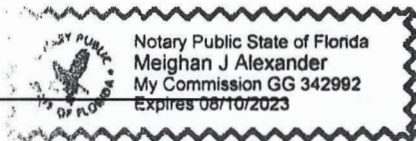
SWORN TO AND SUBSCRIBED before me this 5<sup>th</sup> day of February, 2021 by Jeffrey C. Towne who is personally known to me.



\_\_\_\_\_  
NOTARY PUBLIC

Print Name Meighan J. Alexander

My Commission Expires:



## **SECONDARY MARKET DISCLOSURE SECTION**

Rule 15c2-12 promulgated by the Securities and Exchange Commission requires certain ongoing disclosure of annual financial information and operating data for bonds sold on or after July 3, 1995. This section includes disclosures not found elsewhere in this Report for the following bonds:

- Water and Sewer Refunding Revenue Bonds, Series 2002B
- Water and Sewer Refunding and Improvement Revenue Bonds, Series 2012
- Water and Sewer Refunding Revenue Bonds, Series 2013
- Water and Sewer Refunding Revenue Bond, Series 2014
- Water and Sewer Refunding Revenue Bonds, Series 2016A
- Water and Sewer Refunding Revenue Bonds, Series 2016B





## SECONDARY MARKET DISCLOSURE FOR THE YEAR ENDED SEPTEMBER 30, 2020

### General

The City of Melbourne is required to provide ongoing disclosure for holders of its Water and Sewer Refunding Revenue Bonds, Series 2002B, Water and Sewer Refunding and Improvement Revenue Bonds, Series 2012, Water and Sewer Refunding Revenue Bonds, Series 2013 and Water and Sewer Refunding Revenue Bond, Series 2014, Water and Sewer Refunding Revenue Bonds, Series 2016A and Water and Sewer Refunding Revenue Bonds, Series 2016B. Rule 15c2-12 promulgated by the Securities and Exchange Commission requires ongoing disclosure for bonds sold on or after July 3, 1995. This report provides financial and operational data as required by the Continuing Disclosure Certificate.

The City owns, operates, and maintains the Water and Sewer System (the "System"). Potable water is provided to two different service areas, one being the "Mainland," consisting of all areas west of the Indian River, and the other being the "Beach," consisting of all areas east of the west boundary of the Indian River. The System also recognizes two service areas, both located on the Mainland and identified as either being inside the incorporated limits of the City or outside the incorporated limits.

### Existing Water System

The City presently provides water service to a customer base of approximately 150,000 persons. This service covers the municipal limits of the City (population of 84,402), plus wholesale service to West Melbourne, and retail service to Melbourne Village, Melbourne Beach, Indialantic, Satellite Beach, Indian Harbour Beach, Palm Shores, and a portion of unincorporated Brevard County.

The City's two water production facilities consist of the Lake Washington Surface Water Production Facility with a production capacity of 20 million gallons per day (MGD) and the Reverse Osmosis Water Production Facility, with a production capacity of 5 MGD.

The City's water distribution system consists of approximately 170 miles of six (6) to 36-inch diameter transmission mains, and about 754 miles of two (2) to six (6)-inch diameter distribution mains.

The top ten water customers of the System are:

Customer	Annual Revenue
City of West Melbourne <sup>(1)</sup>	\$3,333,340
Holmes Regional Medical Center	381,477
Florida Institute of Technology	268,658
School Board of Brevard County	207,314
Northrop Grumman Systems Corp	131,115
We Harbours, LLC	97,645
HP Communities, LLC	96,460
The Meadows	88,890
Collins Aerospace	83,484
Northland Caribbean Isle, LLC	83,130

(1) Pursuant to a bulk water sales agreement.

The table below summarizes the historical customer base and water demands for the City's water system service area.

Year	Historic Water Flows (MGD)		
	Number of Accounts <sup>(1)</sup>	Average Day Demand	Maximum Day Demand
2016	58,108	16.3	18.8
2017	58,215	16.6	19.5
2018	58,393	16.2	18.9
2019	58,725	15.8	18.8
2020	59,110	16.6	19.9

(1) Average number of accounts for each of the fiscal years ended September 30.

### Existing Sewer System

The City currently owns and operates an extensive collection and transmission system. The System consists of approximately 259 miles of gravity and 59 miles of force collection mains, 95 lift stations, an inverted siphon and two (2) influent pump stations. The collection/transmission system transports the wastewater to two (2) wastewater treatment plants; the David B. Lee Water Reclamation Facility (the "D.B. Lee WRF" with a permitted capacity of 7.0 MGD) and the Grant Street Water Reclamation Facility (the "Grant Street WRF" with a permitted capacity of 5.5 MGD).

The top ten sewer customers of the System are:

Customer	Annual Revenue
Holmes Regional Medical Center	\$ 570,163
Florida Institute of Technology	399,931
Northrop Grumman Systems Corp	196,022
School Board of Brevard County	186,833
We Harbours, LLC	145,973
The Meadows	132,861
Collins Aerospace	124,782
Northland Caribbean Isle, LLC	124,407
Steward Melbourne Hospital	115,912
Manufactured Home Communities	115,079

The table below summarizes the historical wastewater flows.

Year	Historic Wastewater Flows (MGD)			
	Number of Accounts <sup>(1)</sup>	D.B.Lee WRF	Grant Street WRF	Total Combined Flows
2016	29,250	4.19	3.57	7.76
2017	29,112	4.28	3.34	7.62
2018	29,277	4.54	3.84	8.38
2019	29,389	4.33	3.17	7.50
2020	29,435	4.28	3.15	7.43

(1) Average number of accounts for each of the fiscal years ended September 30.

## Existing Reclaimed Water System

The City currently owns and operates a reclaimed water production and distribution system. The System consists of two reclaimed water production facilities, and approximately 36 miles of various sized reclaimed water distribution mains. In regards to reclaimed water production, the David B. Lee Water Reclamation Facility (the "D.B. Lee WRF") has a production capacity of 4.0 MGD, while the Grant Street Water Reclamation Facility (the "Grant Street WRF") has a production capacity of 2.0 MGD. The public access approved reclaimed water is applied via spray irrigation to City golf courses, City parks, commercial green space, medians/rights-of-way and residential areas. As of September 30, 2020, there were 643 accounts in the reclaimed water system, of which 456 were residential.

The table below summarizes the historical reclaimed water flows.

Historic Reclaimed Water Flows (MGD)				
Year	Number of Accounts <sup>(1)</sup>	D.B.Lee WRF	Grant Street WRF	Total Combined Flows
2016	682	1.69	0.44	2.13
2017	684	1.83	0.59	2.42
2018	636	1.78	0.48	2.26
2019	642	1.91	0.52	2.43
2020	643	1.68	0.42	2.10

(1) Average number of accounts for each of the fiscal years ended September 30.

## Water Rates

The rate charged for potable water service to each customer consists of a monthly service charge based on the number of equivalent residential connections (ERCs) determined by the City periodically for the premise, which serves as the minimum bill, and a gallonage charge for each unit of one thousand (1,000) gallons or portion thereof. Such charges are due and payable on a monthly basis. The rates are charged based on the customer's location. Customers located within the city limits of the City are charged the inside City rate. Customers located outside the city limits of the City are charged the outside City rate.

Effective Date	Rate per ERC – All Customers	
	Inside City	Outside City
October 1, 2019	\$ 8.00	\$ 8.80
October 1, 2020	8.00	8.80
October 1, 2021	8.44	9.28

In addition to the above established service charge, each customer pays a monthly gallonage charge per unit for each one thousand (1,000) gallons, or portion thereof, of water passed through the customer's service meter in accordance with the schedule set forth below:

Effective Date	Inside City	Outside City
October 1, 2019	\$ 4.57	\$ 5.02
October 1, 2020	4.57	5.02
October 1, 2021	4.82	5.30

### Sewer Rates

The rate charged for sewer service to each customer consists of a monthly service charge based on the number of equivalent residential connections (ERCs) being served at such connection as determined by the City periodically for the premise, which serves as the minimum bill, and a gallonage charge for each unit of one thousand (1,000) gallons or portion thereof. The rates charged are based on the customer's location. Customers located within the city limits pay the inside City rate. Customers located outside the city limits pay the outside City rate.

Effective Date	Rate per ERC – All Customers	
	Inside City	Outside City
October 1, 2019	\$ 11.83	\$ 14.78
October 1, 2020	11.83	14.78
October 1, 2021	12.48	15.59

Each customer connected to the City's sewer system to whom a monthly bill is rendered for water furnished by the water system of the City pays a charge per one thousand (1,000) gallons, or portion thereof, of water passed through the water meter for sewer services in accordance with the schedule set forth below:

Effective Date	Inside City	Outside City
October 1, 2019	\$ 6.85	\$ 8.56
October 1, 2020	6.85	8.56
October 1, 2021	7.22	9.03

### Reclaimed Water Rates

All existing customers of reclaimed water who have active accounts on May 1, 2008, are charged a monthly service charge as follows:

Reclaimed Water Service Fees for Customers Active on May 1, 2008		
Effective Date	Rate for first ½ acre	Rate per acre of pervious area (after first ½ acre)
October 1, 2019	\$ 13.70	\$ 54.80
October 1, 2020	13.70	54.80
October 1, 2021	14.50	58.00

The rate charged for all new customers of reclaimed water after May 1, 2008 consists of a monthly service charge and a monthly gallonage charge. The rates for a ¾ meter in which 15,000 gallons are included in the service charge are as follows:

Reclaimed Water System Rates for New Customers	
Effective Date	Monthly service charge
October 1, 2019	\$ 8.55
October 1, 2020	8.55
October 1, 2021	9.00



In addition to the above established service charge, each customer pays a monthly gallonage charge for each 1,000 gallons, or a portion thereof, of reclaimed water that passes through the customer's service meter that is over and above the gallonage allocation as follows:

Gallonage Charges	
Effective Date	Monthly Charge
October 1, 2019	\$ .57
October 1, 2020	.57
October 1, 2021	.60

Each customer requesting reclaimed water service from the City, prior to the installation of a flow meter for each connection to the reclaimed water main, pays the following amounts to defray the cost of the service provided:

Meter Size (Inches)	Reclaimed Water Connection Charge
¾	\$ 250
1	475
1-1/2	850
2	1,600
Over 2 inches	To be determined by the City on an individual basis

The full amount of the connection charge provided above must be paid prior to connection of each unit to the City's reclaimed water system. The meter shall be adequately sized to service the customer irrigation system.

### Water Impact Fees

Each customer requesting capacity from the City's water system shall, prior to the installation of the connection to the water main, pay the following amounts to provide service to properties or customers and to all customers presently connected to the City's water system when additional development, structural changes, additions or changes in permitted use results in an additional impact to the City's water system. Water impact fees shall not be transferable from one property to another property.

(1) Single-family residence: All development which is considered an individually metered residential unit shall be considered one (1) ERC. The water impact fee per one (1) ERC shall be one thousand five hundred forty dollars (\$1,540).

(2) Multiple-family, condominium, mobile home trailer and motor home parks, including all related facilities not having individual water meter connections, or other multiple living units or developments of mobile-type homes: The water impact fees for each living unit served by a master meter shall be determined in accordance with the following schedule. If the development served by the master meter includes individually metered non-residential use, then the water impact fee for such individually metered non-residential use will be determined in addition to the applicable water impact fees as shown below for this customer designation.

	ERC Factor per Living Unit	Water Impact Fee
Duplex (1 or 2 Bedrooms)	0.833	\$ 1,283
Duplex (3 or more Bedrooms)	1.000	1,540
Multifamily (1 Bedroom)	0.583	898
Multifamily (efficiency less than 500 sq. ft.)	0.500	770
Multifamily (2 Bedrooms)	0.833	1,283
Multifamily (3 Bedrooms)	1.000	1,540
Mobile Home (1 or 2 Bedrooms)	0.667	1,027
Mobile Home (3 or more Bedrooms)	0.833	1,283

(3) Hotels and motels not having individual water connections: The water impact fees for each unit that is not individually metered shall be considered as 0.75 ERC's per unit. The water impact fee per each unit shall be one thousand one hundred fifty-five dollars (\$1,155) per unit.

(4) Housing for older persons not having individual water connections: The water impact fees for each unit of housing as defined by Florida Statute §760.29, as amended from time to time, that is not individually metered shall be considered as 0.75 ERC's per unit. The water impact fee per unit of housing shall be one thousand one hundred fifty-five dollars (\$1,155) per unit.

(5) Commercial customers: For all commercial and non-residential connections not specifically identified in one of the classifications listed above, the water impact fees shall be based on the average dependable daily capacity for the development of property identified by the applicant and as certified for the applicant by a registered Florida Professional Engineer using the City's potable water concurrency standards in Article IV, Chapter 3, Section 3.46 of Appendix D, Land Development Code and as approved by the city expressed on a gallons per day basis multiplied by \$6.417 per gallon of capacity. In no event will the water impact fee charged to a commercial customer property be less than one thousand five hundred forty dollars (\$1,540). For each commercial customer that is presently connected to the City's water system that constructs structural changes, additions, or changes in permitted use of such property that shall result in additional capacity impact to the City's water system, the water impact fee shall be based on the net increase in the average dependable daily capacity for the structural changes, additions, or changes in permitted use as determined above expressed on a gallons per day basis multiplied by \$6.417 per gallon of capacity.

To the extent that the average daily flow for a commercial connection during any consecutive twelve month period is greater than the average dependable daily capacity for which water impact fees have been paid, an additional water impact fee shall be assessed for the excess flow calculated in accordance with City code. No refund or credit shall be afforded to the owner of the property in the event that diminution of use occurs.

(6) Each customer requesting water service from the City shall, prior to the installation of a flow meter for each connection to the water main, pay the following amounts to defray the cost of the service provided:

Meter Size (Inches)	Water Connection Charge
¾	\$ 250
1	475
1-1/2	850
2	1,600
Over 2 inches	To be determined by the City on an individual basis

The full amount of the connection charge provided above must be paid prior to connection of each unit to the City's water system. The City reserves the right to determine the meter size that will be required for the service requested.

### Sewer Impact Fees

Each customer requesting capacity from the City's sewer system, prior to connection to the system, pays the following amounts to provide service to properties and on all properties presently connected to the City's sewer system when structural changes, additions or changes in permitted use results in an additional impact to the City's sewer system. Sewer impact fees will not be transferable from one property to another property.

(1) Single-family residence: All development which is considered an individually metered residential unit shall be considered as one (1) ERC. The sewer impact fee per ERC shall be two thousand two hundred ten dollars (\$2,210).

(2) Multiple-family, condominium, mobile home trailer and motor home parks, including all related facilities not having individual sewer connections, or other multiple living units or developments of mobile type homes: The sewer impact fees for each living unit serviced by a master meter shall be determined in accordance with the following schedule. If the development served by the master meter includes individually metered non-residential use, then the sewer impact fee for such non-residential use will be determined in addition to the applicable sewer impact fees as shown on the next page for this customer designation.

	<u>ERC Factor per Living Unit</u>	<u>Sewer Impact Fee</u>
Duplex (1 or 2 Bedrooms)	0.833	\$ 1,841
Duplex (3 or more Bedrooms)	1.000	2,210
Multifamily (1 Bedroom)	0.583	1,288
Multifamily (efficiency less than 500 sq. ft.)	0.500	1,105
Multifamily (2 Bedrooms)	0.833	1,841
Multifamily (3 or more Bedrooms)	1.000	2,210
Mobile Home (1 or 2 Bedrooms)	0.667	1,474
Mobile Home (3 or more Bedrooms)	0.833	1,841

(3) Hotels and motels not having individual sewer connections: The sewer impact fee for each unit that is not individually metered shall be considered as 0.75 ERC's per unit. The sewer impact fee per each unit shall be one thousand six hundred fifty eight dollars (\$1,658) per unit.

(4) Housing for older persons not having individual sewer connections: The sewer impact fees for each unit of housing as defined by Florida Statute §760.29, as amended from time to time, that is not individually metered shall be considered as 0.75 ERC's per unit. The sewer impact fee per each unit of housing shall be one thousand six hundred fifty-eight dollars (\$1,658) per unit.

(5) Commercial customers: For all commercial and non-residential connections not specifically identified in one of the classifications listed above, the sewer impact fees shall be based on the average dependable daily capacity for the development or property identified by the applicant and as certified for the applicant by a registered Florida Professional Engineer using the City's potable water concurrency standards in Article IV, Chapter 3 of Appendix D, Land Development Code and as approved by the city expressed on a gallons per day basis multiplied by \$9.208 per gallon of capacity. In no event will the sewer impact fee charged to a commercial customer property be less than two thousand two hundred ten dollars (\$2,210). For each commercial customer that is presently connected to the City's sewer system that constructs structural changes, additions or changes in permitted use of such property that shall result in an additional capacity impact to the City's sewer system, the sewer impact fee shall be based on the net increase in the average dependable daily capacity for the structural changes, additions, or changes in permitted use as determined above expressed on a gallons per day basis multiplied by \$9.208 per gallon of capacity.

To the extent that the average daily flow for a commercial connection during a consecutive twelve month period is greater than the average dependable daily capacity for which sewer impact fees have been paid, an additional sewer impact fee shall be assessed for the excess flow calculated in accordance with City code. No refund or credit shall be afforded to the owner of the property in the event that a diminution of use occurs.

(6) Each customer requesting sewer service from the City shall be required to pay to the City an amount equal to the actual cost as determined by the City as incurred for any modification or extension of the sewer system required to provide sewer service to the property requiring such service. The minimum charge to be billed by the City for the cost of a sewer connection is one hundred dollars (\$100), regardless of meter size. The payment of the sewer connection charges shall be in addition to the payment of the sewer impact fees.

Comparison of Water and Sewer Rates (as of October 1, 2020)

Service Provider	Water charge			Sewer charge			Combined water and sewer charge								
	0 Gallons	2,000 Gallons	5,000 Gallons	0 Gallons	2,000 Gallons	5,000 Gallons	0 Gallons	2,000 Gallons	5,000 Gallons	10,000 Gallons	15,000 Gallons				
City of Melbourne	\$8.00	\$17.14	\$30.85	\$53.70	\$76.55	\$111.83	\$25.53	\$46.08	\$80.33	\$114.58	\$19.83	\$42.67	\$76.93	\$134.03	\$191.13
Brevard County	17.19	\$17.19	27.95	59.71	98.76	22.15	31.51	45.55	68.95	78.31	39.34	48.70	73.50	128.66	177.07
City of Cocoa	16.44	23.28	33.54	63.16	101.88	15.89	30.95	53.54	91.19	106.25	32.33	54.23	87.08	154.35	208.13
City of Palm Bay	15.08	22.78	34.33	59.28	93.88	21.82	34.46	53.42	85.02	85.02	36.90	57.24	87.75	144.30	178.90
City of Titusville	10.28	16.94	26.93	51.93	85.23	14.99	30.87	54.69	94.39	134.09	25.27	47.81	81.62	146.32	219.32
City of Vero Beach	13.60	15.26	17.75	31.65	45.55	19.89	27.07	37.84	55.79	55.79	33.49	42.33	55.59	87.44	101.34
City of West Melbourne	13.88	26.38	45.63	79.03	114.43	14.45	24.45	39.45	64.45	89.45	28.33	50.83	85.08	143.48	203.88

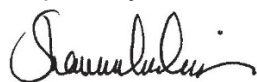
Data prepared by City of Melbourne Financial Services Department

## Historical Bond Service Coverage

Historical Bond Service Coverage	For Fiscal Years Ending September 30				
	2016	2017	2018	2019	2020
<b>Revenues</b>					
Water sales	\$ 30,984,020	\$ 31,527,010	\$ 31,246,858	\$ 30,416,642	\$ 31,268,642
Sewer charges	20,817,696	20,838,145	21,000,231	20,942,547	20,945,200
Other revenues	2,324,743	2,048,808	3,476,805	3,364,006	4,082,916
Interest income	594,555	762,007	1,089,538	1,886,699	2,088,464
<b>Total Operating Revenues<sup>(1)</sup></b>	<b>54,721,014</b>	<b>55,175,970</b>	<b>56,813,432</b>	<b>\$ 56,609,894</b>	<b>\$ 58,385,222</b>
<b>Operating Expense</b>					
Salaries, wages and employee benefits	12,625,071	13,045,573	12,769,388	13,826,536	15,744,303
Other post employment benefits	97,668	(867)	(34,878)	(66,816)	(56,461)
Contractual services, materials, supplies	17,904,070	17,655,807	17,593,374	15,385,702	18,588,632
<b>Total Operating Expense<sup>(1)</sup></b>	<b>30,626,809</b>	<b>30,700,513</b>	<b>30,327,884</b>	<b>29,145,422</b>	<b>34,276,474</b>
<b>Net Operating Income<sup>(1)</sup></b>	<b>24,094,205</b>	<b>24,475,457</b>	<b>26,485,548</b>	<b>27,464,472</b>	<b>24,108,748</b>
<b>Available Impact Fees<sup>(1)</sup></b>	<b>1,780,591</b>	<b>2,535,012</b>	<b>3,883,159</b>	<b>3,636,038</b>	<b>2,312,011</b>
<b>Available for Debt Service</b>	<b>\$ 25,874,796</b>	<b>\$ 27,010,469</b>	<b>\$ 30,368,707</b>	<b>\$ 31,100,510</b>	<b>\$ 26,420,759</b>
<b>Annual Debt Service Requirement</b>					
Series 2002B	\$ 3,455,000	\$ 3,450,000	\$ 3,450,000	\$ 3,445,000	\$ 3,445,000
Series 2007A	711,890	-	-	-	-
Series 2007B	1,190,375	712,400	-	-	-
Series 2012	482,694	481,544	480,244	480,944	484,344
Series 2013	1,039,962	1,043,762	1,042,112	1,045,012	1,041,412
Series 2014	953,156	956,722	959,892	962,666	960,044
Series 2016A	451,872	898,750	1,488,750	1,489,250	1,483,250
Series 2016B	170,767	723,250	723,250	723,250	723,250
<b>Total Debt Service</b>	<b>\$ 8,455,716</b>	<b>\$ 8,266,428</b>	<b>\$ 8,144,248</b>	<b>\$ 8,146,122</b>	<b>\$ 8,137,300</b>
<b>Coverage</b>					
Net Revenue 100% Test	285%	296%	325%	337%	296%
With Impact Fees 115% Test	306%	327%	373%	382%	325%

(1) Calculated according to bond ordinance and therefore not consistent with GAAP.

Respectfully submitted,



Shannon M. Lewis  
City Manager



