

CITY OF WEST MELBOURNE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE
FISCAL YEAR ENDED
SEPTEMBER 30, 2020



West Melbourne

F L O R I D A

Prepared by:
THE FINANCE DEPARTMENT

CITY OF WEST MELBOURNE, FLORIDA

CITY COUNCIL

HAL J. ROSE, MAYOR

JOHN DITTMORE, DEPUTY MAYOR

DANIEL BATCHELDOR, COUNCIL MEMBER

PAT BENTLEY, COUNCIL MEMBER

ADAM GAFFNEY, COUNCIL MEMBER

BARBARA SMITH, COUNCIL MEMBER

ANDREA YOUNG, COUNCIL MEMBER

CITY MANAGER

SCOTT MORGAN

CITY ATTORNEY

MORRIS RICHARDSON

FINANCE DIRECTOR

MARGI STARKEY

City of West Melbourne, Florida
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MAYOR
Hal J. Rose

DEPUTY MAYOR
John Dittmore

COUNCIL MEMBERS
Daniel Batchelder
Pat Bentley
Daniel McDow
Stephen Phrampus
Andrea Young



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

March 2, 2021

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

The Comprehensive Annual Financial Report of the City of West Melbourne, Florida (the "City"), for the fiscal year ended September 30, 2020 is hereby submitted pursuant to Florida Statutes Chapter 218.39 and Chapter 10.550 of the Rules of the Auditor General of the State of Florida.

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

Carr, Riggs & Ingram, LLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of West Melbourne's financial statements for the year ended September 30, 2020. The independent auditors' report is located at the front of the financial section of this report.

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

Profile of the government

The City of West Melbourne was founded in 1959 and incorporated on July 2, 1970, as a political subdivision of the State of Florida. It is located in east central Florida within Brevard County. It currently occupies 10.3 square miles and has an estimated population of 25,385. The City is empowered to levy a property tax on real property located within its boundaries, which the City has levied continuously since fiscal year 2006. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of West Melbourne has operated under the council-manager form of government since 1970. Policy making and legislative authority are vested in the City Council consisting of the mayor and six other members, all elected on a non-partisan basis. Council members, since 2014, serve staggered four year terms, and are elected to represent the City at large. The Council appoints the City Attorney and City Manager. The City Manager appoints the heads of various City departments. The City of West Melbourne provides a full range of services, including police protection services, street maintenance and construction, building inspections, parks and recreation amenities, and

stormwater planning and construction. The City also operates a water distribution and sewer collection and treatment system, both systems of which are a single legal enterprise and reported as a proprietary fund.

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

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

Local Economy

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

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

In 1970, West Melbourne's population was approximately 3,050. Since 2000, the city has experienced the highest population growth percentage of any municipality in Brevard County. The most recent State population estimate for the City is 25,385. The population in the City is relatively young and well-educated with over 45% of its population under the age of 45. With a comparatively high median household income, combined with a relatively young and well-educated population, the City has ideal market conditions for the continued development of high-technology, knowledge-based businesses, as well as traditional businesses and service providers.

As a consequence of the global COVID-19 pandemic, the unemployment rate for the State of Florida and Brevard County increased in 2020. As of September 30, 2020, the unemployment rate in the United States was 7.8%, an increase from 3.6% a year earlier. For Brevard County, the unemployment rate was 5.2%, up from 2.8% a year earlier as reported by the Florida Department of Economic Opportunity. It is expected that the unemployment rate for Brevard County will drop in 2021 as COVID-19 vaccinations become more widespread and the release of some pent up consumer demands increase consumer spending.

Long-term financial planning and major initiatives

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

The City is also cognizant of the other cities' financial challenges. At the end of the current fiscal year, the unrestricted fund balance (which is the total of the committed, assigned, and unassigned components of the fund balance) in the general fund, was 42% of total general fund expenditures. This is a strong position which reduces the need to borrow to finance future construction and expansion projections.

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

Since 2000, the City of West Melbourne has been, by percentage, the fastest growing municipality in Brevard County. Since 2010, the City's population has grown 38.3%. In calendar year 2020, the City issued 261 building permits for new single family homes, and four new apartment developments opened for business. Building permit valuations, representing both residential and commercial activity, totaled \$186.2 million in calendar year 2020. Robust near term residential and commercial development is anticipated to continue into 2021. This is expected to be both with continued infill site commercial development, as well as a declining number of remaining opportunities within three large commercial centers in the City that still have a few remaining commercial parcels that can yet be developed. These are the Hammock Landing, Coastal Commerce, and the West Melbourne Interchange Centers.

The City Council has updated the Capital Improvements Element of the Comprehensive Plan in accordance with Florida Statutes 163.3177(3)(b), and management has projected the capital improvement program for the next five years as financially feasible. The 2021 to 2025 projection matches future sources of revenues with planned capital expenditures that incorporate long range plans of the City, with major water projects estimated at \$45.6 million, sewer projects estimated at \$14.5 million, stormwater system improvements at \$6.6 million, and transportation system improvements estimated at \$5.2 million. Combined capital improvements for all major and secondary projects are estimated at \$73.2 million over the five year span.

The millage rate for the City of West Melbourne was 2.6017 for fiscal year 2019 - 2020. This was unchanged from the fiscal year 2018 - 2019 millage rate of 2.6017.

The City was reviewed by Standard and Poors (S&P) on February 23, 2018. S&P upgraded the 2010D Florida Municipal Loan Council revenue bonds from AA- to AA. These bonds were fully defeased on October 1, 2020.

Relevant Financial Policies

The City of West Melbourne has a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to or in excess of appropriations). Due to COVID-19 economic impacts, actual General Fund revenues fell short of the final budget by approximately \$126,000. During fiscal year 2020, General Fund appropriations increased by \$733,850, while actual expenditures were well below the final budgeted. Overall, operational activity resulted in an excess of revenues over expenditures by \$1.6 million.

Awards and Acknowledgements

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

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

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

Respectfully submitted,



Scott Morgan
City Manager



Margi Starkey
Finance Director

City of West Melbourne, Florida
Principal Officials
September 30, 2020

City Council

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

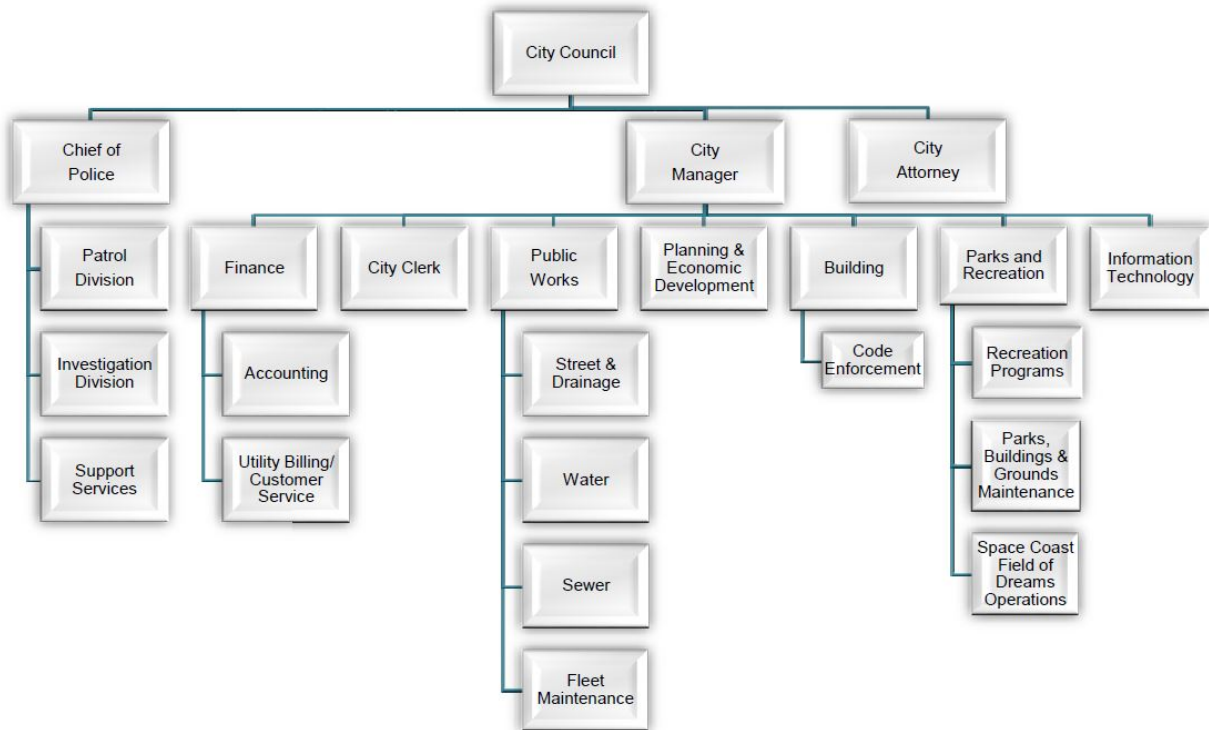


Executive Management Team

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

As of September 30, 2020

City of West Melbourne, Florida
Organizational Chart
September 30, 2020





Government Finance Officers Association

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

Presented to

**City of West Melbourne
Florida**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Melbourne, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary schedules of nonmajor special revenue and capital projects funds, statistical section, and secondary market disclosures are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the budgetary schedules of nonmajor governmental funds are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the budgetary

schedules of nonmajor governmental funds are fairly stated in all material respects in relation to the financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2021 on our consideration of the City of West Melbourne, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of West Melbourne, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of West Melbourne, Florida's internal control over financial reporting and compliance.

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

Melbourne, Florida
February 24, 2021



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City of West Melbourne, Florida
Management's Discussion and Analysis
September 30, 2020

As management of the City of West Melbourne ("the City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 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 5-8 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$111,037,621 (*net position*). Of this amount, \$23,686,176 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$8,943,370 from fiscal year 2020 activities. The increase is largely due to increases in capital grants and contributions and property taxes.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$20,741,262 an increase of \$6,922,894 in comparison with the prior year. Approximately 25% of this amount (\$5,285,318) 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 the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was \$5,435,930, or approximately 42% of total general fund expenditures.
- The City's total outstanding long-term debt, not including compensated absences, pension and other post-employment benefits, decreased by \$1,717,791 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event

giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, recreation, community development and economic environment. The business-type activities of the City include a Water and Sewer System. The government-wide financial statements can be found on pages 28-31 of this report.

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the community redevelopment agency fund and capital projects fund, which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of West Melbourne adopts an annual appropriated budget for its general fund, community redevelopment agency fund and major special revenue funds. A budgetary comparison statement has been provided for the general fund and the community redevelopment agency fund to demonstrate compliance with their budgets.

City of West Melbourne, Florida
Management's Discussion and Analysis
September 30, 2020

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer System, which is considered to be a major fund. The basic proprietary fund financial statements can be found on pages 36-41 of this report.

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-90 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's budgetary compliance and pension and other post-employment benefits obligations. The City adopts an annual appropriated budget for its general fund, community redevelopment agency fund, special revenue funds (recreation and storm water), and capital projects funds (capital projects and vehicle replacement). Budgetary comparison statements have been provided for each of these funds to demonstrate compliance with this budget. The required supplementary information can be found on pages 92-109 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 112-117 of this report.

The Statistical Section includes tables and schedules to provide a more detailed picture of the financial condition of the City than those presented in the financial statements. These include the schedule of bonded debt and interest to maturity and assorted multi-year financial and statistical information and can be found on pages 123-144 of this report.

City of West Melbourne, Florida
Management's Discussion and Analysis
September 30, 2020

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of West Melbourne, Florida, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$111,037,621 at the close of the most recent fiscal year.

City of West Melbourne's Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 22,345,990	\$ 15,485,281	\$ 25,017,832	\$ 22,686,434	\$ 47,363,822	\$ 38,171,715
Capital assets	32,645,779	34,565,497	46,880,794	45,485,841	79,526,573	80,051,338
Total assets	54,991,769	50,050,778	71,898,626	68,172,275	126,890,395	118,223,053
Deferred outflows	2,372,022	2,147,425	466,339	405,133	2,838,361	2,552,558
Long-term liabilities	5,304,180	4,661,078	8,217,132	9,666,511	13,521,312	14,327,589
Other liabilities	1,487,308	1,479,480	2,944,837	2,088,469	4,432,145	3,567,949
Total liabilities	6,791,488	6,140,558	11,161,969	11,754,980	17,953,457	17,895,538
Deferred inflows	726,375	736,118	11,303	49,704	737,678	785,822
Net position:						
Net investment in						
capital assets	32,164,344	34,205,606	39,269,577	36,760,884	71,433,921	70,966,490
Restricted	13,445,602	8,866,081	2,471,922	523,257	15,917,524	9,389,338
Unrestricted	4,235,982	2,249,840	19,450,194	19,488,583	23,686,176	21,738,423
Total net position	\$ 49,845,928	\$ 45,321,527	\$ 61,191,693	\$ 56,772,724	\$ 111,037,621	\$ 102,094,251

By far the largest portion of the City's net position (64.3%) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, machinery and equipment, and construction in progress), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (14.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$23,686,176 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

At September 30, 2020, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

City of West Melbourne, Florida
Management's Discussion and Analysis
September 30, 2020

Statements of Activities

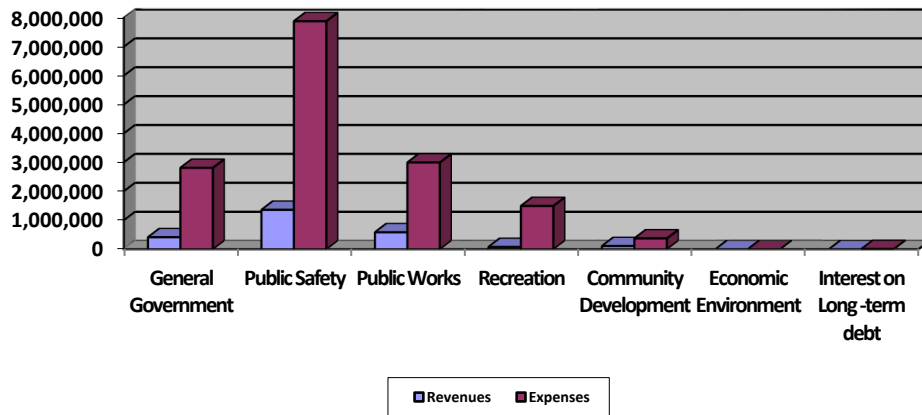
The following table reflects the condensed Statements of Activities for the current and prior year:

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 2,545,857	\$ 4,229,875	\$ 13,637,182	\$ 12,327,560	\$ 16,183,039	\$ 16,557,435
Capital grants and contributions	4,000,996	961,801	3,115,488	5,685,218	7,116,484	6,647,019
General revenues:						
Local option gas tax	728,699	672,626	-	-	728,699	672,626
Property taxes	4,421,186	3,990,738	-	-	4,421,186	3,990,738
Public utility and telecommunication taxes	3,407,499	3,340,164	-	-	3,407,499	3,340,164
Payment in lieu of taxes	426,386	344,588	-	-	426,386	344,588
Franchise fees	1,886,888	1,870,513	-	-	1,886,888	1,870,513
Shared revenues	2,142,428	2,219,476	-	-	2,142,428	2,219,476
Unrestricted investment earnings	182,884	337,852	221,937	295,741	404,821	633,593
Miscellaneous	287,820	145,939	-	-	287,820	145,939
Gain on disposition	23,525	-	-	-	23,525	-
Transfers, net	34,400	34,400	(34,400)	(34,400)	-	-
Total revenues	<u>20,088,568</u>	<u>18,147,972</u>	<u>16,940,207</u>	<u>18,274,119</u>	<u>37,028,775</u>	<u>36,422,091</u>
Expenses:						
General government	2,808,023	2,697,267	-	-	2,808,023	2,697,267
Public safety	7,886,503	7,668,450	-	-	7,886,503	7,668,450
Public works	2,993,822	2,344,923	-	-	2,993,822	2,344,923
Recreation	1,492,810	2,255,949	-	-	1,492,810	2,255,949
Community development	373,339	339,529	-	-	373,339	339,529
Economic environment	420	175	-	-	420	175
Interest on long term debt	9,250	8,146	-	-	9,250	8,146
Water and sewer	-	-	12,521,238	11,454,304	12,521,238	11,454,304
Total expenses	<u>15,564,167</u>	<u>15,314,439</u>	<u>12,521,238</u>	<u>11,454,304</u>	<u>28,085,405</u>	<u>26,768,743</u>
Increase in net position before special item	4,524,401	2,833,533	4,418,969	6,819,815	8,943,370	9,653,348
Special item:						
Donation - Field of Dreams	-	2,411,339	-	-	-	2,411,339
Increase in net position	4,524,401	5,244,872	4,418,969	6,819,815	8,943,370	12,064,687
Net position - beginning of year	45,321,527	40,076,655	56,772,724	49,952,909	102,094,251	90,029,564
Net position - ending	<u>\$ 49,845,928</u>	<u>\$ 45,321,527</u>	<u>\$ 61,191,693</u>	<u>\$ 56,772,724</u>	<u>\$ 111,037,621</u>	<u>\$ 102,094,251</u>

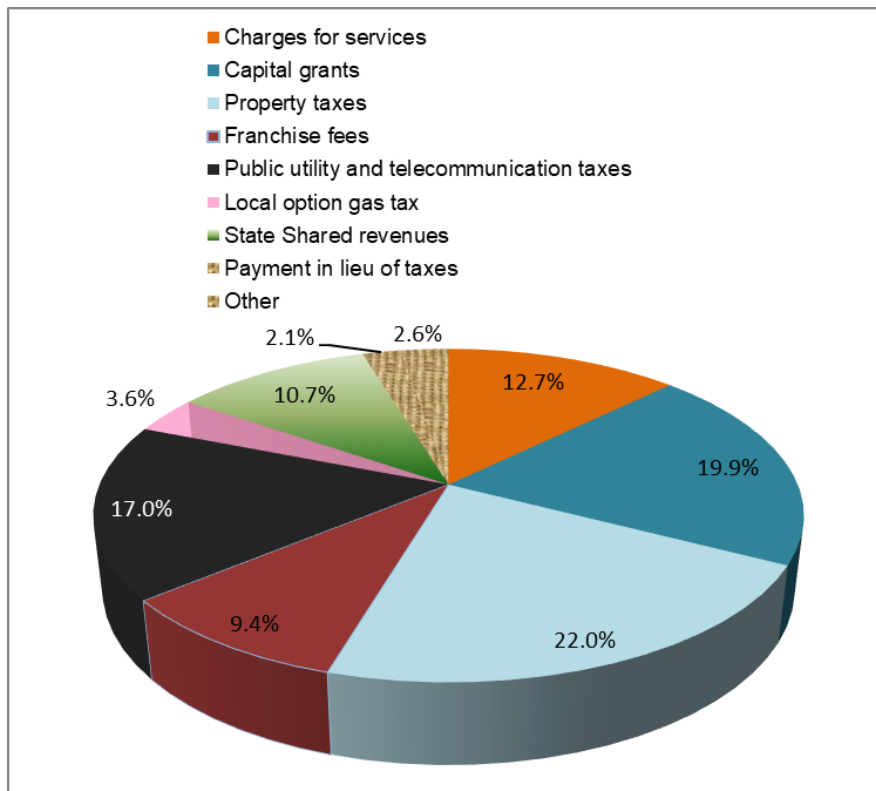
Governmental Activities. During the current fiscal year, net position for governmental activities increased by \$4,524,401 from the prior fiscal year. General revenues increased by approximately 4.5% due to increases in property taxes, payment in lieu of taxes, and miscellaneous revenues. Program revenues increased by approximately 26%, primarily from an agreement between Brevard County and the City, for Transportation Impact Fees of \$3,991,000, provided for future construction of City roadway improvements.

Governmental expenses increased \$249,728 (1.6%) compared to the fiscal year ending September 30, 2019. The primary reason for this increase was an increase in wages. The first chart that follows compares each program's expenses with the revenues generated by the program. The next chart displays the City's revenues by source. Public safety represents one of the City's major services and the majority of resources used to fund the service are not generated by the program. Revenues from taxes and other general resources provide the remaining funding necessary for public safety.

Expenses and Program Revenues-Governmental Activities



2020 Revenues by Source – Governmental Activities



Business-type Activities. Business-type activities increased the City's net position by \$4,418,969. Operating revenues for the Water and Sewer System decreased by approximately \$1.3 million and this is attributed primarily to a decrease in developer contributions to the City over the substantial prior year contributions. Operating expenses of the Water and Sewer System increased by about \$1.07 million due in part to an increase in purchased water costs, and other contractual services. Capital grants decrease by \$2.57 million mainly due to a decrease in developer connection fees for multi-family residential developments.

Financial Analysis of Governmental Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$20,741,262, an increase of \$6,922,894 in comparison with the prior year. Approximately 25% of this total amount (\$5,285,318) constitutes unassigned fund balance, which has not been appropriated for a specific purpose and is available for spending at the government's discretion. The remainder of fund balance represents a legally restricted funding source, has been committed to a specific purpose by City action or is not in liquid form available for new spending. The \$4,169 of prepaid items represents funds that have been disbursed for future expenditures, such as insurance or maintenance agreements. The restricted funds also include funds of \$90,217 that can only be spent on law enforcement purposes. The advance of \$683,326 represents the long-term portion of an interest bearing loan to the Stormwater Fund and a non-interest bearing loan to the Community Redevelopment Agency. These will become available to the General Fund for expenditure as the loans are satisfied.

The committed fund balances totaling \$2,006,173 in two of the non-major funds are being expended for replacement vehicles and recreation. The \$4,572,680 in the Capital Projects Fund and \$3,991,364 in the General Fund are restricted for construction and maintenance of roads. The \$3,655,343 amount represents funds collected through permits and is restricted to enforcing the State's building code. The Stormwater Utility had a negative unassigned fund balance of \$150,612 at September 30, 2020, due to capital and flood mitigation projects, and maintenance and repairs. The Community Redevelopment Agency had minimal expenditures during the fiscal year ended September 30, 2020, and closed the year with a positive fund balance of \$452,672.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,435,930, while total fund balance reached \$13,860,349. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and assigned fund balance represents 42% of total General Fund expenditures, while total fund balance represents 107% of that same amount.

The fund balance of the City's General Fund increased by \$1,628,406 during the current fiscal year, compared to an increase of \$1,264,050 in the prior year. The City saw decreased expenditures in the General Fund. Key factors in these results are as follows:

- Total revenues of the General Fund decreased by \$2,061,227, largely as a result of COVID-19 impacts: licenses and permit fees for building permits, plan review fees, and inspections; intergovernmental revenues for the US192 lighting project, main revenues for cigarette and

City of West Melbourne, Florida
Management's Discussion and Analysis
September 30, 2020

motor fuel; charges for services were reduced, specifically construction and drain inspection fees, facility rental and recreation class fees; fines and forfeitures reflected reduced revenues for school resource officers, and interest earnings on investments due to the lower interest rate environment.

- General Fund expenditures decreased \$2,471,873 compared to the prior year. While there were increased payroll costs, this was more than offset by large reductions in capital outlay as the Police Building project was concluded, there were fewer police vehicle purchases, and developer contributions for infrastructure declined.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Water and Sewer System at the end of the year amounted to \$19,450,194. The total increase in net position for this fund was \$4,418,969. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the year ended September 30, 2020, significant budgetary variances between the final amended budget and actual results include the following:

- Revenues were under the budgeted amounts for both licenses and permits (\$217K) and charges for services (\$110K) due to reduced construction activity impacted by COVID-19;
- Miscellaneous revenues were more than amounts anticipated in the budget by \$203K, as the City received unbudgeted CARES Act reimbursements;
- Law enforcement expenditures were below budgeted appropriations by \$470K due to: unfulfilled staffing vacancies, impacting operating supplies; and COVID-19 curtailed education-related expenditures;
- Protective inspections actual costs fell below budgeted amounts by \$144K due to staffing vacancies and delayed vehicle purchases;
- Public works expenditures were below budgeted amounts by \$1.36M largely due to a delayed transportation project of approximately \$1.2M; and
- Recreation actual costs were less than budgeted amounts by \$634K due to delayed renovations to the parks maintenance building (\$411K), and operational costs reductions relative to revenue program closures as a result of COVID-19.

There were no budget amendments related to revenues during the year ended September 30, 2020. There were five budget amendments for expenditures totaling \$733,850 during the year ended September 30, 2020. These amendments were due to police department additions to furniture (\$71.9K); a new position in the building department (\$71.9K); renovations to the parks and recreation department maintenance building (\$440K); and, other capital improvements projects (\$150K).

City of West Melbourne, Florida
Management's Discussion and Analysis
September 30, 2020

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounted to \$79,526,572 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and other infrastructure items. The percentage decrease from prior year (fiscal year 2019) in the City's investment in capital assets was approximately 0.66%, due to depreciation and the disposal of obsolete assets.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 1,489,987	\$ 1,489,987	\$ 403,959	\$ 403,959	\$ 1,893,946	\$ 1,893,946
Construction in progress	514,859	3,359,401	2,677,372	1,341,454	3,192,231	4,700,855
Buildings	7,804,676	5,052,158	392,726	414,632	8,197,402	5,466,790
Improvements other than buildings	10,368,616	11,023,357	40,584,734	40,317,653	50,953,350	51,341,010
Machinery and equipment	2,709,518	2,943,410	2,822,003	3,008,143	5,531,521	5,951,553
Infrastructure	9,758,123	10,697,184	-	-	9,758,123	10,697,184
Total	<u>\$ 32,645,779</u>	<u>\$ 34,565,497</u>	<u>\$ 46,880,794</u>	<u>\$ 45,485,841</u>	<u>\$ 79,526,573</u>	<u>\$ 80,051,338</u>

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

- In the City's governmental activities, the purchase of police vehicles, along with the final police station modifications were the significant impacts to the increases obtained.
- In the City's business-type activities, the City continued development of projects including the Sylvan Drive Septic to Sewer, Columbia Lane/Brandywine Interconnect, the Greenboro Force Main Replacement, and control panel replacements. The City also received developer water and sewer system donations for Sawgrass Lakes Phase 5, Carlton Apartments, and Florida Auto Wash, among others during the fiscal year.

Additional information on the City's capital assets can be found in Note 3 D on pages 66-67 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt and loans outstanding of \$6,827,893, which represents obligations secured by business-type activities revenue sources.

City of West Melbourne's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Compensated absences	\$ 434,403	\$ 381,878	\$ 73,418	\$ 54,018	\$ 507,821	\$ 435,896
Revenue bonds	-	-	4,420,028	5,964,068	4,420,028	5,964,068
Loans payable	-	-	2,407,865	2,581,616	2,407,865	2,581,616
Total	<u>\$ 434,403</u>	<u>\$ 381,878</u>	<u>\$ 6,901,311</u>	<u>\$ 8,599,702</u>	<u>\$ 7,335,714</u>	<u>\$ 8,981,580</u>

City of West Melbourne, Florida
Management's Discussion and Analysis
September 30, 2020

Additional information on the City's outstanding debt can be found in Note 3 F on pages 68-71 of this report. The City's total debt was reduced by \$1,717,791 during the current fiscal year. Key factors in the City's fiscal year 2020 long term debt decrease include the following:

- The City continued to pay off the bonded debt and loans payable as they fell due, and on January 8, 2020, made an advance principal payment in the amount of \$472,840 on the Water and Sewer Revenue Bonds, Series 2007.
- The liability for compensated absences increased by \$71,925.
- The liability for other post-employment benefits increased by \$95,665.

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the City of West Melbourne and were considered in developing the 2020-2021 fiscal year budget.

- As of the United States Census count of April 1, 2010, the City had an estimated population of 18,335 people residing within the City's then 9.9-square miles. The population estimate issued for 2020 by the State of Florida, Office of Economic and Demographic Research shows the City's population has increased to 25,385 within the City's now 10.32-square mile area.
- During fiscal year 2020, the City issued building permits for the construction of 222 new single family homes. The City expects continued local economic conditions to improve in the near term off its COVID-19 induced economic low during fiscal year 2019 - 2020. The City has three large commercial centers, Hammock Landing, the West Melbourne Interchange Center and Coastal Commerce, where interest in new commercial development continues.
- As of September 2020, the unemployment rate in the United States was 7.8%. For the State of Florida, unemployment was 6.4%, an increase from 3.2% a year earlier. For Brevard County, the unemployment rate was 5.2% as reported by the Florida Department of Economic Opportunity. It is expected that the unemployment rate for Brevard County will decline somewhat but not significantly change in 2021 because of lingering effects of COVID-19 on certain high risk businesses.
- The City was founded in 1959, primarily to prevent property taxes from being imposed by a neighboring municipality. The City continues to pride itself on its low tax rate. The millage rate for the City of West Melbourne was 2.6017 for fiscal year 2019 - 2020. This was unchanged from the fiscal year 2018 – 2019 millage rate of 2.6017.

All of these factors were considered in preparing the City's budget for the fiscal year ending September 30, 2021.

Requests for Information

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

CITY OF WEST MELBOURNE, FLORIDA

Basic Financial Statements

City of West Melbourne, Florida
Statement of Net Position

<i>September 30, 2020</i>	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,271,993	\$ 1,276,709	\$ 5,548,702
Investments	16,929,246	17,709,643	34,638,889
Receivables, net	697,020	1,509,243	2,206,263
Due from other governments	254,231	742,148	996,379
Inventory	-	99,748	99,748
Prepaid items	4,169	-	4,169
Restricted assets:			
Cash and cash equivalents	189,331	3,680,341	3,869,672
Capital assets not being depreciated:			
Land	1,489,987	403,959	1,893,946
Construction in progress	514,859	2,677,372	3,192,231
Capital assets (net of accumulated depreciation):			
Buildings	7,804,676	392,726	8,197,402
Improvements other than buildings	10,368,616	40,584,734	50,953,350
Machinery and equipment	2,709,518	2,822,003	5,531,521
Infrastructure	9,758,123	-	9,758,123
Total assets	54,991,769	71,898,626	126,890,395
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	2,080,714	409,201	2,489,915
Deferred outflows related to OPEB	291,308	50,086	341,394
Deferred amount on advanced refunding	-	7,052	7,052
Total deferred outflows of resources	2,372,022	466,339	2,838,361

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

<i>September 30, 2020</i>	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable	506,568	905,190	1,411,758
Contracts payable	172,927	556,328	729,255
Retainage payable	308,508	234,048	542,556
Accrued payroll and related liabilities	311,974	40,852	352,826
Payable from restricted assets:			
Accrued interest payable	-	129,584	129,584
Customer and developer escrow deposits	187,331	1,078,835	1,266,166
Noncurrent liabilities:			
Due within one year:			
Revenue bonds payable	-	1,103,600	1,103,600
Loans payable, net of unamortized discounts	-	180,000	180,000
Other post-employment benefits (OPEB)	79,787	13,601	93,388
Compensated absences	316,008	58,735	374,743
Due in more than one year:			
Revenue bonds payable	-	3,316,428	3,316,428
Loans payable	-	2,227,865	2,227,865
Other post-employment benefits (OPEB)	586,865	104,102	690,967
Net pension liability	4,203,125	1,198,118	5,401,243
Compensated absences	118,395	14,683	133,078
Total liabilities	6,791,488	11,161,969	17,953,457
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	608,955	11,303	620,258
Deferred revenue - business tax receipts	117,420	-	117,420
Total deferred inflows of resources	726,375	11,303	737,678
NET POSITION			
Net investment in capital assets	32,164,344	39,269,577	71,433,921
Restricted for:			
Long term portion of advances	683,326	-	683,326
Community development	452,672	-	452,672
Debt service	-	2,471,922	2,471,922
Transportation	8,564,044	-	8,564,044
Law enforcement	90,217	-	90,217
Building code enforcement	3,655,343	-	3,655,343
Unrestricted	4,235,982	19,450,194	23,686,176
Total net position	\$ 49,845,928	\$ 61,191,693	\$ 111,037,621

City of West Melbourne, Florida
Statement of Activities

For the year ended September 30, 2020

Program Revenues

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 2,808,023	\$ 413,540	\$ -	\$ -
Public safety	7,886,503	1,359,462	-	9,996
Public works	2,993,822	584,807	-	3,991,000
Recreation	1,492,810	78,064	-	-
Community development	373,339	109,984	-	-
Economic environment	420	-	-	-
Interest on long-term debt	9,250	-	-	-
Total governmental activities	15,564,167	2,545,857	-	4,000,996
Business-type activities:				
Water and sewer	12,521,238	13,637,182	-	3,115,488
Total business-type activities	12,521,238	13,637,182	-	3,115,488
Total primary government	\$ 28,085,405	\$ 16,183,039	\$ -	\$ 7,116,484

General revenues:

Taxes:

Property taxes

Franchise fees

Local option gas tax

Public utility and telecommunication taxes

Payment in lieu of taxes

Intergovernmental shared revenue - unrestricted

Investment earnings

Miscellaneous revenue

Gain on disposition

Transfers, net

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

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

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (2,394,483)	\$ -	\$ (2,394,483)
(6,517,045)	-	(6,517,045)
1,581,985	-	1,581,985
(1,414,746)	-	(1,414,746)
(263,355)	-	(263,355)
(420)	-	(420)
(9,250)	-	(9,250)
(9,017,314)	-	(9,017,314)
-	4,231,432	4,231,432
-	4,231,432	4,231,432
(9,017,314)	4,231,432	(4,785,882)
4,421,186	-	4,421,186
1,886,888	-	1,886,888
728,699	-	728,699
3,407,499	-	3,407,499
426,386	-	426,386
2,142,428	-	2,142,428
182,884	221,937	404,821
287,820	-	287,820
23,525	-	23,525
34,400	(34,400)	-
13,541,715	187,537	13,729,252
4,524,401	4,418,969	8,943,370
45,321,527	56,772,724	102,094,251
\$ 49,845,928	\$ 61,191,693	\$ 111,037,621

City of West Melbourne, Florida
Balance Sheet - Governmental Funds

<i>September 30, 2020</i>	General	Community Redevelopment	Capital Project	Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,654,540	\$ 952,672	\$ 25,291	\$ 1,639,490	\$ 4,271,993
Investments	11,765,917	-	4,559,083	604,246	16,929,246
Accounts receivable, net	697,020	-	-	-	697,020
Advance to other funds - current	190,474	-	-	-	190,474
Advance to other funds - long term	683,326	-	-	-	683,326
Due from other governments	254,231	-	-	-	254,231
Prepaid items	4,169	-	-	-	4,169
Restricted cash and cash equivalents	189,331	-	-	-	189,331
Total assets	\$ 15,439,008	\$ 952,672	\$ 4,584,374	\$ 2,243,736	\$ 23,219,790
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 481,576	\$ -	\$ 11,694	\$ 13,298	\$ 506,568
Contracts payable	172,927	-	-	-	172,927
Retainage payable	308,508	-	-	-	308,508
Accrued payroll and related liabilities	310,897	-	-	1,077	311,974
Deposits	187,331	-	-	-	187,331
Advance from other funds - current	-	100,000	-	90,474	190,474
Advance from other funds - long term	-	400,000	-	283,326	683,326
Total liabilities	1,461,239	500,000	11,694	388,175	2,361,108
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - business tax receipts	117,420	-	-	-	117,420
Total deferred inflows of resources	117,420	-	-	-	117,420

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

<i>September 30, 2020</i>	General	Community Redevelopment	Capital Projects	Nonmajor Funds	Total Governmental Funds
FUND BALANCES					
Nonspendable:					
Prepaid items	4,169	-	-	-	4,169
Long term portion of advances	683,326	-	-	-	683,326
Restricted for:					
Police education	9,954	-	-	-	9,954
Confiscated funds	80,263	-	-	-	80,263
Transportation	3,991,364	-	4,572,680	-	8,564,044
Building code enforcement	3,655,343	-	-	-	3,655,343
Community development	-	452,672	-	-	452,672
Committed for:					
Recreation	-	-	-	722,523	722,523
Vehicle replacement	-	-	-	1,283,650	1,283,650
Unassigned	5,435,930	-	-	(150,612)	5,285,318
Total fund balances	13,860,349	452,672	4,572,680	1,855,561	20,741,262
Total liabilities and fund balances	\$ 15,439,008	\$ 952,672	\$ 4,584,374	\$ 2,243,736	

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

Governmental capital assets	\$ 52,191,915	
Less accumulated depreciation	(19,546,136)	32,645,779

Deferred outflows and deferred inflows related to pensions and OPEB and related earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.

Deferred outflows related to pensions	\$ 2,080,714	
Deferred outflows related to OPEB	291,308	
Deferred inflows related to pensions	(608,955)	1,763,067

Long-term liabilities, including capital lease obligations, compensated absences, net pension liability and the total OPEB liability are not due and payable in the current period and therefore are not reported in the funds.

Net pension liability	\$ (4,203,125)	
Compensated absences	(434,403)	
Other postemployment benefits (OPEB)	(666,652)	(5,304,180)

Net position of governmental activities		\$ 49,845,928
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The accompanying notes are an integral part of this financial statement.

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

		Community	Capital	Nonmajor	Total
	General	Redevelopment	Projects	Funds	Governmental
<i>For the year ended September 30, 2020</i>					Funds
Revenues					
Taxes	\$ 9,715,573	\$ -	\$ -	\$ 584,807	\$ 10,300,380
Licenses and permits	1,231,899	-	-	-	1,231,899
Intergovernmental	2,881,123	426,386	3,991,000	-	7,298,509
Charges for services	257,661	-	-	15,600	273,261
Fines and forfeitures	367,646	-	-	-	367,646
Contributions and donations	22,000	-	-	-	22,000
Investment income	162,055	-	13,913	6,916	182,884
Miscellaneous	265,762	-	-	-	265,762
Total revenues	14,903,719	426,386	4,004,913	607,323	19,942,341
Expenditures					
Current:					
General government	2,240,023	-	-	-	2,240,023
Public safety	7,022,168	-	-	-	7,022,168
Public works	1,404,934	-	-	161,451	1,566,385
Recreation	853,610	-	-	-	853,610
Community development	350,457	-	-	-	350,457
Economic environment	-	420	-	-	420
Capital outlay	1,067,902	-	23,166	43,247	1,134,315
Debt service:					
Interest	-	-	-	9,250	9,250
Total expenditures	12,939,094	420	23,166	213,948	13,176,628
Excess revenues over expenditures	1,964,625	425,966	3,981,747	393,375	6,765,713
Other financing sources (uses)					
Transfers in	-	-	-	493,400	493,400
Transfers out	(459,000)	-	-	-	(459,000)
Insurance proceeds	88,302	-	-	-	88,302
Proceeds from sale of capital assets	34,479	-	-	-	34,479
Net other financing sources (uses)	(336,219)	-	-	493,400	157,181
Net change in fund balances	1,628,406	425,966	3,981,747	886,775	6,922,894
Fund balances, beginning	12,231,943	26,706	590,933	968,786	13,818,368
Fund balances, ending	\$ 13,860,349	\$ 452,672	\$ 4,572,680	\$ 1,855,561	\$ 20,741,262

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

City of West Melbourne, Florida

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities**

For the year ended September 30, 2020

Net change in fund balances - total governmental funds **\$ 6,922,894**

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

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

Capital outlay	\$ 1,134,315	
Depreciation	(3,043,079)	(1,908,764)

In the statement of activities, the gain (loss) on the disposal of capital assets is
reported, whereas in the governmental funds, disposals are not reported.
Thus, the change in net position differs from the change in fund balance by the
net book value of the disposed capital assets.

(10,954)

Under the modified accrual basis of accounting used in governmental funds,
expenditures are not recognized for transactions that are not normally paid with
expendable available financial resources. In the statement of activities, however,
which is presented on the accrual basis, pension and OPEB expenses
are reported regardless of when the financial resources are available.

Net pension liability - FRS/HIS	\$ (833,186)	
Net pension liability - police officers'	404,129	
Total OPEB liability	(161,520)	(590,577)

Deferred outflows and deferred inflows of resources related to pension and OPEB
costs are not recognized in the governmental funds; however, they are recorded
in the statement of net position under full accrual accounting.

Deferred inflows - police officers' pension	\$ (204,732)	
Deferred inflows - FRS/HIS pension	144,462	
Deferred outflows - FRS/HIS pension	173,153	
Deferred outflows - subsequent payments - FRS/HIS pension	14,483	
Deferred outflows - OPEB	81,733	
Deferred outflows - police officers' pension	(44,772)	164,327

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

(52,525)

Change in net position of governmental activities **\$ 4,524,401**

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

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

Business-type
 Activities -
 Enterprise Fund

September 30, 2020

ASSETS

Current assets:

Cash and cash equivalents	\$ 1,276,709
Restricted current assets:	
Cash and cash equivalents	3,680,341
Investments	17,709,643
Accounts receivable, net	962,973
Accounts receivable earned, but not billed	448,675
Assessments receivable	97,595
Due from other governments	742,148
Inventory	99,748
Total current assets	25,017,832

Noncurrent assets:

Capital assets:	
Land	403,959
Buildings	2,512,496
Improvements other than buildings	80,019,954
Machinery and equipment	8,538,011
Construction in progress	2,677,372
Less accumulated depreciation	(47,270,998)
Total capital assets, net of accumulated depreciation	46,880,794
Total noncurrent assets	46,880,794

Total assets	71,898,626
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DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pensions	409,201
Deferred outflows related to OPEB	50,086
Deferred amount on advanced refunding	7,052
Total deferred outflows of resources	466,339

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

	Business-type Activities - Enterprise Fund
<i>September 30, 2020</i>	

LIABILITIES

Current liabilities (payable from current assets):

Accounts payable	905,190
Contracts payable	556,328
Retainage payable	234,048
Accrued payroll and related liabilities	40,852
Compensated absences	58,735
Current portion of revenue bonds payable	1,103,600
Current portion of loans payable	180,000
Current portion of OPEB liability	13,601

Current liabilities (payable from restricted assets):

Accrued interest	129,584
Customer and developer escrow deposits	1,078,835

Total current liabilities	4,300,773
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Noncurrent liabilities:

Compensated absences	14,683
Total OPEB liability	104,102
Loans payable, net of unamortized discount	2,227,865
Revenue bonds payable	3,316,428
Net pension liability	1,198,118

Total noncurrent liabilities	6,861,196
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Total liabilities	11,161,969
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DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions	11,303
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Total deferred inflows of resources	11,303
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NET POSITION

Net investment in capital assets	39,269,577
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Restricted for:

Debt service	2,471,922
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Unrestricted	19,450,194
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Total net position	\$ 61,191,693
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City of West Melbourne, Florida

Statement of Revenues, Expenses and Changes in Fund Net Position -

Proprietary Fund

	Business-type Activities - Enterprise Fund
<i>For the year ended September 30, 2020</i>	
Operating revenues:	
Charges for services	\$ 12,542,774
Other charges and fees	1,094,408
Total operating revenues	13,637,182
Operating expenses:	
Personnel services	1,526,018
Contractual services	1,941,755
Supplies and other expenses	5,016,060
Depreciation	3,746,071
Total operating expenses	12,229,904
Operating income	1,407,278
Nonoperating revenues (expenses):	
Investment income	221,937
Interest expense	(291,334)
Total nonoperating revenues (expenses)	(69,397)
Income before capital contributions and transfers	1,337,881
Capital contributions	3,115,488
Transfers out	(34,400)
Change in net position	4,418,969
Net position, beginning of year	56,772,724
Net position, end of year	\$ 61,191,693

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

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

Business-type
 Activities -
 Enterprise Fund

For the year ended September 30, 2020

Cash flows from operating activities:

Cash received from customers for sales and services	\$ 13,003,782
Cash payments to employees	(1,354,656)
Cash payments to suppliers for goods and services	(6,264,218)
Net cash provided by operating activities	5,384,908

Cash flows from noncapital financing activities:

Cash paid to other funds to repay advances	(151,030)
Transfers to other funds	(34,400)
Net cash used in noncapital financing activities	(185,430)

Cash flows from capital and related financing activities:

Acquisition and construction of capital assets	(4,977,745)
Collections of special assessment revenue	10,522
Principal paid on revenue bonds	(1,544,040)
Principal paid on loans	(175,000)
Capital contributions	3,115,488
Interest paid on long-term debt	(327,409)
Net cash used in capital and related financing activities	(3,898,184)

Cash flows from investing activities:

Investment income	221,937
Purchase of investments	(2,228,186)
Net cash used in investing activities	(2,006,249)

Net decrease in cash and cash equivalents (704,955)

Cash and cash equivalents, beginning of year 5,662,005

Cash and cash equivalents, end of year \$ 4,957,050

Current assets:	
Cash and cash equivalents	\$ 1,276,709
Cash and cash equivalents, restricted	3,680,341
Total cash and cash equivalents	\$ 4,957,050

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

For the year ended September 30, 2020

Business-type
Activities -
Enterprise Fund

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

Operating income	\$ 1,407,278
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	3,746,071
Loss on disposal of assets	70,769
Change in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	(62,289)
Accounts receivable earned but not billed	118,333
Due from other governments	(739,634)
Inventory	15,931
Deferred outflows of resources related to pensions	(49,878)
Deferred outflows of resources related to OPEB	(13,932)
Increase (decrease) in liabilities:	
Accounts and contracts payable	621,975
Accrued payroll and related liabilities	24,561
Total OPEB liability	27,533
Net pension liability	221,479
Customer and developer escrow deposits	35,112
Deferred inflows of resources related to pensions	(38,401)
Total adjustments	3,977,630
Net cash provided by operating activities	\$ 5,384,908

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

Amortization of bond discount	\$ 1,249
Amortization of deferred loss on refunding	\$ 2,604

City of West Melbourne, Florida

Statement of Fiduciary Net Position – Police Officers’ Pension Trust Fund

	Police Officers' Pension Trust Fund
<i>September 30, 2020</i>	
<hr/>	
ASSETS	
Investments at fair value:	
Money market mutual funds	\$ 417,338
Fixed income mutual funds	1,073,316
Mutual funds - US stock	8,233,691
Mutual funds - International stock	2,610,852
U.S. government obligations	1,962,920
Mortgage-asset backed securities	62,768
Corporate bonds	1,507,182
Real estate funds	1,628,035
Contribution receivable	14,545
Interest receivable	7,946
Total assets	17,518,593
<hr/>	
LIABILITIES	
Accounts payable	10,759
Total liabilities	10,759
<hr/>	
FIDUCIARY NET POSITION	
Restricted for pension benefits	\$ 17,507,834
<hr/>	

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

City of West Melbourne, Florida
Statement of Changes in Fiduciary Net Position - Police Officers' Pension
Trust Fund

Police
Officers'
Pension Trust
Fund

For the year ended September 30, 2020

ADDITIONS

Contributions:		
City	\$	434,572
Employees		230,786
State		184,880
Total contributions		850,238
Investment income:		
Net appreciation in the fair value of investments		1,311,440
Interest, dividends and other income		390,667
Total investment gains		1,702,107
Less investment-related expense		(48,438)
Net investment gains		1,653,669
Total additions		2,503,907

DEDUCTIONS

Benefit payments		648,067
Administrative expenses		53,662
Total deductions		701,729
Change in net position		1,802,178
Fiduciary net position, beginning of year		15,705,656
Fiduciary net position, end of year	\$	17,507,834

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



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Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City is a municipal corporation governed by an elected power and seven-member governing council (the “Council”). The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government’s operations even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applied to governmental units. The more significant accounting policies used by the City are described below.

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

Blended Component Unit

The West Melbourne-Brevard County Joint Community Redevelopment Agency (the “CRA” or “Community Redevelopment”) was organized under Section 163 of the Florida Statutes pursuant to City Ordinance No. 2012-19 and formally came into existence during the fiscal year ended September 30, 2013. The Joint Community Redevelopment Agency uses property tax incremental revenues derived from taxable real property within the geographic boundaries of the community redevelopment area to finance development within that area. Although legally separate, the CRA is reported as if it were part of the City, as a special revenue fund, because it is governed by a board comprised primarily of the City’s elected Council members. Additionally, the services provided by the CRA create a primarily financial benefit relationship with the City. The separate financial statements of the CRA can be obtained from the City of West Melbourne, Attn: Finance Director, 2240 Minton Road, West Melbourne, Florida 32904.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

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

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

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for federal, state, local or private grants or awards, for which the period is 4 months. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 4 months of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 4 months of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

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

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporates data from the City's enterprise funds.

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

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements. There are no non major enterprise funds.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements (Continued)

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 *West Melbourne-Brevard County Joint Community Redevelopment Agency Fund* ("Community Redevelopment") is used to account for tax increment revenues derived from taxable real property within the geographic boundaries of the community redevelopment area to finance development within that area.
- The *Capital Projects Fund* accounts for the acquisition and construction of the City's major capital facilities, other than those financed by proprietary funds.

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fiduciary fund type:

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

The City's nonmajor governmental funds consist of two special revenue funds (Recreation and Stormwater Utility) and one capital projects fund (Vehicle Replacement).

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported as gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Budgetary Information

The City has elected, as permitted by Section 2400: *Budgetary Reporting* of the GASB Codification, to disclose all budgetary information in the notes to the required supplementary information.

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

1. Cash and Cash Equivalents

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

2. Investments

Deposits available within various funds, except pension trust funds, were consolidated for investment purposes. Substantially all deposits at September 30, 2020, were invested using the pooled investment concept. Interest earned was allocated monthly to the various funds based on their month-ending cash and investment balances.

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

The City of West Melbourne is empowered by statute to invest in the following instruments and may divest itself of such investments, at prevailing market prices or rates subject to the limitations of Section 218.415 – a) the Local Government Surplus Funds Trust Fund, administered by the Florida State Board of Administration or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. 163.01, Florida Statutes; b) Securities and Exchange

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Investments (Continued)

Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; c) savings accounts in state-certified qualified public depositories, as defined in Florida Statute 280.02; d) certificates of deposit and Repurchase Agreements in state-certified qualified public depositories, as defined in Florida Statute 280.02; e) direct obligations of the U.S. Treasury; and f) Federal agencies and instrumentalities.

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

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

3. Receivables and Payables

Unbilled receivables – An amount for unbilled revenue is recorded in the Water and Sewer funds for services rendered, but not yet billed as of the end of the fiscal year. The receivable is derived from the cycle billings generated subsequent to fiscal year end and prorated for usage in September.

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Interfund Activities and Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” within the fund financial statements. Long-term borrowings between funds are classified as “advances to other funds” or “advances from other funds” in the fund financial statements. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any residual balance outstanding between the governmental and business-type activities at the end of the fiscal year, which are reported in the government-wide financial statements as internal balances.

Interfund transactions are reflected as services provided, reimbursements, or transfers. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when a fund incurs a cost, charges the appropriate benefitting fund, and reduces its related costs as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or business-type funds are netted as part of the reconciliation to the government-wide presentation.

5. Inventories and Prepaid Items

All inventories are valued at cost using the first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. The governmental funds did not have any inventories on hand at year end. Inventory in the proprietary fund consists of materials and supplies used in the production of goods and services.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

6. Restricted Assets

Certain assets of the City are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets, as follows:

Customer and Developer Deposit Accounts - Deposited in non-interest bearing accounts and refunded upon termination of service with the City and satisfaction of all obligations due.

Bond and Capital Lease Debt Service Accounts – Includes certain proceeds from issuance of revenue bonds, as well as certain resources set aside for the repayment of bonds or capital lease obligations.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Law Enforcement Fines and Confiscated Property Account - Fines and property generated and applied toward further education and enhancement of the police department.

7. Capital Assets

Capital assets, which include property, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

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

Land and construction in progress are not depreciated. The other property, plant, equipment and infrastructure are depreciated using the straight-line method over the following estimated useful lives:

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

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The City has three (3) items that qualify for reporting as deferred outflows of resources: the *deferred amount on refunding*, the *deferred outflows related to pensions*, and the *deferred outflows related to OPEB*. All three are reported in the government-wide statement of net position and only two are reported in the proprietary fund statement of net position. The deferred amount on refunding results from debt financing, whereby the reacquisition prices of the funding debt instruments exceed their net carrying amount. The deferred amount on refunding, in the amount of \$7,052 at September 30,

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. Deferred Outflows/Inflows of Resources (Continued)

2020 is being amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years. The *deferred outflows related to other postemployment benefits (OPEB)* are an aggregate of items related to OPEB as calculated in accordance with GASB Codification Section P52: *Postemployment Benefits Other than Pensions – Reporting Benefits Not Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to OPEB will be recognized as either OPEB expense or a reduction in the net OPEB liability in future reporting years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one (1) item that qualifies for reporting as deferred inflows of resources in both the government wide and proprietary fund statements of net position. The *deferred inflows related to pensions* are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years.

Deferred revenue-business tax receipts are amounts deferred in both the government-wide statement of net position and the governmental fund balance sheet and recognized as an inflow of resources in the period that the amounts become available in accordance with GASB Codification N50: *Nonexchange Transactions*. At September 30, 2020, the City recognized deferred revenue in the amount of \$117,420.

9. Compensated Absences

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Accumulated sick leave lapses when employees leave the employ of the City and, accordingly upon separation of service, no monetary obligation exists.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium and discount. In accordance with GASB Codification Section I30: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing resources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

11. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's Police Officers' pension trust fund and the Florida Retirement System Pension Plan and Health Insurance Subsidy Program and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

12. Other Post-Employment Benefits

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

13. Categories and Classification of Fund Equity

Net position flow assumption – Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions - Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance unless there are legal documents/contracts prohibiting this, such as grant agreements. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

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

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

13. Categories and Classification of Fund Equity (Continued)

decision-making authority. The governing council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned Fund Balance – 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 committed. The authority to assign fund balance lies with the City Council and may occur through the budget process or formal action. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes. According to the City's Fund Balance policy, the General Fund shall maintain an unassigned, unappropriated fund balance equivalent to a minimum of twenty (20%) of the current fiscal year expenditures less capital outlay and transfers out. At September 30, 2020, this minimum balance is \$2,374,238.

14. Revenues and Expenditures/Expenses

Program revenues – Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues.

Property taxes - The City is permitted by State law to levy taxes up to 10 mills on assessed valuation. However, Chapter 74-430, Laws of Florida, a special act applicable only to governmental units in Brevard County, limits the annual increase to 10% of the prior year's millage. During a Special Session in June 2007, the Florida Legislature adopted HB1B, which limits municipal property tax rates effective with the 2007-2008 fiscal year. This legislation establishes reductions in the millage rate based on a calculated growth in per capita taxes between the 2002 and 2007 fiscal years. The Legislature did authorize local governments to use the rolled back millage rate if approved by a super majority vote of the governing body. The West Melbourne City Council levy for the fiscal year ended September 30, 2020 was 2.6017 mills, which is equal to the rolled back rate.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. Revenues and Expenditures/Expenses

Proprietary funds operating and nonoperating revenues and expenses – Proprietary funds distinguish operating revenues and expenses from nonoperating 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 Water and Sewer Fund are charges to customers for sales and services and the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the Water and Sewer Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

15. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to the pension liability and the OPEB liability.

16. Subsequent events

Management has evaluated subsequent events through the date the financial statements were available to be issued, February 24, 2021. See Note 4.G. for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

17. Recently issued and implemented accounting pronouncements

The City has implemented GASB Statement No. 84, *Fiduciary Activities*. The implementation of this statement did not result in any change in the City's financial statements. GASB Statement No. 84 improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

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

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

17. Recently issued and implemented accounting pronouncements (Continued)

were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

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

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Equity

At September 30, 2020, the Stormwater Utility Fund had a deficit unassigned fund balance of \$150,612. This deficit was the result of capital and flood mitigation projects completed in advance of receipt of designated funding. The Stormwater Utility Fund has received loans from the General Fund, which will be repaid from future stormwater fees collections. This deficit will be eliminated as resources (future stormwater fees) are obtained.

Note 3: DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At September 30, 2020, the City's carrying amount of cash deposits was \$9,414,274, not including petty cash and change accounts totaling \$4,100, and the bank balance was \$9,732,402. As of September 30, 2020, \$500,000 of the City's bank balances was covered by federal depository insurance (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the City pursuant to Section 280.08, Florida Statutes.

The investment program is established in accordance with the City's investment policy, pertinent bond resolutions and Section 218.45, Florida Statutes, which allows the City to invest in the Florida State Board of Administration intergovernmental investment pool or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, direct obligations of the United States Government, obligations of the different agencies of the Federal Government, registered money market funds and accounts of state qualified public depositories.

The investing of public funds with the Florida State Board of Administration (SBA) Local Government Surplus Funds Trust Fund ("Florida PRIME") is governed by Section 218.407, Florida Statutes. The SBA is under regulatory oversight of the State of Florida. The investment pool consists largely of corporate notes and commercial paper. On September 30, 2020, the City had \$11,163,239 invested in the SBA. The fair value of the City's position in the pool is equal to the value of the pooled shares.

The Florida Local Government Investment Trust (Florida SAFE) is a common law trust organized under the laws of the State of Florida as an intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01 of the Florida Statutes. The investment pool consists of obligations guaranteed by the full faith and credit of the United States, U.S. government agency obligations, commercial paper, bank obligations and other obligations permitted by applicable Florida Statutes. At September 30, 2020, the City's share of Florida SAFE was \$16,036,987. The fair value of the City's position in the pool is equal to the value of the pooled shares.

The Florida Surplus Asset Fund Trust (FTIP) Day to Day Fund is a common law trust organized under the laws of the State of Florida as an intergovernmental investment pool authorized pursuant to the

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Florida Interlocal Cooperation Act, as provided in Section 163.01 of the Florida Statutes. The investment pool offers two open-ended managed funds available only to public entities in Florida. The investment pools consist of short-term to intermediate-term securities permitted by applicable Florida Statutes. At September 30, 2020, the City's share of the FTIP Day to Day Fund was \$5,255,374. The fair value of the City's position in the FTIP Day to Day Fund investment pool is equal to the value of the pooled shares.

Under GASB Codification 150: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost, it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of September 30, 2020, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the City's access to 100 percent of their account value in the Florida PRIME, Florida SAFE or FTIP external investment pools.

Cash with escrow and paying agents of \$2,667,266 accounted for in the Water and Sewer Fund represents reserves and balances to service outstanding bonds.

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

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution, a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the City places its deposits are certified as "qualified public depositories," as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of September 30, 2020, the City's pension investments are held in street name in the form of stock, debt securities and U.S. government bonds through financial brokerage firms segregated out from the assets and investments held by other clients of the investment firm and their own assets.

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

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

The dollar weighted average days to maturity (WAM) of Florida PRIME at September 30, 2020 is 48 days.

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

Foreign currency risk – The City's primary government's investments are not exposed to foreign currency risk and the City's investment policy does not address foreign currency risk. The City's pension trust fund is exposed to foreign currency risk and the fund's investment policy limits investments to a maximum of 25% of the plan's market value. The pension trust fund currently holds approximately 14.9% of the plan's market value in international mutual fund stocks.

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

At September 30, 2020, the City had the following investments:

Investment type	Fair Value	Investment Maturities (in years)				Rating	Agency	
		Less than 1	1-5	6-10	More than 10			
Primary government:								
State Board of Administration								
Florida Prime	\$11,163,239	\$11,163,239	\$ -	\$ -	\$ -	AAAm	S&P	
Florida Trust Investment Pool								
Day to Day Fund	5,255,374	5,255,374	-	-	-	AAAm	S&P	
Short Term Bond Fund	2,183,289	2,183,289	-	-	-	AAAf/S1	S&P	
Florida SAFE Investment								
Pool	16,036,987	16,036,987	-	-	-	AAAm	S&P	
Total primary government investments	\$34,638,889	\$34,638,889	\$ -	\$ -	\$ -			

City of West Melbourne, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Investment type	Fair Value	Investment Maturities (in years)				Rating	Agency
		Less than 1	1-5	6-10	More than 10		
Pension trust funds:							
Money market funds	\$ 417,338	\$ 417,338	\$ -	\$ -	\$ -	Not Rated	
Mutual US stock fund	8,233,691	8,233,691					
Mutual Int'l stock fund	2,610,852	2,610,852	-	-	-	3★	MS*
Corporate bonds:							
Corporate bonds (A)	617,239	105,059	268,202	243,978	-	AA+ -A-	S&P
Corporate bonds (B)	889,943	-	326,492	563,451	-	BBB+ - BBB	S&P
Fixed income - mutual funds	1,073,316	1,073,316	-	-	-	3-4★	MS*
US government obligations	1,962,920	1,174,822	469,681	318,417	-	Not Rated	
Mortgage/asset backed securities	62,768	-	-	62,768		Not Rated	
Real estate funds	1,628,035	-	-	-	1,628,035	Not Rated	
Total fiduciary fund investments	\$17,496,102	\$13,615,078	\$ 1,064,375	\$ 1,188,614	\$ 1,628,035		

*MS = Morningstar

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

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

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

Level 2: Inputs to the valuation methodology include:

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

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

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

City of West Melbourne, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

The following table sets forth by level, within the fair value hierarchy, the City's assets at fair value as of September 30, 2020:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Observable Inputs Other than Quoted Prices (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Fiduciary fund:				
Money market funds	\$ 417,338	\$ 417,338	\$ -	\$ -
Mutual funds - US stock	8,233,691	8,233,691		
Mutual funds - International stock	2,610,852	2,610,852	-	-
Corporate bonds	1,507,182	-	1,507,182	-
Fixed income mutual funds	1,073,316	-	1,073,316	-
US government obligations	1,962,920	-	1,962,920	-
Mortgage/asset backed securities	62,768	-	62,768	-
Total investments measured by fair value level	15,868,067	\$ 11,261,881	\$ 4,606,186	\$ -
Investments measured at the net asset value (NAV):				
Primary government:				
Florida Trust Investment Pool (FTIP)				
Short Term Bond Fund	2,183,289			
Fiduciary fund:				
Real estate funds	1,628,035			
Total investments measured at NAV	3,811,324			
Total investments measured at fair value	\$ 19,679,391			

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2020.

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

Mutual funds – Mutual funds classified in Level 1 of the fair value hierarchy are valued using quoted market prices for those investments. Mutual funds classified in Level 2 of the fair value hierarchy,

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

while underlying securities have observable Level 1 pricing inputs or observable Level 2 significant other pricing inputs, are not publicly quoted and are based on market-corroborated data.

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

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

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

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

	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
FTIP Short Term Bond Fund	\$ 2,183,289	None	Monthly	None stated
Real estate funds	1,628,035	None	Quarterly	30 days prior to last day of the quarter
Total investments measured at net asset value	\$ 3,811,324			

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

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

City of West Melbourne, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

B. Restricted Assets

The balances of the restricted asset accounts in the governmental activities and business-type activities at September 30, 2020 are as follows:

	Governmental Activities	Business-type Activities
Customer and developer deposit accounts	\$ 187,331	\$ 1,078,835
Law enforcement fines and confiscated property account	2,000	-
Accrued interest	-	129,584
Bond debt service accounts - current	-	2,471,922
Total	\$ 189,331	\$ 3,680,341

C. Receivables

For the Water and Sewer Fund, operating revenues are generally recognized on the basis of cycle billings rendered monthly. The amount of services delivered for the period from the last billing date to September 30, 2020 (unbilled receivables), is estimated and accrued at year end. The City provides an allowance for water and sewer accounts receivable that may become uncollectible. At September 30, 2020, this allowance was \$86,439. No other allowances for doubtful accounts are maintained since all other accounts receivable are considered collectible at September 30, 2020.

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

Receivables:	Governmental Activities	Business-type Activities	Total
Taxes	\$ 256,912	\$ -	\$ 256,912
Solid waste	88,590	-	88,590
Utilities	-	1,498,087	1,498,087
Franchise fees	320,838	-	320,838
Special assessments	-	97,595	97,595
Other	30,680	-	30,680
Gross receivables	697,020	1,595,682	2,292,702
Less: allowance for uncollectible accounts	-	(86,439)	(86,439)
Total receivables, net	\$ 697,020	\$ 1,509,243	\$ 2,206,263

Property taxes are considered fully collected (96% of levy) during and prior to the end of the fiscal year. Therefore, no material amounts of property taxes are receivable as of September 30, 2020. There are no other reserves for receivables recorded by the City as of September 30, 2020.

City of West Melbourne, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

The following is a summary of changes in capital assets during the year ended September 30, 2020:

	Beginning Balance	Increases	Decreases / Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,489,987	\$ -	\$ -	\$ 1,489,987
Construction in progress	3,359,401	192,641	(3,037,183)	514,859
Total capital assets, not being depreciated	4,849,388	192,641	(3,037,183)	2,004,846
Capital assets, being depreciated:				
Buildings	8,105,846	3,037,183	(42,872)	11,100,157
Improvements other than buildings	14,410,488	260,458	(2,862)	14,668,084
Machinery and equipment	7,047,990	681,216	(400,249)	7,328,957
Infrastructure	17,089,871	-	-	17,089,871
Total capital assets being depreciated	46,654,195	3,978,857	(445,983)	50,187,069
Less accumulated depreciation for:				
Buildings	(3,053,688)	(284,665)	42,872	(3,295,481)
Improvements other than buildings	(3,387,131)	(915,199)	2,862	(4,299,468)
Machinery and equipment	(4,104,580)	(904,154)	389,295	(4,619,439)
Infrastructure	(6,392,687)	(939,061)	-	(7,331,748)
Total accumulated depreciation	(16,938,086)	(3,043,079)	435,029	(19,546,136)
Total capital assets being depreciated, net	29,716,109	935,778	(10,954)	30,640,933
Governmental activities capital assets, net	\$ 34,565,497	\$ 1,128,419	\$ (3,048,137)	\$ 32,645,779
	Beginning Balance	Increases	Decreases / Transfers	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 403,959	\$ -	\$ -	\$ 403,959
Construction in progress	1,341,454	2,024,831	(688,913)	2,677,372
Total capital assets, not being depreciated	1,745,413	2,024,831	(688,913)	3,081,331
Capital assets, being depreciated:				
Buildings	2,512,496	-	-	2,512,496
Improvements other than buildings	77,485,526	3,568,387	(1,033,959)	80,019,954
Machinery and equipment	8,579,942	307,488	(349,419)	8,538,011
Total capital assets being depreciated	88,577,964	3,875,875	(1,383,378)	91,070,461
Less accumulated depreciation for:				
Buildings	(2,097,864)	(21,906)	-	(2,119,770)
Improvements other than buildings	(37,167,873)	(3,258,560)	991,213	(39,435,220)
Machinery and equipment	(5,571,799)	(465,605)	321,396	(5,716,008)
Total accumulated depreciation	(44,837,536)	(3,746,071)	1,312,609	(47,270,998)
Total capital assets being depreciated, net	43,740,428	129,804	(70,769)	43,799,463
Business-type activities capital assets, net	\$ 45,485,841	\$ 2,154,635	\$ (759,682)	\$ 46,880,794

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (continued)

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

<u>Governmental activities:</u>	
General government	\$ 301,489
Public safety	807,996
Public works	1,356,609
Recreation	576,985
Total depreciation expense - governmental activities	\$ 3,043,079
<u>Business-type activities:</u>	
Water and Sewer	\$ 3,746,071

E. Interfund Receivables, Payables and Transfers

Interfund balances – The composition of interfund balances as of September 30, 2020, is as follows:

<u>Advances to/from other funds:</u>		
Receivable Fund	Payable Fund	Amount
Current:		
General Fund	Community Redevelopment Fund	\$ 100,000
General Fund	Nonmajor: Stormwater Utility	90,474
Total current		190,474
Noncurrent:		
General Fund	Community Redevelopment Fund	400,000
General Fund	Nonmajor: Stormwater Utility	283,326
Total noncurrent		683,326
Total		\$ 873,800

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

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

City of West Melbourne, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables and Transfers (continued)

Interfund transfers – The composition of interfund transfers as of September 30, 2020, is as follows:

Description	Total Transfers Out	Transfers In		
		Governmental		Proprietary
		General Fund	Nonmajor Governmental Funds	Water and Sewer Fund
Governmental funds:				
General Fund	\$ (459,000)	\$ -	\$ -	\$ -
Nonmajor: Vehicle Replacement fund	-	-	493,400	-
Total governmental funds	(459,000)	-	493,400	-
Proprietary funds:				
Water and Sewer Fund	(34,400)	-	-	-
Total proprietary funds	(34,400)	-	-	-
Total	\$ (493,400)	\$ -	\$ 493,400	\$ -

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

F. Long-Term Debt and Liabilities

Revenue Bonds

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

Revenue bonds outstanding at year-end are as follows:

Business-type activities:

Water and Sewer Revenue Bonds, Series 2007	\$ 1,969,428
Water and Sewer Revenue Refunding Bonds, Series 2014	2,450,600
Total business-type activities	\$ 4,420,028

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt and Liabilities (Continued)

Revenue Bonds (continued)

Water and Sewer Revenue Bonds, Series 2007 – On July 25, 2007, the City issued the West Melbourne Water and Sewer Revenue Bonds, Series 2007 in the principal amount of \$8,015,000 (\$1,969,428 remaining at September 30, 2020). These bonds were sold to: (i) pay the cost of constructing certain capital improvements to the System, and (ii) finance the costs of issuance of the Series 2007 Bonds. The Series 2007 bonds bear interest at 5.45706% per annum, payable semi-annually on April 1 and October 1. Principal is due annually beginning April 1, 2017, in amounts increasing from \$35,000 to \$765,000. The final maturity is April 1, 2023.

Water and Sewer Refunding Revenue Bonds, Series 2014 – On September 4, 2014, the City issued \$5,778,300 Water and Sewer Revenue Refunding Bonds, Series 2014 (\$2,450,600 remaining at September 30, 2020), a refunding bank loan. These bonds were sold to: (i) fully refund \$960,000 of outstanding Water and Sewer Revenue Refunding Bonds Series 1999, (ii) fully refund \$1,300,000 of outstanding Water and Sewer Revenue Refunding and Improvement Bonds, Series 2004, (iii) partially refund \$2,925,000 of outstanding Florida Municipal Loan Council Series 2005D, and (iv) partially refund \$1,200,000 of outstanding Water and Sewer Revenue Bonds, Series 2007. The Series 2014 bonds bear interest at 2.30% per annum, payable semi-annually on April 1 and October 1. Principal is due annually beginning October 1, 2014, in amounts that range from \$104,700 to \$1,039,500, until final maturity on October 1, 2026.

Loan Payable

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

Business-type activities:

Florida Municipal Loan Council, Series 2010D	\$ 2,415,000
Total business-type activities	\$ 2,415,000

Loan Payable - Florida Municipal Loan Council, Series 2010D – On August 25, 2010, the City entered into a loan agreement with the Florida Municipal Loan Council (FMLC) in the original amount of \$3,820,000 (\$2,415,000 remaining at September 30, 2020) to: (i) to pay the cost of constructing certain capital improvements to the System, and (ii) finance the City's pro-rata costs of issuance of the FMLC Series 2010D Bonds. The loan bears interest at rates ranging from 2.00% to 4.25% per annum, payable semi-annually on April 1 and October 1. Principal is due annually beginning October 1, 2011, in amounts increasing from \$160,000 to \$270,000 at final maturity on October 1, 2030.

City of West Melbourne, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt and Liabilities (Continued)

Annual Debt Service Requirements

Annual debt service requirements to maturity for revenue bonds and loans outstanding as of September 30, 2020 excluding premiums and discounts are as follows:

<i>Year ending September 30,</i>	Business-type Activities	
	Principal	Interest
2021	\$ 1,283,600	\$ 252,229
2022	1,329,200	197,813
2023	1,052,328	140,949
2024	596,000	99,527
2025	613,600	82,368
2026-2030	1,690,300	194,804
2031	270,000	5,738
Totals	\$ 6,835,028	\$ 973,428

Pledged revenue

Pledged revenues and principal and interest payments are as follows:

	Debt issue	Term	Future principal and interest	Current pledged revenue	Current principal and interest	Current percentage of revenue
Pledged Revenue						
Non ad-valorem	2010D	2030	\$ 3,007,105	\$ 5,720,234	\$ 273,832	5%
Water and sewer	2007	2023	2,169,881		1,354,861	
net revenues	2014	2027	2,631,470		381,681	
Total water and sewer net revenues			4,801,351	4,453,369	1,736,542	39%
Total business-type activities			\$ 7,808,456	\$ 10,173,603	\$ 2,010,374	

Changes in long-term liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 381,878	\$ 283,224	\$ (230,699)	\$ 434,403	\$ 316,008
Governmental activities long-term liabilities	\$ 381,878	\$ 283,224	\$ (230,699)	\$ 434,403	\$ 316,008

City of West Melbourne, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt and Liabilities (Continued)

Changes in long-term liabilities (continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Loan payable:					
Loans payable	\$ 2,590,000	\$ -	\$ (175,000)	\$ 2,415,000	\$ 180,000
Plus/less deferred amounts:					
For issuance discount	(8,384)	1,249	-	(7,135)	-
Total loans payable	2,581,616	1,249	(175,000)	2,407,865	180,000
Bonds payable:					
Revenue bonds payable	\$ 5,964,068	\$ -	\$ (1,544,040)	\$ 4,420,028	\$ 1,103,600
Total bonds from direct borrowings	5,964,068	-	(1,544,040)	4,420,028	1,103,600
Compensated absences	54,018	74,407	(55,007)	73,418	58,735
Business-type activities long-term liabilities	\$ 8,599,702	\$ 75,656	\$ (1,774,047)	\$ 6,901,311	\$ 1,342,335

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

G. Employee Retirement Plans – Defined Contribution Plan

General Employees' Retirement Plan

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

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

Funding policy. Contributions under the plan were established by the Plan & Trust adoption agreement with ICMA Retirement Corporation and may be amended at the City's discretion. Required contributions are 2% and 8% of eligible earnings for employees and employer, respectively. Administrative costs are financed through investment earnings. Required and actual contributions for the year ended September 30, 2020 were \$4,404 from employees and \$17,614 from the employer. Of the employer's portion, \$0 was paid from forfeitures remaining in the plan.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

G. Employee Retirement Plans – Defined Contribution Plan (Continued)

General Employees' Retirement Plan (Continued)

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

H. Employee Retirement Plans – Defined Benefit Plans

Florida Retirement System

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

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

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

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

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

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

H. Employee Retirement Plans – Defined Benefit Plans (Continued)

Florida Retirement System (Continued)

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

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

Contributions. The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The employer's contribution rates as of September 30, 2020, were as follows:

	FRS	HIS
Regular class	8.34%	1.66%
Senior management service class	25.63%	1.66%
DROP from FRS	15.32%	1.66%

The employer's contributions for the year ended September 30, 2020, were \$292,591 to the FRS and \$64,613 to the HIS.

Pension liabilities and pension expense. In its financial statements for the year ended September 30, 2020, the City reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2020. The City's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net pension liability	\$ 3,816,742	\$ 1,369,034
Proportion at:		
Current measurement date	0.0088%	0.0112%
Prior measurement date	0.0085%	0.0107%
Increase in proportionate share	0.0003%	0.0005%
Pension expense	\$ 855,149	\$ 154,753

City of West Melbourne, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

H. Employee Retirement Plans – Defined Benefit Plans (Continued)

Florida Retirement System (Continued)

Deferred outflows/inflows of resources related to pensions. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 146,074	\$ -	\$ 56,002	\$ 1,056
Changes of assumptions	690,952	-	147,210	79,604
Difference between projected and actual earnings on pension plan investments	227,252	-	1,093	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	169,357	-	166,763	-
Employer contributions subsequent to the measurement date	94,616	-	17,841	
Total	\$ 1,328,251	\$ -	\$ 388,909	\$ 80,660

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

<i>Year ending September 30,</i>	FRS	HIS
2021	\$ 259,063	\$ 81,314
2022	394,763	60,986
2023	333,081	17,424
2024	197,382	37,753
2025	49,346	52,273
Thereafter	-	40,658
Total	\$ 1,233,635	\$ 290,408

Actuarial assumptions. The total pension liability for each of the defined benefit plans was measured as of June 30, 2020. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2020. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2020 and using standard actuarial valuation procedures to develop the liability at June 30, 2020.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

H. Employee Retirement Plans – Defined Benefit Plans (Continued)

Florida Retirement System (Continued)

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

	FRS	HIS
Inflation	2.40%	2.40%
Payroll growth, including inflation	3.25%	3.25%
Investment rate of return	6.80%	N/A
Discount rate	6.80%	2.21%

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

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

The following changes in key actuarial assumptions occurred in 2020:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 6.90% to 6.80%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.50% to 2.21 %.

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

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.0%	2.2%	2.2%
Fixed income	19.0%	3.0%	2.9%
Global equity	54.2%	8.0%	6.7%
Real estate	10.3%	6.4%	5.8%
Private equity	11.1%	10.8%	8.1%
Strategic investments	4.4%	5.5%	5.3%
Total	100%		

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

H. Employee Retirement Plans – Defined Benefit Plans (Continued)

Florida Retirement System (Continued)

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

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 2.21% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

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

	FRS			HIS		
	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Employer's proportionate share of the net pension liability	\$ 6,094,694	\$ 3,816,742	\$ 1,914,185	\$ 1,582,542	\$ 1,369,034	\$ 1,194,278

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

Payables to the pension plans. As of September 30, 2020, the City had no outstanding payables to the FRS or HIS plans for regular employee and employer contributions that were legally required to be paid to the plans but not remitted prior to the end of the year.

Police Officers' Pension Plan

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

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

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

H. Employee Retirement Plans – Defined Benefit Plans (Continued)

Police Officers' Pension Plan (Continued)

The Plan does not issue a stand-alone financial report. The Plan's financial statements as of September 30 are included in the City's Comprehensive Annual Financial Report. Pension plan data is provided from the respective actuarial reports as of September 30, 2020.

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

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

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

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

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

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

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

H. Employee Retirement Plans – Defined Benefit Plans (Continued)

Police Officers' Pension Plan (Continued)

Contribution requirements and funding policy. The employer, employee and State contribution requirements are actuarially determined on an annual basis. Most administrative costs of the Plan are financed through investment earnings of the Plan. Plan members hired on or after January 1, 2011 are required to contribute 8.44% of pensionable pay and Plan members hired before January 1, 2011 are required to contribute 8.54% of pensionable pay. The City recognized as revenues and expenditures on-behalf payments relating to contributions for its public safety employees that the State paid to the Plan in the amount of \$184,880. These contributions are funded by an excise tax levied on certain casualty and property insurance premiums. If the remittance from the State is less than estimated by the actuary, the City pays the balance required to fund the total actuarial requirement.

The City's contributions to the Plan for the year ended September 30, 2020 totaled \$619,452, which includes the amount contributed by the State. Plan members contributed \$230,786 for the same fiscal year.

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

Plan membership as of October 1, 2019:

Inactive plan members or beneficiaries currently receiving benefits	17
Inactive plan members entitled to but not yet receiving benefits	5
Active plan members	44
Total plan members	66

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

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

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

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

H. Employee Retirement Plans – Defined Benefit Plans (Continued)

Police Officers' Pension Plan (Continued)

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

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

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

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

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

Share Plan. Effective September 30, 2017, the individual share account of each active member who has accrued at least one complete year of credited service under the plan and who is not participating in the DROP will receive a one-time allocation equal to \$1,200 plus \$400 for each additional complete year of service in excess of one year, subject to a maximum allocation of \$5,200. This is funded by the existing Excess State Monies Reserve with any remaining amounts applied to reduce the UAAL as of September 30, 2017. Effective September 30, 2017 and each September 30 thereafter, the sum of \$600 plus three percent interest shall be allocated to the individual share account of each member hired on or after January 1, 2011 who has at least one year of credited service. The annual allocations will be funded solely by the annual state monies received with any remaining amounts applied to reduce the City's annual contribution requirement. At September 30, 2020, \$176,287 of state funds was allocated to the share plan.

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

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

H. Employee Retirement Plans – Defined Benefit Plans (Continued)

Police Officers' Pension Plan (Continued)

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

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

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

Rate of return. For the year ended September 30, 2020, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 10.51%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program (DROP).

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

The DROP balance on September 30, 2020 was \$131,338.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

H. Employee Retirement Plans – Defined Benefit Plans (Continued)

Police Officers' Pension Plan (Continued)

Net pension liability of the sponsor. The components of the net pension liability of the sponsor on September 30, 2020 were as follows:

Total pension liability	\$ 17,723,301
Plan fiduciary net position	(17,507,834)
Sponsor's net pension liability	<u>\$ 215,467</u>
Plan fiduciary net position as a percentage of total pension liability	<u>98.78%</u>

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2019 updated to September 30, 2020 using the following actuarial assumptions applied to the September 30, 2020 measurement period:

Inflation	2.50%
Salary increases	Service based
Discount rate	6.80%
Investment rate of return	6.80%

Mortality assumptions were based on the PubS.H-2010 (Below Median) for employees set forward one year for both females and males with healthy active lives and PubS.H-2010 for healthy retirees, set forward one year, both males and females. For beneficiary lives, the mortality rates were based on PubG.H-2010 (Below Median) for healthy retirees for females and PubG.H-2010 for healthy retirees, set back one year for males. For disabled members, the mortality rates were based on 80% PubG.H-2010 for disabled retirees / 20% PubS.H-2010 for disabled retirees. All rates are projected generationally with Mortality Improvement Scale MP-2018.

Plan changes. For the measurement period ended September 30, 2020, and since the prior valuation, there were no changes in plan provisions.

Actuarial assumption changes. For the measurement date ended September 30, 2020 as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in the Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics. Additionally, the investment return assumption was reduced from 6.95% to 6.80%, net of investment related expenses.

Discount rate. The discount rate used to measure the total pension liability was 6.80%.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

H. Employee Retirement Plans – Defined Benefit Plans (Continued)

Police Officers' Pension Plan (Continued)

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

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

These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020 are summarized in the following table:

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

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

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
Sponsor's net pension liability (asset)	\$ 2,793,828	\$ 215,467	\$ (1,889,558)

Net pension liability and changes in the net pension liability. The net pension liability for the Plan was measured as of September 30, 2020 and the total pension liability used to calculate the net pension liability was also determined as of that date.

City of West Melbourne, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

H. Employee Retirement Plans – Defined Benefit Plans (Continued)

Police Officers' Pension Plan (Continued)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Reporting period ending September 30, 2019	\$ 16,325,252	\$ 15,705,656	\$ 619,596
Changes for the year:			
Service cost	618,389	-	618,389
Interest	1,155,063	-	1,155,063
Share plan allocation	16,950	-	16,950
Differences between expected and actual experience	237,704	-	237,704
Changes of assumptions	18,010	-	18,010
Changes of benefit terms	-	-	-
Contributions - Employer	-	434,572	(434,572)
Contributions - State	-	184,880	(184,880)
Contributions - Employee	-	230,786	(230,786)
Net investment income	-	1,653,669	(1,653,669)
Benefit payments, including refunds of employee contributions	(648,067)	(648,067)	-
Administrative expense	-	(53,662)	53,662
Net changes	1,398,049	1,802,178	(404,129)
Reporting period ending September 30, 2020	\$ 17,723,301	\$ 17,507,834	\$ 215,467

Pension expense and deferred outflows and deferred inflows of resources related to pensions. For the year ended September 30, 2020, the City recognized pension expense of \$464,910 for the Police Officers' Pension Plan. At September 30, 2020, the City reported deferred outflows and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 575,300	\$ 229,744
Changes of assumptions	197,455	4,148
Net differences between projected and actual earnings on pension plan investments	-	305,706
Total	\$ 772,755	\$ 539,598

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

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

H. Employee Retirement Plans – Defined Benefit Plans (Continued)

Police Officers' Pension Plan (Continued)

<i>Year ending September 30:</i>	
2021	\$ (2,400)
2022	120,134
2023	186,987
2024	(114,183)
2025	42,619
Thereafter	-
Total	\$ 233,157

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

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

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

I. Pension expense summary

The total of the City's pension expense for the fiscal year ended September 30, 2020 is as follows:

Plan Description	Pension Expense
Defined contribution plan:	
General Employees' plan - ICMA	\$ 17,614
Defined benefit plans:	
Florida Retirement System/HIS	1,009,902
Police Officers' Pension Plan	464,910
Total pension expense	\$ 1,492,426

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

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

J. Post-Employment Benefits Other than Pensions (OPEB)

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

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

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

As of September 30, 2020, no trust has been established for the other post-employment benefits.

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

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

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

Salary Increases	3.00% projected annual salary increase
Discount rate	2.14% investment rate of return
Health care cost trend rates	7.50% using Society of Actuaries Long-Term Model

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

J. Post-Employment Benefits Other than Pensions (OPEB) (Continued)

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

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

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

At September 30, 2020, the City reported a total OPEB liability of \$784,355. The other post-employment benefit information has been provided as of the September 30, 2020 measurement date.

	<u>Increase (Decrease)</u>
	Total OPEB
<u>Change in total OPEB liability</u>	<u>Liability</u>
Balance, September 30, 2019	\$ 595,302
Changes for the year:	
Service cost	59,383
Expected interest growth	13,853
Benefit payments and refunds	(14,792)
Assumption changes	130,609
Net changes	189,053
Balance, September 30, 2020	\$ 784,355

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

	1% Decrease (1.14%)	Discount Rate (2.14%)	1% Increase (3.14%)
Total OPEB Liability	\$ 903,298	\$ 784,355	\$ 685,708

City of West Melbourne, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

J. Post-Employment Benefits Other than Pensions (OPEB) (Continued)

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

	1% Decrease (6.50%)	Healthcare Cost Trend Rate (7.50%)	1% Increase (8.50%)
Total OPEB Liability	\$ 654,895	\$ 784,355	\$ 946,286

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 recognized an OPEB expense of \$93,388. At September 30, 2020, the City reported deferred outflows and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance as of September 30, 2019	\$ 245,729	\$ -
Amortization payments	(34,943)	-
Assumption changes	130,608	-
Balance as of September 30, 2020	\$ 341,394	\$ -

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

<i>Year ending September 30,</i>	
2021	\$ 34,943
2022	34,943
2023	34,943
2024	34,943
2025	34,943
Thereafter	166,679
Total	\$ 341,394

Note 4: OTHER INFORMATION

A. Risk Management

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

Note 4: OTHER INFORMATION (Continued)

A. Risk Management (Continued)

In fiscal year 2019-2020, the City was a member of the Florida Municipal Insurance Trust (the "Trust"). The Trust is a self-insurance program established to provide worker's compensation, property, and casualty coverage to participating units of local government in Florida pursuant to various provisions of Florida Statutes. The Trust's underwriting and vote-setting policies are established after consultation with an independent actuary. The Trust is non-assessable and therefore, the City has no liability for future deficits of the Trust, if any. Only workers compensation is subject to audit thus avoiding additional premium charges beyond policy expirations.

There have been no significant reductions in insurance coverage during the fiscal year 2020. Also, there have been no settlements that exceeded insurance coverage for each of the past three fiscal years.

B. Concentration – Water Supply

The City purchases all of its residents' water needs from the City of Melbourne, Florida under an agreement dated May 16, 2013, which is currently scheduled to expire December 31, 2026, with an optional fifteen-year extension. During the year, approximately \$3.4 million (605,491,800 gallons) of water was purchased and management believes it will be able to continue purchasing water from the City of Melbourne, Florida, sufficient to meet all of its residents' water needs, for the foreseeable future.

C. Litigation

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

D. Commitments and contingencies

On February 15, 2011, the City entered into a contract for the management, operation and maintenance of the wastewater treatment, collection and disposal facility. On July 7, 2020, the City Council approved a five-year extension of the contract. The term of the contract extension ends on April 30, 2026. The base fee for the first year was \$1,214,768 and is subject to annual adjustment. For fiscal year 2020, the City paid \$1,532,700 under this contract.

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

Note 4: OTHER INFORMATION (Continued)

D. Commitments and Contingencies (Continued)

The City has active construction projects as of September 30, 2020 for various projects including the construction of the Sylvan Drive septic to sewer project, Parks Maintenance building expansion and the Greenboro forcemain replacement. At year end, the City's commitments with contractors totaled \$1,777,916. The commitments are being financed by general fund revenues and from enterprise awarded grants.

E. Uncertainties

In March 2020, the World Health Organization made the assessment that the outbreak of the novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the ongoing operating activities and future 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 of the financial markets, and (v) the effects on the economy overall, all of which remain uncertain.

F. Asset Retirement Obligations

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

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

G. Subsequent Events

On July 21, 2020, City Council approved the payoff of the 2010D Water and Sewer Revenue Bonds on their earliest call date. As a result, the City's escrow agent paid out a total of \$2,472,922 in City funds on October 1, 2020 to defease and redeem the 2010D bond series.

On January 8, 2021, the City made an additional (unscheduled) principal payment on the Water and Sewer Revenue Bonds, Series 2007, in the amount of \$295,400. As a result of the additional principal payment, principal is now due annually in amounts increasing to \$765,000 and the final maturity is April 1, 2023.

Note 4: OTHER INFORMATION (Continued)

G. Subsequent Events

On October 19, 2020, the City was awarded \$2,266,191 in grant funds from the U.S. Department of Housing and Urban Development to be used for Melbourne Estates flood and drainage improvements by April 30, 2022.

On October 1, 2020, the City adopted new policies and procedures for fixed assets to adhere to Florida Statute: Rule 691-72, F.A.C. The new policy defines fixed assets as tangible property with a life greater than one year and increases the capitalization threshold to \$5,000.

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

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

<i>Florida Retirement System (FRS)</i>	2020	2019	2018
Employer's proportion of the net pension liability (asset)	0.0088%	0.0085%	0.0080%
Employer's proportionate share of the net pension liability (asset)	\$ 3,816,742	\$ 2,931,379	\$ 2,418,611
Employer's covered payroll ⁽²⁾	\$ 3,891,666	\$ 3,587,314	\$ 3,221,038
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	98.07%	81.72%	75.09%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%
<i>Health Insurance Subsidy Program (HIS)</i>	2020	2019	2018
Employer's proportion of the net pension liability (asset)	0.0112%	0.0093%	0.0093%
Employer's proportionate share of the net pension liability (asset)	\$ 1,369,034	\$ 1,199,732	\$ 1,043,790
Employer's covered payroll ⁽²⁾	\$ 3,891,666	\$ 3,587,314	\$ 3,221,038
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	35.18%	33.44%	32.41%
Plan fiduciary net position as a percentage of the total pension liability	3.00%	2.63%	2.15%

Notes to the schedule:

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

2017	2016	2015 ⁽³⁾
0.0077%	0.0076%	0.0076%

\$ 2,276,922 \$ 1,924,137 \$ 981,132

\$ 2,980,912 \$ 2,866,110 \$ 2,616,648

76.38% 67.13% 37.50%

83.89% 84.88% 92.00%

2017	2016	2015
0.0093%	0.0093%	0.0086%

\$ 999,100 \$ 1,082,043 \$ 879,605

\$ 2,980,912 \$ 2,866,110 \$ 2,616,648

33.52% 37.75% 33.62%

1.64% 0.97% 0.50%

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

<i>Florida Retirement System (FRS)</i>	2020	2019	2018
Contractually required contribution	\$ 309,974	\$ 273,679	\$ 236,670
Contributions in relation to the contractually required contribution	309,974	273,679	236,670
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Employer's covered payroll ⁽¹⁾	\$ 3,948,863	\$ 3,704,208	\$ 3,275,014
Contributions as a percentage of covered payroll	7.85%	7.39%	7.23%
<i>Health Insurance Subsidy Program (HIS)</i>	2020	2019	2018
Contractually required contribution	\$ 65,563	\$ 61,481	\$ 54,377
Contributions in relation to the contractually required contribution	65,563	61,481	54,377
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Employer's covered payroll ⁽¹⁾	\$ 3,948,863	\$ 3,704,208	\$ 3,275,014
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%

Notes to the schedule:

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

	2017	2016	2015 ⁽²⁾
\$	205,301	\$ 199,039	\$ 185,321
	205,301	199,039	185,321
\$	-	\$ -	\$ -
\$	3,048,186	\$ 3,022,624	\$ 2,654,154
	6.74%	6.58%	6.98%

	2017	2016	2015
\$	50,569	\$ 50,187	\$ 35,935
	50,569	50,187	35,935
\$	-	\$ -	\$ -
\$	3,048,186	\$ 3,022,624	\$ 2,654,154
	1.66%	1.66%	1.35%

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

Police Officers' Pension Plan			
<i>For the year ended September 30,</i>	2020	2019	2018
Total pension liability			
Service cost	\$ 618,389	\$ 587,360	\$ 545,010
Interest	1,155,063	1,105,163	985,384
Change in Excess State Money	-	-	-
Share plan allocation	16,950	16,350	13,800
Changes of benefit terms	-	-	-
Differences between expected and actual experience	237,704	(279,907)	748,684
Changes of assumptions	18,010	-	364,891
Benefit payments, including refunds of employee contributions	(648,067)	(835,995)	(518,254)
Net change in total pension liability	1,398,049	592,971	2,139,515
Total pension liability - beginning	16,325,252	15,732,281	13,592,766
Total pension liability - ending (a)	\$ 17,723,301	\$ 16,325,252	\$ 15,732,281
Plan fiduciary net position			
Contributions - employer	\$ 434,572	\$ 447,784	\$ 559,041
Contributions - state	184,880	169,767	157,737
Contributions - employee	230,786	227,943	201,707
Net investment income	1,653,669	497,586	1,199,335
Benefit payments, including refunds of employee contributions	(648,067)	(835,995)	(518,254)
Administrative expense	(53,662)	(56,825)	(54,986)
Net change in plan fiduciary net position	1,802,178	450,260	1,544,580
Plan fiduciary net position - beginning	15,705,656	15,255,396	13,710,816
Plan fiduciary net position - ending (b)	\$ 17,507,834	\$ 15,705,656	\$ 15,255,396
Net pension liability - ending (a) - (b)	\$ 215,467	\$ 619,596	\$ 476,885

Plan fiduciary net position as a percentage of the total pension liability	98.78%	96.20%	96.97%
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Covered payroll⁽²⁾	\$ 2,724,288	\$ 2,689,396	\$ 2,389,899
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Net pension liability as a percentage of covered payroll	7.91%	23.04%	19.95%
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Notes to the schedule:

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

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

Police Officers' Pension Plan									
2017		2016		2015		2014		2013	
\$	426,777	\$	431,817	\$	373,517	\$	349,217	\$	325,155
	917,986		881,847		852,748		802,323		753,170
	(214,182)		-		-		-		-
	121,800		-		-		-		-
	(5,606)		-		-		-		-
	(129,422)		10,052		(184,074)		-		-
	-		(14,515)		-		304,099		-
	(493,963)		(740,129)		(652,537)		(304,307)		(572,002)
	623,390		569,072		389,654		1,151,332		506,323
	12,969,376		12,400,304		12,010,650		10,859,318		10,352,995
\$	13,592,766	\$	12,969,376	\$	12,400,304	\$	12,010,650	\$	10,859,318
\$	694,581	\$	573,560	\$	582,408	\$	606,424	\$	605,565
	141,328		138,223		119,977		117,718		110,917
	194,487		161,203		151,179		139,016		135,524
	1,463,500		1,078,301		(67,763)		1,003,043		948,930
	(493,963)		(740,129)		(652,537)		(304,307)		(572,002)
	(46,693)		(48,793)		(46,398)		(41,892)		(36,475)
	1,953,240		1,162,365		86,866		1,520,002		1,192,459
	11,757,576		10,595,211		10,508,345		8,988,343		7,795,884
\$	13,710,816	\$	11,757,576	\$	10,595,211	\$	10,508,345	\$	8,988,343
\$	(118,050)	\$	1,211,800	\$	1,805,093	\$	1,502,305	\$	1,870,975
	100.87%		90.66%		85.44%		87.49%		82.77%
\$	2,304,347	\$	1,899,385	\$	1,938,150	\$	1,635,200	\$	1,599,176
	-5.12%		63.80%		93.13%		91.87%		117.00%

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

Police Officers' Pension Plan				
<i>For the year ended September 30,</i>		2020	2019	2018
Actuarially determined contribution	\$	546,765	\$ 505,875	\$ 494,231
Contributions in relation to the actuarially determined contributions		602,502	614,358	716,778
Contribution deficiency (surplus)	\$	(55,737)	\$ (108,483)	\$ (222,547)
Covered payroll ⁽²⁾	\$	2,724,288	\$ 2,689,396	\$ 2,389,899
Contributions as a percentage of covered payroll		22.12%	22.84%	29.99%

Notes to the schedule:

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

Police Officers' Pension Plan									
2017		2016		2015		2014		2013	
\$	539,217	\$	502,767	\$	532,371	\$	567,905	\$	588,816
835,909		711,783		702,385		724,142		663,726	
\$	(296,692)	\$	(209,016)	\$	(170,014)	\$	(156,237)	\$	(74,910)
\$	2,304,347	\$	1,899,385	\$	1,938,150	\$	1,635,200	\$	1,599,176
36.28%		37.47%		36.24%		44.28%		41.50%	

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

Police Officers' Pension Plan								
<i>For the year ended September 30,</i>	2020	2019	2018	2017	2016	2015	2014	2013
Annual money-weighted rate of return net of investment expense	10.51%	3.17%	8.75%	12.36%	9.80%	-0.65%	10.96%	11.98%

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

Valuation Date: October 1, 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:

Funding method: Entry Age Normal Actuarial Cost Method.
Amortization method: Level dollar, closed.
Remaining amortization period: 30 years (as of 10/01/2019 valuation)
Asset smoothing method: All assets are valued at market value with an adjustment made to uniformly spread actuarial gains and losses (as measured by actual market value investment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment returns against expected market value investment return) over a five-year period.

Inflation: 2.5% per year.

Salary increases:

Salary Scale	
Service	Rate
0	10%
1-4	7%
5+	6%

These rates were developed in an August 10, 2018 experience study.

Interest rate: 6.80% per year, compounded annually, net of investment related expenses.

Payroll growth: None assumed for amortization of the Unfunded Actuarial Accrued Liability.

Normal Retirement Rates:

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

For those retiring with 25 or more years of service, Members are assumed to retire at 25 years of service at a rate of 75% per year and 100% for all years thereafter. These rates were adjusted as part of an August 10, 2018 experience study.

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

Early retirement rate:	Commencing upon eligibility for Early Retirement, Members are assumed to retire with an immediate benefit at the rate of 5.0% per year. These rates were confirmed in an August 10, 2018 experience study.
Termination rates:	See table below.
Disability rates:	See table below.
Mortality rate:	<p><i>Healthy Active Lives:</i> Female: PubS.H-2010 (Below Median) for Employees, set forward one year. Prior year assumption: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB. Male: PubS.H-2010 (Below Median) for Employees, set forward one year. Prior year assumption: RP2000 Generational, 10% Combined Healthy White Collar / 90% Combined Healthy Blue Collar, Scale BB.</p> <p><i>Healthy Retiree Lives:</i> Female: PubS.H-2010 for Healthy Retirees, set forward one year. Prior year assumption: RP2000 Generational, 100% Annuitant White Collar, Scale BB. Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year. Prior year assumption: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.</p> <p><i>Beneficiary Lives:</i> Female: PubG.H-2010 (Below Median) for Healthy Retirees. Prior year assumption: RP2000 Generational, 100% Annuitant White Collar, Scale BB. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year. Prior year assumption: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.</p> <p><i>Disabled Lives:</i> 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.</p> <p>Prior year assumption (Female): 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.</p>

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

Prior year assumption (Male): 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

All rates are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

Terminating Rate Table

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

These rates were confirmed in an August 10, 2018 Experience Study. We feel these rates are reasonable based on long-term expectations.

Disability Rate Table

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

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

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

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

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

* Provided clarification that the pre-retirement death benefit shall be reduced by 3% per year for each year that commencement precedes the Normal Retirement Date, with a maximum reduction of 15%.

* Provided details regarding the treatment of the existing Excess State Monies Reserve and how future annual State Monies will be allocated between the City and the Share Plan.

* Provided that members hired on or after January 2, 2011 will be able to participate in the Deferred Retirement Option Plan (DROP).

Changes of assumptions: For measurement date September 30, 2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics. Additionally, the investment return assumption was reduced from 6.95% to 6.80%, net of investment related expenses.

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

For measurement date September 30, 2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees, the inflation assumption rate was lowered from 3.00% to 2.5%, and the investment rate of return was lowered from 7.20% to 7.10%.

For measurement date September 30, 2014, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 7.40% to 7.20%.

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

<i>September 30,</i>	2020	2019	2018
Service cost	\$ 59,383	\$ 44,485	\$ 29,429
Expected interest growth	13,853	11,494	10,007
Demographic experience	-	21,682	-
Benefit payments and refunds	(14,792)	(11,503)	(5,255)
Assumption changes	130,609	246,863	-
Net change in total OPEB liability	189,053	313,021	34,181
Total OPEB liability - beginning	595,302	282,281	248,100
Total OPEB liability - ending	\$ 784,355	\$ 595,302	\$ 282,281
Covered-employee payroll	\$ 5,280,225	\$ 5,280,225	\$ 4,992,342
Total OPEB liability as a percentage of covered-employee payroll	14.85%	11.27%	5.65%

Notes to the schedule:

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

⁽²⁾ The following discount rate was used in each period:

9/30/2017 - 3.35%
9/30/2018 - 3.64%
9/30/2019 - 3.58%
9/30/2020 - 2.14%

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

<i>For the year ended September 30, 2020</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 9,656,400	\$ 9,656,400	\$ 9,715,573	\$ 59,173
Licenses and permits	1,449,800	1,449,800	1,231,899	(217,901)
Intergovernmental	2,910,200	2,910,200	2,881,123	(29,077)
Charges for services	368,000	368,000	257,661	(110,339)
Fines and forfeitures	357,200	357,200	367,646	10,446
Contributions and donations	50,000	50,000	22,000	(28,000)
Investment income	175,000	175,000	162,055	(12,945)
Miscellaneous	63,000	63,000	265,762	202,762
Total revenues	15,029,600	15,029,600	14,903,719	(125,881)
Expenditures				
General government:				
City Council and Clerk	313,000	313,000	271,409	41,591
Executive and administration	483,550	483,550	442,652	40,898
Finance	407,900	407,900	317,163	90,737
Legal counsel	321,900	321,900	306,138	15,762
Information technology	543,850	543,850	491,277	52,573
Other general services	494,200	494,200	428,955	65,245
Total general government	2,564,400	2,564,400	2,257,594	306,806
Public Safety:				
Law enforcement	7,142,400	7,214,300	6,743,383	470,917
Protective inspections	1,177,850	1,249,800	1,105,376	144,424
Total public safety	8,320,250	8,464,100	7,848,759	615,341
Public works	2,759,350	2,909,350	1,548,521	1,360,829
Recreation	1,128,300	1,568,300	933,763	634,537
Community development	392,700	392,700	350,457	42,243
Total expenditures	15,165,000	15,898,850	12,939,094	2,959,756
Excess (deficiency) of revenues over (under) expenditures	(135,400)	(869,250)	1,964,625	2,833,875
Other financing sources (uses)				
Transfers out	(459,000)	(459,000)	(459,000)	-
Insurance proceeds	15,000	15,000	88,302	73,302
Proceeds from sale of capital assets	27,500	27,500	34,479	6,979
Net other financing sources (uses)	(416,500)	(416,500)	(336,219)	80,281
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(551,900)	(1,285,750)	1,628,406	2,914,156
Fund balances, beginning of year	12,231,943	12,231,943	12,231,943	-
Fund balances, end of year	\$ 11,680,043	\$ 10,946,193	\$ 13,860,349	\$ 2,914,156

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

<i>For the year ended September 30, 2020</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 426,400	\$ 426,400	\$ 426,386	\$ (14)
Total revenues	426,400	426,400	426,386	(14)
Expenditures				
Current:				
Economic environment	450	450	420	30
Debt service:				
Principal	100,000	100,000	-	100,000
Total expenditures	100,450	100,450	420	100,030
Excess of revenues over expenditures	325,950	325,950	425,966	100,016
Fund balances, beginning of year	26,706	26,706	26,706	-
Fund balances, end of year	\$ 352,656	\$ 352,656	\$ 452,672	\$ 100,016

City of West Melbourne, Florida

Budgetary Notes to Required Supplementary Information

A. Budgetary information

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

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

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

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

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

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

B. Encumbrances

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



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CITY OF WEST MELBOURNE, FLORIDA

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Capital Projects Funds

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

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

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

	Special Revenue		Capital Projects		Total Nonmajor Governmental Funds
<i>September 30, 2020</i>	Recreation	Stormwater Utility	Vehicle Replacement		
ASSETS					
Cash and cash equivalents	\$ 120,796	\$ 235,044	\$ 1,283,650		\$ 1,639,490
Investments	604,246	-	-		604,246
Total assets	\$ 725,042	\$ 235,044	\$ 1,283,650		\$ 2,243,736
LIABILITIES					
Accounts payable	\$ 2,519	\$ 10,779	\$ -		\$ 13,298
Accrued payroll and related liabilities	-	1,077	-		1,077
Advance from other funds - current	-	90,474	-		90,474
Advance from other funds - long-term	-	283,326	-		283,326
Total liabilities	2,519	385,656	-		388,175
FUND BALANCES					
Committed	722,523	-	1,283,650		2,006,173
Unassigned	-	(150,612)	-		(150,612)
Total fund balances	722,523	(150,612)	1,283,650		1,855,561
Total liabilities and fund balances	\$ 725,042	\$ 235,044	\$ 1,283,650		\$ 2,243,736

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

	Special Revenue		Capital Projects	Total Nonmajor Governmental Funds
<i>For the year ended September 30, 2020</i>	Recreation	Stormwater Utility	Vehicle Replacement	
REVENUES				
Taxes	\$ -	\$ 584,807	\$ -	\$ 584,807
Charges for services	15,600	-	-	15,600
Investment income	6,916	-	-	6,916
Total revenues	22,516	584,807	-	607,323
EXPENDITURES				
Current:				
Public works	-	161,451	-	161,451
Capital outlay	6,000	37,247	-	43,247
Debt service:				
Interest	-	9,250	-	9,250
Total expenditures	6,000	207,948	-	213,948
Excess of revenues over expenditures	16,516	376,859	-	393,375
Other financing sources				
Transfers in	-	-	493,400	493,400
Net change in fund balances	16,516	376,859	493,400	886,775
Fund balance (deficit), beginning of year	706,007	(527,471)	790,250	968,786
Fund balance (deficit), end of year	\$ 722,523	\$ (150,612)	\$ 1,283,650	\$ 1,855,561

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

<i>For the year ended September 30, 2020</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Charges for services	\$ 220,000	\$ 220,000	\$ 15,600	\$ (204,400)
Investment income	10,000	10,000	6,916	(3,084)
Total revenues	230,000	230,000	22,516	(207,484)
Expenditures				
Current:				
Capital outlay	-	95,000	6,000	89,000
Total expenditures	-	95,000	6,000	89,000
Excess of revenues over expenditures	230,000	135,000	16,516	(118,484)
Fund balances, beginning of year	706,007	706,007	706,007	-
Fund balances, end of year	\$ 936,007	\$ 841,007	\$ 722,523	\$ (118,484)

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

<i>For the year ended September 30, 2020</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 588,600	\$ 588,600	\$ 584,807	\$ (3,793)
Investment income	1,500	1,500	-	(1,500)
Total revenues	590,100	590,100	584,807	(5,293)
Expenditures				
Current:				
Public works	137,200	137,200	161,451	(24,251)
Capital outlay	58,250	58,250	37,247	21,003
Debt service:				
Interest	9,250	9,250	9,250	-
Total expenditures	204,700	204,700	207,948	(3,248)
Excess of revenues over expenditures	385,400	385,400	376,859	(8,541)
Fund deficit, beginning of year	(527,471)	(527,471)	(527,471)	-
Fund deficit, end of year	\$ (142,071)	\$ (142,071)	\$ (150,612)	\$ (8,541)

City of West Melbourne, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Vehicle Replacement Fund

<i>For the year ended September 30, 2020</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures	-	-	-	-
Total expenditures	-	-	-	-
Excess revenues over expenditures	-	-	-	-
Other financing sources				
Transfers in	493,400	493,400	493,400	-
Net change in fund balance	493,400	493,400	493,400	-
Fund balances, beginning of year	790,250	790,250	790,250	-
Fund balances, end of year	\$ 1,283,650	\$ 1,283,650	\$ 1,283,650	\$ -

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

<i>For the year ended September 30, 2020</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ -	3,991,000	\$ 3,991,000	\$ -
Investment income	24,000	24,000	13,913	(10,087)
Total revenues	24,000	4,015,000	4,004,913	(10,087)
Expenditures				
Current:				
Public works	-	2,181,000	23,166	2,157,834
Total expenditures	-	2,181,000	23,166	2,157,834
Excess (deficiency) of revenues over (under) expenditures	24,000	1,834,000	3,981,747	2,147,747
Fund balances, beginning of year	590,933	590,933	590,933	-
Fund balances, end of year	\$ 614,933	\$ 2,424,933	\$ 4,572,680	\$ 2,147,747



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STATISTICAL SECTION



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STATISTICAL SECTION

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

Table of Contents

A. Financial Trends

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

Schedule A1 Net Position by Component

Schedule A2 Changes in Net Position – Governmental Activities

Schedule A3 Changes in Net Position – Business Type Activities

Schedule A4 Changes in Net Position – Total Government

Schedule A5 Fund Balances – Governmental Funds

Schedule A6 Changes in Fund Balances – Governmental Funds

B. Revenue Capacity

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

Schedule B1 Assessed Value and Estimated Actual Value of Taxable Property

Schedule B2 Tax Revenues by Source Governmental Funds

Schedule B3 Other Non-source Governmental Revenues

Schedule B4 Water and Sewer Consumption - Rates and Revenues

Schedule B5 Direct and Overlapping Property Tax Rates

Schedule B6 Principal Property Taxpayers

Schedule B7 Property Tax Levies and Collections

C. Debt Capacity

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

Schedule C1 Ratios of Outstanding Debt by Type

Schedule C2 Direct and Overlapping Governmental Activities Debt

Schedule C3 Pledged Revenue Coverage

Schedule C4 Ratios of General Bonded Debt Outstanding

Schedule C5 Legal Debt Margin Information

D. Demographic and Economic Information Financial Trends

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

Schedule D1 Demographic and Economic Statistics

Schedule D2 Principal Employers

E. Operating Information

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

Schedule E1 Employees by Function/Program

Schedule E2 Operating Indicators by Function/Program

Schedule E3 Capital Asset Statistics by Function/Program

Additional Notes

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

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

Schedule A1

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities										
Net investment in										
capital assets	\$ 32,164,344	\$ 34,205,606	\$ 29,479,624	\$ 21,230,403	\$ 18,758,700	\$ 17,684,340	\$ 16,495,227	\$ 16,539,186	\$ 17,064,967	\$ 16,332,610
Restricted	13,445,602	8,866,081	7,821,633	7,214,372	6,076,253	4,874,993	4,819,617	3,943,676	3,566,201	4,730,711
Unrestricted	4,235,982	2,249,840	2,775,398	7,619,082	7,002,945	7,174,709	10,199,474	9,737,050	8,651,915	7,870,008
Total governmental activities										
net position	49,845,928	45,321,527	40,076,655	36,063,857	31,837,898	29,734,042	31,514,318	30,219,912	29,283,083	28,933,329
Business-type activities										
Net investment in										
capital assets	39,269,577	36,760,884	35,497,462	33,382,704	30,394,742	29,978,165	27,276,931	27,230,064	27,697,548	26,335,220
Restricted	2,471,922	523,257	511,487	508,640	504,046	797,698	931,435	860,751	168,289	129,795
Unrestricted	19,450,194	19,488,583	13,943,960	10,983,628	8,608,312	6,276,583	6,325,820	6,808,543	7,074,313	8,350,179
Total business-type activities										
net position	61,191,693	56,772,724	49,952,909	44,874,972	39,507,100	37,052,446	34,534,186	34,899,358	34,940,150	34,815,194
Primary government										
Net investment in										
capital assets	71,433,921	70,966,490	64,977,086	54,613,107	49,153,442	47,662,505	43,772,158	43,769,250	44,762,515	42,667,830
Restricted	15,917,524	9,389,338	8,333,120	7,723,012	6,580,299	5,672,691	5,751,052	4,804,427	3,734,490	4,860,506
Unrestricted	23,686,176	21,738,423	16,719,358	18,602,710	15,611,257	13,451,292	16,525,294	16,545,593	15,726,228	16,220,187
Total primary government										
net position	\$ 111,037,621	\$ 102,094,251	\$ 90,029,564	\$ 80,938,829	\$ 71,344,998	\$ 66,786,488	\$ 66,048,504	\$ 65,119,270	\$ 64,223,233	\$ 63,748,523

Notes:

Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net position is considered restricted only (a) when an external party, (b) a constitutional provision, (c) or enabling legislation imposes legally enforceable limits on how they may be used.

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

Schedule A2

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses:										
General government	\$ 2,808,023	\$ 2,697,267	\$ 2,487,264	\$ 2,369,589	\$ 2,129,445	\$ 2,021,970	\$ 1,862,813	\$ 1,735,188	\$ 2,043,225	\$ 1,511,738
Public safety	7,886,503	7,668,450	6,833,193	5,968,523	5,548,176	5,403,754	5,034,270	4,942,386	5,171,866	5,132,249
Public works	2,993,822	2,344,923	2,785,278	2,037,325	1,997,169	2,035,490	1,666,681	1,487,912	1,962,606	1,269,753
Recreation	1,492,810	2,255,949	988,794	746,068	1,714,308	2,859,495	775,071	765,755	681,544	490,099
Community development	373,339	339,529	323,027	311,233	260,560	263,056	295,950	280,870	270,453	259,291
Economic environment	420	175	420	176	6,956	15,000	-	-	-	-
Interest on long term debt	9,250	8,146	2,326	4,603	6,832	9,014	8,346	1,109	2,894	5,241
Total Expenses	15,564,167	15,314,439	13,420,302	11,437,517	11,663,446	12,607,779	9,643,131	9,213,220	10,132,588	8,668,371
Program Revenues:										
Charges for services:										
General government	413,540	404,171	414,793	386,096	412,040	375,474	362,026	248,423	357,434	1,482,850
Public safety	1,359,462	2,358,536	1,759,180	1,645,309	1,492,599	956,302	942,241	814,871	717,671	159,752
Public works	584,807	578,993	373,159	366,577	362,326	360,351	356,485	345,826	343,331	-
Recreation	78,064	704,031	428,879	177,282	351,800	69,165	153,527	107,632	151,600	54,613
Community development	109,984	184,144	178,248	237,847	202,729	344,996	271,592	139,910	100,802	123,014
Operating grants and contributions	-	-	-	-	-	-	-	275,000	194,171	25,206
Capital grants and contributions	4,000,996	961,801	2,473,014	2,036,754	4,273	404,657	10,553	10,020	110,603	900,000
Total Program Revenues	6,546,853	5,191,676	5,627,273	4,849,865	2,825,767	2,510,945	2,096,424	1,941,682	1,975,612	2,745,435
Net (Expense) Revenue	(9,017,314)	(10,122,763)	(7,793,029)	(6,587,652)	(8,837,679)	(10,096,834)	(7,546,707)	(7,271,538)	(8,156,976)	(5,922,936)
General Revenues:										
Property taxes	4,421,186	3,990,738	3,310,658	2,990,353	2,685,306	2,406,066	2,146,830	1,998,440	1,972,161	2,352,766
Franchise fees	1,886,888	1,870,513	1,798,337	1,671,784	1,639,785	1,611,017	1,551,463	1,415,125	1,421,808	1,426,016
Local option gas tax	728,699	672,626	608,754	601,336	578,739	523,989	493,346	479,425	449,903	349,443
Public utility taxes	3,407,499	3,340,164	3,212,103	3,058,189	3,006,729	2,926,332	2,875,172	2,787,819	2,641,329	2,556,430
Payment in lieu of taxes	426,386	344,588	377,318	295,743	1,155,353	2,542,187	27,706	-	-	-
Intergovernmental shared revenue - unrestricted	2,142,428	2,219,476	2,123,578	1,981,183	1,810,749	1,704,254	1,561,377	1,442,388	1,309,239	1,155,303
Investment income	182,884	337,852	224,140	128,282	45,184	86,879	49,030	51,936	61,239	43,423
Miscellaneous revenue	287,820	145,939	149,163	80,641	19,690	6,787	136,189	33,234	48,221	24,631
Gain on disposition	23,525	-	-	-	-	-	-	-	-	-
Transfers, net	34,400	34,400	18,900	6,100	-	-	-	-	-	-
Total General Revenues	13,541,715	12,956,296	11,822,951	10,813,611	10,941,535	11,807,511	8,841,113	8,208,367	7,903,900	7,908,012
Special item:										
Donation - Field of Dreams	-	2,411,339	-	-	-	-	-	-	-	-
Change in Net Position	\$ 4,524,401	\$ 5,244,872	\$ 4,029,922	\$ 4,225,959	\$ 2,103,856	\$ 1,710,677	\$ 1,294,406	\$ 936,829	\$ (253,076)	\$ 1,985,076

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

Schedule A3

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses:										
Water and sewer	\$ 12,521,238	\$ 11,454,304	\$ 11,667,879	\$ 11,139,291	\$ 10,686,656	\$ 10,925,645	\$ 10,481,059	\$ 10,068,335	\$ 9,735,530	\$ 9,576,024
Total Expenses	12,521,238	11,454,304	11,667,879	11,139,291	10,686,656	10,925,645	10,481,059	10,068,335	9,735,530	9,576,024
Program Revenues:										
Charges for services:										
Water and sewer	12,542,774	12,085,048	11,589,300	11,155,390	10,449,117	9,843,569	9,255,274	8,853,461	8,739,148	8,438,991
Other charges and fees	1,094,408	242,512	11,378	30,175	11,280	61,599	13,290	14,731	11,570	39,036
Operating grants and contributions	-	-	-	-	-	-	-	-	63,500	-
Capital grants and contributions	3,115,488	5,685,218	5,032,423	5,253,638	2,653,015	3,918,895	1,019,375	1,158,156	1,037,225	999,903
Total Program Revenues	16,752,670	18,012,778	16,633,101	16,439,203	13,113,412	13,824,063	10,287,939	10,026,348	9,851,443	9,477,930
Net (Expense) Revenue	4,231,432	6,558,474	4,965,222	5,299,912	2,426,756	2,898,418	(193,120)	(41,987)	115,913	(98,094)
General Revenues:										
Interest income	221,937	295,741	134,591	74,060	27,898	25,238	6,343	1,195	9,043	23,292
Transfers, net	(34,400)	(34,400)	(18,900)	(6,100)	-	-	-	-	-	-
Total General Revenues	187,537	261,341	115,691	67,960	27,898	25,238	6,343	1,195	9,043	23,292
Change in Net Position	\$ 4,418,969	\$ 6,819,815	\$ 5,080,913	\$ 5,367,872	\$ 2,454,654	\$ 2,923,656	\$ (186,777)	\$ (40,792)	\$ 124,956	\$ (74,802)

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

Schedule A4

		2020		2019		2018		2017		2016		2015		2014		2013		2012		2011
Expenses:																				
Governmental activities	\$	15,564,167	\$	15,314,439	\$	13,420,302	\$	11,437,517	\$	11,663,446	\$	12,607,779	\$	9,643,131	\$	9,213,220	\$	10,132,588	\$	8,668,371
Business-type activities		12,521,238		11,454,304		11,667,879		11,139,291		10,686,656		10,925,645		10,481,059		10,068,335		9,735,530		9,576,024
Total Expenses		28,085,405		26,768,743		25,088,181		22,576,808		22,350,102		23,533,424		20,124,190		19,281,555		19,868,118		18,244,395
Program Revenues:																				
Governmental activities		6,546,853		5,191,676		5,627,273		4,849,865		2,825,767		2,510,945		2,096,424		1,941,682		1,975,612		2,745,435
Business-type activities		16,752,670		18,012,778		16,633,101		16,439,203		13,113,412		13,824,063		10,287,939		10,026,348		9,851,443		9,477,930
Total Program Revenues		23,299,523		23,204,454		22,260,374		21,289,068		15,939,179		16,335,008		12,384,363		11,968,030		11,827,055		12,223,365
Net (Expense) Revenue		(4,785,882)		(3,564,289)		(2,827,807)		(1,287,740)		(6,410,923)		(7,198,416)		(7,739,827)		(7,313,525)		(8,041,063)		(6,021,030)
General Revenues:																				
Governmental activities		13,541,715		15,367,635		11,822,951		10,813,611		10,941,535		11,807,511		8,841,113		8,208,367		7,903,900		7,908,012
Business-type activities		187,537		261,341		115,691		67,960		27,898		25,238		6,343		1,195		9,043		23,292
Total General Revenues		13,729,252		15,628,976		11,938,642		10,881,571		10,969,433		11,832,749		8,847,456		8,209,562		7,912,943		7,931,304
Change in Net Position	\$	8,943,370	\$	12,064,687	\$	9,110,835	\$	9,593,831	\$	4,558,510	\$	4,634,333	\$	1,107,629	\$	896,037	\$	(128,120)	\$	1,910,274

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

Schedule A5

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Nonspendable	\$ 687,495	\$ 876,636	\$ 1,190,472	\$ 1,105,899	\$ 1,398,180	\$ 894,365	\$ 1,103,899	\$ 1,220,001	\$ 1,517	\$ 62,030
Restricted	7,736,924	7,374,642	6,132,806	5,248,234	4,133,311	3,258,871	3,031,364	2,744,493	215,020	273,932
Committed	-	-	-	-	-	-	-	-	3,317,956	3,627,226
Assigned	-	-	-	2,894	51,623	155,779	206,048	206,048	-	-
Unassigned	5,435,930	3,980,665	3,644,615	7,191,066	6,895,802	7,594,271	7,124,662	5,646,888	5,044,908	4,081,845
Total General Fund	\$ 13,860,349	\$ 12,231,943	\$ 10,967,893	\$ 13,548,093	\$ 12,478,916	\$ 11,903,286	\$ 11,465,973	\$ 9,817,430	\$ 8,579,401	\$ 8,045,033
All other governmental funds										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 337	\$ -	\$ 39
Restricted	5,025,352	617,639	570,297	939,073	645,006	804,328	796,967	1,199,183	957,653	2,051,590
Committed	2,006,173	1,496,257	824,204	2,587,460	2,502,820	2,333,426	2,516,167	2,513,709	2,392,011	2,343,120
Unassigned	(150,612)	(527,471)	(640,670)	-	-	-	-	-	-	-
Total all other governmental funds	\$ 6,880,913	\$ 1,586,425	\$ 753,831	\$ 3,526,533	\$ 3,147,826	\$ 3,137,754	\$ 3,313,134	\$ 3,713,229	\$ 3,349,664	\$ 4,394,749

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

Schedule A6

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Taxes	\$ 10,300,380	\$ 9,780,408	\$ 8,694,257	\$ 8,086,903	\$ 7,694,146	\$ 7,303,766	\$ 6,929,950	\$ 6,547,210	\$ 6,378,629	\$ 6,691,869
Licenses and permits	1,231,899	2,142,236	1,766,648	1,714,142	1,589,162	1,007,632	955,661	874,496	777,293	819,462
Intergovernmental	7,298,509	3,621,726	4,169,003	2,919,512	3,549,114	4,772,241	2,092,982	2,206,833	2,063,916	2,429,952
Charges for services	273,261	636,592	715,832	500,737	658,953	507,942	508,704	360,969	352,927	250,022
Fines and forfeits	367,646	468,765	244,705	172,536	168,169	184,607	221,516	207,706	167,385	159,752
Developer contributions	22,000	1,310,840	1,036,007	1,995,504	-	-	-	-	-	-
Investment income	182,884	361,181	224,140	128,282	45,184	86,879	49,030	51,936	61,669	74,764
Miscellaneous	265,762	126,658	100,142	64,187	47,077	455,389	282,172	50,401	77,693	55,826
Total Revenues	19,942,341	18,448,406	16,950,734	15,581,803	13,751,805	14,318,456	11,040,015	10,299,551	9,879,512	10,481,647
Expenditures:										
General government	2,240,023	2,173,463	1,982,479	1,915,566	1,765,503	1,687,452	1,600,523	1,484,670	1,880,897	1,345,429
Public safety	7,022,168	6,836,498	6,363,198	6,114,550	5,340,909	5,051,196	4,789,545	4,702,132	5,011,051	5,066,521
Public works	1,566,385	1,736,719	1,640,772	1,208,491	1,235,765	1,299,929	1,063,471	927,617	1,242,174	819,315
Recreation	853,610	832,786	724,950	549,453	1,541,003	2,611,184	567,119	561,500	546,884	438,518
Community development	350,457	320,094	313,823	303,003	257,482	278,462	302,462	280,870	275,079	267,912
Economic environment	420	175	420	176	6,956	15,000	-	-	-	-
Capital outlay	1,134,315	4,556,852	11,313,665	4,035,502	2,923,358	3,032,901	1,394,338	1,277,442	1,369,943	769,812
Debt service:										
Principal retired	-	-	108,298	106,021	103,792	101,609	112,053	22,351	61,306	74,184
Interest	9,250	8,146	2,326	4,603	6,832	9,014	8,346	1,109	2,894	5,240
Total Expenditures	13,176,628	16,464,733	22,449,931	14,237,365	13,181,600	14,086,747	9,837,857	9,257,691	10,390,228	8,786,931
Excess (deficiency) of revenues over (under) expenditures	6,765,713	1,983,673	(5,499,197)	1,344,438	570,205	231,709	1,202,158	1,041,860	(510,716)	1,694,716
Other Financing Sources (Uses)										
Insurance proceeds	88,302	42,819	101,991	75,573	-	-	-	-	-	-
Capital lease proceeds			-	-	-	-	-	522,120	-	65,424
Transfers in	493,400	402,900	223,650	97,800	65,900	-	-	-	-	-
Transfers out	(459,000)	(368,500)	(204,750)	(91,700)	(65,900)	-	-	-	-	-
Proceeds from sale of capital assets	34,479	35,752	25,404	21,773	15,497	30,224	46,290	37,614	-	-
Net other financing sources (uses)	157,181	112,971	146,295	103,446	15,497	30,224	46,290	559,734	-	65,424
Net Change in Fund Balances	\$ 6,922,894	\$ 2,096,644	\$ (5,352,902)	\$ 1,447,884	\$ 585,702	\$ 261,933	\$ 1,248,448	\$ 1,601,594	\$ (510,716)	\$ 1,760,140
Debt Service as a % of Noncapital Expenditures	0.08%	0.07%	1.00%	1.10%	1.10%	1.02%	1.45%	0.29%	0.72%	1.00%

City of West Melbourne, Florida

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Schedule B1

Fiscal Year Ended September 30	Real Property	Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2020	\$ 2,138,960,240	\$ 108,937,190	\$ 486,568,262	\$ 1,761,329,168	\$ 2.6017	\$ 2,361,833,617	74.57%
2019	1,924,744,240	102,312,218	440,020,275	1,587,036,183	2.6017	2,166,783,115	73.24%
2018	1,708,466,860	91,455,621	406,728,438	1,393,194,043	2.4633	1,967,838,460	70.80%
2017	1,543,748,475	98,537,137	383,216,930	1,259,068,682	2.4633	1,712,215,741	73.53%
2016	1,405,729,894	94,515,457	369,581,311	1,130,664,040	2.4633	1,490,776,551	75.84%
2015	1,321,519,510	79,727,214	357,842,747	1,043,403,977	2.3850	1,303,447,014	80.05%
2014	1,162,011,200	72,647,356	335,035,441	899,623,115	2.2975	1,171,566,553	76.79%
2013	1,159,336,830	61,140,731	333,036,486	887,441,075	2.2975	925,900,650	95.85%
2012	1,326,472,340	71,618,712	350,293,610	1,047,797,442	2.2975	890,107,311	117.72%
2011	1,438,821,470	70,169,982	334,066,861	1,174,924,591	2.2975	1,094,995,651	107.30%

Source: Brevard County Property Appraiser

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

Schedule B2

Fiscal Year	Property Taxes	Utility Taxes and Franchise Fees	Inter- Governmental⁽¹⁾	Other Inter- Governmental⁽²⁾	Totals
2020	\$ 4,421,186	\$ 5,879,194	\$ 3,264,288	\$ 43,220	\$ 13,607,889
2019	3,990,738	5,789,670	3,585,623	36,104	13,402,135
2018	3,310,658	5,383,599	4,136,639	32,364	12,863,260
2017	2,990,353	5,096,550	2,887,943	31,569	11,006,415
2016	2,685,306	4,646,514	2,510,672	31,020	9,873,512
2015	2,406,066	4,897,700	2,282,524	31,985	9,618,275
2014	2,146,830	4,783,120	2,028,461	26,262	8,984,673
2013	1,998,440	4,548,770	1,896,041	25,772	8,469,023
2012	1,972,161	4,406,468	1,729,977	29,265	8,137,871
2011	2,352,766	4,339,103	1,483,399	21,347	8,196,615

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

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

Note: Includes General, Special Revenue, Capital Projects and Debt Service Funds, as applicable.
Source: Financial Statements and records, City of West Melbourne.

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

Schedule B3

Fiscal Year ended September 30,	Business Tax Receipts	Building Permits	Total Revenues
2020	\$ 240,628	\$ 991,271	\$ 1,231,899
2019	252,659	1,889,577	2,142,236
2018	253,218	1,513,430	1,766,648
2017	242,099	1,472,043	1,714,142
2016	264,587	1,324,575	1,589,162
2015	236,257	771,375	1,007,632
2014	234,882	720,779	955,661
2013	234,918	639,578	874,496
2012	213,699	563,593	777,292
2011	229,515	589,948	819,463

City of West Melbourne, Florida

Water and Sewer Consumption – Rates and Revenue

Last Ten Fiscal Years

Schedule B4

Fiscal Year	Gallons of Water Consumed	Water Revenue ⁽¹⁾	Total Direct Rate		Gallons of Sewer Treated	Sewer Revenue ⁽¹⁾	Total Direct Rate	
			Water Base Rate	Water Usage Rate			Sewer Base Rate	Sewer Usage Rate
2020	615,717,900	\$ 6,808,727	13.88	6.25	694,000,000	\$ 5,734,047	14.45	5.00
2019	572,459,500	6,819,384	13.88	6.25	623,400,000	5,265,664	13.87	4.93
2018	560,679,460	6,448,955	13.88	6.25	655,310,000	5,140,345	13.87	4.93
2017	542,695,780	6,135,825	13.88	6.25	639,000,000	5,019,565	13.87	4.93
2016	526,709,790	5,746,972	13.88	6.25	633,100,000	4,702,145	13.87	4.93
2015	505,787,700	5,428,686	13.90	5.93	574,240,000	4,414,883	12.75	4.86
2014	492,565,900	5,124,447	13.90	5.93	593,380,000	4,130,827	12.75	4.86
2013	483,408,300	4,829,164	14.08	5.10	465,599,000	4,024,297	12.00	4.75
2012	484,424,200	4,794,699	14.08	5.10	465,519,400	3,944,449	12.03	4.60
2011	476,281,600	4,560,391	14.20	4.85	457,828,400	3,878,600	12.03	4.60

⁽¹⁾ Revenues are not adjusted for bad debt.

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

Schedule B5

Fiscal Year	City Direct Rate ⁽¹⁾	Overlapping Rates				Total Overlapping and Direct
	Operating Millage	Brevard County	Brevard		Total Overlapping	
			County Schools	Special Districts		
2020	2.6017	6.2049	5.9420	0.2607	12.4076	15.0093
2019	2.6017	6.3833	6.0860	0.2734	12.7427	15.3444
2018	2.4633	5.3540	6.2990	0.3759	12.0289	14.4922
2017	2.4633	6.0802	6.5680	0.3981	13.0463	15.5096
2016	2.4633	6.4626	6.9160	0.6953	14.0739	16.5372
2015	2.3850	6.4568	7.2750	0.4412	14.1730	16.5580
2014	2.2975	6.4492	7.6060	0.4782	14.5334	16.8309
2013	2.2975	6.7334	8.0960	0.4782	15.3076	17.6051
2012	2.2975	6.7334	8.1120	0.4782	15.3236	17.6211
2011	2.2975	5.9271	7.6530	0.5627	14.1428	16.4403

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

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

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

Schedule B6

	2020			2011 ⁽¹⁾		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Taxpayer						
Passco Haven Dst	\$ 37,396,000	1	1.96%			
WP MBSage MF-FL Owner LLC	32,305,670	2	1.69%			
The Reserves of Melbourne LLC	25,168,000	3	1.32%			
Grande Oaks Pennington LLC	22,869,000	4	1.20%			
Northland Lakeside LLC	17,554,000	5	0.92%			
West Melbourne Town Center LLC	17,194,610	6	0.90%			
ARC SMWMBFL001 LLC	13,302,280	7	0.70%			
Wal-Mart Stores East LP	12,051,670	8	0.63%			
Windover Station LLC	8,751,680	9	0.46%			
TT of NASA INC	8,378,210	10	0.44%			
Total taxable assessed value for principal property taxpayers	\$ 194,971,120		10.22%	\$ 0		0.00%

⁽¹⁾ Data unavailable for this year.

Sources:

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

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

Schedule B7

Fiscal Year Ended September 30,	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2020	\$ 4,555,153	\$ 4,421,186	97.1%	\$ -	\$ 4,421,186	97.1%
2019	4,099,877	3,990,738	97.3%	-	3,990,738	97.3%
2018	3,433,258	3,310,658	96.4%	-	3,310,658	96.4%
2017	3,095,920	2,990,353	96.6%	-	2,990,353	96.6%
2016	2,771,935	2,685,306	96.9%	-	2,685,306	96.9%
2015	2,488,332	2,406,066	96.7%	640	2,406,706	96.7%
2014	2,224,378	2,146,830	96.5%	-	2,146,830	96.5%
2013	2,067,347	1,998,440	96.7%	-	1,998,440	96.7%
2012	2,038,901	1,969,168	96.6%	1,677	1,970,845	96.7%
2011	2,407,318	2,225,208	92.4%	804	2,226,012	92.5%

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

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

Schedule C1

Fiscal Year	Governmental Activities	Business-type Activities		Total Outstanding Debt ⁽²⁾	Personal Income ⁽¹⁾	Percentage of Personal Income		Debt per Capita
	Capital Leases	Water and Sewer Revenue Bonds	Notes and Loans Payable			Population		
2020	\$ -	\$ 4,420,028	\$ 2,414,916	\$ 6,834,944	570,741,107	1.20%	25,385	\$ 269
2019	-	5,964,068	2,581,616	8,545,684	582,388,884	1.47%	23,607	362
2018	-	7,673,850	2,750,275	10,424,125	573,782,152	1.82%	21,990	474
2017	108,298	9,531,900	2,913,845	12,554,043	562,862,617	2.23%	21,360	588
2016	214,319	11,623,400	3,085,000	14,922,719	557,289,720	2.68%	20,640	723
2015	318,111	12,414,000	3,455,829	16,187,940	535,855,500	3.02%	20,250	799
2014	419,720	12,593,300	3,834,257	16,847,277	550,823,000	3.06%	19,834	849
2013	531,773	10,805,344	7,175,776	18,512,893	534,092,160	3.47%	19,464	951
2012	31,974	11,355,324	7,533,550	18,920,848	524,597,920	3.61%	19,118	990
2011	93,115	11,884,329	7,866,288	19,843,732	522,064,800	3.80%	18,712	1,060

⁽¹⁾ Personal income represents Brevard County since municipal data is not tracked.

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

Source: Space Coast Economic Development Commission (www.spacecoastedc.org)

City of West Melbourne, Florida
Direct and Overlapping Governmental Activities Debt
As of September 30, 2020

Schedule C2

Governmental Unit	Net Debt Outstanding	Percentage of Debt Applicable to the City ⁽¹⁾	City's Share of Debt
Debt repaid with property taxes			
Brevard County General Obligation Debt			
Limited Ad Valorem Tax Refunding Bond, Series 2013	\$ 11,015,000	4.18%	\$ 460,427
South Brevard Recreation Special District, Limited			
Ad Valorem Tax Bonds, Series 2016	18,260,000	4.18%	763,268
Subtotal, overlapping debt			1,223,695
City of West Melbourne direct debt			-
Total direct and overlapping debt			\$ 1,223,695

Sources:

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

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

- (1) The percentage of overlapping debt applicable is estimated using the taxable assessed value of properties located within the City of West Melbourne divided by the county's total taxable assessed value. FY2020 total taxable assessed value for City of West Melbourne is \$2,848,401,879 and the total County taxable assessed value is \$68,118,593,800.

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

Schedule C3

Fiscal Year	Gross Revenues ^(a)	Less: Direct Operating Expense ^(b)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage ^(c)	Coverage ^(d)
				Principal	Interest	Total		
2020	\$ 15,968,882	\$ 8,337,029	\$ 7,631,853	\$ 1,246,200	\$ 291,334	\$ 1,537,534	4.96	3.57
2019	16,911,038	7,238,370	9,672,668	1,879,783	434,204	2,313,987	4.18	2.33
2018	15,070,110	7,708,734	7,361,375	2,023,050	465,440	2,488,490	2.96	1.62
2017	13,663,993	7,261,494	6,402,499	2,251,500	519,689	2,771,189	2.31	1.44
2016	12,839,769	6,968,263	5,871,506	1,175,600	527,208	1,702,808	3.45	2.36
2015	11,269,847	7,383,777	3,886,070	559,300	514,131	1,073,431	3.62	2.55
2014	10,294,282	6,962,321	3,331,961	980,000	741,080	1,721,080	1.94	1.41
2013	10,027,543	6,580,977	3,446,566	950,000	822,702	1,772,702	1.94	1.29
2012	9,860,486	6,326,095	3,534,391	905,000	856,140	1,761,140	2.01	1.42
2011	9,501,223	6,408,777	3,092,446	875,000	781,867	1,656,867	1.87	1.26

Notes:

^(a) Includes operating, non-operating revenue and connection fees.

^(b) Excludes depreciation expense, interest expense, amortization and non-recurring losses.

^(c) & ^(d) Coverage ratio required by most restrictive bond document is at least 1.1 without connection fees and 1.25 including connection fees. The 2020 coverage of 4.75 includes the connection fees and the coverage without connection fees was 3.35. Both requirements were met.

Schedule C4

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

The City of West Melbourne has no general bonded debt.

Schedule C5

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

The City of West Melbourne has no Legal debt limit.

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

Schedule D1

Year	Population ^(a)	Personal Income	Per Capita Income ^(b)	Public School Enrollment ^(c)	Unemployment Rate ^(d)
2020	25,385	570,741,107	46,486	3,163	6.4%
2019	23,607	582,388,884	45,425	3,405	2.8%
2018	21,990	573,782,152	36,188	3,405	2.9%
2017	21,360	562,862,617	26,351	3,431	3.6%
2016	20,640	557,289,720	27,000	3,314	4.3%
2015	20,250	535,855,500	26,462	3,497	5.6%
2014	19,834	550,823,000	27,772	3,787	6.5%
2013	19,464	534,092,160	27,440	3,498	7.2%
2012	19,118	524,597,920	27,440	3,445	8.8%
2011	18,712	522,064,800	27,900	3,394	11.0%

Sources:

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

Notes:

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

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

Employer	2020		2011⁽¹⁾	
	Number of Employees	Rank	Number of Employees	Rank
L3Harris Technologies Inc	500	1		
Publix Stores - New Haven #1353	217	2		
Publix Stores - Palm Bay Rd. #695	198	3		
Harris Sanitation Inc	159	4		
Home Depot USA Inc.	134	5		
City of West Melbourne	143	6		
The Olive Garden	124	7		
Buena Vida Estates Inc	122	8		
Cinemaworld Of Florida Inc	120	9		
USSI Global	113	10		
	1,830			

⁽¹⁾ Data unavailable for this year.

Source:

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

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

Schedule E1

<i>Function</i>	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government										
City Council/City Clerk	9	9	7	7	9	9	9	8	9	9
City Administration	4	4	4	4	3	3	3	2	2	3
Legal	2	2	2	2	2	2	2	2	2	2
Finance	11.5	11.5	11.5	11	14	14	11	10	10	9
Information Technology	2.5	2.5	2.5	2	2	2	2	2	2	2
Total General Government	29	29	27	26	30	30	27	24	25	25
Public Safety										
Police	60	56.5	51	51	52	48	45	46	46	50
Code Enforcement	13	13	12	12	12	9	9	9	9	11
Total Public Safety	73	69.5	63	63	64	57	54	55	55	61
Highways and Streets										
Public Works	12	10	11	11	11	12	10	10	8	10
Public Works - Water	10	10	8	9	8	8	9	7	10	10
Total Highways and Streets	22	20	19	20	19	20	19	17	18	20
Recreation and Parks	15	13	9	9	9	9	9	10	10	9
Community Development	4	4	4	3	3	4	4	4	4	4
Total Employees	143	135.5	122	121	125	120	113	110	112	119

Source: City payroll report

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

Schedule E2

<i>Function</i>	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police										
Dispatched calls	38,475	40,256	37,929	24,763	26,463	24,751	27,332	30,244	23,603	25,444
Alarms	1,071	1,082	1,633	743	921	862	525	728	755	768
Physical arrests	563	860	731	565	471	462	522	616	514	819
Traffic accidents	1,243	1,386	1,220	1,072	1,334	1,051	841	621	617	656
Traffic citations	2,923	4,500	3,851	2,932	2,008	2,363	3,157	3,495	3,311	4,546
Finance										
Purchase orders issued	692	496	665	592	590	682	660	716	608	696
Accounts payable checks	4,678	4,812	4,873	4,530	4,806	4,644	4,165	4,905	4,041	3,957
Highways and streets										
Street resurfacing (miles)	4.89	4.15	6.12	6.00	2.07	1.80	2.40	1.95	0.50	1.25
Culture and Recreation										
Recreation fees	\$ 15,600	\$ 264,534	\$ 363,927	\$ 94,298	\$ 271,483	\$ -	\$ 65,208	\$ 9,506	\$ 59,366	\$ 2,941
Building/Code Enforcement										
Permits issued (construction)	222	284	263	307	375	147	147	172	194	183
Licenses issued/renewed	1,667	1,670	1,806	1,248	1,132	1,802	1,835	1,763	1,623	1,968
Building Inspections	14,591	14,078	16,191	17,867	13,094	14,488	10,159	15,224	11,636	11,854
Municipal Water Department										
New connections	503	1,161	284	398	282	135	128	174	180	174
Average daily consumption ⁽¹⁾	1,674,407	1,556,190	1,520,316	1,486,838	1,443,205	1,385,720	1,349,496	1,324,406	1,327,190	1,304,881
Wastewater										
Average daily sewage treatment	1,830,000	1,890,000	1,780,000	1,700,000	1,700,000	1,570,000	1,640,000	1,624,000	1,627,000	1,605,000

Notes:

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

Source: Various City Departments

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

Schedule E3

Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government:										
General government buildings	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Public Works:										
Public works buildings	3	3	3	3	3	1	1	1	1	1
Paved streets (lane miles)	103	103	99	99	99	98	98	98	98	98
Unpaved streets (lane miles)	0.65	0.65	0.65	0.65	0.65	3	3	3	3	3
Recreation and Community Development:										
Parks acreage	53	53	53	53	50	50	50	50	50	50
Parks	7	7	7	7	7	7	7	7	7	7
Tennis courts	4	4	4	4	4	4	4	4	4	4
Racquet ball courts	2	2	2	2	2	2	2	2	2	2
Exercise Trail	1	1	1	1	1	1	1	1	1	1
Water										
Potable Water lines (linear miles)	125	125	124	118	118	118	118	118	117	117
Sewer										
Sanitary sewer lines (linear miles)	111	111	110	100	100	100	100	100	100	97
Permitted sewer capacity(gallons)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Lift stations	78	78	73	73	63	63	63	63	63	63

Source: Various city departments

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Melbourne, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of West Melbourne, Florida's basic financial statements, and have issued our report thereon dated February 24, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, SD 2020-001, that we consider to be a significant deficiency.

SD 2020-001 PROPER AUTHORIZATION FOR ASSET DISPOSALS

Criteria: Segregation of duties is an essential component of internal control, providing for risk management by dispersing key function in a process – authorization, custody of assets and recording of transactions – to more than one person. As segregation of duties relates to disposal of capital assets, the sale, trade-in or other form of removal from service of any assets should be approved by someone other than the person initiating the request. The City’s policies state any assets disposed or auctioned must first be written up and presented “for formal notification and approval before the asset(s) can be disposed of.”

Condition: During our audit, we noted there were some (but not all) disposals of capital assets initiated by department heads that were not approved by senior management prior to auction or removal from service.

Cause: Department heads provided information related to capital assets that were no longer in service or disposed of to the Senior Accounting Clerk without having been remitted to Senior Management for approval.

Effect: While most of the assets removed from the Fixed Asset system were fully depreciated, the City was not in compliance with its policy requiring formal notification and approval prior to removal of capital assets from the City’s Fixed Asset system.

Recommendation: The City should comply with its policy to obtain formal approval of capital assets being disposed of by someone other than the person initiating the request. Further, the City should periodically review its policies related to the management of its capital asset inventory to ensure that policies continue to be relevant and effective.

Management Response: The City will continue to require that a “Fixed Asset Disposal Form” be submitted to the Finance Department for assets that are being disposed, even if fully depreciated and/or obsolete. These forms will be reviewed by both the Senior Accounting Clerk and the Accounting Operations Manager before any assets are deleted through the BS&A Fixed Assets System.

Most major disposals, either through sale or trade-in, usually involve City Council approval because of the dollar value of the replacement asset or it involves vehicles which are annually reviewed by City Council during the budgeting process. All titled vehicles that are auctioned off will continue to require the signature of the City Manager on the title and asset disposal form.

We have updated our capital assets policy as of October 1st, 2020 to reflect the review and approval of disposal process that was currently being followed and to reflect the most recent change in Florida Statutes, for which the City will use \$5,000 as the City’s new threshold for categorizing a purchase as a capital asset. We will also prepare a list of disposals for City Council to review and approve in a ministerial action, on an annual basis, as is written in our revised Fixed Asset Policies and Procedures.

City of West Melbourne, Florida's Response to Finding

City of West Melbourne, Florida's response to the finding identified in our audit is described above. The City of West Melbourne, Florida's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

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

Melbourne, Florida
February 24, 2021



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INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of West Melbourne, Florida (the "City") as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated February 24, 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 and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an Examination Conducted in Accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports, which are dated February 24, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective action has been taken (Resolution No. 2020-24) to address the finding and recommendation made in the preceding financial audit report.

<u>Prior Year Management Letter Comments: *</u>		<u>Status</u>
IC 2019-001	Unexpended Balance – Building Permits	Repeated, Revised

*The finding listed above originated in the fiscal year 2019 audit.

Official Title and Legal Authority

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

<u>Component Unit:</u>	<u>Established by:</u>
City of West Melbourne – Brevard County Joint Community Redevelopment Agency	City Ordinance 2012-19 dated July 17, 2012

Financial Condition

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 West Melbourne, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City of West Melbourne, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City of West Melbourne, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

IC 2019-001 UNEXPENDED BALANCE – BUILDING PERMITS (Updated & Revised in FY2020)

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

Condition: The City's unexpended building permit funds at September 30, 2020 exceeded the City's average operating budget for enforcing the Florida Building Code for the previous four (4) fiscal years by \$2,623,843.

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

Effect: The City has excess unexpended balances at September 30, 2020.

Recommendation: The City should identify how it intends to reduce the amount of unexpended building code balances in order to comply with Section 553.80(7)(a) of Florida Statutes. Such action may require the City to modify its fiscal year 2020-21 budget.

Management Response: The City recognizes the need to reduce the fund balance restricted for Building Code Enforcement. To reduce the unexpended building code balance, the City Council adopted Resolution No. 2020-07 on May 5, 2020 waiving and reducing certain building plan check and inspection fees. On September 24, 2020, the City Council adopted Resolution No. 2020-22 extending this waiver and reduction through September 30, 2021. On October 6, 2020, the City Council adopted Resolution 2020-24 waiving and reducing additional building plan check and inspection fees through September 30, 2021.

Additional Matters

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

Purpose of this Letter

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

Carly Riggs & Ingram, L.L.C.

Melbourne, Florida
February 24, 2021



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

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

We have examined the City of West Melbourne, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2020. Management of the City of West Melbourne, Florida is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the City complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2020.

This report is intended solely for the information and use of City Council, management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

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

Melbourne, Florida
February 24, 2021



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SECONDARY MARKET DISCLOSURES



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

Revenues	FY2017	FY2018	FY2019	FY2020	Prior Two-Year Average
Total Governmental Funds	13,586,299	16,950,734	18,491,225	20,030,643	19,260,934
Less: Grant Revenue & Capital Contributions	(41,250)	(2,473,014)	(1,339,454)	(4,000,996)	(2,670,225)
Less: Ad Valorem Revenues	(2,990,353)	(3,310,658)	(3,990,738)	(4,421,186)	(4,205,962)
Total Governmental Non-Ad Valorem Revenues	10,554,696	11,167,062	13,161,033	11,608,461	12,384,747
Less: Restricted Funds					
Stormwater Utility Fund	-	(395,915)	(627,494)	(584,407)	(605,951)
Capital Projects Fund	-	-	-	(13,913)	(6,957)
Community Redevelopment Agency	(295,743)	(377,318)	(344,588)	(426,386)	(385,487)
Nonmajor Funds	(490,519)	(392,125)	(299,108)	(22,516)	(160,812)
					-
Adjusted Non-Ad Valorem Revenues	9,768,434	10,001,704	11,889,843	10,561,239	11,225,540
Expenditures					
Essential Expenditures					
Public Safety	6,114,550	6,363,198	6,836,498	7,022,168	6,929,333
General Government	1,915,566	1,982,479	2,173,462	2,240,023	2,206,743
Total Essential Expenditures	8,030,116	8,345,677	9,009,960	9,262,191	9,136,076
Less: Ad-Valorem Revenues Available to pay Essential Expenditures	(2,990,353)	(3,310,658)	(3,990,738)	(4,421,186)	(4,205,962)
Adjusted Essential Expenditures	5,039,763	5,035,019	5,019,222	4,841,005	4,930,114
Net Non-Ad Valorem Revenues available for Debt Service	4,728,671	4,966,685	6,870,621	5,720,234	6,295,427
Ad Valorem Revenues Restricted for Debt Service	-	-	-	-	-
Debt Proceeds	-	-	-	-	-

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

Net Non-Ad Valorem Revenues available for Debt Service	6,295,427
Maximum Annual Non-Ad Valorem Debt Service Coverage	281,475
	2236.6%

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

Two-Year Average Net Total Governmental Funds	19,260,934
Maximum Annual Non-Ad Valorem Debt Service Percentage	281,475
	1.5%

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

Revenues	FY2016	FY2017	FY2018	FY2019	FY2020
Total Governmental Funds	\$ 13,751,805	\$ 13,586,299	\$ 16,950,734	\$ 18,448,406	\$ 20,030,643
Less: Grant Revenue & Capital Contributions	(1,007,422)	(41,250)	(2,473,014)	(3,750,793)	(4,000,996)
Less: Ad Valorem Revenues	(2,685,306)	(2,990,353)	(3,310,658)	(3,990,738)	(4,421,186)
Total Governmental Non-Ad Valorem Revenues	10,059,077	10,554,696	11,167,062	10,706,875	11,608,461
Less: Restricted Funds					
Stormwater Utility Fund			(395,915)	(627,493)	(584,407)
Capital Projects Fund	-	-	-	-	(13,913)
Community Redevelopment Agency	(152,204)	(295,743)	(377,318)	(344,588)	(426,386)
Nonmajor Funds	(645,873)	(490,519)	(392,125)	(299,108)	(22,516)
Adjusted Non-Ad Valorem Revenues	9,261,000	9,768,434	10,001,704	9,435,686	10,561,239
Expenditures					
Essential Expenditures					
Public Safety	5,340,909	6,114,550	6,363,198	6,836,498	7,022,168
General Government	1,765,503	1,915,566	1,982,479	2,173,462	2,240,023
Total Essential Expenditures	7,106,412	8,030,116	8,345,677	9,009,960	9,262,191
Less: Ad-Valorem Revenues Available to pay Essential Expenditures	(2,685,306)	(2,990,353)	(3,310,658)	(3,990,738)	(4,421,186)
Adjusted Essential Expenditures	4,421,106	5,039,763	5,035,019	5,019,222	4,841,005
Net Non-Ad Valorem Revenues available for Debt Service	\$ 4,839,894	\$ 4,728,671	\$ 4,966,685	\$ 4,416,464	\$ 5,720,234
Maximum Annual Debt Service on 2010D	\$ (281,475)	\$ (281,475)	\$ (281,475)	\$ (281,475)	\$ (281,475)
Legally Available Non-Ad Valorem Revenues after MADS	\$ 4,558,419	\$ 4,447,196	\$ 4,685,210	\$ 4,134,989	\$ 5,438,759
Existing Coverage	17.19	16.80	17.65	15.69	20.32