

City of Melbourne, Florida

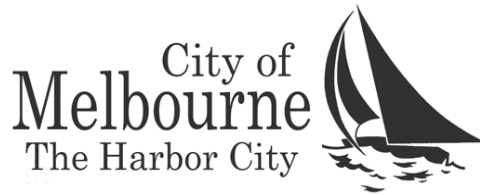


2021

Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2021

City of Melbourne, Florida
Annual Comprehensive
Financial Report

For The Fiscal Year Ended September 30, 2021



CITY COUNCIL

Paul Alfrey Mayor
Timothy Thomas Vice Mayor, District 1
Mark LaRusso District 2
Yvonne Minus District 3
Deborah Thomas District 4
Mimi Hanley District 5
Julie Sanders District 6

CITY OFFICIALS

Shannon Lewis City Manager
Kevin McKeown City Clerk
Alison Dawley City Attorney
Jeffrey Towne Director of Finance
Ross McGinn Assistant Finance Director

Prepared by: Financial Services Department



INTRODUCTORY SECTION

This section contains the following subsections:

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



**CITY OF MELBOURNE, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021
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City of Melbourne



Financial Services Department

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

March 4, 2022

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

We are submitting the Annual Comprehensive Financial Report of the City of Melbourne, Florida (the "City") for the fiscal year ended September 30, 2021, as prepared by the City's Financial Services department. The report fulfills the requirements set forth in the City Charter, Section 3.20, Florida Statutes, Chapter 166.241; Chapter 218.39 and the Rules of the Auditor General, Chapter 10.550; and Rule 15c2-12 promulgated by the Securities and Exchange Commission.

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

The City's financial statements have been audited by the City's independent Certified Public Accountants, Carr, Riggs & Ingram, LLC. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City, for the year ended September 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2021, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

Profile of the Government

The City is located on the central east coast of Florida in Brevard County. The City currently occupies a land area of 51.5 square miles and serves a population of 85,800. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

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

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

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

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

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

Factors Affecting Financial Condition

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

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

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

Downtown Melbourne continues to experience incredible growth with the \$42 million Hotel Melby, an 11-story Hilton boutique hotel, complete with The Landing Rooftop restaurant, opening its doors in April 2021.

The Eau Gallie Arts District welcomed Pineapples, a three-story dining and entertainment venue, featuring a rooftop bar, also in April 2021. Between the two downtowns, located at the former marina property, plans have been announced for a four-acre waterfront development anchored by a Compass by Margaritaville resort, with a 225-slip marina, two restaurants, an outdoor entertainment venue, and a boardwalk.

The City continues to experience increased building activity over historical trends, however the overall number of building permits decreased in 2021, as the City experienced a decrease in residential building activity nearly offset by an increase in commercial building activity. The number of new residential permits decreased 16% and the value of new residential construction decreased 52% for fiscal year 2021. The number of new commercial permits increased 76%, with valuations 162% higher than the previous year. The population increased 2% in fiscal year 2021, and the local unemployment rate decreased from 5.5% to 4.1%, an encouraging statistic supporting the notion that the local economic environment is healing from disruptions caused by the COVID-19 pandemic.

The City is permitted by State law to levy taxes up to 10 mills on assessed valuation. Pursuant to Florida Statutes, Chapter 200.065(5)(a), the maximum millage rate that the City may levy is a rolled-back rate based on the amount of taxes, which would have been levied in the prior year if the maximum millage rate had been applied, adjusted for the change in per capita Florida personal income, unless a higher rate is adopted, in which case the maximum is the adopted rate. City Council adopted the rolled-back rate of 6.8685 mills for the fiscal year ended September 30, 2021.

Long-term financial planning. Assigned and unassigned fund balance in the General fund is 50% of total fiscal year 2021 General Fund expenditures and 45% of fiscal year 2022 appropriations. The General Fund policy adopted by the City Council requires all excess funds be transferred to assigned and unassigned fund balance until assigned and unassigned fund balance equals 25% of the general fund operating budget. Thereafter, any remaining excess funds shall be identified by the City Manager as available to fund capital purchases, capital construction, non-recurring expenditures, or to establish additional assignments of fund balance. At September 30, 2021, there is \$18,230,822 in excess funds available for assignment.

The Water and Sewer System fund Utility Rate of Return Policy requires excess funds to be transferred to the working capital reserve of the Water and Sewer System until that amount equals 25% of Water and Sewer System operating revenues. At September 30, 2021, the working capital reserves were 84% of fiscal year 2021 operating revenues. The remaining excess funds shall be transferred to the Water and Sewer System Capital Construction Reserve until that amount equals \$1,000,000. Once these two requirements are met, any excess funds shall be split evenly and distributed between the Water and Sewer System Working Capital and the Capital Construction Reserve. A transfer of \$3,477,994 to the Capital Construction Reserve was made, which decreased the working capital reserves to 77% of the fiscal year 2021 operating revenues. This is an 8% increase from the previous year, primarily due to the reduction in contractual services. The Water and Sewer System fund transferred \$3,399,380 to the General fund, which represented 6.4% of sales as defined in the policy.

Major Initiatives. A \$22.5 million project, in conjunction with the City of Cocoa, to construct two new 16" water transmission mains crossing the Indian River at the Pineda Causeway is underway. The new transmission mains will improve water service to the entire beachside area and improve fire flow, pressure, quality, and circulation of water in the north beach area.

Improvements to the Grant Street Water Reclamation Facility are nearing the construction phase. These improvements plan to address increased demand due to growth, to meet State and Federal regulations, and to improve the efficiency and effectiveness of the facility. The project also includes additional measures to reduce the nutrients in the City's reclaimed water in an effort to restore the Indian River Lagoon. Total cost is expected to be \$15.3 million.

The Reverse Osmosis Water Treatment Plant's odor control and degasification equipment is being replaced for \$2.1 million to improve the hydrogen sulfide removal system. The updates include a new location for the equipment and a biological scrubber which does not require chemicals to function.

The City has issued \$35 million in general obligation bonds in February 2022. As part of the issuance the City received an "AA+" credit rating from Fitch Ratings and an "AA" rating from S&P Global Ratings, further emphasizing the City's strong financial position. Approved in 2019, the bonds issued will fund the

construction of the Joseph Pellicano Law Enforcement Center, a new Police Department Headquarters facility. Construction is expected to begin in 2022.

In June 2021, the City received its first tranche of American Rescue Plan Act funds from the US Department of Treasury. In total, an unprecedented \$14.2 million has been made available to the City to respond to the public health emergency and negative economic impacts caused by the COVID-19 pandemic. City staff has begun the process of identifying eligible projects to best meet the community's needs and thus far City Council has approved funding of \$2.5 million to replace the City's computer-aided dispatch software, used to better aid public safety employees in responding to calls for service.

The Melbourne Orlando International Airport has undertaken a \$72 million terminal renovation and expansion project, two new passenger boarding bridges and a ground run-up enclosure facility. These facility improvements are to accommodate not only the arrival of nonstop service provided by Allegiant Air between Melbourne and Pittsburgh, PA, Nashville, TN, and Concord, NC, but also the arrival of TUI, the United Kingdom's leading holiday travel conglomerate. With the expansion due to be completed in March 2022, the City is expected to receive in excess of 150,000 new international travelers in TUI's first year of operation at the airport.

Relevant Financial Policies. The City of Melbourne has adopted a comprehensive set of financial policies, including a policy that requires the adoption of a balanced operating budget (i.e. estimated revenues equal to appropriations). The original budget's estimated revenues were purposefully less than appropriations by \$2,315,000 as the City utilized fund balance to fund a variety of one-time capital expenditures, namely an infusion to the road management program, an expansion of the City's fuel site, right-of-way hardening, drainage improvements, pool liners, and engineering for a new fire station. During the fiscal year, City Council voted to appropriate additional excess unassigned fund balance, to purchase land for the new police headquarters and 14 additional police vehicles. The total amount appropriated of the General Fund's fund balance in fiscal year 2021 was \$6,127,931 but the final net change was only (\$161,917). The City's strong revenues and controlled expenditures were the reason for the positive result.

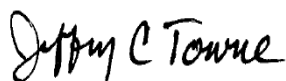
Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Melbourne for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2020. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized ACFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Melbourne has received a Certificate of Achievement for 34 years. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Jeffrey C. Towne
Director of Finance



Shannon M. Lewis
City Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

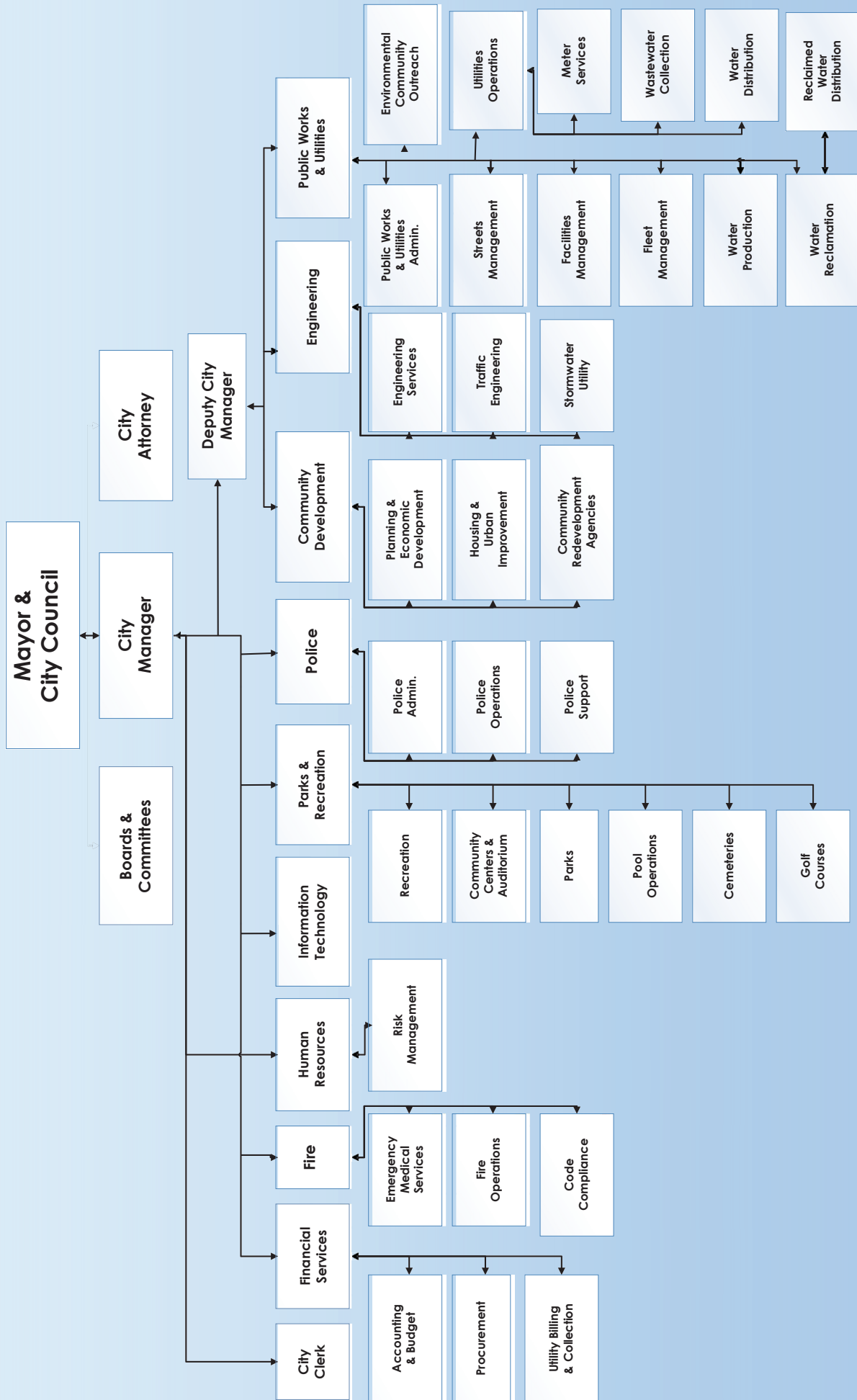
**City of Melbourne
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION

This section contains the following subsections:

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



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Melbourne, Florida, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Melbourne, Florida's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Melbourne, Florida, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 3A to the Financial Statements, in 2021 the City adopted new accounting guidance, *GASBS No. 84 Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and other required supplementary information on pages 7-16, and pages 99-120 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2022 on our consideration of the City of Melbourne, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Melbourne's internal control over financial reporting and compliance.

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

Melbourne, Florida
March 4, 2022



**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

As management of the City of Melbourne (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021. 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 ix-xii of this report.

Financial Highlights

- The assets and deferred outflows of the City of Melbourne exceeded its liabilities and deferred inflows at September 30, 2021 by \$321,224,735. Of this amount, \$75,413,354 may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$22,432,849; \$12,050,105 in governmental activities and \$10,382,744 in business-type activities.
- As of September 30, 2021, the City's governmental funds reported combined ending fund balances of \$94,304,384 an increase of \$5,999,696 in comparison with the prior year. Approximately 39% of this amount (\$36,412,158) is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of assigned and unassigned components of fund balance) in the General fund was \$40,887,283 or 50% of total General fund expenditures for fiscal year 2021.
- The City's total debt decreased \$2,792,594 during the current fiscal year. This reflects increases of \$18,285,000 for the issuance of Water and Sewer Refunding Revenue Bonds, Series 2020, \$1,650,000 for Water and Sewer Improvement Revenue Bonds, Series 2021, and \$473,896 in capital leases for the 2021 Golf Cart Lease, offset by \$7,180,000 and \$9,865,000 partial refunding of the Water and Sewer Refunding and Improvement Bonds, Series 2012 and 2013 respectively, and normal reductions resulting from annual debt service and lease payments of \$5,215,018, and \$941,472 of net accretion on the Water and Sewer Refunding Revenue Bonds, Series 2002B.

Overview of the Financial Statements

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

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

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

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

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

**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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

The government-wide financial statements can be found on pages 18-21 of this report.

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

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

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

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

The basic governmental fund financial statements can be found on pages 22-28 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 30-34 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the

**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 35-36 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 37-97 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information (RSI) can be found on pages 99-120 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on page 121-141 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Melbourne, assets and deferred outflows exceeded liabilities and deferred inflows by \$321,224,735. By far, the largest portion (\$195,123,746) of the City's net position (61%) reflects its investment in capital assets (i.e., land, buildings, improvements other than buildings, machinery, equipment, intangibles, and general government infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to its citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Melbourne's Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------------------|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Assets | | | | | | |
| Current and other assets | \$ 118,346,591 | \$ 104,383,034 | \$ 125,156,144 | \$ 119,659,356 | \$ 243,502,735 | \$ 224,042,390 |
| Capital assets | 109,554,501 | 106,707,531 | 167,843,399 | 167,113,188 | 277,397,900 | 273,820,719 |
| Total assets | 227,901,092 | 211,090,565 | 292,999,543 | 286,772,544 | 520,900,635 | 497,863,109 |
| Total deferred outflows of resources | 28,522,047 | 23,140,229 | 5,990,213 | 6,969,331 | 34,512,260 | 30,109,560 |
| Liabilities | | | | | | |
| Long-term liabilities outstanding | 77,707,857 | 88,988,842 | 97,013,067 | 109,643,896 | 174,720,924 | 198,632,738 |
| Other liabilities | 15,639,673 | 8,496,837 | 14,958,676 | 14,312,244 | 30,598,349 | 22,809,081 |
| Total liabilities | 93,347,530 | 97,485,679 | 111,971,743 | 123,956,140 | 205,319,273 | 221,441,819 |
| Total deferred inflows of resources | 21,384,826 | 7,104,437 | 7,484,061 | 634,527 | 28,868,887 | 7,738,964 |
| Net position | | | | | | |
| Net investment in capital assets | 102,906,862 | 96,584,680 | 92,216,884 | 89,585,114 | 195,123,746 | 186,169,794 |
| Restricted | 39,331,983 | 38,106,525 | 11,355,652 | 11,135,165 | 50,687,635 | 49,241,690 |
| Unrestricted | (548,062) | (5,050,527) | 75,961,416 | 68,430,929 | 75,413,354 | 63,380,402 |
| Total net position | \$ 141,690,783 | \$ 129,640,678 | \$ 179,533,952 | \$ 169,151,208 | \$ 321,224,735 | \$ 298,791,886 |

An additional portion (\$50,687,635) of the City's net position (16%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$75,413,354 may be used to meet the City's ongoing obligations to citizens and creditors.

**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

On September 30, 2021, the City is able to report positive balances in all three categories of net position for its business-type activities. The City's net position, excluding the Melbourne Orlando International Airport, a discretely presented component unit, increased by \$22,432,849 (7.5%) during the current fiscal year. Key elements of the increase in net position are as follows:

City of Melbourne's Changes in Net Position

| | Governmental | | Business-type | | Total | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Activities | | Activities | | | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Revenue: | | | | | | |
| Program revenue: | | | | | | |
| Charges for services | \$ 16,702,828 | \$ 15,796,326 | \$ 57,739,336 | \$ 56,869,271 | \$ 74,442,164 | \$ 72,665,597 |
| Operating grants and contributions | 8,716,673 | 7,213,124 | 53,893 | 384,137 | 8,770,566 | 7,597,261 |
| Capital grants and contributions | 1,058,467 | 2,974,140 | 4,091,739 | 3,059,721 | 5,150,206 | 6,033,861 |
| General revenue: | | | | | | |
| Property taxes | 38,264,108 | 37,584,468 | - | - | 38,264,108 | 37,584,468 |
| Other taxes | 19,649,495 | 18,846,021 | - | - | 19,649,495 | 18,846,021 |
| Grants and contributions not restricted to specific programs | 11,489,437 | 9,552,382 | - | - | 11,489,437 | 9,552,382 |
| Unrestricted investment earnings | 279,091 | 3,330,445 | 254,139 | 3,068,008 | 533,230 | 6,398,453 |
| Other | 281,371 | 118,208 | 46,091 | 43,853 | 327,462 | 162,061 |
| Total revenues | 96,441,470 | 95,415,114 | 62,185,198 | 63,424,990 | 158,626,668 | 158,840,104 |
| Expenses: | | | | | | |
| General government | 16,927,939 | 20,653,067 | - | - | 16,927,939 | 20,653,067 |
| Public safety | 47,530,483 | 43,655,115 | - | - | 47,530,483 | 43,655,115 |
| Public works | 8,590,528 | 10,976,764 | - | - | 8,590,528 | 10,976,764 |
| Parks and recreation | 9,720,823 | 9,426,419 | - | - | 9,720,823 | 9,426,419 |
| Housing and urban improvement | 2,062,288 | 1,565,892 | - | - | 2,062,288 | 1,565,892 |
| Interest on long-term debt | 179,395 | 158,904 | - | - | 179,395 | 158,904 |
| Unallocated depreciation | 4,391,139 | 4,039,235 | - | - | 4,391,139 | 4,039,235 |
| Water and sewer | - | - | 44,956,282 | 49,279,481 | 44,956,282 | 49,279,481 |
| Stormwater utility | - | - | 1,841,792 | 1,800,298 | 1,841,792 | 1,800,298 |
| Total expenses | 89,402,595 | 90,475,396 | 46,798,074 | 51,079,779 | 136,200,669 | 141,555,175 |
| Increase in net position before contributions to permanent fund and transfers | 7,038,875 | 4,939,718 | 15,387,124 | 12,345,211 | 22,425,999 | 17,284,929 |
| Contributions to permanent fund | 6,850 | 1,500 | - | - | 6,850 | 1,500 |
| Transfers | 5,004,380 | 1,366,185 | (5,004,380) | (1,366,185) | - | - |
| Increase in net position | 12,050,105 | 6,307,403 | 10,382,744 | 10,979,026 | 22,432,849 | 17,286,429 |
| Net position - October 1, as previously stated | 129,640,678 | 123,306,878 | 169,151,208 | 158,198,579 | 298,791,886 | 281,505,457 |
| Prior period adjustment | - | 26,397 | - | (26,397) | - | - |
| Net position - October 1, restated | 129,640,678 | 123,333,275 | 169,151,208 | 158,172,182 | 298,791,886 | 281,505,457 |
| Net position - September 30 | \$ 141,690,783 | \$ 129,640,678 | \$ 179,533,952 | \$ 169,151,208 | \$ 321,224,735 | \$ 298,791,886 |

**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Prior Period Adjustment. The adjustment increasing beginning net position for fiscal year 2020 in governmental activities of \$26,397 is due to the closing of the Golf Course fund and reclassifying all activities to the parks and recreation divisions of the General Fund. The Golf Course fund no longer met the requirements of an Enterprise fund.

Governmental Activities. Governmental activities increased the City's net position by \$12,050,105. Charges for services increased \$906,502, driven largely by increased revenues for licenses and permits in the General Fund. The \$1,503,549 increase in operating grants is primarily due to funding from the CARES Act received through both the CARES Act and CDBG funds to address economic hardship caused by the COVID-19 pandemic. The (\$1,915,673) decrease in capital grants is a result of prior year reimbursements from Federal Aid Highway for the Hickory Street Complete Street project. The \$679,640 increase in property taxes was generated by new growth at the rolled-back rate of 6.8685 mills. Investment earnings decreased by (\$3,051,354) due to adjustments in fair market value and the City's higher yield investments purchased prior to the pandemic maturing.

Total governmental activities expenses decreased by (\$1,072,801). General government expenses decreased by (\$3,725,128), primarily due to a reduction in pension expenses brought about by an increase in the Florida Retirement System's investments and subsequent decrease in the City's share of the plan's net pension liability. Public safety expenses increased by \$3,875,368, due to recording the insurance premium tax pass through from the State previously recorded as general government expense, and increases in salaries and benefits. Housing and urban improvement expenses increased by \$496,369, reflecting the increased funding received from the CARES Act.

Transfers increased by \$3,638,195 as prior year transfers included significant utility improvements contributed to the Water and Sewer fund from the Hickory Street project accounted for in the Mobility Improvements fund, offsetting normal transfers from business-type activities to governmental activities, like the Water and Sewer fund's rate of return.

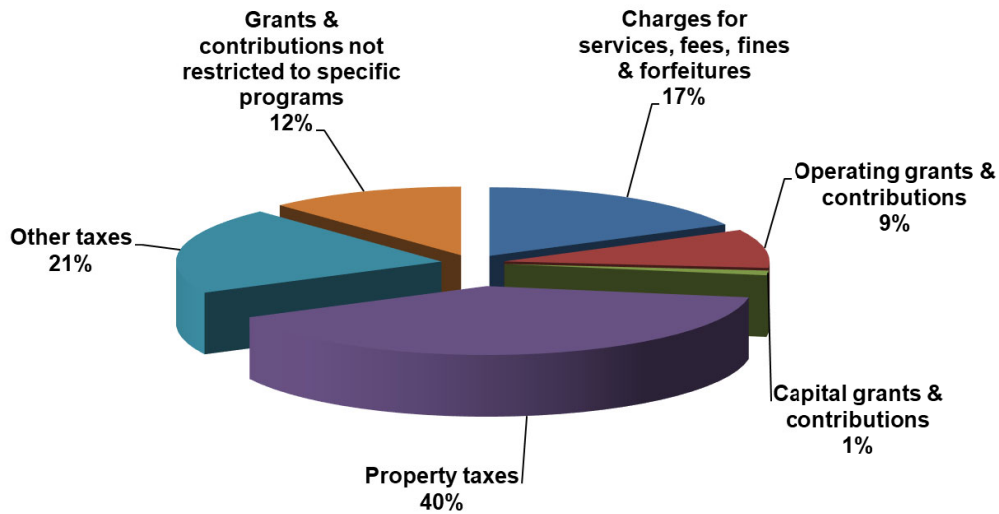
Business-type Activities. Business-type activities increased the City's net position by \$10,382,744. Charges for services increased \$870,065, which correlates with an increase in average daily consumption of water by utility customers. Capital grants and contributions increased by \$1,032,018 as the stormwater utility received increased funding from the Save Our Indian River Lagoon Trust and the Florida Department of Environmental Protection for water quality projects. Investment earnings decreased (\$2,813,869) due to adjustments in fair market value, and the same aforementioned economic environment issues related to lower interest rates.

Water and Sewer expenses decreased (\$4,323,199) benefitting from the same reduction in pension expense detailed in governmental activities, as well as a decrease in chemicals and fertilizer expenses. Transfers increased \$3,638,195 as a result of the previously mentioned contribution in the prior year from the Mobility Improvements fund, leaving no significant offset in the current year for the Water and Sewer fund rate of return and transfer of the 2021 Water Sewer Revenue Bond proceeds to the General Construction fund for improvements to the reclaimed water irrigation system at Mallards Landing Golf Course.

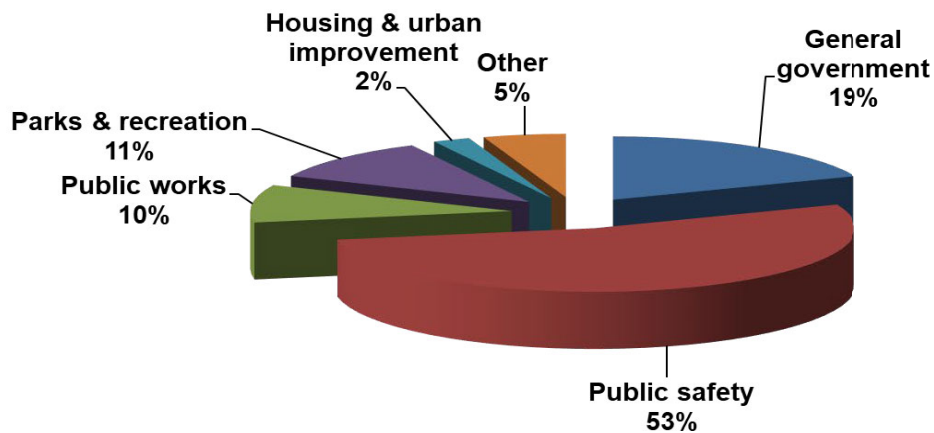
**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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

Revenue by Source - Governmental Activities



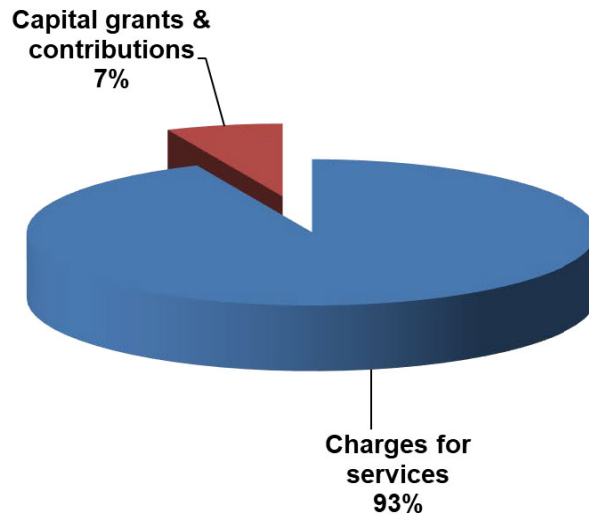
Expenditures by Function - Governmental Activities



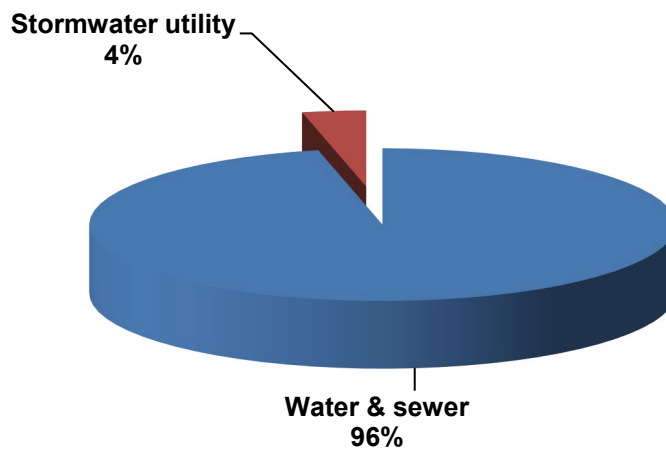
CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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

Revenues by Source - Business-type Activities



Expenses by Function - Business-type Activities



**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Financial Analysis of the City's Funds

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

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

As of the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$94,304,384, an increase of \$5,999,696 in comparison with the prior year. Approximately 39% (\$36,412,158) of this amount constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *non-spendable, restricted, committed, or assigned* to indicate that it is not available for new spending because it is 1) obligated for long term advances to other funds; inventory; prepaids; land held for resale; and perpetual care (\$1,331,448), 2) restricted for specific purposes (\$38,269,676), 3) restricted for debt service (\$862,593), or 4) assigned to pay for obligations previously authorized by the City (\$17,428,509).

The General fund is the chief operating fund of the City. At the end of the current fiscal year, the total assigned and unassigned fund balance of the General fund was \$40,887,283 while total fund balance was \$42,962,384. As a measure of the General fund's liquidity, it may be useful to compare both total assigned and unassigned fund balance and total fund balance to total fund expenditures. Total assigned and unassigned fund balance represents 50% of total fiscal year 2021 General fund expenditures and 45% of fiscal year 2022 appropriations. Total fund balance represents 52% of total fiscal year 2021 General fund expenditures and 47% of fiscal year 2022 appropriations.

The fund balance of the City's General fund increased by \$2,395,343 during the current fiscal year, primarily a result of increases in license, permit and state shared revenues. All other governmental funds increased by \$3,604,353, a result of increased funding for transportation and capital improvement projects.

The Transportation Capital Improvement fund, a major fund, had an increase in fund balance during the current year of \$2,337,929 to bring the year end fund balance to \$30,953,783. Assigned fund balance increased \$632,745 due to additional funding from the General Fund for roads and streets. Fund balance restricted for transportation increased \$1,705,184 as restricted transportation impact fees and Local Option Gas Tax transfers in exceeded spending on road improvement projects funded from those restricted sources.

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

Unrestricted net position of the Water and Sewer System at the end of the year amounted to \$64,585,895 and the Stormwater Utility was \$11,258,829. The net position in the Water and Sewer System and Stormwater Utility increased by \$8,380,313 and \$2,083,048, respectively, due to normal growth and operating activities. The net position for total business-type activities decreased (\$80,617) to reflect the consolidation of the Internal Service fund activity in the Enterprise funds.

General Fund Budgetary Highlights

The following is a brief review of the budget changes from the original to the final amended budget, and a review of the final amended budget and actual amounts (presented on a budgetary basis). A detailed budgetary comparison schedule for the General fund is included on page 100 of the RSI section of the ACFR.

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

The variance between the final budget and the actual results in the General fund reflects total revenues and other financing sources exceeding budget by \$3,289,813 and total expenditures and transfers out \$3,571,330 less than appropriated. This is primarily a result of appropriations exceeding actual expenditures across the board. Since expenditures were less than budgetary estimates, the change in fund balance in the General fund was \$6,861,143 higher than budgeted.

**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Capital Asset and Debt Administration

Capital assets. The City's capital assets for its governmental and business-type activities as of September 30, 2021 total \$277,397,900 (net of accumulated depreciation). Capital assets include land, buildings, improvements other than buildings, machinery and equipment, intangibles, and general governmental infrastructure. The total increase in the City's capital assets for the current fiscal year was 1.31% (a 2.67% increase in governmental activities and a 0.44% increase for business-type activities).

City of Melbourne's Capital Assets

| | Governmental | | Business-type | | Total | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Activities | | Activities | | | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Land | \$ 35,854,878 | \$ 35,760,218 | \$ 4,179,011 | \$ 4,179,011 | \$ 40,033,889 | \$ 39,939,229 |
| Buildings | 17,378,169 | 17,957,039 | 24,173,095 | 25,456,585 | 41,551,264 | 43,413,624 |
| Improvements other than buildings | 3,364,851 | 3,813,015 | 125,208,108 | 121,298,072 | 128,572,959 | 125,111,087 |
| Machinery and equipment | 8,148,058 | 6,564,568 | 5,181,236 | 5,206,148 | 13,329,294 | 11,770,716 |
| Intangibles, computer software | 620,461 | 624,900 | - | - | 620,461 | 624,900 |
| Infrastructure | 34,127,759 | 35,959,504 | - | - | 34,127,759 | 35,959,504 |
| Construction in progress | 10,060,325 | 6,028,287 | 9,101,949 | 10,973,372 | 19,162,274 | 17,001,659 |
| Total capital assets, net of depreciation/amortization | <u>\$ 109,554,501</u> | <u>\$ 106,707,531</u> | <u>\$ 167,843,399</u> | <u>\$ 167,113,188</u> | <u>\$ 277,397,900</u> | <u>\$ 273,820,719</u> |

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

- \$1.7 million expended on street improvements.
- \$959,937 expended for a new Aerial fire truck.
- \$669,825 expended on streets and intersection signaling improvements.
- \$675,496 expended for a new golf cart fleet (132 golf carts).

Additional information on the City of Melbourne's capital assets can be found in Note (4) E on pages 55-57 of this report.

Long-term debt. At the end of the current fiscal year, the City of Melbourne had total debt outstanding of \$93,225,351. Of this amount, \$6,690,000 represents Public Improvement Bonds secured solely by specified revenue sources in the Governmental funds, \$77,235,993 for Water and Sewer Revenue Bonds, and \$8,774,892 for State Revolving Fund loans, secured solely by revenues of the Water and Sewer fund.

City of Melbourne's Outstanding Debt

| | Governmental | | Business-type | | Total | |
|----------------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| | Activities | | Activities | | | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Public improvement bonds | \$ 6,690,000 | \$ 7,430,000 | \$ - | \$ - | \$ 6,690,000 | \$ 7,430,000 |
| Revenue bonds | - | - | 77,235,993 | 79,016,812 | 77,235,993 | 79,016,812 |
| Capital leases | 524,466 | 235,725 | - | - | 524,466 | 235,725 |
| State Revolving Fund loans | - | - | 8,774,892 | 9,335,408 | 8,774,892 | 9,335,408 |
| Total | <u>\$ 7,214,466</u> | <u>\$ 7,665,725</u> | <u>\$ 86,010,885</u> | <u>\$ 88,352,220</u> | <u>\$ 93,225,351</u> | <u>\$ 96,017,945</u> |

The City of Melbourne's total debt decreased 2.91%. The primary factor was a result of normal principal payments of outstanding debts.

**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Governmental activities debt decreased \$451,259. The decrease reflects \$740,000 in normal bond principal payments and \$185,155 in capital lease payments, offset by an increase of \$473,896 in capital leases for the 2021 Golf Cart Lease.

Business-type activities decreased \$2,341,335. The decrease reflecting the \$2,729,347 in normal bonds principal payments, net accretion of \$941,472 in the Water and Sewer Refunding Revenue Bonds Series 2002B, partial refunding of Water and Sewer Refunding and Improvement Revenue Bonds, Series 2012 of \$7,180,000 and Water and Sewer Refunding Revenues Bonds, Series 2013 of \$9,865,000, and State Revolving Fund loan repayment of \$560,516, offset by the issuance of the Water and Sewer Refunding Revenue Bonds, Series 2020 in the amount of \$18,285,000 and Water and Sewer Improvement Revenue Bonds, Series 2021 for \$1,650,000.

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

Additional information on the City of Melbourne's long-term debt can be found in Note (4) J on pages 62-69 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate as of September 30, 2021 for the City of Melbourne was 4.1%, which is a decrease from a rate of 5.5% last year. This is lower than the national average unemployment rate of 4.6% and the state average rate of 4.8%.
- The adopted water and sewer utility rate increases have been deferred since 2015.

Requests for Information

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

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

Or visit our website at: www.melbourneflorida.org

BASIC FINANCIAL STATEMENTS

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

The following statements and schedules are reported in this subsection:

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

CITY OF MELBOURNE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

| | Primary Government | | | Component Unit |
|--|-------------------------|--------------------------|--------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total | International Airport |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 24,690 | \$ 1,600 | \$ 26,290 | \$ 21,411,750 |
| Equity in pooled investments | 109,264,531 | 98,045,015 | 207,309,546 | - |
| Investments, at fair value | - | - | - | 6,442,291 |
| Receivables, net | 3,062,753 | 7,778,287 | 10,841,040 | 307,921 |
| Other receivables | - | 18,777 | 18,777 | 148,725 |
| Interest receivable | 136,646 | 123,083 | 259,729 | 14,265 |
| Internal balances | (116,692) | 116,692 | - | - |
| Due from fiduciary funds | 12,994 | 85,773 | 98,767 | - |
| Due from component unit | 96,510 | - | 96,510 | - |
| Due from other governments | 3,428,909 | 1,204,388 | 4,633,297 | 5,248,987 |
| Inventory | 282,461 | 1,320,837 | 1,603,298 | 15,511 |
| Prepaid items | 489,220 | 28,318 | 517,538 | - |
| Land held for resale | 215,000 | - | 215,000 | - |
| Restricted assets: | | | | |
| Temporarily restricted: | | | | |
| Cash and cash equivalents | - | 9,597,977 | 9,597,977 | 9,312,871 |
| Equity in pooled investments | - | 1,982,814 | 1,982,814 | - |
| Investments, at fair value | - | 4,598,967 | 4,598,967 | - |
| Interest receivable | - | 1,699 | 1,699 | - |
| Due from other governments | 4,220 | - | 4,220 | 5,497,461 |
| Permanently restricted: | | | | |
| Equity in pooled investments | 199,463 | - | 199,463 | - |
| Noncurrent lease receivable | - | - | - | 1,479,359 |
| Net pension asset, city general pension | 1,245,886 | 251,917 | 1,497,803 | 273,030 |
| Capital assets: | | | | |
| Nondepreciable: | | | | |
| Land | 35,854,878 | 4,179,011 | 40,033,889 | 7,663,672 |
| Construction in progress | 10,060,325 | 9,101,949 | 19,162,274 | 30,057,514 |
| Depreciable: | | | | |
| Buildings | 36,121,718 | 77,778,406 | 113,900,124 | 134,521,770 |
| Improvements other than buildings | 18,285,633 | 317,913,750 | 336,199,383 | 101,707,566 |
| Machinery and equipment | 32,370,673 | 19,925,810 | 52,296,483 | 14,252,319 |
| Intangibles, computer software | 2,254,825 | 66,073 | 2,320,898 | 293,723 |
| Infrastructure | 156,510,325 | - | 156,510,325 | - |
| Less accumulated depreciation/ amortization | (181,903,876) | (261,121,600) | (443,025,476) | (111,099,398) |
| Total assets | <u>227,901,092</u> | <u>292,999,543</u> | <u>520,900,635</u> | <u>227,549,337</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows, city pensions | 19,137,090 | - | 19,137,090 | 75,764 |
| Deferred outflows, FRS pension | 4,711,192 | 2,496,566 | 7,207,758 | 707,488 |
| Deferred outflows, FRS HIS pension | 1,270,373 | 683,207 | 1,953,580 | 199,128 |
| Deferred outflows, OPEB | 3,374,210 | 703,440 | 4,077,650 | 160,312 |
| Deferred outflows, asset retirement | 29,182 | - | 29,182 | - |
| Deferred amount on advance refunding | - | 2,107,000 | 2,107,000 | - |
| Total deferred outflows of resources | <u>28,522,047</u> | <u>5,990,213</u> | <u>34,512,260</u> | <u>1,142,692</u> |

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

| | Primary Government | | | Component Unit |
|--|-------------------------|--------------------------|----------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total | International Airport |
| LIABILITIES | | | | |
| Accounts payable | 4,259,562 | 5,371,733 | 9,631,295 | 620,321 |
| Accrued payroll expenses | 2,334,640 | 462,983 | 2,797,623 | 169,455 |
| Accrued interest payable | 43,385 | - | 43,385 | 77,188 |
| Due to component unit | - | - | - | 96,510 |
| Due to other governments | 127,406 | 2,025,438 | 2,152,844 | 1,486,275 |
| Deposits | 1,390,404 | - | 1,390,404 | - |
| Unearned revenue | 7,484,276 | - | 7,484,276 | 5,073,566 |
| Current liabilities payable from restricted assets | - | 7,098,522 | 7,098,522 | 5,497,461 |
| Noncurrent liabilities: | | | | |
| Due within one year: | | | | |
| Accrued claims | 1,024,927 | - | 1,024,927 | - |
| Compensated absences | 1,831,421 | 398,005 | 2,229,426 | 177,513 |
| State Revolving Fund loan payable | - | 492,915 | 492,915 | - |
| Other postemployment benefits | 12,176 | 596,340 | 608,516 | 134,462 |
| Capital leases payable | 185,272 | - | 185,272 | 57,702 |
| Bonds payable | 865,000 | - | 865,000 | - |
| Due in more than one year: | | | | |
| Liabilities payable from restricted assets | - | 3,863,922 | 3,863,922 | 312,871 |
| Accrued claims | 2,165,709 | - | 2,165,709 | - |
| Compensated absences | 2,497,687 | 422,259 | 2,919,946 | 420,779 |
| Capital leases payable | 339,194 | - | 339,194 | 214,525 |
| State Revolving Fund loan payable | - | 8,200,339 | 8,200,339 | - |
| Other postemployment benefits | 15,231,238 | 2,337,646 | 17,568,884 | 687,787 |
| Net pension liability, city pensions | 37,552,702 | - | 37,552,702 | - |
| Net pension liability, FRS pension | 3,498,973 | 2,257,376 | 5,756,349 | 577,858 |
| Net pension liability, FRS HIS pension | 6,610,918 | 3,429,302 | 10,040,220 | 1,031,189 |
| Asset retirement obligation | 67,640 | - | 67,640 | - |
| Bonds payable, net of unamortized premium and discount | 5,825,000 | 75,014,963 | 80,839,963 | 9,000,000 |
| Total liabilities | 93,347,530 | 111,971,743 | 205,319,273 | 25,635,462 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows, city pensions | 4,801,258 | 33,818 | 4,835,076 | 42,358 |
| Deferred inflows, FRS pension | 13,573,721 | 6,966,149 | 20,539,870 | 2,062,564 |
| Deferred inflows, FRS HIS pension | 695,826 | 354,431 | 1,050,257 | 132,170 |
| Deferred inflows, OPEB | 1,615,962 | 129,663 | 1,745,625 | 33,378 |
| Deferred revenue, business tax receipts | 698,059 | - | 698,059 | - |
| Total deferred inflows of resources | 21,384,826 | 7,484,061 | 28,868,887 | 2,270,470 |
| NET POSITION | | | | |
| Net investment in capital assets | 102,906,862 | 92,216,884 | 195,123,746 | 171,506,583 |
| Restricted - nonexpendable | 199,714 | - | 199,714 | - |
| Restricted for: | | | | |
| Debt service | 862,593 | 10,740,866 | 11,603,459 | - |
| Renewal and replacement | - | 250,000 | 250,000 | - |
| Capital improvements | 31,954,594 | 364,786 | 32,319,380 | 5,497,461 |
| Legal restrictions | - | - | - | - |
| Housing and urban improvement | 220,430 | - | 220,430 | - |
| Economic development | 5,634,929 | - | 5,634,929 | - |
| Public safety | 459,723 | - | 459,723 | - |
| Unrestricted | (548,062) | 75,961,416 | 75,413,354 | 23,782,053 |
| Total net position | \$ 141,690,783 | \$ 179,533,952 | \$ 321,224,735 | \$ 200,786,097 |

CITY OF MELBOURNE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

| Functions/Programs | Expenses | Program Revenues | | |
|---------------------------------|-----------------------|--|--|--|
| | | Charges for Services, Fees Fines, and Forfeitures | Operating Grants, Contributions and Restricted Interest | Capital Grants and Contributions |
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 16,927,939 | \$ 10,845,205 | \$ 614,201 | \$ - |
| Public safety - fire and police | 47,530,483 | 1,775,088 | 1,963,552 | 14,711 |
| Public works | 8,590,528 | 1,127,761 | 4,406,093 | 863,350 |
| Parks and recreation | 9,720,823 | 2,888,401 | 121,504 | 180,406 |
| Housing and urban improvement | 2,062,288 | 66,373 | 1,611,323 | - |
| Interest on long-term debt | 179,395 | - | - | - |
| Unallocated depreciation | 4,391,139 | - | - | - |
| Total governmental activities | <u>89,402,595</u> | <u>16,702,828</u> | <u>8,716,673</u> | <u>1,058,467</u> |
| Business-type activities: | | | | |
| Water and sewer | 44,956,282 | 54,897,875 | 53,893 | 3,006,393 |
| Stormwater utility | 1,841,792 | 2,841,461 | - | 1,085,346 |
| Total business-type activities | <u>46,798,074</u> | <u>57,739,336</u> | <u>53,893</u> | <u>4,091,739</u> |
| Total primary government | <u>\$ 136,200,669</u> | <u>\$ 74,442,164</u> | <u>\$ 8,770,566</u> | <u>\$ 5,150,206</u> |
| Component unit - Airport | <u>\$ 22,456,291</u> | <u>\$ 16,187,002</u> | <u>\$ 9,803,849</u> | <u>\$ 18,538,170</u> |

General Revenues:

Taxes:

Property

Utility and telecommunication

Franchise fees

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Gain on sale of capital assets

Contributions to permanent funds

Transfers

Total general revenues and transfers

Change in net position

Net position, October 1

Net position, September 30

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

| Net (Expense) Revenue and Changes in Net Position | | | |
|---|--------------------------|-----------------------|-----------------------|
| Primary Government | | | Component Unit |
| Governmental Activities | Business-type Activities | Total | International Airport |
| \$ (5,468,533) | \$ | \$ (5,468,533) | \$ |
| (43,777,132) | | (43,777,132) | |
| (2,193,324) | | (2,193,324) | |
| (6,530,512) | | (6,530,512) | |
| (384,592) | | (384,592) | |
| (179,395) | | (179,395) | |
| (4,391,139) | | (4,391,139) | |
| <u>(62,924,627)</u> | | <u>(62,924,627)</u> | |
| - | 13,001,879 | 13,001,879 | |
| - | 2,085,015 | 2,085,015 | |
| - | 15,086,894 | 15,086,894 | |
| <u>(62,924,627)</u> | <u>15,086,894</u> | <u>(47,837,733)</u> | |
| | | | <u>22,072,730</u> |
| 38,264,108 | - | 38,264,108 | - |
| 12,435,162 | - | 12,435,162 | - |
| 7,214,333 | - | 7,214,333 | - |
| 11,489,437 | - | 11,489,437 | - |
| 279,091 | 254,139 | 533,230 | 83,476 |
| 281,371 | 46,091 | 327,462 | 817,461 |
| 6,850 | - | 6,850 | - |
| 5,004,380 | (5,004,380) | - | - |
| <u>74,974,732</u> | <u>(4,704,150)</u> | <u>70,270,582</u> | <u>900,937</u> |
| 12,050,105 | 10,382,744 | 22,432,849 | 22,973,667 |
| 129,640,678 | 169,151,208 | 298,791,886 | 177,812,430 |
| <u>\$ 141,690,783</u> | <u>\$ 179,533,952</u> | <u>\$ 321,224,735</u> | <u>\$ 200,786,097</u> |

CITY OF MELBOURNE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

| | General Fund | Downtown Redevelopment Fund | Babcock Street Redevelopment Fund |
|---|----------------------|-----------------------------------|---|
| ASSETS | | | |
| Cash and cash equivalents | \$ 24,690 | \$ - | \$ - |
| Equity in pooled investments | 47,625,463 | 248,124 | 569,901 |
| Receivables (net of allowance of \$1,174) | 3,062,753 | - | - |
| Interest receivable | 91,590 | 1,085 | 1,590 |
| Due from other funds | 2,479,508 | - | - |
| Due from fiduciary funds | 12,994 | - | - |
| Due from component unit | 96,510 | - | - |
| Due from other governments | 2,393,887 | - | - |
| Due from other governments, restricted | 4,220 | - | - |
| Advances to other funds | 597,158 | - | - |
| Inventory | 282,461 | - | - |
| Prepaid items | 37,115 | - | - |
| Land held for resale | 215,000 | - | - |
| Total assets | <u>\$ 56,923,349</u> | <u>\$ 249,209</u> | <u>\$ 571,491</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 2,138,673 | \$ 23,529 | \$ 1,389 |
| Accrued payroll expenditures | 2,308,194 | 8,467 | 7,289 |
| Due to other funds | - | - | 283,520 |
| Due to other governments | 127,406 | - | - |
| Advances from other funds | - | - | 597,158 |
| Deposits | 1,342,050 | - | - |
| Unearned revenue | 7,346,583 | - | - |
| Total liabilities | <u>13,262,906</u> | <u>31,996</u> | <u>889,356</u> |
| Deferred inflows of resources: | | | |
| Deferred and unavailable revenue | <u>698,059</u> | <u>-</u> | <u>-</u> |
| Fund balances: | | | |
| Non-spendable: | | | |
| Long-term advances to other funds | 597,158 | - | - |
| Inventory | 282,461 | - | - |
| Prepays | 37,115 | - | - |
| Land held for resale | 215,000 | - | - |
| Perpetual care | - | - | - |
| Restricted: | | | |
| Public safety, law enforcement | 80,774 | - | - |
| Housing and urban improvement | - | - | - |
| Debt service | 862,593 | - | - |
| Economic development | - | 217,213 | - |
| Capital improvements | - | - | - |
| Transportation improvement | - | - | - |
| Recreation improvement | - | - | - |
| Assigned: | | | |
| General government | 218,253 | - | - |
| Public safety, law enforcement | 788,615 | - | - |
| Public safety, fire protection | 694,216 | - | - |
| Public works | 243,737 | - | - |
| Parks and recreation | 612,439 | - | - |
| Capital improvements | 250,000 | - | - |
| Subsequent years budget | 1,350,000 | - | - |
| Unassigned | <u>36,730,023</u> | <u>-</u> | <u>(317,865)</u> |
| Total fund balances (deficits) | <u>42,962,384</u> | <u>217,213</u> | <u>(317,865)</u> |
| Total liabilities, deferred inflows of of resources, and fund balances | <u>\$ 56,923,349</u> | <u>\$ 249,209</u> | <u>\$ 571,491</u> |

The accompanying notes are an integral part of this statement.

| Olde Eau Gallie Redevelopment Fund | Transportation Capital Improvement Fund | General Construction Capital Improvement Fund | Other Governmental Funds | Total Governmental Funds |
|--|--|--|--------------------------------|--------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ 24,690 |
| 282,193 | 30,730,287 | 17,098,080 | 6,556,659 | 103,110,707 |
| - | - | - | - | 3,062,753 |
| 1,318 | 25,066 | 104 | 8,079 | 128,832 |
| - | - | - | - | 2,479,508 |
| - | - | - | - | 12,994 |
| - | - | - | - | 96,510 |
| - | 485,659 | 40,456 | 508,907 | 3,428,909 |
| - | - | - | - | 4,220 |
| - | - | - | - | 597,158 |
| - | - | - | - | 282,461 |
| - | - | - | - | 37,115 |
| - | - | - | - | 215,000 |
| <u>\$ 283,511</u> | <u>\$ 31,241,012</u> | <u>\$ 17,138,640</u> | <u>\$ 7,073,645</u> | <u>\$ 113,480,857</u> |
| | | | | |
| \$ 27,500 | \$ 280,137 | \$ 1,536,812 | \$ 65,672 | \$ 4,073,712 |
| 3,761 | - | - | - | 2,327,711 |
| - | - | 1,937,520 | 258,468 | 2,479,508 |
| - | - | - | - | 127,406 |
| - | - | - | - | 597,158 |
| - | 7,092 | 12,179 | 27,322 | 1,388,643 |
| - | - | - | 137,693 | 7,484,276 |
| <u>31,261</u> | <u>287,229</u> | <u>3,486,511</u> | <u>489,155</u> | <u>18,478,414</u> |
| | | | | |
| - | - | - | - | 698,059 |
| | | | | |
| - | - | - | - | 597,158 |
| - | - | - | - | 282,461 |
| - | - | - | - | 37,115 |
| - | - | - | - | 215,000 |
| - | - | - | 199,714 | 199,714 |
| - | - | - | 378,949 | 459,723 |
| - | - | - | 220,430 | 220,430 |
| - | - | - | - | 862,593 |
| 252,250 | - | 5,145,650 | 19,816 | 5,634,929 |
| - | - | 636,232 | 1,503,133 | 2,139,365 |
| - | 25,471,768 | 81,013 | 2,468,594 | 28,021,375 |
| - | - | - | 1,793,854 | 1,793,854 |
| - | - | - | - | 218,253 |
| - | - | - | - | 788,615 |
| - | - | - | - | 694,216 |
| - | - | - | - | 243,737 |
| - | - | - | - | 612,439 |
| - | 5,482,015 | 7,789,234 | - | 13,521,249 |
| - | - | - | - | 1,350,000 |
| - | - | - | - | 36,412,158 |
| <u>252,250</u> | <u>30,953,783</u> | <u>13,652,129</u> | <u>6,584,490</u> | <u>94,304,384</u> |
| | | | | |
| <u>\$ 283,511</u> | <u>\$ 31,241,012</u> | <u>\$ 17,138,640</u> | <u>\$ 7,073,645</u> | <u>\$ 113,480,857</u> |

CITY OF MELBOURNE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

Total *fund balances* for governmental funds \$ 94,304,384

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

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

| | Balance | Accumulated Depreciation/ Amortization | |
|--------------------------------|----------------|--|-------------|
| Land | \$ 35,854,878 | \$ - | |
| Construction in progress | 10,060,325 | - | |
| Buildings | 36,121,718 | (18,743,549) | |
| Improvements | 18,285,633 | (14,920,782) | |
| Machinery and equipment | 32,347,299 | (24,199,241) | |
| Intangibles, computer software | 2,254,825 | (1,634,364) | |
| Infrastructure | 156,510,325 | (122,382,566) | |
| Total capital assets | \$ 291,435,003 | \$ (181,880,502) | 109,554,501 |

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

| | | |
|------------------------------|--------------|--------------|
| Net pension asset | \$ 1,194,769 | |
| Net pension liability | (47,563,855) | |
| Deferred outflows - pensions | 25,070,905 | |
| Deferred inflows - pensions | (18,947,891) | (40,246,072) |

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

| | | |
|---|-----------------|--------------|
| Other postemployment benefits liability | \$ (15,207,194) | |
| Deferred outflows - other postemployment benefits | 3,358,937 | |
| Deferred inflows - other postemployment benefits | (1,606,783) | (13,455,040) |

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

| | | |
|---|--------------|-----------|
| Total internal service funds net position | \$ 3,268,956 | |
| Less amounts attributable to business-type activities | (116,692) | 3,152,264 |

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

| | | |
|---|-------------|--------------|
| Accrued interest on bonds and notes | \$ (43,385) | |
| Bonds and notes payable | (6,690,000) | |
| Capital leases | (524,466) | |
| Compensated absences | (4,322,945) | (11,580,796) |
| Total long-term liabilities and associated accrued interest | | |

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

| | | |
|---|-------------|----------|
| Asset retirement obligation liability | \$ (67,640) | |
| Deferred outflows - asset retirement obligation | 29,182 | (38,458) |

Net position of governmental activities \$ 141,690,783

The accompanying notes are an integral part of this statement.



CITY OF MELBOURNE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

| | General Fund | Downtown Redevelopment Fund | Babcock Street Redevelopment Fund |
|--|----------------------|-----------------------------------|---|
| REVENUES | | | |
| Taxes: | | | |
| Property | \$ 38,264,108 | \$ - | \$ - |
| Utility and telecommunications | 12,435,162 | - | - |
| Franchise fees | 7,214,333 | - | - |
| Intergovernmental | 15,695,817 | 1,426,589 | 1,170,773 |
| Charges for services | 10,033,471 | - | - |
| Impact fees | - | - | - |
| Licenses and permits | 4,547,173 | - | - |
| Confiscated property | - | - | - |
| Fines, forfeitures, penalties and fees | 370,287 | - | - |
| Investment earnings | (137,758) | 22,551 | 22,895 |
| Perpetual care endowment additions | - | - | - |
| Other revenues | 1,047,415 | 7,000 | - |
| Total revenues | <u>89,470,008</u> | <u>1,456,140</u> | <u>1,193,668</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 16,631,786 | 743,230 | 252,009 |
| Public safety | 47,181,643 | - | - |
| Public works | 6,961,592 | - | - |
| Parks and recreation | 9,576,841 | - | - |
| Housing and urban improvement | 706,354 | - | - |
| Debt service: | | | |
| Principal | 740,000 | - | - |
| Interest and fiscal agent fees | 128,150 | 53,863 | 25,125 |
| Capital outlay | - | - | - |
| Total expenditures | <u>81,926,366</u> | <u>797,093</u> | <u>277,134</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>7,543,642</u> | <u>659,047</u> | <u>916,534</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 3,730,816 | - | - |
| Transfers out | (9,645,677) | (591,953) | (440,000) |
| Capital leases | 473,896 | - | - |
| Sale of capital assets | 292,666 | - | - |
| Other Expenditures | - | - | - |
| Total other financing sources (uses) | <u>(5,148,299)</u> | <u>(591,953)</u> | <u>(440,000)</u> |
| Net change in fund balances | 2,395,343 | 67,094 | 476,534 |
| Fund balances (deficits), October 1 | <u>40,567,041</u> | <u>150,119</u> | <u>(794,399)</u> |
| Fund balances (deficits), September 30 | <u>\$ 42,962,384</u> | <u>\$ 217,213</u> | <u>\$ (317,865)</u> |

The accompanying notes are an integral part of this statement.

| Olde Eau Gallie Redevelopment Fund | Transportation Capital Improvement Fund | General Construction Capital Improvement Fund | Other Governmental Funds | Total Governmental Funds |
|--|--|--|--------------------------------|--------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ 38,264,108 |
| - | - | - | - | 12,435,162 |
| - | - | - | - | 7,214,333 |
| 599,581 | 669,579 | 40,456 | 1,896,620 | 21,499,415 |
| - | - | - | - | 10,033,471 |
| - | 875,768 | - | 1,205,233 | 2,081,001 |
| - | - | - | - | 4,547,173 |
| - | - | - | 36,852 | 36,852 |
| - | - | - | - | 370,287 |
| 15,702 | 285,837 | 1,224 | 85,094 | 295,545 |
| - | - | - | 6,850 | 6,850 |
| - | - | - | 998 | 1,055,413 |
| <u>615,283</u> | <u>1,831,184</u> | <u>41,680</u> | <u>3,231,647</u> | <u>97,839,610</u> |
| 163,143 | - | 2,420,496 | - | 20,210,664 |
| - | - | 367,036 | - | 47,548,679 |
| - | 1,501,105 | 97,135 | 525 | 8,560,357 |
| - | - | 91,187 | - | 9,668,028 |
| - | - | - | 1,317,259 | 2,023,613 |
| - | - | - | - | 740,000 |
| - | - | - | - | 207,138 |
| - | 2,263,092 | 6,074,740 | 286,953 | 8,624,785 |
| <u>163,143</u> | <u>3,764,197</u> | <u>9,050,594</u> | <u>1,604,737</u> | <u>97,583,264</u> |
| <u>452,140</u> | <u>(1,933,013)</u> | <u>(9,008,914)</u> | <u>1,626,910</u> | <u>256,346</u> |
| - | 4,460,449 | 8,974,377 | - | 17,165,642 |
| (789,528) | (189,507) | - | (504,597) | (12,161,262) |
| - | - | - | - | 473,896 |
| - | - | - | - | 292,666 |
| - | - | - | (27,592) | (27,592) |
| <u>(789,528)</u> | <u>4,270,942</u> | <u>8,974,377</u> | <u>(532,189)</u> | <u>5,743,350</u> |
| (337,388) | 2,337,929 | (34,537) | 1,094,721 | 5,999,696 |
| <u>589,638</u> | <u>28,615,854</u> | <u>13,686,666</u> | <u>5,489,769</u> | <u>88,304,688</u> |
| <u>\$ 252,250</u> | <u>\$ 30,953,783</u> | <u>\$ 13,652,129</u> | <u>\$ 6,584,490</u> | <u>\$ 94,304,384</u> |

**CITY OF MELBOURNE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

| | | |
|--|--------------------|-------------------|
| Net change in <i>fund balances</i> - total governmental funds | \$ | 5,999,696 |
| The change in <i>net position</i> reported for governmental activities in the statement of activities is different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlay exceeded depreciation and amortization in the current period. | | |
| Cost of capital assets | \$ 10,838,320 | |
| Depreciation and amortization expense | <u>(8,257,472)</u> | 2,580,848 |
| In the statement of activities, only the gain or loss on the sale of capital assets are reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the capital assets sold or disposed. | | |
| Loss on capital assets sold or disposed | <u>\$ (11,295)</u> | (11,295) |
| Pension contributions are reported as expenditures in the fund financial statements and the change in net pension asset (liability) and related outflows (inflows) are reported on the statement of activities. | | |
| | | 3,241,681 |
| Other postemployment benefits are reported as expenditures in the fund financial statements and the change in other post employment benefit liability and related outflows (inflows) are reported on the statement of activities. | | |
| | | (332,388) |
| The issuance of long-term debt provides current financial resources to governmental funds and contributes to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, refunding and repayment of debt consume current financial resources of governmental funds, but reduce the liability in the statement of net position and does not affect the statement of activities. | | |
| Issuance of capital leases | (473,896) | |
| Principal repayment, bonds and notes | 740,000 | |
| Principal repayment, leases | <u>185,155</u> | 451,259 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | | |
| Accrued interest on bonds and notes | \$ (43,385) | |
| Asset retirement obligations | <u>(1,390)</u> | (44,775) |
| Some expenditures reported in the governmental funds, and adjustments made to expenses reported in the statement of activities have been recognized as expenses in the prior fiscal year in the statement of activities. | | |
| Accrued interest on bonds and notes | \$ 55,311 | |
| Compensated absences | <u>(138,209)</u> | (82,898) |
| Some expenditures reported in the governmental funds have been recognized as expenses in the prior fiscal year in the statement of activities. | | |
| Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. | | |
| Street infrastructure contributions | 185,493 | |
| Land contributions | 91,924 | |
| Capital assets purchased from business-type activities | | |
| Machinery and equipment | \$ 51,797 | |
| Accumulated depreciation | <u>(51,797)</u> | |
| | <u>-</u> | 277,417 |
| Internal service funds are used by management to charge the costs of workers compensation and insurance to individual funds. The net revenue of certain activities of the internal service funds are reported with governmental activities. | | |
| | | <u>(29,440)</u> |
| Change in net position of governmental activities | \$ | <u>12,050,105</u> |

The accompanying notes are an integral part of this statement.



CITY OF MELBOURNE, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021

| | Business-type Activities - Enterprise Funds | | | Governmental Activities |
|---|---|--------------------------------------|--------------------|------------------------------|
| | Water and Sewer System | Stormwater Utility (Non-Major) | Total | Internal Service Funds |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 1,600 | \$ - | \$ 1,600 | \$ - |
| Cash and cash equivalents, restricted | 5,781,205 | - | 5,781,205 | - |
| Equity in pooled investments | 87,653,963 | 10,391,052 | 98,045,015 | 6,353,287 |
| Equity in pooled investments, restricted | 1,320,007 | - | 1,320,007 | - |
| Receivables, trade | | | | |
| Billed (net of allowance of \$ 285,000) | 4,216,827 | - | 4,216,827 | - |
| Unbilled | 3,561,460 | - | 3,561,460 | - |
| Other receivables | 18,777 | - | 18,777 | - |
| Interest receivable | 110,041 | 13,042 | 123,083 | 7,814 |
| Interest receivable, restricted | 1,699 | - | 1,699 | - |
| Due from fiduciary funds | 85,773 | - | 85,773 | - |
| Due from other governments | 118,962 | 1,085,426 | 1,204,388 | - |
| Inventory | 1,320,837 | - | 1,320,837 | - |
| Prepaid items | 28,318 | - | 28,318 | 452,105 |
| Total current assets | <u>104,219,469</u> | <u>11,489,520</u> | <u>115,708,989</u> | <u>6,813,206</u> |
| Noncurrent assets: | | | | |
| Restricted assets: | | | | |
| Cash and cash equivalents | 3,816,772 | - | 3,816,772 | - |
| Equity in pooled investments | 662,807 | - | 662,807 | - |
| Investments, at fair value | 4,598,967 | - | 4,598,967 | - |
| Total noncurrent restricted assets | <u>9,078,546</u> | <u>-</u> | <u>9,078,546</u> | <u>-</u> |
| Net pension asset, city general pension | 251,917 | - | 251,917 | 51,117 |
| Total noncurrent, nonrestricted assets | <u>251,917</u> | <u>-</u> | <u>251,917</u> | <u>51,117</u> |
| Capital assets: | | | | |
| Nondepreciable: | | | | |
| Land | 3,189,512 | 989,499 | 4,179,011 | - |
| Construction in progress | 8,614,731 | 487,218 | 9,101,949 | - |
| Depreciable: | | | | |
| Buildings | 77,778,406 | - | 77,778,406 | - |
| Improvements other than buildings | 298,235,969 | 19,677,781 | 317,913,750 | - |
| Machinery and equipment | 17,060,731 | 2,865,079 | 19,925,810 | 23,374 |
| Intangibles, computer software | 57,910 | 8,163 | 66,073 | - |
| Less accumulated depreciation/amortization | (254,025,402) | (7,096,198) | (261,121,600) | (23,374) |
| Total capital assets, net of accumulated depreciation/amortization | <u>150,911,857</u> | <u>16,931,542</u> | <u>167,843,399</u> | <u>-</u> |
| Total noncurrent assets | <u>160,242,320</u> | <u>16,931,542</u> | <u>177,173,862</u> | <u>51,117</u> |
| Total assets | <u>264,461,789</u> | <u>28,421,062</u> | <u>292,882,851</u> | <u>6,864,323</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows, FRS pension | 2,484,336 | 12,230 | 2,496,566 | 37,925 |
| Deferred outflows, FRS HIS pension | 676,560 | 6,647 | 683,207 | 9,825 |
| Deferred outflows, other postemployment benefits | 703,440 | - | 703,440 | 15,273 |
| Deferred amount on advance refunding | 2,107,000 | - | 2,107,000 | - |
| Total deferred outflows | <u>5,971,336</u> | <u>18,877</u> | <u>5,990,213</u> | <u>63,023</u> |

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

| | Business-type Activities - Enterprise Funds | | | Governmental Activities |
|---|---|--------------------------------------|----------------|------------------------------|
| | Water and Sewer System | Stormwater Utility (Non-Major) | Total | Internal Service Funds |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 5,002,632 | 369,101 | 5,371,733 | 185,850 |
| Accrued payroll expenses | 457,528 | 5,455 | 462,983 | 6,929 |
| Accrued claims | - | - | - | 1,024,927 |
| Due to other governments | 2,025,438 | - | 2,025,438 | - |
| Compensated absences | 397,069 | 936 | 398,005 | 3,680 |
| Deposits | - | - | - | 1,761 |
| State Revolving Fund loan payable | 492,915 | - | 492,915 | - |
| Other postemployment benefits | 596,340 | - | 596,340 | 12,176 |
| Current liabilities payable from restricted assets: | | | | |
| Accrued interest payable | 946,067 | - | 946,067 | - |
| Unearned revenue | 15,817 | - | 15,817 | - |
| State Revolving Fund loan payable | 81,638 | - | 81,638 | - |
| Revenue bonds payable | 6,055,000 | - | 6,055,000 | - |
| Total current liabilities | 16,070,444 | 375,492 | 16,445,936 | 1,235,323 |
| Noncurrent liabilities: | | | | |
| Customer deposits payable from restricted assets | 3,863,922 | - | 3,863,922 | - |
| Accrued claims | - | - | - | 2,165,709 |
| Compensated absences | 421,967 | 292 | 422,259 | 2,483 |
| State Revolving Fund loan payable | 8,200,339 | - | 8,200,339 | - |
| Other postemployment benefits | 2,315,888 | 21,758 | 2,337,646 | 24,044 |
| Net pension liability, FRS pension | 2,257,376 | - | 2,257,376 | 37,168 |
| Net pension liability, FRS HIS pension | 3,395,317 | 33,985 | 3,429,302 | 61,570 |
| Revenue bonds payable, net of unamortized premium and discount | 75,014,963 | - | 75,014,963 | - |
| Total noncurrent liabilities | 95,469,772 | 56,035 | 95,525,807 | 2,290,974 |
| Total liabilities | 111,540,216 | 431,527 | 111,971,743 | 3,526,297 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows, city general pension | 33,818 | - | 33,818 | 6,330 |
| Deferred inflows, FRS pension | 6,840,585 | 125,564 | 6,966,149 | 111,003 |
| Deferred inflows, FRS HIS pension | 350,115 | 4,316 | 354,431 | 5,581 |
| Deferred inflows, other postemployment benefits | 129,663 | - | 129,663 | 9,179 |
| Total deferred inflows of resources | 7,354,181 | 129,880 | 7,484,061 | 132,093 |
| NET POSITION | | | | |
| Net investment in capital assets | 75,597,181 | 16,619,703 | 92,216,884 | - |
| Restricted for: | | | | |
| Debt service | 10,740,866 | - | 10,740,866 | - |
| Renewal and replacement | 250,000 | - | 250,000 | - |
| Capital improvements | 364,786 | - | 364,786 | - |
| Unrestricted | 64,585,895 | 11,258,829 | 75,844,724 | 3,268,956 |
| Total net position | \$ 151,538,728 | \$ 27,878,532 | 179,417,260 | \$ 3,268,956 |
| Adjustment to reflect the consolidation of internal service fund activities | | | | |
| Related to enterprise funds for the current year | | | (80,617) | |
| Related to enterprise funds for prior years | | | 197,309 | |
| Net position of business-type activities | | | \$ 179,533,952 | |

CITY OF MELBOURNE, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

| | Business-type Activities - Enterprise Funds | | | Governmental Activities |
|--|---|--------------------------------------|----------------------|------------------------------|
| | Water and Sewer System | Stormwater Utility (Non-Major) | Total | Internal Service Funds |
| OPERATING REVENUES | | | | |
| Water sales (net of bad debt of \$81,568) | \$ 31,801,408 | \$ - | \$ 31,801,408 | \$ - |
| Sewer charges (net of bad debt of \$54,378) | 21,021,612 | - | 21,021,612 | - |
| Stormwater fees | - | 2,839,884 | 2,839,884 | - |
| Charges to other funds | - | - | - | 4,062,247 |
| Charges to component unit | - | - | - | 554,905 |
| Other revenues | 2,074,855 | 1,577 | 2,076,432 | 102 |
| Total operating revenues | 54,897,875 | 2,841,461 | 57,739,336 | 4,617,254 |
| OPERATING EXPENSES | | | | |
| Salaries, wages and employee benefits | 12,452,401 | 191,552 | 12,643,953 | 190,396 |
| Contractual services, materials and supplies | 16,828,042 | 749,579 | 17,577,621 | 3,158,420 |
| Claims | - | - | - | 1,397,530 |
| Depreciation and amortization | 12,327,785 | 897,273 | 13,225,058 | - |
| Total operating expenses | 41,608,228 | 1,838,404 | 43,446,632 | 4,746,346 |
| Operating income (loss) | 13,289,647 | 1,003,057 | 14,292,704 | (129,092) |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Federal and State grants | 54,982 | - | 54,982 | - |
| Investment earnings | 224,186 | 29,953 | 254,139 | 19,035 |
| Contributions to/from other governments | (27,053) | - | (27,053) | - |
| Interest expense | (3,154,299) | - | (3,154,299) | - |
| Debt issue expense | (90,562) | - | (90,562) | - |
| Gain on sale/disposal of capital assets | 46,091 | - | 46,091 | - |
| Total nonoperating revenues (expenses) | (2,946,655) | 29,953 | (2,916,702) | 19,035 |
| Income before contributions and transfers | 10,342,992 | 1,033,010 | 11,376,002 | (110,057) |
| Capital contributions | 3,006,393 | 1,085,346 | 4,091,739 | - |
| Transfers in | 35,308 | - | 35,308 | - |
| Transfers out | (5,004,380) | (35,308) | (5,039,688) | - |
| Change in net position | 8,380,313 | 2,083,048 | 10,463,361 | (110,057) |
| Total net position, October 1, | 143,158,415 | 25,795,484 | | 3,379,013 |
| Total net position, September 30 | \$ 151,538,728 | \$ 27,878,532 | | \$ 3,268,956 |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds for the current year | | | (80,617) | |
| Change in net position of business-type activities | | | <u>\$ 10,382,744</u> | |

The accompanying notes are an integral part of this statement.

**CITY OF MELBOURNE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

1 of 2

| | Business-type Activities - Enterprise Funds | | | Governmental Activities |
|---|---|--------------------------------------|----------------|------------------------------|
| | Water and Sewer System | Stormwater Utility (Non-Major) | Total | Internal Service Funds |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from customers | \$ 56,294,076 | \$ 2,839,914 | \$ 59,133,990 | \$ - |
| Cash received from other funds | - | - | - | 4,062,247 |
| Cash received from component unit | - | - | - | 554,905 |
| Cash payments to suppliers for goods and services | (16,471,019) | (759,146) | (17,230,165) | (4,257,909) |
| Cash payments for employee services | (13,328,841) | (177,199) | (13,506,040) | (218,815) |
| Deposits received | 1,073,237 | - | 1,073,237 | 12,375 |
| Deposits returned | (1,079,119) | - | (1,079,119) | (12,375) |
| Other operating revenues | 10,717 | 1,577 | 12,294 | 102 |
| Net cash provided by operating activities | 26,499,051 | 1,905,146 | 28,404,197 | 140,530 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| FEMA Federal/State proceeds | 87,030 | - | 87,030 | - |
| Contributions to/from other governments | (112,826) | - | (112,826) | - |
| Transfers out | (5,004,380) | (35,308) | (5,039,688) | - |
| Net cash used by noncapital financing activities | (5,030,176) | (35,308) | (5,065,484) | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition and construction of capital assets | (11,380,403) | (2,315,428) | (13,695,831) | - |
| Principal paid on revenue bond maturities and lease obligations | (3,729,347) | - | (3,729,347) | - |
| Principal paid on State Revolving Fund loan | (560,516) | - | (560,516) | - |
| Proceeds from bond issuance | 1,715,132 | - | 1,715,132 | - |
| Costs of bond issuance | (90,562) | - | (90,562) | - |
| Interest paid on revenue bonds and lease obligations | (4,484,986) | - | (4,484,986) | - |
| Cash received from impact fees | 2,721,743 | - | 2,721,743 | - |
| Proceeds from sale of capital assets | 46,162 | - | 46,162 | - |
| Transfers in | 35,308 | - | 35,308 | - |
| Capital grants and contributions | 33,314 | 347,781 | 381,095 | - |
| Net cash used by capital and related financing activities | (15,694,155) | (1,967,647) | (17,661,802) | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of investment securities | (17,259,401) | - | (17,259,401) | - |
| Proceeds from sale and maturities of investment securities | 17,259,633 | - | 17,259,633 | - |
| Interest on investments | 317,761 | 43,666 | 361,427 | 26,465 |
| Net cash provided by investing activities | 317,993 | 43,666 | 361,659 | 26,465 |
| Net increase (decrease) in cash and cash equivalents | 6,092,713 | (54,143) | 6,038,570 | 166,995 |
| Cash and cash equivalents at October 1 | 93,143,641 | 10,445,195 | 103,588,836 | 6,186,292 |
| Cash and cash equivalents at September 30 | \$ 99,236,354 | \$ 10,391,052 | \$ 109,627,406 | \$ 6,353,287 |

The accompanying notes are an integral part of this statement.

CITY OF MELBOURNE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(CONTINUED)

| | Business-type Activities - Enterprise Funds | | | Governmental Activities |
|--|---|--------------------------------------|-----------------------|------------------------------|
| | Water and Sewer System | Stormwater Utility (Non-Major) | Total | Internal Service Funds |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | |
| Operating income (loss) | \$ 13,289,647 | \$ 1,003,057 | \$ 14,292,704 | \$ (129,092) |
| Adjustments not affecting cash: | | | | |
| Depreciation and amortization | 12,327,785 | 897,273 | 13,225,058 | - |
| Deferred outflows, pensions and OPEB | 1,329,328 | 31,821 | 1,361,149 | 15,765 |
| Deferred inflows, pensions and OPEB | 6,723,669 | 125,865 | 6,849,534 | 101,487 |
| Changes in assets and liabilities: | | | | |
| Receivables, trade | 1,406,918 | - | 1,406,918 | - |
| Due from other governments | - | 30 | 30 | - |
| Inventory | (230,770) | - | (230,770) | - |
| Prepaid items | 110,005 | - | 110,005 | (48,308) |
| Net pension asset | (55,600) | - | (55,600) | (12,812) |
| Net pension liability | (9,410,461) | (143,705) | (9,554,166) | (140,225) |
| Accounts payable | 815,174 | (9,567) | 805,607 | 168,288 |
| Accrued payroll expenses | 37,416 | 372 | 37,788 | (4,810) |
| Accrued claims | - | - | - | 178,061 |
| Due to other governments | (337,386) | - | (337,386) | - |
| Deposits | (5,882) | - | (5,882) | - |
| Other postemployment benefits | 499,208 | - | 499,208 | 12,176 |
| Net cash provided by operating activities | <u>\$ 26,499,051</u> | <u>\$ 1,905,146</u> | <u>\$ 28,404,197</u> | <u>\$ 140,530</u> |
| NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Contributions from developers | \$ 165,688 | \$ - | \$ 165,688 | \$ - |
| Bond refunding | (421,599) | - | (421,599) | - |
| Total non-cash capital and related financing activities | <u>\$ (255,911)</u> | <u>\$ -</u> | <u>\$ (255,911)</u> | <u>\$ -</u> |
| NON-CASH INVESTING ACTIVITIES | | | | |
| Decrease in fair value of investments | <u>\$ (1,028,025)</u> | <u>\$ (135,219)</u> | <u>\$ (1,163,244)</u> | <u>\$ (67,131)</u> |
| Cash and cash equivalents reconciliation: | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 1,600 | \$ - | \$ 1,600 | \$ - |
| Cash and cash equivalents, restricted | 5,781,205 | - | 5,781,205 | - |
| Equity in pooled investments | 87,653,963 | 10,391,052 | 98,045,015 | 6,353,287 |
| Equity in pooled investments, restricted | 1,320,007 | - | 1,320,007 | - |
| Noncurrent assets: | | | | |
| Cash and cash equivalents, restricted | 3,816,772 | - | 3,816,772 | - |
| Equity in pooled investments, restricted | 662,807 | - | 662,807 | - |
| Cash and cash equivalents at September 30 | <u>\$ 99,236,354</u> | <u>\$ 10,391,052</u> | <u>\$ 109,627,406</u> | <u>\$ 6,353,287</u> |

The accompanying notes are an integral part of this statement.

CITY OF MELBOURNE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2021

| | Employee Pension Trust Funds | Custodial Funds |
|---------------------------------------|---------------------------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 10,300,098 | \$ 11,782,154 |
| Equity in pooled investments | - | 282,978 |
| Investments, at fair value: | | |
| U.S. government obligations | 35,431,538 | - |
| Corporate bonds | 14,226,077 | - |
| Common stocks | 100,446,669 | - |
| Real estate funds | 14,887,371 | - |
| Foreign bond funds | 3,812,184 | - |
| Private debt | 5,871,046 | - |
| Foreign equity funds | 21,304,228 | - |
| Accounts receivable | 2,315 | - |
| Interest receivable | 305,152 | - |
| Prepaid items | 479,167 | - |
| | <u>207,065,845</u> | <u>12,065,132</u> |
| LIABILITIES | | |
| Accounts payable and accrued expenses | 205,299 | 3,401 |
| Due to other funds | 12,994 | 85,773 |
| Overfunded contributions | 575,755 | - |
| Retainage payable | - | 3,184 |
| | <u>794,048</u> | <u>92,358</u> |
| NET POSITION | | |
| Restricted for: | | |
| Pension benefits | 206,271,797 | - |
| Public safety, law enforcement | - | 279,577 |
| Capital improvements | - | 11,693,197 |
| | <u>\$ 206,271,797</u> | <u>\$ 11,972,774</u> |

The accompanying notes are an integral part of this statement.

CITY OF MELBOURNE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

| | Employee Pension <u>Trust Funds</u> | Custodial Funds <u> </u> |
|---|---|---|
| ADDITIONS | | |
| Contributions: | | |
| Asset seizures | \$ - | \$ 150,622 |
| Contributions from City of Cocoa | - | 11,778,726 |
| Investments | - | - |
| Employer contributions | 6,546,560 | - |
| Employee contributions | 1,372,706 | - |
| State contributions | 1,373,109 | - |
| | <u>9,292,375</u> | <u>11,929,348</u> |
| Total contributions | | |
| Investment earnings: | | |
| Net appreciation in fair value of investments | 30,392,015 | - |
| Interest, dividends, and other income | 3,802,398 | 3,428 |
| | <u>34,194,413</u> | <u>3,428</u> |
| Total investment earnings | | |
| Less investment expense | (826,075) | - |
| | <u>33,368,338</u> | <u>3,428</u> |
| Net investment earnings | | |
| | <u>42,660,713</u> | <u>11,932,776</u> |
| Total additions | | |
| DEDUCTIONS | | |
| Refunds of seized assets | - | 29,970 |
| Forfeitures of seized assets | - | 53,252 |
| Payments on behalf of City of Cocoa | - | 88,957 |
| Benefits paid | 14,225,031 | - |
| Refunded contributions | 46,324 | - |
| Administrative expenses | 411,860 | - |
| | <u>14,683,215</u> | <u>172,179</u> |
| Total deductions | | |
| Change in net position | 27,977,498 | 11,760,597 |
| Net position, October 1 (see Note 3(a)) | <u>178,294,299</u> | <u>212,177</u> |
| Net position, September 30 | <u>\$ 206,271,797</u> | <u>\$ 11,972,774</u> |

The accompanying notes are an integral part of this statement.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Melbourne (the "City"), a Florida Municipal Corporation, was formed in 1969 as a result of the unification of the former cities of Melbourne and Eau Gallie. The City has a population of 85,800 living within an area of approximately 51.5 square miles. The governing body is a seven member elected City Council comprised of a Mayor and six Council members. The City Council appoints the City Manager who is responsible for the administration of all City services.

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

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

A. REPORTING ENTITY

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

Blended Component Units

The following component units are blended with the primary government for financial statement purposes. Although they are legally separate from the City, the component unit's governing body either is substantively the same as the City Council and the City manages their operations or the component unit exclusively serves the City. The Community Redevelopment funds issue separate financial statements. These statements may be obtained from the Director of Finance, City of Melbourne, 900 E. Strawbridge Ave, Melbourne, FL 32901. The pension funds do not issue separate financial statements. Their financial statements are included in the City's Annual Comprehensive Financial Report for the year ended September 30, 2021.

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

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

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

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

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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

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

Discretely Presented Component Unit

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

Related Organizations

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund types:

- Special Revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes other than capital projects.
- Capital Projects funds account for the activities of recreation, mobility, bikeways and public facility construction projects.
- The Permanent fund is used to account for resources legally held in trust to finance maintenance for the City's municipal cemeteries. The revenues designated for perpetual care are placed in trust and the interest earned is transferred to the General fund.
- Internal Service funds account for workers compensation services and general liability insurance provided to other departments and component units of the City on a cost reimbursement basis.
- The Pension Trust fund accounts are used to account for assets held by the City in a fiduciary capacity for the Firefighters Pension Plan, Police Pension Plan and General Employees Pension Plan. The funds are operated by carrying out specific terms of statutes, ordinances, and other governing regulations.
- Custodial funds account for assets held by the City in a fiduciary capacity for the benefit of individuals and external organizations. The City currently has two Custodial funds: the Seized Assets fund, which holds funds related to forfeitures of confiscated property awaiting adjudication, and the City of Cocoa Escrow, which accounts for the City of Cocoa's share of the joint project to construct two new 16" water transmission mains crossing the Indian River at the Pineda Causeway.

The City reports the following discretely presented component unit:

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

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

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

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

1. Cash and Cash Equivalents/Investments

Cash and cash equivalents represent all investments which are short term, highly liquid, and readily convertible to a specified cash value. These investments generally have original maturities of three months or less. Cash equivalents consist of equity in pooled investments. The cash and cash equivalents presented on the Statement

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

of Cash Flows – Proprietary Funds are composed of restricted and unrestricted cash and cash equivalents and equity in pooled investments presented on the Statement of Net Position – Proprietary Funds. Investments are stated at fair value, based on the quoted market price.

2. Pooled Cash

Equity in pooled cash consists primarily of investments in debt instruments of the federal government and corporate holdings. Investment earnings of the pool are allocated to the participating funds at the end of each month based on the ratio of each participant fund's investment to the total pooled investment. As of September 30, 2021, the funds participating in pooled cash investments are the General fund; all Special Revenue funds; all Capital Projects funds; all Enterprise funds; all Internal Service funds, and the Permanent fund. The Airport participates in the equity in pooled cash system on a limited basis to expedite disbursements. Its funds are primarily invested in debt instruments of the federal government.

3. Receivables and Payables

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

The City is permitted by State law to levy taxes up to 10 mills on assessed valuation. However, Chapter 74-430 Laws of Florida, a special act applicable only to governmental units in Brevard County, limits increases to 10% of the prior year’s millage. Pursuant to Florida Statutes, Chapter 200.065(5)(a), the maximum millage rate that the City may levy is a rolled-back rate based on the amount of taxes which would have been levied in the prior year if the maximum millage rate had been applied, adjusted for the change in per capita Florida personal income, unless a higher rate is adopted, in which case the maximum is the adopted rate. The Melbourne City Council levy for the fiscal year ended September 30, 2021 was 6.8685 mills, which is the rolled-back rate.

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

4. Inventories and Prepaids

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

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

5. Restricted Assets

Certain assets of the City are classified as restricted assets on the Statement of Net Position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. In a fund with both restricted and

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

unrestricted assets, qualified expenses are considered to be paid first from restricted assets and then from unrestricted assets. Assets are set aside for the following uses:

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

6. Capital Assets

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

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

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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

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

7. Deferred Outflows of Resources

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

8. Compensated Absences

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

The General fund and Internal Service funds obligations for accumulated, vested vacation, reimbursable sick leave, and applicable benefits of \$4,329,108 are recorded as a liability in the governmental column of the Government-wide Statement of Net Position. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability for accumulated, vested vacation, reimbursable sick leave, and applicable benefits of the Proprietary funds and the Airport was recorded in the applicable funds as compensated absences.

9. Long-Term Liabilities

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

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

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

CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

10. Deferred Inflows of Resources

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

11. Categories and Classification of Fund Equity

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

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

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

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

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

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

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

The government-wide statement of net position reports \$50,687,635 of restricted net position, of which \$25,735,436 is restricted by enabling legislation.

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

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

E. USE OF ESTIMATES

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

(2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

(3) ACCOUNTING CHANGES

A. IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

GASB Statement No. 84, *Fiduciary Activities*, became effective for reporting periods beginning after December 15, 2019. The objective of GASB Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. In examination of the City's activities, a reclassification of funds was required in two instances: the elimination of the Performance Deposits Agency Fund and the establishment of the Seized Assets Custodial Fund. In both instances, the adjustment required did not result in an increase or decrease to fund balance in the General Fund as previously reported, but in establishing the Seized Assets Fund, amounts previously reported as liabilities are now reported as fund balance. A summary of the adjustment follows:

| | Performance Deposits Agency Fund | Seized Assets Custodial Fund | General Fund |
|------------------------------|-------------------------------------|---------------------------------|-----------------|
| Equity in pooled investments | \$ (866,365) | \$ 212,177 | \$ 654,188 |
| Deposits | 866,365 | - | (654,188) |
| Fund Balance | <u>\$ -</u> | <u>\$ (212,177)</u> | <u>\$ -</u> |

B. FUTURE ADOPTION OF GASB PRONOUNCEMENTS

GASB Statement 87, *Leases*. This statement was issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments and increases the usefulness of governments' financial statements. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor 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. GASB Statement 87 will be effective for the fiscal year ending September 30, 2022.

GASB Statement 92, *Omnibus 2020*. This statement was issued January 2020 to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. GASB Statement 92 will be effective for the fiscal year ending September 30, 2022.

GASB Statement 96, *Subscription-Based Information Technology Arrangements*. This statement was issued May 2020 to provide guidance on the accounting and financial reporting for subscription-based information

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technology arrangements (SBITAs). Statement 96 will be effective for the fiscal year ending September 30, 2023.

GASB Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* - an amendment of GASB Statements 14 and 84, and a supersession of GASB Statement 32. This statement was issued June 2020 to provide for more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. The statement will also enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. The requirements in (1) paragraph 4 of Statement 97 as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of Statement 97 are effective immediately. The other requirements of Statement 97 will be effective for the fiscal year ending September 30, 2022.

The City of Melbourne will implement new GASB pronouncements no later than the required effective date. The City is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to the City's financial statements and component unit.

(4) DETAILED NOTES – ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Deposits –Banks and savings and loans must meet the criteria to be a qualified public depository as described in the Florida Security for Public Deposits Act in accordance with Chapter 280, Florida Statutes before any investment of public funds can be made with them. At September 30, 2021, the carrying amount of the City of Melbourne's deposits with banks was \$12,747,054 and the bank balance was \$12,561,618. For the Airport, the carrying amount of deposits with banks was \$14,262,070 and the bank balance was \$14,187,190.

For the Fiduciary funds, the carrying amount was (\$420,245) and the bank balance was \$499,003. As of September 30, 2021, all of the City's non-interest bearing bank balances are covered by the Federal Depository Insurance Corporation (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the City pursuant to Section 280.08, Florida Statutes.

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

City and Airport daily deposits are deposited in Earnings Credit Rate (ECR) earning accounts. These accounts are fully collateralized in accordance with Florida state law. Cash also includes Primary Government petty cash of \$8,290 and Component Unit petty cash of \$200.

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

| | Concentration of Credit Risk | Credit Rating (S&P) | Fair Value Level ⁽¹⁾ | Fair Value | Investment Maturities (in Years) | | | |
|---|------------------------------------|---------------------------|---------------------------------------|---------------|----------------------------------|----------------|---------------|-----------------|
| | | | | | Less Than 1 | 1-5 | 6-10 | More Than 10 |
| Primary Government | | | | | | | | |
| <u>Cash Equivalents</u> | | | | | | | | |
| Money Market Funds | 14.64% | AAA | - | \$ 30,874,043 | \$ 30,874,043 | \$ - | \$ - | \$ - |
| <u>Investments</u> | | | | | | | | |
| U.S. Treasury & Agency Bonds: | | | | | | | | |
| U.S. Treasury Bills | 2.18% | - | L2 | 4,598,967 | 4,598,967 | - | - | - |
| U.S. Treasury Notes | 24.25% | - | L2 | 51,163,258 | 1,037,652 | 50,125,606 | - | - |
| Federal National Mortgage Association | 7.43% | AA | L2 | 15,668,884 | 555,487 | 6,887,707 | 6,866,681 | 1,359,009 |
| Federal Home Loan Mortgage Corporation | 15.91% | AA | L2 | 33,556,280 | 2,969,130 | 29,349,544 | 1,139,368 | 98,238 |
| Federal Home Loan Bank Supra-National Agency Bond/ Note | 0.27% | AA | L2 | 567,470 | - | 567,470 | - | - |
| | 3.98% | AAA | L2 | 8,400,432 | - | 8,400,432 | - | - |
| Municipal Bond/Notes: | | | | | | | | |
| Municipal Bond/Note | 0.24% | A | L2 | 514,265 | - | 514,265 | - | - |
| Municipal Bond/Note | 1.18% | AA | L2 | 2,489,612 | - | 2,489,612 | - | - |
| Municipal Bond/Note | 0.88% | Unrated | L2 | 1,866,004 | 1,489,061 | 376,943 | - | - |
| Corporate Notes ⁽²⁾ | 29.04% | - | L2 | 61,260,498 | 451,707 | 60,808,791 | - | - |
| Subtotal Investments | | | | 180,085,670 | 11,102,004 | 159,520,370 | 8,006,049 | 1,457,247 |
| Total Primary Government Cash Equivalents and Investments | | | | 210,959,713 | \$ 41,976,047 | \$ 159,520,370 | \$ 8,006,049 | \$ 1,457,247 |
| Fiduciary and Custodial Funds | | | | | | | | |
| <u>Custodial Fund Investment</u> | | | | | | | | |
| <u>Cash Equivalents</u> | | | | | | | | |
| Custodial Fund Money Market | 5.52% | AAA | - | 12,065,132 | \$ 12,065,132 | \$ - | \$ - | \$ - |
| <u>Fiduciary Fund Investments</u> | | | | | | | | |
| <u>Cash Equivalents</u> | | | | | | | | |
| Money Market Funds | 4.90% | AAA | - | 10,720,343 | 10,720,343 | - | - | - |
| <u>Investments</u> | | | | | | | | |
| Corporate Bonds ⁽²⁾ | 6.50% | - | L2 | 14,226,077 | 215,372 | 6,375,065 | 7,369,589 | 266,051 |
| U.S. Treasury & Agency Bonds: | | | | | | | | |
| U.S. Treasury Bonds/Notes | 9.00% | - | L2 | 19,685,084 | - | 8,600,615 | 7,579,092 | 3,505,377 |
| Federal National Mortgage Association | 5.11% | AA | L2 | 11,172,595 | 3,612 | 11,168,983 | - | - |
| Federal Home Loan Mortgage Corporation | 2.09% | AA | L2 | 4,573,859 | - | 4,573,859 | - | - |
| Foreign Bonds | 1.02% | BBB | | 2,230,323 | - | 2,230,323 | - | - |
| Private Debt | 2.36% | BBB | | 5,166,638 | - | 5,166,638 | - | - |
| Common Stock | 45.92% | Unrated | | 100,446,667 | 100,446,667 | - | - | - |
| Foreign Equity | 9.74% | Unrated | | 21,304,229 | 21,304,229 | - | - | - |
| Real Estate | 6.24% | Unrated | L3 | 13,659,196 | 13,659,196 | - | - | - |
| Limited Partnerships | 0.72% | Unrated | L2 | 1,581,862 | 1,581,862 | - | - | - |
| Limited Partnerships | 0.88% | Unrated | L3 | 1,932,583 | 1,932,583 | - | - | - |
| Subtotal Investments | | | | 195,979,113 | 139,143,521 | 38,115,483 | 14,948,681 | 3,771,428 |
| Fiduciary Fund Cash Equivalents and Investments | | | | 206,699,456 | 149,863,864 | 38,115,483 | 14,948,681 | 3,771,428 |
| Total Fiduciary/Agency Fund Cash Equivalents and Investments | | | | 218,764,588 | \$ 161,928,996 | \$ 38,115,483 | \$ 14,948,681 | \$ 3,771,428 |

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| | Concentration of Credit Risk | Credit Rating (S&P) | Fair Value Level ⁽¹⁾ | Fair Value | Investment Maturities (in Years) | | | |
|---|------------------------------------|---------------------------|---------------------------------------|----------------|----------------------------------|--------------|------------|-----------------|
| | | | | | Less Than 1 | 1-5 | 6-10 | More Than 10 |
| Component Unit - Airport | | | | | | | | |
| <u>Cash Equivalents</u> | | | | | | | | |
| Money Market Funds | 71.87% | AAA | - | 16,462,351 | \$ 16,462,351 | \$ - | \$ - | \$ - |
| <u>Investments</u> | | | | | | | | |
| U.S. Treasury & Agency Bonds: | | | | | | | | |
| U.S. Treasury Notes | 7.33% | - | L2 | 1,679,734 | - | 1,679,734 | - | - |
| Federal National Mortgage Association | 2.61% | AA | L2 | 597,043 | - | 245,053 | 305,149 | 46,841 |
| Federal Home Loan Mortgage Corporation | 4.26% | AA | L2 | 975,866 | - | 930,170 | 45,696 | - |
| Federal Home Loan Bank | 0.23% | AA | L2 | 51,588 | - | 51,588 | - | - |
| Supra-National Agency Bond/Note | 1.86% | AAA | L2 | 425,489 | - | 425,489 | - | - |
| Corporate Notes ⁽²⁾ | 11.01% | - | L2 | 2,521,913 | 42,534 | 2,479,379 | - | - |
| Municipal Bond/Notes: | | | | | | | | |
| Municipal Bond/Note | 0.11% | A | L2 | 25,282 | - | 25,282 | - | - |
| Municipal Bond/Note | 0.39% | AA | L2 | 90,171 | - | 90,171 | - | - |
| Municipal Bond/Note | 0.33% | Unrated | L2 | 75,205 | 50,076 | 25,129 | - | - |
| Subtotal Investments | | | | 6,442,291 | 92,610 | 5,951,995 | 350,845 | 46,841 |
| Total Component Unit Cash Equivalents and Investments | | | | 22,904,642 | \$ 16,554,961 | \$ 5,951,995 | \$ 350,845 | \$ 46,841 |
| Total Reporting Entity Cash Equivalents and Investments | | | | \$ 452,628,943 | | | | |

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

The City has the following recurring fair value measurements as of September 30, 2021:

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

The above table summarizes the assets of the City for which fair values are determined on a recurring basis as of September 30, 2021. In accordance with GASB Codification, 150, "Investments", money market funds have not been classified in the fair value hierarchy as they can be redeemed daily with no redemption notice period.

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| | Credit Rating (S&P) | Fire Pension | Police Pension | General Pension | Primary Government | Component Unit |
|---------------------------|------------------------|-----------------|-------------------|--------------------|-----------------------|-------------------|
| (2) Corporate Bonds/Notes | N/A ⁽³⁾ | - | - | 12.65% | 10.43% | 4.96% |
| | AAA | - | - | 0.93% | 22.44% | 33.34% |
| | AA | - | - | 3.72% | 10.85% | 8.20% |
| | A | 46.36% | 46.67% | 33.50% | 45.81% | 43.76% |
| | BBB | 53.64% | 53.33% | 49.20% | 10.47% | 9.74% |
| | | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> |

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

Level 3 Financial Instruments

The following table summarizes the City's Level 3 financial instruments, the value technique used to measure the fair value of those financial instruments as of September 30, 2021, and the significant unobservable inputs and the ranges:

| Instrument | Fair Value 9/30/21 | Principal Valuation Technique | Significant Unobservable Inputs | Range of Significant Input Values | Weighted Average |
|--------------------------------------|-----------------------|-------------------------------------|---|---|---|
| AEW Partners | \$ 306,070 | Discounted Cash Flow | Discount Rate Exit Cap Rate Loan-to-Value Market Interest Rates | 7.75%-12.25% 6.50% - 9.00% 35.00% - 91.00% 1.72% - 5.04% | 9.58% 6.73% 65.80% 3.05% |
| Angelo Gordon LP | \$ 1,228,175 | Discounted Cash Flow | Discounted Rate - levered Discounted Rate - unlevered Capitalization Rate | 14.00% - 22.00% 20.00% 5.80% - 12.30% | 17.17% 20.00% 7.07% |
| Bain Middle Market Credit 2014 LP | \$ 704,408 | Market Comparable Companies | Discount Rate Revenue Multiple EBITDA Multiple | 10.00% - 16.80% 2.80% 1.50% - 12.00% | 12.54% 2.80% 5.60% |
| Barings Core Property Fund | \$ 4,417,748 | Discounted Cash Flow | Discount Rate Terminal Cap Rate DCF Term (years) Price per Floor Area Ratio Loan to Value Ratio Market Interest Rate | 5.50% - 9.01% 4.50% - 7.50% 10 - 11 (years) \$35.06 - \$45.05 23.42% - 52.29% 1.30% - 11.93% | 6.68% 5.33% 10.01 (years) \$39.24 41.05% 4.09% |
| Prime Property Fund | \$ 8,935,378 | Discounted Cash Flow | Discount Rate Exit Cap Rate Revenue Growth Rate Market Interest Rate Loan-to-Value | 6.01% - 7.33% 4.72% - 5.80% 1.30% - 3.66% .93% - 4.29% 1.43% - 65.40% | 6.39% 5.31% 2.78% 3.20% 45.12% |

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

The following table summarizes investment measured at fair value based on NAV per share as of September 30, 2021:

| Entity | Fair Value | Unfunded Commitments | Redemption Frequency (if currently eligible) | Redemption Notice Period |
|--|-------------|-------------------------|---|-----------------------------|
| PIMCO Distressed Senior Credit Opportunities Fund II Offshore Feeder LP | \$1,581,862 | N/A | Quarterly | 60 days |

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Performance of the total Fund is measured for rolling three and five year periods to accommodate the market cycles experienced with investments. The Fund performance is compared to the return of a blended index of 45% Russell 3000, 15% MSCI All Country World Index ex U.S., 25% Barclays Aggregate Bond Index, 5% Barclays Global Aggregate Index, 5% NFI Open End Diversified Core Equity (ODCE), and 5% Consumer Price Index plus 5%. On a relative basis, the total return of combined equity, fixed income, and cash portfolio is expected to be in the top 40% of the appropriate peer universe. A further goal is to achieve an average annual rate of return greater than the absolute return of 7.25%, over the long term.

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

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

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

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

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

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

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

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

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

B. ALLOWANCE FOR DOUBTFUL ACCOUNTS

The City provides an allowance for water and sewer accounts receivable that may become uncollectible. At September 30, 2021, this allowance was \$285,000. In the General fund, the City provides an allowance for miscellaneous uncollectible accounts of \$1,174. The component unit reported \$54,221 in allowances. No other allowances for doubtful accounts are maintained since all other accounts receivable are considered collectible at September 30, 2021.

CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

C. RECEIVABLES

Receivables in the General fund of \$3,062,753, net of uncollectible balances of \$1,174, mainly include \$2,924,419 of utility taxes and franchise fees due to the City from Florida Power and Light for taxes and fees billed as of September 30, 2021.

Receivables in the Water and Sewer Fund consisted of billed receivables of \$4,216,827, net of \$285,000 in uncollectible balances, and unbilled receivables of \$3,561,460.

Receivables in the component unit amounted to \$233,176 in rent receivable and \$128,966 in parking fees, less \$54,221 in uncollectible balances.

D. RETAINAGE PAYABLES

Retainage payable balances by fund as of September 30, 2021, included in accounts payable and current liabilities payable from restricted assets, are as follows:

Governmental Activities:

| | |
|------------------------------------|------------|
| General Construction | \$ 207,334 |
| Transportation Capital Improvement | 11,993 |

Business-type Activities:

| | |
|--------------------------|----------------|
| Water and Sewer System | 22,244 |
| Stormwater Utility | 145,289 |
| Total Primary Government | <u>386,860</u> |

Component Unit:

| | |
|------------------------|--------------------------|
| Airport | 589,252 |
| Total Reporting Entity | <u><u>\$ 976,112</u></u> |

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

E. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021 was as follows:

| Primary Government | Balance | | | Balance |
|--|-----------------------|-------------------------------|---------------------|-----------------------|
| Governmental Activities: | October 1, | | | September 30, |
| | 2020 | Additions | Deletions | 2021 |
| Capital assets, not being depreciated/amortized: | | | | |
| Land and intangible land rights | \$ 35,760,218 | \$ 94,660 | \$ - | \$ 35,854,878 |
| Construction in progress | 6,028,287 | 7,485,266 | 3,453,228 | 10,060,325 |
| Total capital assets, not being depreciated/amortized | <u>41,788,505</u> | <u>7,579,926</u> | <u>3,453,228</u> | <u>45,915,203</u> |
| Capital assets, being depreciated/amortized: | | | | |
| Buildings | 35,864,870 | 256,848 | - | 36,121,718 |
| Improvements other than buildings | 18,008,626 | 277,007 | - | 18,285,633 |
| Machinery and equipment | 29,349,738 | 3,856,991 | 836,056 | 32,370,673 |
| Intangibles | 2,191,866 | 84,875 | 21,916 | 2,254,825 |
| Infrastructure | 153,945,210 | 2,565,115 | - | 156,510,325 |
| Total capital assets, being depreciated/amortized | <u>239,360,310</u> | <u>7,040,836</u> | <u>857,972</u> | <u>245,543,174</u> |
| Less accumulated depreciation/amortization: | | | | |
| Buildings | 17,907,831 | 835,718 | - | 18,743,549 |
| Improvements other than buildings | 14,195,611 | 725,171 | - | 14,920,782 |
| Machinery and equipment | 22,785,170 | 2,262,206 | 824,761 | 24,222,615 |
| Intangibles | 1,566,966 | 89,314 | 21,916 | 1,634,364 |
| Infrastructure | 117,985,706 | 4,396,860 | - | 122,382,566 |
| Total accumulated depreciation/amortization | <u>174,441,284</u> | <u>8,309,269</u> ¹ | <u>846,677</u> | <u>181,903,876</u> |
| Total capital assets, being depreciated/amortized, net | <u>64,919,026</u> | <u>(1,268,433)</u> | <u>11,295</u> | <u>63,639,298</u> |
| Governmental activities capital assets, net | <u>\$ 106,707,531</u> | <u>\$ 6,311,493</u> | <u>\$ 3,464,523</u> | <u>\$ 109,554,501</u> |
| Business-type Activities: | Balance | | | Balance |
| | October 1, | | | September 30, |
| | 2020 | Additions | Deletions | 2021 |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 4,179,011 | \$ - | \$ - | \$ 4,179,011 |
| Construction in progress | 10,973,372 | 12,509,997 | 14,381,420 | 9,101,949 |
| Total capital assets, not being depreciated/amortized | <u>15,152,383</u> | <u>12,509,997</u> | <u>14,381,420</u> | <u>13,280,960</u> |
| Capital assets, being depreciated/amortized: | | | | |
| Buildings | 77,778,406 | - | - | 77,778,406 |
| Improvements other than buildings | 303,588,733 | 14,571,974 ² | 246,957 | 317,913,750 |
| Machinery and equipment | 18,958,165 | 1,255,288 | 287,643 | 19,925,810 |
| Intangibles, computer software | 66,073 | - | - | 66,073 |
| Total capital assets, being depreciated/amortized | <u>400,391,377</u> | <u>15,827,262</u> | <u>534,600</u> | <u>415,684,039</u> |

CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

| | Balance October 1, 2020 | Additions | Deletions | Balance September 30, 2021 |
|--|-------------------------------|----------------------|----------------------|----------------------------------|
| Less accumulated depreciation/amortization: | | | | |
| Buildings | 52,321,821 | 1,283,490 | - | 53,605,311 |
| Improvements other than buildings | 182,290,661 | 10,661,438 | 246,457 | 192,705,642 |
| Machinery and equipment | 13,752,017 | 1,280,130 | 287,573 | 14,744,574 |
| Intangibles, computer software | 66,073 | - | - | 66,073 |
| Total accumulated depreciation/amortization | <u>248,430,572</u> | <u>13,225,058</u> | <u>534,030</u> | <u>261,121,600</u> |
| Total capital assets, being depreciated/amortized, net | <u>151,960,805</u> | <u>2,602,204</u> | <u>570</u> | <u>154,562,439</u> |
| Business-type activities capital assets, net | <u>\$ 167,113,188</u> | <u>\$ 15,112,201</u> | <u>\$ 14,381,990</u> | <u>\$ 167,843,399</u> |
| Component Unit: | | | | |
| | Balance October 1, 2020 | Additions | Deletions | Balance September 30, 2021 |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 6,513,866 | \$ 1,150,510 | \$ 704 | \$ 7,663,672 |
| Construction in progress | 16,611,181 | 24,095,240 | 10,648,907 | 30,057,514 |
| Total capital assets, not being depreciated/amortized | <u>23,125,047</u> | <u>25,245,750</u> | <u>10,649,611</u> | <u>37,721,186</u> |
| Capital assets, being depreciated/amortized: | | | | |
| Buildings | 127,633,837 | 7,105,928 | 217,995 | 134,521,770 |
| Improvements other than buildings | 101,756,310 | - | 48,745 | 101,707,565 |
| Machinery and equipment | 12,117,369 | 2,439,988 | 305,038 | 14,252,319 |
| Intangibles, computer software | 293,723 | - | - | 293,723 |
| Total capital assets, being depreciated/amortized | <u>241,801,239</u> | <u>9,545,916</u> | <u>571,778</u> | <u>250,775,377</u> |
| Less accumulated depreciation/amortization: | | | | |
| Buildings | 45,998,854 | 3,355,591 | 217,995 | 49,136,450 |
| Improvements other than buildings | 47,851,996 | 4,030,110 | 48,745 | 51,833,361 |
| Machinery and equipment | 9,283,664 | 861,508 | 305,038 | 9,840,134 |
| Intangibles, computer software | 276,634 | 12,818 | - | 289,452 |
| Total accumulated depreciation/amortization | <u>103,411,148</u> | <u>8,260,027</u> | <u>571,778</u> | <u>111,099,397</u> |
| Total capital assets, being depreciated/amortized, net | <u>138,390,091</u> | <u>1,285,889</u> | <u>-</u> | <u>139,675,980</u> |
| Component unit capital assets, net | <u>\$ 161,515,138</u> | <u>\$ 26,531,639</u> | <u>\$ 10,649,611</u> | <u>\$ 177,397,166</u> |

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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

| | |
|--|----------------------|
| Governmental Activities: | |
| General government | \$ 825,789 |
| Housing and urban improvement | 33,563 |
| Public safety: | |
| Fire protection | 654,174 |
| Police protection | 886,971 |
| Highways and streets, including general infrastructure assets | 4,391,139 |
| Public works | 354,327 |
| Parks and recreation | 1,111,509 |
| Total depreciation/amortization expense - governmental activities | <u>\$ 8,257,472</u> |
| | |
| Business-type Activities: | |
| Water and Sewer System | \$ 12,327,785 |
| Stormwater Utility | 897,273 |
| Total depreciation/amortization expense - business-type activities | <u>\$ 13,225,058</u> |

- (1) The difference between accumulated depreciation/amortization additions and depreciation/amortization expense of \$51,797 is due to the transfer of assets from the Water and Sewer fund to the General fund.
- (2) The City has a non-recurring fair value measurement as of September 30, 2021 for donations from developers to the Water and Sewer fund for various hydrants, pipes and manholes. The water and sewer contributions are valued at \$165,688 based on the actual price the developers paid. (Level 2 input).

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

F. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

Construction Commitments

As of September 30, 2021, major outstanding construction and other commitments (in excess of \$100,000) are summarized below by fund:

Governmental Activities:

| | |
|---|------------|
| General Construction | |
| Police Headquarters Building | \$ 711,881 |
| Golf Course Improvements | 678,834 |
| Fire Stations (5) Hardening | 467,165 |
| Fee Avenue Tennis Courts Lighting | 251,676 |
| Pool Liner Replacements (Fee & Lipscomb) | 201,888 |
| Babcock Street Reconstruction | 161,569 |
| Archway/Gateway Painting | 130,000 |
| Fiber Optic Cable | 110,002 |
| Dugout Structures (Multiple Park Locations) | 100,204 |
| Mobility Improvement | |
| Melbourne Southwest Trail | 413,229 |
| Transportation Improvement | |
| FY14 to FY21 Resurfacing Program | 4,577,062 |
| Pineapple-Aurora Road to Montreal | 1,116,270 |
| Babcock/Apollo - Mast Arms/Pedestrian Improvement | 398,330 |
| Widen and Realign Pirate Lane | 310,452 |

Business-type Activities:

| | |
|--|------------|
| Water and Sewer System | |
| Construct a 16" Water Main Crossing the Indian River | 12,390,547 |
| Reverse Osmosis Water Treatment Plant Odor Control System | 1,895,325 |
| Surface Water Treatment Plant Filter Backwash System | 1,652,466 |
| Water Production Facility Improvement | 1,041,427 |
| Replace Water Distribution Lines in Various Areas of the City | 569,241 |
| Reverse Osmosis Water Treatment Plant Well Construction | 513,038 |
| Rehab Manholes and Sanitary Sewer Lines in Various Areas of the City | 383,383 |
| Isolation Valves in Large Water Mains | 358,764 |
| Reverse Osmosis Disposal Well | 253,727 |
| Wastewater Collection and Transmission Master Plan | 195,107 |
| DB Lee to Grant Reclamation Facilities Isolation Valves | 134,485 |
| Coquina Ridge Drive Water Main Extension | 125,823 |
| Grant Street Water Reclamation Facility Improvements | 113,870 |
| Biosolid Process Improvements at both Water Reclamation Facilities | 108,878 |
| Stormwater Utility | |
| Sherwood Park Water Quality | 268,894 |
| SW Convey Inventory and Evaluation | 126,616 |
| Fabri Form Headwalls | 109,875 |
| Total Primary Government | 29,870,028 |

Component Unit:

| | |
|-----------------------------|---------------|
| Airport | |
| Terminal Expansion | 36,682,201 |
| St Michaels Place Expansion | 3,271,418 |
| Total Component Unit | 39,953,619 |
| Total Reporting Entity | \$ 69,823,647 |

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Encumbrance Commitments

At September 30, 2021, the City had encumbrance commitments in the Governmental funds as follows:

| | |
|---|-----------------------------|
| Major funds: | |
| General fund | \$ 2,561,168 |
| Downtown Redevelopment fund | 40,000 |
| Transportation Capital Improvement fund | 6,610,529 |
| General Construction fund | <u>3,278,999</u> |
| Total Major funds | <u>12,490,696</u> |
| Other funds: | |
| Community Development Block Grant | \$ 34,514 |
| HOME Investment Partnership Program | 2,067 |
| Mobility Improvement fund | 413,229 |
| Recreation Improvement fund | <u>34,974</u> |
| Total Other funds | <u>484,784</u> |
| Total Encumbrances | <u><u>\$ 12,975,480</u></u> |

G. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables of the Reporting Entity at September 30, 2021, are summarized below:

| <u>Primary Government Transactions</u> | <u>Due From</u> | <u>Due To</u> |
|---|---------------------|---------------------|
| By Major fund: | | |
| General fund | \$ 2,492,502 | \$ - |
| Babcock Redevelopment fund | - | 283,520 * |
| By Other government funds: | | |
| Community Development Block Grant | - | 24,226 |
| Home Investment Partnership Program | - | 234,242 * |
| General Construction Improvement Fund | - | 1,937,520 * |
| By Other Business-type fund: | | |
| Water and Sewer Fund | 85,773 | - |
| By Fiduciary funds: | | |
| Firefighters Pension | - | 4,748 |
| Police Pension | - | 3,126 |
| General Employees Pension | - | 5,120 |
| Cocoa Escrow | - | 85,773 |
| Totals | <u>\$ 2,578,275</u> | <u>\$ 2,578,275</u> |
| Transactions between Primary Government and Component Unit | | |
| | <u>Due From</u> | <u>Due To</u> |
| General fund | \$ 96,510 | \$ - |
| Component Unit - Airport | - | 96,510 |
| Totals | <u>\$ 96,510</u> | <u>\$ 96,510</u> |
| Advances to/from other funds | | |
| | <u>Advance To</u> | <u>Advance From</u> |
| By Major fund: | | |
| General fund | \$ 597,158 | \$ - |
| Babcock Redevelopment fund | - | 597,158 * |
| Totals | <u>\$ 597,158</u> | <u>\$ 597,158</u> |

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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

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

H. INTERFUND TRANSACTIONS

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

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

All other transfers are included in the results of operations for both Governmental and Proprietary fund statements. Interfund transfers at September 30, 2021 are summarized as follows:

| Transfer out: | Transfer in: | | | | Total |
|------------------------------------|---------------------|----------------------|------------------------------------|------------------------|----------------------|
| | General Fund | General Construction | Transportation Capital Improvement | Water and Sewer System | |
| General Fund | \$ - | \$ 5,349,963 | \$ 4,295,714 | \$ - | \$ 9,645,677 |
| Downtown Redevelopment | - | 591,953 | - | - | 591,953 |
| Babcock Street Redevelopment | - | 440,000 | - | - | 440,000 |
| Olde Eau Gallie Redevelopment | - | 789,528 | - | - | 789,528 |
| Transportation Capital Improvement | - | 189,507 | - | - | 189,507 |
| Other Governmental | 331,436 | 8,426 | 164,735 | - | 504,597 |
| Water and Sewer System | 3,399,380 | 1,605,000 | - | - | 5,004,380 |
| Other Business-Type | - | - | - | 35,308 | 35,308 |
| Total Transfers out | \$ 3,730,816 | \$ 8,974,377 | \$ 4,460,449 | \$ 35,308 | \$ 17,200,950 |

Significant transfers included \$4,295,714 from the General Fund to the Transportation Improvement fund to fund various projects; \$5,349,963 from the General Fund to the General Construction fund for capital improvements; \$591,953 from the Downtown Redevelopment fund to General Construction fund for the South Expansion Area Streetscape, Riverview Park Boat Launch, archway painting, and right-of-way and infrastructure projects; \$789,528 from the Eau Gallie Redevelopment fund to the General Construction fund for Eau Gallie parking facilities and site furnishings; \$3,399,380 from the Water and Sewer fund to the General fund for the rate of return per Resolution No. 351 and \$1,605,000 to the General Construction fund for golf course irrigation improvements; and \$440,000 from the Babcock Street Redevelopment Fund to the General Construction fund for a right turn lane at Dr. Martin Luther King Jr. Blvd.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

I. LEASES

1. Capital Leases

Governmental Activities:

The General fund is the lessee of two capital leases for the acquisition of a fire truck and golf carts. Future minimum payments on these leases are:

| | | |
|---|----|-----------------------|
| Year ending September 30, | | |
| 2022 | \$ | 194,463 |
| 2023 | | 194,463 |
| 2024 | | <u>152,473</u> |
| Total minimum lease payments | | 541,399 |
| Less amount representing interest | | <u>(16,933)</u> |
| Present value of net minimum lease payments | \$ | <u><u>524,466</u></u> |

Component Unit:

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

| | | |
|---|----|-----------------------|
| Year ending September 30, | | |
| 2022 | \$ | 70,003 |
| 2023 | | 70,003 |
| 2024 | | 70,003 |
| 2025 | | 70,003 |
| 2026 | | <u>23,335</u> |
| Total minimum lease payments | | 303,347 |
| Less amount representing interest | | <u>(31,120)</u> |
| Present value of net minimum lease payments | \$ | <u><u>272,227</u></u> |

The assets acquired through capital leases are as follows:

| | Governmental Activities | Component Unit |
|-----------------------------------|----------------------------|-------------------|
| Buildings | \$ - | \$ 34,905 |
| Improvements other than buildings | - | 311,264 |
| Machinery and equipment | 1,650,123 | 143,283 |
| Intangible computer software | - | 64,088 |
| Less accumulated depreciation | <u>(818,472)</u> | <u>(355,092)</u> |
| Net property, plant, equipment | <u>\$ 831,651</u> | <u>\$ 198,448</u> |

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

2. Operating Leases

Component Unit:

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

| | |
|--|-----------------------|
| Year Ending September 30, | |
| 2022 | \$ 8,557,695 |
| 2023 | 8,077,161 |
| 2024 | 7,990,440 |
| 2025 | 7,881,813 |
| 2026 | 7,617,951 |
| 2027-2031 | 34,607,441 |
| 2032-2036 | 32,642,121 |
| 2037-2041 | 25,200,568 |
| 2042-2046 | 19,048,990 |
| 2047-2051 | 14,703,111 |
| 2052-2056 | 6,051,057 |
| Total minimum future rentals | <u>\$ 172,378,348</u> |
| Total lease income for the current fiscal year | <u>\$ 10,461,496</u> |

The following provides an analysis of the Airport's investment in property held for lease as of September 30, 2021:

| | |
|-----------------------------------|----------------------|
| Land improvements | \$ 141,906 |
| Buildings | 90,766,807 |
| Improvements other than buildings | 6,512,395 |
| Machinery and equipment | 358,955 |
| Less accumulated depreciation | <u>(29,212,099)</u> |
| Net property, plant and equipment | <u>\$ 68,567,964</u> |

J. LONG-TERM LIABILITIES

1. Debt Service Requirements to Maturity

The annual requirements to amortize all bonded debt outstanding as of September 30, 2021 including interest requirements are described on pages 63 through 65.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

MATURITIES

| | <u>Purpose of Issue</u> | <u>Amount Issued</u> | <u>Amount Outstanding</u> |
|--|---|--|---|
| PRIMARY GOVERNMENT: | | | |
| Governmental Activities | | | |
| Notes from direct borrowings | | | |
| Non-Ad Valorem Refunding Revenue Note, Series 2018 - 2.75% | Refunding Series 2003 Public Service bonds, 2005 and 2006 Subordinate Electric Utility Tax | 6,490,000 | 4,290,000 |
| Downtown CRA Revenue Note, Series 2020 - 2.03% | Finance loan for the redevelopment incentive to the Highline apartments | 2,400,000 | 2,400,000 |
| Total Notes from direct borrowings | | <u>8,890,000</u> | <u>6,690,000</u> |
| Governmental activities interest | | - | 819,839 |
| Total governmental activities | | <u>8,890,000</u> | <u>7,509,839</u> |
| Business-type Activities | | | |
| Water and Sewer Refunding Revenue Bonds, Series 2002B - 5.38% - 5.61% * Series 2013 - 2.00% - 4.00%* Series 2016A - 3.00% - 5.00% * Series 2016B - 5.00% * | Partial refunding of Series 2000 Partial refunding of Series 2004 Partial refunding of Series 2007B Refunding Series 2007A | 21,495,333 14,525,000 19,160,000 14,465,000 | 21,890,993 1,290,000 17,305,000 14,465,000 |
| Water and Sewer Refunding and Improvement Revenue Bonds, Series 2012 - 3.00%* | Refunding Series 2002A/Improvements of \$5,000,000 | 12,200,000 | 475,000 |
| Total Revenue Bonds | | <u>81,845,333</u> | <u>55,425,993</u> |
| Interest | | - | 16,845,381 |
| Total Revenue Bonds and interest | | <u>81,845,333</u> | <u>72,271,374</u> |
| Bonds from direct borrowings | | | |
| Water and Sewer Refunding Revenue Bonds, Series 2014 - 1.98% | Partial refunding of Series 2004 bonds(refunded 1994A) | 7,030,000 | 1,875,000 |
| Series 2020 - 1.69% | Partial refunding of Series 2012 & 2013 bonds | 18,285,000 | 18,285,000 |
| Water and Sewer Improvement Revenue Bonds, Series 2021 - .97% | Construction of additions, expansions and improvements to various components of the water | 1,650,000 | 1,650,000 |
| Total Bonds from direct borrowings | | <u>26,965,000</u> | <u>21,810,000</u> |
| Interest | | - | 2,719,717 |
| Total Bonds from direct borrowings and interest | | <u>26,965,000</u> | <u>24,529,717</u> |
| Total business-type activities | | <u>108,810,333</u> | <u>96,801,091</u> |
| Component Unit Activities | | | |
| Bonds from direct borrowings | | | |
| Airport Bonds, Series 2021 - 1.95% | Airport Terminal Expansion | 9,000,000 | 9,000,000 |
| Interest | | - | 1,163,429 |
| Total component unit activities | | <u>9,000,000</u> | <u>10,163,429</u> |
| TOTAL REPORTING ENTITY DEBT SERVICE | | <u><u>126,700,333</u></u> | <u><u>114,474,359</u></u> |

*Subject to Federal Arbitrage

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

MATURITIES (CONTINUED)

| | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|---|-------------------------|-------------------------|--------------------------|--------------------------|
| PRIMARY GOVERNMENT: | | | | |
| Governmental Activities | | | | |
| Notes from direct borrowings | | | | |
| Non-Ad Valorem Refunding Revenue Note, Series 2018 - 2.75% | 755,000 | 770,000 | 780,000 | 795,000 |
| | | | | |
| Downtown CRA Revenue Note, Series 2020 - 2.03% | 110,000 | 115,000 | 115,000 | 120,000 |
| | | | | |
| Total Notes from direct borrowings | <u>865,000</u> | <u>885,000</u> | <u>895,000</u> | <u>915,000</u> |
| Governmental activities interest | <u>156,314</u> | <u>133,112</u> | <u>109,466</u> | <u>85,474</u> |
| Total governmental activities | <u>1,021,314</u> | <u>1,018,112</u> | <u>1,004,466</u> | <u>1,000,474</u> |
| Business-type Activities | | | | |
| Water and Sewer Refunding Revenue Bonds, Series 2002B - 5.38% - 5.61% * | 3,440,000 | 3,435,000 | 4,600,000 | 4,600,000 |
| Series 2013 - 2.00% - 4.00%* | 635,000 | 655,000 | - | - |
| Series 2016A - 3.00% - 5.00% * | 680,000 | 715,000 | 750,000 | 785,000 |
| Series 2016B - 5.00% * | - | - | - | - |
| Water and Sewer Refunding and Improvement Revenue Bonds, Series 2012 - 3.00%* | 235,000 | 240,000 | - | - |
| | | | | |
| Total Revenue Bonds | <u>4,990,000</u> | <u>5,045,000</u> | <u>5,350,000</u> | <u>5,385,000</u> |
| Interest | <u>1,565,000</u> | <u>1,497,675</u> | <u>1,440,750</u> | <u>1,402,375</u> |
| Total Revenue Bonds and interest | <u>6,555,000</u> | <u>6,542,675</u> | <u>6,790,750</u> | <u>6,787,375</u> |
| Bonds from direct borrowings | | | | |
| Water and Sewer Refunding Revenue Bonds, Series 2014 - 1.98% | 925,000 | 950,000 | - | - |
| | | | | |
| Series 2020 - 1.69% | 140,000 | 180,000 | 1,105,000 | 1,120,000 |
| | | | | |
| Water and Sewer Improvement Revenue Bonds, Series 2021 - .97% | - | 325,000 | 325,000 | 330,000 |
| | | | | |
| Total Bonds from direct borrowings | <u>1,065,000</u> | <u>1,455,000</u> | <u>1,430,000</u> | <u>1,450,000</u> |
| Interest | <u>347,316</u> | <u>328,963</u> | <u>305,547</u> | <u>283,569</u> |
| Total Bonds from direct borrowings and interest | <u>1,412,316</u> | <u>1,783,963</u> | <u>1,735,547</u> | <u>1,733,569</u> |
| Total business-type activities | <u>7,967,316</u> | <u>8,326,638</u> | <u>8,526,297</u> | <u>8,520,944</u> |
| Component Unit Activities | | | | |
| Bonds from direct borrowings | | | | |
| Airport Bonds, Series 2021 - 1.95% | - | - | 1,050,000 | 1,071,000 |
| Interest | 180,375 | 175,500 | 175,500 | 155,025 |
| Total component unit activities | <u>180,375</u> | <u>175,500</u> | <u>1,225,500</u> | <u>1,226,025</u> |
| | | | | |
| TOTAL REPORTING ENTITY DEBT SERVICE | <u>9,169,005</u> | <u>9,520,250</u> | <u>10,756,263</u> | <u>10,747,443</u> |

*Subject to Federal Arbitrage

CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

MATURITIES (CONCLUDED)

| | <u>2026</u> | <u>2027- 2031</u> | <u>2032- 2036</u> | <u>2037- 2039</u> |
|--|---------------------------------|---------------------------------|---------------------------------|--------------------------------|
| PRIMARY GOVERNMENT: | | | | |
| Governmental Activities | | | | |
| Notes from direct borrowings | | | | |
| Non-Ad Valorem Refunding Revenue Note, Series 2018 - 2.75% | 810,000 | 380,000 | - | - |
| Downtown CRA Revenue Note, Series 2020 - 2.03% | 120,000 | 645,000 | 710,000 | 465,000 |
| Total Notes from direct borrowings | <u>930,000</u> | <u>1,025,000</u> | <u>710,000</u> | <u>465,000</u> |
| Governmental activities interest | 60,969 | 164,275 | 91,147 | 19,082 |
| Total governmental activities | <u><u>990,969</u></u> | <u><u>1,189,275</u></u> | <u><u>801,147</u></u> | <u><u>484,082</u></u> |
| Business-type Activities | | | | |
| Water and Sewer Refunding Revenue Bonds, Series 2002B - 5.38% - 5.61% * Series 2013 - 2.00% - 4.00%* Series 2016A - 3.00% - 5.00% * Series 2016B - 5.00% * | 4,600,000 | 1,215,993 | - | - |
| Water and Sewer Refunding and Improvement Revenue Bonds, Series 2012 - 3.00%* | - | - | - | - |
| Total Revenue Bonds | <u>5,425,000</u> | <u>20,435,993</u> | <u>5,995,000</u> | <u>2,800,000</u> |
| Interest | 1,366,250 | 8,158,756 | 1,301,375 | 113,200 |
| Total Revenue Bonds and interest | <u>6,791,250</u> | <u>28,594,749</u> | <u>7,296,375</u> | <u>2,913,200</u> |
| Bonds from direct borrowings | | | | |
| Water and Sewer Refunding Revenue Bonds, Series 2014 - 1.98% | - | - | - | - |
| Series 2020 - 1.69% | 1,140,000 | 5,980,000 | 8,620,000 | - |
| Water and Sewer Improvement Revenue Bonds, Series 2021 - .97% | 335,000 | 335,000 | - | - |
| Total Bonds from direct borrowings | <u>1,475,000</u> | <u>6,315,000</u> | <u>8,620,000</u> | <u>-</u> |
| Interest | 261,247 | 986,050 | 207,025 | - |
| Total Bonds from direct borrowings and interest | <u>1,736,247</u> | <u>7,301,050</u> | <u>8,827,025</u> | <u>-</u> |
| Total business-type activities | <u><u>8,527,497</u></u> | <u><u>35,895,799</u></u> | <u><u>16,123,400</u></u> | <u><u>2,913,200</u></u> |
| Component Unit Activities | | | | |
| Bonds from direct borrowings | | | | |
| Airport Bonds, Series 2021 - 1.95% | 1,092,000 | 5,787,000 | - | - |
| Interest | 134,141 | 342,888 | - | - |
| Total component unit activities | <u>1,226,141</u> | <u>6,129,888</u> | <u>-</u> | <u>-</u> |
| TOTAL REPORTING ENTITY DEBT SERVICE | <u><u><u>10,744,607</u></u></u> | <u><u><u>43,214,962</u></u></u> | <u><u><u>16,924,547</u></u></u> | <u><u><u>3,397,282</u></u></u> |

*Subject to Federal Arbitrage

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

2. Revenue Bonds

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

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

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

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

These requirements have been met for the City as of September 30, 2021.

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

3. Pledged Revenues

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

| Pledged Revenue | Term | Future Principal and Interest | Current Pledged Revenue | Current Principal and Interest | Current Percentage of Revenue |
|----------------------------------|------|----------------------------------|----------------------------|-----------------------------------|-------------------------------------|
| Governmental Activities: | | | | | |
| Downtown CRA | 2039 | \$ 2,889,839 | \$ 1,456,140 | \$ 53,863 | 3.70% |
| Non Ad-Valorem | 2027 | 4,620,000 | 25,656,579 | 868,150 | 3.38% |
| Total governmental activities | | <u>\$ 7,509,839</u> | <u>\$ 27,112,719</u> | <u>\$ 922,013</u> | |
| Business-type Activities: | | | | | |
| Water and Sewer net revenues | 2038 | \$ 96,801,091 | \$ 29,876,036 | \$ 7,948,398 | 26.60% |
| | | <u>\$ 96,801,091</u> | <u>\$ 29,876,036</u> | <u>\$ 7,948,398</u> | |
| Component Unit: | | | | | |
| Airport net revenues | 2031 | \$ 10,163,429 | \$ 17,395,878 | \$ - | 0.00% |
| | | <u>\$ 10,163,429</u> | <u>\$ 17,395,878</u> | <u>\$ -</u> | |

4. New Bond Issues

On October 1, 2020, the City issued Water and Sewer Refunding Revenue Bonds, Series 2020 in the principal amount of \$18,285,000. These bonds were sold to refund \$7,180,000 of the City's outstanding Water and Sewer Refunding and Improvement Revenue Bonds, Series 2012 and \$9,865,000 of the City's outstanding Water and Sewer Refunding Revenue Bonds, Series 2013. The difference in cash flows required to service the new debt versus the old debt is a decrease of \$1,702,921. The economic gain resulting from the refunding is \$1,552,492.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

On April 21, 2021, the City issued Airport Revenue Note, Series 2021 in the principal amount of \$9,000,000. The principal purpose for issuing this note is to fund expanding and rehabilitating the existing terminal facility.

On August 26, 2021, the City issued Water and Sewer Revenue Bonds, Series 2021 in the principal amount of \$1,650,000. The principal purpose for issuing these bonds is to finance the construction of certain additions, expansions and improvements to various components of the City's Water and Sewer system.

5. Accretion on Capital Appreciation Bonds

A portion of the Water and Sewer Refunding Revenue Bonds, Series 2002B was issued in the form of capital appreciation bonds. These bonds were sold at a deep discount and increase in value each year as they approach their various maturity dates. This increase in value, or accretion, from August 15, 2002 to September 30, 2021 amounted to \$14,193,746 and is reported as bonds payable.

6. State Revolving Fund Loan

On October, 20, 2009, the City was awarded financial assistance from the Florida Department of Environmental Protection, in the form of a Clean Water State Revolving Fund loan (WW513030), for the purpose of financing the planning, design, and construction of the reclaimed water reuse facility project. The amount of the loan payable at September 30, 2021 is \$3,463,582. The loan bears interest at fixed rates ranging from 2.65% to 2.81% per annum, with principal and interest payments of \$182,839 due in March and September of each year until the loan is repaid in full in fiscal year 2032.

On February 27, 2013, the City was awarded financial assistance from the Florida Department of Environmental Protection, in the form of a Clean Water State Revolving Fund loan (WW050900), for the purpose of financing the planning and design of the transmission, treatment, and reclaimed water system improvements project. The amount of the loan payable at September 30, 2021 is \$5,311,310. The loan bears interest at fixed rates ranging from 1.74% to 2.37% per annum, with principal and interest payments of \$210,589 due in February and August of each year until the loan is repaid in full in fiscal year 2036.

On September 10, 2021, the City was awarded additional financial assistance from the Florida Department of Environmental Protection, in the form of a Drinking Water State Revolving Fund loan (DW050950), for the purpose of financing the City's portion of the joint project with the City of Cocoa to construct two 16" water transmission mains along the Pineda Causeway, crossing the Indian River. The maximum amount of the loan is \$14,702,119. There is no loan payable as of September 30, 2021. Debt service maturity schedules have not yet been calculated by the grantor, however, the loan bears interest at .16% per annum. Principal and interest payments of \$363,973 will be due in October and April of each year beginning October 15, 2023 until the loan is repaid in fiscal year 2044.

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

| Year Ending September 30, | Business-type Activities | |
|---------------------------|--------------------------|---------------------|
| | Principal | Interest |
| 2022 | \$ 574,553 | \$ 212,304 |
| 2023 | 588,944 | 197,913 |
| 2024 | 603,698 | 183,159 |
| 2025 | 618,825 | 168,032 |
| 2026 | 634,335 | 152,522 |
| 2027-2031 | 3,418,391 | 515,893 |
| 2032-2036 | 2,336,146 | 135,428 |
| | <u>\$ 8,774,892</u> | <u>\$ 1,565,251</u> |

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

7. Conduit Debt Obligation

In September 2009, the City issued \$6,000,000 tax-exempt revenue bonds that provided funds to the non-profit organization Circles of Care Inc., for construction of a thirty-bed health care facility, equipping some of their existing facilities, and refinancing an outstanding loan. The bonds mature in September 2030 and are payable solely from the revenues and proceeds derived from payments made by Circles of Care Inc., and will not constitute a debt, liability or obligation of the City. No tax revenues or other revenues of the City will be used to repay the bonds. Circles of Care Inc. has indemnified the City against any loss or damage arising out of the Circles of Care Inc. project or the issuance of the bonds. Rents and property secure the mortgage and in the event of default, the City could foreclose and sell the property to recover all costs incurred. At September 30, 2021, the bonds have an aggregate outstanding principal amount payable of \$3,091,131.

In 2019, the City issued a Section 108 Housing and Urban Development (“HUD”) guaranteed non-recourse \$2,000,000 note to 801 Strawbridge Hotel LLC (the “Developer”), for construction of a 156-room boutique hotel with structured parking and other offsite public improvements. Payments are interest only for the first seven years and an additional thirteen years of principal and interest. The note is payable solely from the revenues and proceeds derived from payments made by the Developer. In the event of default by the Developer, the City has guaranteed the note with future Community Development Block Grant funds. The owners of the development have personally guaranteed the note, therefore the City would have recourse. At September 30, 2021, the outstanding principal amount is \$2,000,000.

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

8. Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2021 was as follows:

| | Balance October 1, 2020 | Additions | Reductions | Balance September 30, 2021 | Amounts Due Within One Year |
|---------------------------------|-------------------------------|---------------------|---------------------|----------------------------------|-----------------------------------|
| Governmental Activities: | | | | | |
| Compensated absences | \$ 4,194,789 | \$ 3,525,194 | \$ 3,390,875 | \$ 4,329,108 | \$ 1,831,421 |
| Capital leases payable | 235,725 | 473,896 | 185,155 | 524,466 | 185,272 |
| Notes from direct borrowings | 7,430,000 | - | 740,000 | 6,690,000 | 865,000 |
| Total governmental activities | <u>\$ 11,860,514</u> | <u>\$ 3,999,090</u> | <u>\$ 4,316,030</u> | <u>\$ 11,543,574</u> | <u>\$ 2,881,693</u> |

The City’s outstanding notes from direct borrowings related to governmental activities of \$4,290,000 and \$2,400,000 are from the 2018 Non-Ad Valorem Refunding Revenue Note and the 2020 Downtown CRA Revenue Note. The 2018 Non-Ad Valorem Refunding Note contains a provision that in an event of default, outstanding amounts become immediately due if the City is unable to make a payment. The 2020 Downtown CRA Note contains a provision that in the event of default, the bank is entitled to sue for payment and increase the interest rate by 3%.

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above total for governmental activities. At year-end, \$6,163 of internal service funds compensated absences are included in the above amounts.

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

CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

| | Balance October 1, 2020 | Additions | Reductions | Balance September 30, 2021 | Amounts Due Within One Year |
|--|-------------------------------|----------------------|----------------------|----------------------------------|--------------------------------|
| Business-type Activities: | | | | | |
| Bonds payable: | | | | | |
| Water and Sewer revenue bonds | \$ 61,101,594 | - | \$ 19,869,347 | \$ 41,232,247 | \$ 2,796,037 |
| Accretion on Water and Sewer bonds | 15,135,218 | - | 941,472 | 14,193,746 | 2,193,963 |
| Unamortized issuance premium | 4,790,473 | - | 956,503 | 3,833,970 | - |
| Total bonds payable | <u>81,027,285</u> | <u>-</u> | <u>21,767,322</u> | <u>59,259,963</u> | <u>4,990,000</u> |
| 2014 W&S revenue bond | 2,780,000 | - | 905,000 | 1,875,000 | 925,000 |
| 2020 W&S revenue bond | - | 18,285,000 | - | 18,285,000 | 140,000 |
| 2021 W&S revenue bond | - | 1,650,000 | - | 1,650,000 | - |
| State Revolving Fund loans payable | <u>9,335,408</u> | <u>-</u> | <u>560,516</u> | <u>8,774,892</u> | <u>574,553</u> |
| Bonds and loans from direct borrowings | 12,115,408 | 19,935,000 | 1,465,516 | 30,584,892 | 1,639,553 |
| Compensated absences | <u>871,770</u> | <u>806,165</u> | <u>857,641</u> | <u>820,294</u> | <u>398,005</u> |
| Total business-type activities | <u>\$ 94,014,463</u> | <u>\$ 20,741,165</u> | <u>\$ 24,090,479</u> | <u>\$ 90,665,149</u> | <u>\$ 7,027,558</u> |

The City's outstanding bonds from direct borrowings relate to business-type activities of \$1,875,000, \$18,285,000, \$1,650,000, and \$8,774,892 from the 2014 Water and Sewer Refunding Revenue Bond, 2020 Water and Sewer Refunding Revenue Bond, 2021 Water and Sewer Refunding Revenue Bond, and the State Revolving Fund loans, respectively. The 2014, 2020, and 2021 Water and Sewer Refunding and Improvement Revenue Bonds are secured equally and ratably by an irrevocable lien on pledged revenues and the State Revolving Fund loans are junior, inferior, and subordinate in all respects in right of payment and security to the senior revenue obligations. The outstanding notes from direct borrowings related to business-type activities contain a provision that in the event of default, the bank and bond holders are entitled to sue for and enforce payment of all amounts due including interest on overdue payments if pledged revenues during the year are less than the gross revenues of 100% the sum of the cost of operation and maintenance, 115% of the bond service requirement, or if the City is unable to make payment. The outstanding loans from the State Revolving Fund for business-type activities of \$8,774,892 contain a provision that in the event of default, the Florida Department of Environmental Protection is entitled to establish rates and charges for use of the Water and Sewer Systems, intercept delinquent amounts plus penalty from unobligated funds due to the City under any revenue or tax sharing fund established by the State, send notification to financial market credit rating agencies, sue for payment, accelerate the repayment schedule, or increase the financial rate on the unpaid principal to as much as 1.667 times the financing rate.

Long-term liability activity for the Airport for year ended September 30, 2021 was as follows:

| | Balance October 1, 2020 | Additions | Reductions | Balance September 30, 2021 | Amounts Due Within One Year |
|------------------------------|-------------------------------|---------------------|-------------------|----------------------------------|-----------------------------------|
| Component Unit: | | | | | |
| Compensated absences | \$ 563,776 | \$ 281,159 | \$ 246,643 | \$ 598,292 | \$ 177,513 |
| Leases payable | 327,121 | - | 54,894 | 272,227 | 57,702 |
| Notes from direct borrowings | - | 9,000,000 | - | 9,000,000 | - |
| Total Component Unit | <u>\$ 890,897</u> | <u>\$ 9,281,159</u> | <u>\$ 301,537</u> | <u>\$ 9,870,519</u> | <u>\$ 235,215</u> |

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

(5) RESTRICTED ASSETS

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

| | |
|---|---------------|
| Customer deposits | \$ 3,863,922 |
| Interest receivable | 1,699 |
| Due from other Governments | 15,817 |
| Wastewater capital recovery | 364,786 |
| State Revolving Fund current debt service | 100,760 |
| Revenue bonds current debt service | 6,984,634 |
| Revenue bonds future debt service | 4,599,839 |
| Revenue bonds renewal and replacement | 250,000 |
| Total restricted assets | \$ 16,181,457 |

(6) OTHER INFORMATION

A. RISK MANAGEMENT

Insurance - The City is exposed to various risks of loss related to torts; theft of or damage to and destruction of assets; errors and omissions; and natural disasters. The City purchases commercial insurance with various deductibles for different types of losses. The costs for this insurance program are accounted for in the Insurance Internal Service fund. Settled claims have not exceeded this commercial coverage in the past three fiscal years. All applicable funds and component units participate in the general property and liability insurance program and make payments to the Insurance fund based on estimates of the amounts needed to pay insurance premiums and claims and to accumulate funds for financial stability. The excess accumulated funds over claims liability was \$957,882 at September 30, 2021. The Airport also purchased additional insurance not covered by these programs, which is accounted for in the Airport fund.

The General Property and Liability claims liability at September 30, 2021 is \$964,682 and is based on the requirements of GASB Codification, C50, "Claims and Judgements", which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. To estimate this liability the incurred but not reported (IBNR) factors are applied to trended claims history. General Property and Liability claims at September 30, 2020 and 2021 are summarized below:

| Fiscal Year | Claims Liability October 1, | Current Year Claims and Changes in Estimates | Payments | Claims Liability September 30, | Due Within One Year |
|-------------|-----------------------------------|---|------------|-----------------------------------|------------------------|
| 2019-2020 | \$ 804,475 | \$ 143,755 | \$ 155,970 | \$ 792,260 | \$ 229,815 |
| 2020-2021 | 792,260 | 260,096 | 87,674 | 964,682 | 293,219 |

Workers Compensation - The City is exposed to risk of loss related to injuries to employees. The City established a self-insured workers compensation program, accounted for in the Workers Compensation Internal Service fund to finance its uninsured risk of loss. The Workers Compensation fund provides coverage for up to a maximum of \$200,000 for each worker's compensation claim. The City purchases commercial insurance for claims in excess of coverage provided by the self-insurance program. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. All applicable funds and component units participate in the workers compensation self-insurance program and make payments to the Workers Compensation fund based on estimates of the amounts needed to pay prior and current year claims and to accumulate funds for financial stability. Excess accumulated funds over claims liability was \$2,311,074 at September 30, 2021.

The workers compensation claims liability at September 30, 2021 is \$2,225,954 and is based on the requirements of GASB Codification, C50, "Claims and Judgements", which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. To estimate this liability the incurred but not reported (IBNR) factors are applied to trended claims history. Workers compensation claims at September 30, 2020 and 2021 are summarized below:

| Fiscal Year | Claims Liability October 1, | Current Year Claims and Changes in Estimates | Payments | Claims Liability September 30, | Due Within One Year |
|-------------|--------------------------------|---|--------------|-----------------------------------|------------------------|
| 2019-2020 | \$ 2,280,161 | \$ 1,061,786 | \$ 1,121,632 | \$ 2,220,315 | \$ 439,591 |
| 2020-2021 | 2,220,315 | 1,122,843 | 1,117,204 | 2,225,954 | 731,708 |

B. PENSION PLANS

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

The total pension expense as of September 30, 2021 are as follows:

| | |
|--------------------------|--------------|
| Governmental Activities | \$ 7,323,140 |
| Business-type Activities | 405,487 |
| Total Primary Government | 7,728,627 |
| Component Unit | 254,748 |
| Total Reporting Entity | \$ 7,983,375 |

The City has three defined benefit single employer pension plans:

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

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

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Firefighters, Police and General Employee Pension Plans

Summary of Significant Accounting Policies

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

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

The Pension trust funds fiduciary net position activity as of September 30, 2021 was as follows:

| | Firefighters Pension | Police Pension | General Employees Pension | Total Pension Trust Funds |
|---------------------------------------|-------------------------|-----------------------|---------------------------------|---------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 3,861,838 | \$ 6,176,594 | \$ 261,666 | \$ 10,300,098 |
| Investments, at fair value: | | | | |
| U.S. government obligations | 10,593,936 | 23,545,321 | 1,292,281 | 35,431,538 |
| Corporate bonds | 3,850,481 | 8,603,359 | 1,772,237 | 14,226,077 |
| Common stocks | 46,300,524 | 48,174,291 | 5,971,854 | 100,446,669 |
| Real estate funds | 10,469,623 | 4,417,748 | - | 14,887,371 |
| Foreign bond funds | 3,343,293 | - | 468,891 | 3,812,184 |
| Private debt | 2,942,214 | 2,928,832 | - | 5,871,046 |
| Foreign equity funds | 4,515,527 | 15,541,250 | 1,247,451 | 21,304,228 |
| Accounts receivable | - | 2,315 | - | 2,315 |
| Interest receivable | 111,757 | 172,990 | 20,405 | 305,152 |
| Due from other funds | - | - | - | - |
| Prepaid expenses | - | 479,167 | - | 479,167 |
| Total assets | 85,989,193 | 110,041,867 | 11,034,785 | 207,065,845 |
| LIABILITIES | | | | |
| Accounts payable and accrued expenses | 104,117 | 80,463 | 20,719 | 205,299 |
| Due to other funds | 4,748 | 3,126 | 5,120 | 12,994 |
| Overfunded contributions | 421,279 | - | 154,476 | 575,755 |
| Total liabilities | 530,144 | 83,589 | 180,315 | 794,048 |
| NET POSITION | | | | |
| Held in trust for pension benefits | <u>\$ 85,459,049</u> | <u>\$ 109,958,278</u> | <u>\$ 10,854,470</u> | <u>\$ 206,271,797</u> |

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The Pension trust funds change in fiduciary net position activity as of September 30, 2021 was as follows:

| | Firefighters Pension | Police Pension | General Employees Pension | Total Pension Trust Funds |
|--|-------------------------|-----------------------|---------------------------------|---------------------------------|
| ADDITIONS | | | | |
| Contributions | | | | |
| Employer contributions | \$ 3,504,002 | \$ 2,916,260 | \$ 126,298 | \$ 6,546,560 |
| Employee contributions | 704,723 | 667,983 | - | 1,372,706 |
| State contributions | 584,114 | 788,995 | - | 1,373,109 |
| Total contributions | <u>4,792,839</u> | <u>4,373,238</u> | <u>126,298</u> | <u>9,292,375</u> |
| Investment income | | | | |
| Net appreciation in fair value of investments | 11,043,508 | 17,878,311 | 1,470,196 | 30,392,015 |
| Interest, dividends, and other income | 2,053,164 | 1,502,465 | 246,769 | 3,802,398 |
| Total investment gains | <u>13,096,672</u> | <u>19,380,776</u> | <u>1,716,965</u> | <u>34,194,413</u> |
| Less investment expense | <u>(474,122)</u> | <u>(311,061)</u> | <u>(40,892)</u> | <u>(826,075)</u> |
| Net investment earnings | <u>12,622,550</u> | <u>19,069,715</u> | <u>1,676,073</u> | <u>33,368,338</u> |
| Total additions | <u>17,415,389</u> | <u>23,442,953</u> | <u>1,802,371</u> | <u>42,660,713</u> |
| DEDUCTIONS | | | | |
| Benefits paid | 6,083,904 | 7,683,975 | 457,152 | 14,225,031 |
| Refunded contributions | 2,525 | 43,799 | - | 46,324 |
| Administrative expense | 160,051 | 175,842 | 75,967 | 411,860 |
| Total deductions | <u>6,246,480</u> | <u>7,903,616</u> | <u>533,119</u> | <u>14,683,215</u> |
| Net change in net position | <u>11,168,909</u> | <u>15,539,337</u> | <u>1,269,252</u> | <u>27,977,498</u> |
| Net position held in trust for pension benefits October 1 | <u>74,290,140</u> | <u>94,418,941</u> | <u>9,585,218</u> | <u>178,294,299</u> |
| Net position held in trust for pension benefits September 30 | <u>\$ 85,459,049</u> | <u>\$ 109,958,278</u> | <u>\$ 10,854,470</u> | <u>\$ 206,271,797</u> |

Plan Description

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

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

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

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Plan membership. At October 1, 2020, pension plan membership consisted of the following:

| | Firefighters Pension Plan | Police Pension Plan | General Employees Pension Plan | |
|---|------------------------------|------------------------|--|-------------------|
| | | | Primary Government | Component Unit |
| | | | Inactive plan members or beneficiaries currently receiving benefits | 116 |
| Inactive plan members entitled to but not yet receiving benefits | 4 | 58 | 30 | 3 |
| Active plan members | 133 | 142 | 2 | 1 |
| Total | <u>253</u> | <u>373</u> | <u>68</u> | <u>9</u> |

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

Firefighters Pension Plan:

Normal Retirement:

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

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

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

Early Retirement:

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

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

Vesting:

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

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

Disability Retirement:

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

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

Pre-Retirement Death:

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

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

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

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Enhanced Benefit Account (EBA):

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

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

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

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

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

Police Officers Pension Plan:

Normal Retirement:

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

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

Early Retirement:

Date: Age 45 and 10 years of Credited Service.

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

Vesting:

Less than 10 years: Return of Member Contributions.

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

Disability Retirement:

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

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

Pre-Retirement Death:

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

Non-Vested: Refund of Member Contributions.

Cost of Living Adjustment (COLA):

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

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

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

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

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General Employees Pension Plan:

Normal Retirement:

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

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

Early Retirement:

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

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

Vesting:

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

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

Disability Retirement:

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

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

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

Pre-Retirement Death:

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

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

Cost of Living Adjustment (COLA):

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

Supplement:

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

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

Contributions. The employer, employee, and State contribution requirements are applicable to each Plan and actuarially determined on an annual basis. Administrative costs of each of the pension plans are financed by the respective plans. The employee contribution rates, expressed as a percentage of salary, for the Firefighters Pension Plan and the Police Pension Plan were 7.5% and 6.5%, respectively for the 2020-2021 fiscal year. Police officers hired after November 27, 2012 contribute 8.0%. No employee contributions are required for the General Employee Pension Plan. The employer contribution rates, expressed as a percentage of salary for the Firefighters and Police Pension Plans were 43.88% and 32.69%, respectively, for the 2020-2021 fiscal year. The employer contributions for the General Employee Pension Plan were \$50,534 for general employees and \$75,764 for Airport police personnel for the 2020-2021 fiscal year. The City recognized as revenues and expenditures on-behalf payments relating to pension contributions for its public safety employees that the State paid to the Firefighters and Police Pension Plans in the amounts of \$584,114 and \$788,995 respectively. These contributions are funded by an excise tax upon certain casualty and property insurance companies on their gross

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

The City's and Airport's annual contributions exceeded the annual pension cost for each of the local pension plans for the year ended September 30, 2021. The City's contributions to the Firefighters and Police Pension Plans were \$3,504,002 and \$2,916,260 which includes prepaids of \$421,279 in the Firefighters Pension Plan. The Airport's contribution to the General Employees Special Risk Class was \$75,764. The General Employees Regular Class used \$50,534 in prepaids.

Investments

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

The following was the Board's adopted asset allocation policy as of September 30, 2021:

| Asset Class | Target Allocation | | |
|----------------|---------------------------|---------------------|--------------------------------|
| | Firefighters Pension Plan | Police Pension Plan | General Employees Pension Plan |
| Domestic | 45.00% | 45.00% | 50.00% |
| International | 15.00% | 15.00% | 10.00% |
| Domestic Bonds | 20.00% | 32.00% | 35.00% |
| Global Bonds | 5.00% | 3.00% | 5.00% |
| Real Estate | 10.00% | 5.00% | 0.00% |
| Alternatives | 5.00% | 0.00% | 0.00% |

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

Rate of Return. For the year end September 30, 2021, the annual money-weighted rate of return on the Firefighters' Pension Plan, the Police Pension Plan, and the General Employee Pension Plan investments, net of pension plan investment expense, was 16.85%, 20.61% and 17.25% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

DEFERRED RETIREMENT OPTION PLAN (DROP)

Firefighters Pension Plan:

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

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

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

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the DROP account subsequent to the end of the previous quarter and prior to distribution. The Supplemental Benefit is payable once the member actually terminates from employment and begins to receive monthly pension payments after the end of the DROP. The DROP balance at September 30, 2021 was \$6,325,931.

Police Officers Pension Plan:

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

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

A Member's final DROP account value for distribution is the value of the account at the end of the quarter immediately preceding termination of participation in the DROP, plus any monthly periodic additions made to the DROP account subsequent to the end of the previous quarter and prior to distribution. The DROP balance at September 30, 2021 was \$1,259,311.

General Employees Pension Plan:

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

A Member's final DROP account value for distribution is the value of the account at the end of the quarter immediately preceding termination of participation in the DROP, plus any monthly periodic additions made to the DROP account subsequent to the end of the previous quarter and prior to distribution. The DROP balance at September 30, 2021 was \$0 for Regular Class and \$37,361 for Special Risk Class.

Net Pension Liability of the City of Melbourne

The components of the net pension liability of the City at September 30, 2021, as follows, is presented in accordance with GASB Statement No. 67, while the net pension liability recognized by the city in the current financial statements represents the net pension liability measured as of September 30, 2020, which is allowed by GASB Statement No. 68.

| | Firefighters Pension Plan | Police Pension Plan | General Employees Pension Plan | |
|---|------------------------------|------------------------|--------------------------------------|-------------------------------|
| | | | Regular Class* | Airport Special Risk Class |
| Total pension liability | \$ 98,103,702 | \$108,856,777 | \$ 6,423,501 | \$ 1,465,219 |
| Plan fiduciary net position | (85,459,049) | (109,958,278) | (8,959,773) | (1,894,698) |
| Sponsor's net pension liability (asset) | <u>\$ 12,644,653</u> | <u>\$ (1,101,501)</u> | <u>\$ (2,536,272)</u> | <u>\$ (429,479)</u> |

| | | | | |
|--|--------|---------|---------|---------|
| Plan fiduciary net position as a percentage of total pension liability | 87.11% | 101.01% | 139.48% | 129.31% |
|--|--------|---------|---------|---------|

* The Airport's portion of the Regular Class net pension liability is 9.11%.

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Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2020 for the Firefighters' Pension Plan, Police Pension and General Employees Pension Plan using the following actuarial assumptions applied to all measurement periods:

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

The actuarial assumptions used in the October 1, 2020 valuation were carried forward from the prior actuary. No recent actuarial experience study has been performed. The mortality table has been revised to that used in the valuation of FRS as of July 1, 2020 and 2021, as required by state statutes.

The long term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021 are summarized in the following table:

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

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

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

| | 1% Decrease | Current Discount Rate | 1% Increase |
|--|---------------|-----------------------|--------------|
| Firefighters Pension Plan | \$ 22,699,347 | \$ 12,644,653 | \$ 4,187,658 |
| Police Pension Plan | 11,119,377 | (1,101,501) | (11,316,087) |
| General Employee Regular Class | (1,836,811) | (2,536,272) | (3,124,186) |
| General Employee Airport Special Risk Class | (230,347) | (429,479) | (592,377) |

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Net Pension Liability

The City's net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2021 for the Firefighters Pension Plan, and October 1, 2021 for the Police and General Employee Pension Plans, which will be recorded in the fiscal year ending September 30, 2022.

Changes in Net Pension Liability

FIREFIGHTERS PENSION PLAN

| | Increase (Decrease) | | |
|--|----------------------------|--------------------------------|--------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| | (a) | (b) | (a) - (b) |
| Reporting Period Ending 9/30/2020 | \$ 92,634,618 | \$ 74,398,223 | \$ 18,236,395 |
| Changes for the year: | | | |
| Service cost | 2,092,888 | - | 2,092,888 |
| Interest | 6,803,337 | - | 6,803,337 |
| Difference between expected and actual experience | 36,704 | - | 36,704 |
| Changes of assumptions | 2,267,987 | - | 2,267,987 |
| Contributions - employer | - | 3,242,351 | (3,242,351) |
| Contributions - state | - | 547,722 | (547,722) |
| Contributions - employee | - | 694,499 | (694,499) |
| Net investment income | - | 1,361,766 | (1,361,766) |
| Benefit payments, including refunds of employee contributions | (5,823,028) | (5,823,028) | - |
| Administrative expenses | - | (131,393) | 131,393 |
| Net changes | <u>5,377,888</u> | <u>(108,083)</u> | <u>5,485,971</u> |
| Reporting Period Ending 9/30/2021 | <u>\$ 98,012,506</u> | <u>\$ 74,290,140</u> | <u>\$ 23,722,366</u> |

POLICE OFFICERS PENSION PLAN

| | Increase (Decrease) | | |
|--|----------------------------|--------------------------------|--------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| | (a) | (b) | (a) - (b) |
| Reporting Period Ending 9/30/2020 | \$101,557,519 | \$ 86,863,935 | \$ 14,693,584 |
| Changes for the year: | | | |
| Service cost | 1,665,001 | - | 1,665,001 |
| Interest | 7,483,737 | - | 7,483,737 |
| Share Plan Allocation | 149,722 | - | 149,722 |
| Differences between expected and actual experience | 2,155,379 | - | 2,155,379 |
| Changes of assumptions | 2,090,485 | - | 2,090,485 |
| Contributions - employer | - | 3,080,236 | (3,080,236) |
| Contributions - state | - | 819,725 | (819,725) |
| Contributions - employee | - | 607,559 | (607,559) |
| Contributions - buy back | 26,145 | 26,145 | - |
| Net investment income | - | 9,989,716 | (9,989,716) |
| Benefit payments, including refunds of employee contributions | (6,878,711) | (6,878,711) | - |
| Administrative expenses | - | (89,664) | 89,664 |
| Net changes | <u>6,691,758</u> | <u>7,555,006</u> | <u>(863,248)</u> |
| Reporting Period Ending 9/30/2021 | <u>\$108,249,277</u> | <u>\$ 94,418,941</u> | <u>\$ 13,830,336</u> |

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

GENERAL EMPLOYEES REGULAR CLASS PENSION PLAN*

| | Increase (Decrease) | | |
|--|----------------------------|--------------------------------|--------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| | (a) | (b) | (a) - (b) |
| Reporting Period Ending 9/30/2020 | \$ 6,424,852 | \$ 7,630,980 | \$ (1,206,128) |
| Changes for the year: | | | |
| Service cost | 17,072 | - | 17,072 |
| Interest | 437,263 | - | 437,263 |
| Difference between expected and actual experience | 27,758 | - | 27,758 |
| Changes of assumptions | (161,274) | - | (161,274) |
| Changes in benefit terms | - | - | - |
| Contributions - employer | - | 48,635 | (48,635) |
| Contributions - buy back | - | - | - |
| Net investment income | - | 715,805 | (715,805) |
| Benefit payments, including refunds of employee contributions | (390,662) | (390,662) | - |
| Administrative expenses | - | (40,720) | 40,720 |
| Net changes | (69,843) | 333,058 | (402,901) |
| Reporting Period Ending 9/30/2021 | \$ 6,355,009 | \$ 7,964,038 | \$ (1,609,029) |

* The Airport's portion of the Regular Class net pension liability is 9.11%.

GENERAL EMPLOYEES SPECIAL RISK CLASS PENSION PLAN (AIRPORT)

| | Increase (Decrease) | | |
|--|----------------------------|--------------------------------|--------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| | (a) | (b) | (a) - (b) |
| Reporting Period Ending 9/30/2020 | \$ 1,404,603 | \$ 1,449,264 | \$ (44,661) |
| Changes for the year: | | | |
| Service cost | 27,775 | - | 27,775 |
| Interest | 99,048 | - | 99,048 |
| Difference between expected and actual experience | 7,096 | - | 7,096 |
| Changes of assumptions | (44,312) | - | (44,312) |
| Changes in benefit terms | - | - | - |
| Contributions - employer | - | 77,540 | (77,540) |
| Net investment income | - | 136,905 | (136,905) |
| Benefit payments, including refunds of employee contributions | (34,834) | (34,834) | - |
| Administrative expenses | - | (7,695) | 7,695 |
| Net changes | 54,773 | 171,916 | (117,143) |
| Reporting Period Ending 9/30/2021 | \$ 1,459,376 | \$ 1,621,180 | \$ (161,804) |

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

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|-------------------------------------|--------------------|------------------------------|--------------------|
| Firefighters Pension Plan | \$ 34,074,335 | \$ 23,722,366 | \$ 15,072,765 |
| Police Pension Plan | 26,020,647 | 13,830,336 | 3,644,538 |
| General Employee Regular Class* | (898,356) | (1,609,029) | (2,204,540) |
| General Employee Special Risk Class | 36,466 | (161,804) | (323,307) |

* The Airport's portion of the Regular Class sensitivity of the net pension liability is 9.11%.

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

For the year ended September 30, 2021, the City will recognize a pension expense of \$4,440,423 for the Firefighters Pension Plan. On September 30, 2021 the City reported for the **Firefighters Pension Plan** deferred outflows and inflows of resources from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 29,779 | \$ 334,174 |
| Changes of assumptions | 4,241,766 | - |
| Net difference between projected and actual earnings on pension plan investments | 3,777,144 | - |
| Contributions subsequent to the measurement date | 4,088,116 | - |
| Total | <u>\$ 12,136,805</u> | <u>\$ 334,174</u> |

Deferred outflows of \$4,088,116, resulting from City and State contributions subsequent to the measurement date of September 30, 2020, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

| | |
|------|--------------|
| 2021 | \$ 1,733,359 |
| 2022 | 2,313,225 |
| 2023 | 2,170,400 |
| 2024 | 1,367,075 |
| 2025 | 130,456 |

CITY OF MELBOURNE, FLORIDA
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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

For the year ended September 30, 2021, the City will recognize a pension expense of \$2,026,399 for the Police Officers Pension Plan. On September 30, 2021 the City reported for the **Police Officers Pension Plan** deferred outflows and inflows of resources from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 1,850,840 | \$ 1,056,764 |
| Changes of assumptions | 1,393,656 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 3,253,629 |
| Contributions subsequent to the measurement date | 3,705,255 | - |
| Total | \$ 6,949,751 | \$ 4,310,393 |

Deferred outflows of \$3,705,255, resulting from City and State contributions subsequent to the measurement date of September 30, 2020, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

| | |
|------|-------------|
| 2022 | \$ (42,151) |
| 2023 | (32,549) |
| 2024 | (277,953) |
| 2025 | (713,244) |

For the year ended September 30, 2021, the City will recognize a pension expense of (\$305,856) for the General Employees Regular Class Pension Plan. On September 30, 2021 the City reported for the **General Employees Regular Class Pension Plan** deferred outflows and inflows of resources from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Net difference between projected and actual earnings on pension plan investments | \$ - | \$ 202,264 |
| Contributions subsequent to the measurement date | 50,534 | - |
| Total | \$ 50,534 | \$ 202,264 |

The Airport's portion of the deferred outflows is 0% and inflows of resources is 9.11%.

Deferred outflows of \$50,534, resulting from City contributions subsequent to the measurement date of September 30, 2020, will be recognized as an adjustment to the net pension asset (liability) in the fiscal year ending September 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

| | |
|------|--------------|
| 2022 | \$ (121,120) |
| 2023 | (34,910) |
| 2024 | (7,227) |
| 2025 | (39,007) |

For the year ended September 30, 2021, the Airport will recognize a pension expense of (\$26,824) for the General Employees Special Risk Class Pension Plan. On September 30, 2021 the City reported for the Airport's

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

General Employees Special Risk Class Pension Plan deferred outflows and inflows of resources from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Net difference between projected and actual earnings on pension plan investments | \$ - | \$ 30,603 |
| Contributions subsequent to the measurement date | 75,764 | - |
| Total | \$ 75,764 | \$ 30,603 |

Deferred outflows of \$75,764, resulting from Airport contributions subsequent to the measurement date of September 30, 2020, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

| | |
|------|-------------|
| 2022 | \$ (18,123) |
| 2023 | (4,966) |
| 2024 | (668) |
| 2025 | (6,846) |

FLORIDA RETIREMENT SYSTEM

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

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

www.dms.myflorida.com/workforce_operations/retirement/publications.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Pension Plan

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

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

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

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

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

Contributions – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates, which include the HIS plan of 1.66%, are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2020 through June 30, 2021 and from July 1, 2021 through September 30, 2021, respectively, were as follows: Regular 10.00% and 10.82%; Special Risk Airport Police 24.45% and 25.89%; Senior Management Service 27.29% and 29.01%; Elected Officers’ 49.18% and 51.42%; DROP participants 16.98% and 18.34%; Re-employed General 5.10% and 5.85%, and Re-employed Airport Police 9.26% and 10.56%.

City’s contributions, including employee contributions, to the Pension Plan totaled \$3,947,961 for the fiscal year ended September 30, 2021, which include Airport contributions of \$443,405.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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

– At September 30, 2021, the City reported a liability of \$6,334,207 for its proportionate share of the Pension Plan’s net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The City’s proportionate share of the net pension liability was based on the City’s 2020-21 fiscal year contributions relative to the 2020-21 fiscal year contributions of all participating members. At June 30, 2021, the City’s proportionate share was .083854%, which was a decrease of .000196% from its proportionate share measured as of June 30, 2020.

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

For the fiscal year ended September 30, 2021, the City recognized pension expense of \$237,880, including the component unit’s share of \$21,600. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Primary Government: | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 987,112 | \$ - |
| Change of assumptions | 3,951,852 | - |
| Net difference between projected and actual earnings on FRS plan investments | - | 20,081,655 |
| Changes in proportion and differences between City FRS plan contributions and proportionate share of contributions | 1,421,827 | 458,215 |
| City FRS plan contributions subsequent to the measurement date | 846,967 | - |
| Total | \$ 7,207,758 | \$ 20,539,870 |
| | | |
| Component Unit: | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 98,581 | \$ - |
| Change of assumptions | 382,327 | - |
| Net difference between projected and actual earnings on FRS plan investments | - | 2,016,803 |
| Changes in proportion and differences between City FRS plan contributions and proportionate share of contributions | 141,995 | 45,761 |
| City FRS plan contributions subsequent to the measurement date | 84,585 | - |
| Total | \$ 707,488 | \$ 2,062,564 |

The deferred outflows of resources related to the FRS Pension Plan, totaling \$931,552 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the FRS Pension Plan will be recognized in pension expense as follows:

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

| <u>Year Ending September 30,</u> | <u>Primary Government</u> | <u>Component Unit</u> |
|----------------------------------|---------------------------|-----------------------|
| 2022 | \$ (2,501,076) | \$ (249,777) |
| 2023 | (2,916,485) | (291,264) |
| 2024 | (3,863,220) | (385,812) |
| 2025 | (4,928,966) | (515,871) |
| 2026 | 30,668 | 3,063 |
| Thereafter | - | - |

Actuarial Assumptions – The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

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

| <u>Asset Class</u> | <u>Target Allocation*</u> | <u>Annual Arithmetic Return</u> | <u>Compound Annual (Geometric) Return</u> | <u>Standard Deviation</u> |
|--------------------------|---------------------------|---------------------------------|---|---------------------------|
| Cash | 1.00% | 2.10% | 2.10% | 1.10% |
| Fixed income | 20.00% | 3.80% | 3.70% | 3.30% |
| Global equity | 54.20% | 8.20% | 6.70% | 17.80% |
| Real estate | 10.30% | 7.10% | 6.20% | 13.80% |
| Private equity | 10.80% | 11.70% | 8.50% | 26.40% |
| Strategic investments | 3.70% | 5.70% | 5.40% | 8.40% |
| Total | <u>100.00%</u> | | | |
| Assumed Inflation - Mean | | | 2.40% | 1.20% |

* As outlined in the Plan's investment policy

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

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

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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| | 1% Decrease (5.80%) | Current Discount Rate (6.80%) | 1% Increase (7.80%) |
|--|------------------------|-------------------------------------|------------------------|
| City's proportionate share of the net pension liability | \$ 25,754,908 | \$ 5,756,349 | \$ (10,955,224) |
| Airport's proportionate share of the net pension liability | \$ 2,572,092 | \$ 577,858 | \$ (1,094,077) |
| Total net pension liability | <u>\$ 28,327,000</u> | <u>\$ 6,334,207</u> | <u>\$ (12,049,301)</u> |

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

Payables to the Pension Plan - At September 30, 2021, the primary government reported a payable in the amount of \$353,177, including the component unit's share of \$32,068, for outstanding contributions to the FRS Pension Plan required for the fiscal year ended September 30, 2021.

Health Insurance Subsidy (HIS) Plan

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

Benefits Provided – For the fiscal year ended September 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2021, the HIS contribution was 1.66%. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

City's contributions to the HIS Plan totaled \$532,452 for the fiscal year ended September 30, 2021, which includes Airport's contribution of \$57,797.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2021, the City reported a liability of \$11,071,409 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The City's proportionate share of the net pension liability was based on the City's 2020-21 fiscal year contributions relative to the 2020-21 fiscal year contributions of all participating members. At June 30, 2021, the City's proportionate share was .090257%, which was a decrease of .004383% from its proportionate share measured as of June 30, 2020.

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

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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For the fiscal year ended September 30, 2021, the City recognized pension expense of \$796,677, including the component unit's share of \$86,439. In addition the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Primary Government: | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 330,280 | \$ 4,134 |
| Change of assumptions | 810,015 | 402,799 |
| Net difference between projected and actual earnings on FRS plan investments | 10,290 | - |
| Changes in proportion and differences between City FRS plan contributions and proportionate share of contributions | 676,324 | 643,324 |
| City FRS plan contributions subsequent to the measurement date | 126,671 | - |
| Total | \$ 1,953,580 | \$ 1,050,257 |

| Component Unit: | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 40,197 | \$ 503 |
| Change of assumptions | 59,950 | 53,371 |
| Net difference between projected and actual earnings on FRS plan investments | 1,252 | - |
| Changes in proportion and differences between City FRS plan contributions and proportionate share of contributions | 82,312 | 78,296 |
| City FRS plan contributions subsequent to the measurement date | 15,417 | - |
| Total | \$ 199,128 | \$ 132,170 |

The deferred outflows of resources related to the HIS Plan, totaling \$142,088 resulting from City contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

| Year Ending September 30, | Primary Government | Component Unit |
|---------------------------|--------------------|----------------|
| 2022 | \$ 206,734 | \$ 25,160 |
| 2023 | 66,450 | 8,087 |
| 2024 | 132,900 | 16,175 |
| 2025 | 177,200 | 21,566 |
| 2026 | 171,218 | (22,143) |
| Thereafter | 22,150 | 2,696 |

Actuarial Assumptions – The total pension liability in the July 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------|-------------------------------------|
| Inflation | 2.40 % |
| Salary increases | 3.25%, average, including inflation |
| Municipal bond rate | 2.16 % |

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018.

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate - The discount rate used to measure the total pension liability was 2.16%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 2.16%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current rate:

| | 1% Decrease (1.16%) | Current Discount Rate (2.16%) | 1% Increase (3.16%) |
|--|------------------------|-------------------------------------|------------------------|
| City's proportionate share of the net pension liability | \$ 11,607,465 | \$ 10,040,220 | \$ 8,756,212 |
| Airport's proportionate share of the net pension liability | \$ 1,192,154 | \$ 1,031,189 | \$ 899,314 |
| Total net pension liability | \$ 12,799,619 | \$ 11,071,409 | \$ 9,655,526 |

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

Payables to the Pension Plan - At September 30, 2021, the City reported a payable in the amount of \$40,637, including the component unit's share of \$4,409, for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2021.

Investment Plan

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

The FRS Investment Plan has 985 participating employers. The City has 146 participating employees, including 17 Airport employees.

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

**CITY OF MELBOURNE, FLORIDA
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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

of plan members. Allocations to the investment member's accounts during the 2020-21 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 8.28%, Special Risk class 22.73%, Senior Management Service class 25.57% and County Elected Officers class 47.46%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2021, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

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

City's contributions, including employee contributions, to the Investment Plan totaled \$994,402 for the fiscal year ended September 30, 2021, including Airport contributions of \$227,343.

C. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

Funding Policy - The City is funding the postemployee benefits on a pay-as-you-go basis. Contribution rates for the Plan are established by City Council annually. For non-union and Police Union employees hired prior to January 1, 2011, the City provides 50% of the health insurance premium for retirees who opt for coverage through the City's insurance program or the Florida Retired Public Employees Group Medicare Supplemental Insurance Program as an explicit subsidy. IAFF employees hired prior to October 14, 2014, receive a subsidy at the rate of 2% per year of service up to a maximum of 50% of published rates, until the retiree reaches normal Medicare age. LIU Union employees hired prior to January 1, 2011, and who retire from the City with at least 8 years of service (current FRS vesting requirement) with the City, receive a 50% contribution toward retiree (single) group health insurance or toward the group Medicare supplemental plan. For the fiscal year ended September 30, 2021 the City contributed \$492,562 to cover 266 retired employees and \$22,846 for the Airport to cover 16 retired employees. Blended premium rates for active and retired employees combined provide an implicit subsidy for retirees because on an actual basis, their current and future claims are expected to result in higher costs to the Plan than those of active employees. The current year contribution represents an estimate of this implied subsidy.

**CITY OF MELBOURNE, FLORIDA
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Plan Membership – At October 1, 2021, OPEB membership consisted of the following:

| | Firefighters | Police | General Employees | |
|---|--------------|------------|--------------------|----------------|
| | | | Primary Government | Component Unit |
| Inactive members currently receiving benefits | 50 | 65 | 159 | 16 |
| Active members | 126 | 142 | 439 | 46 |
| Total | 176 | 207 | 598 | 62 |

Actuarial Assumptions and Other Inputs – The total OPEB liability in the September 30, 2021 actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|---|
| Inflation | 2.50 percent |
| *Salary Increases | 2.1 to 5.1 percent projected annual salary increase |
| Discount rate | 2.41 percent investment rate of return |
| Health care cost trend rates | 6.50 percent using Society of Actuaries Long-Term Model |
| Retirees' share of benefit-related costs | 50 percent of projected health insurance premiums |
| *Salary scale used by FRS depends on gender and service. | |

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

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

The actuarial assumption used for September 30, 2021 are based on the results of a full valuation as of September 30, 2020, which was completed on the measurement date. The City recognized \$742,978 as the current portion for payments expected in the next fiscal year.

At September 30, 2021 the City of Melbourne reported a net OPEB liability of \$18,999,649. The GASB 75 information has been provided as of the September 30, 2020 measurement date.

Change in Net OPEB Liability

| | Increase (Decrease) | | |
|--|-----------------------------|------------------------------------|---------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| Balance as of October 1, 2019 for FYE 2020 | \$ 15,917,296 | \$ - | \$ 15,917,296 |
| Changes for the year: | | | - |
| Service cost | 539,312 | - | 539,312 |
| Interest | 426,802 | - | 426,802 |
| Experience Losses/(Gains) | 2,295,440 | - | 2,295,440 |
| Changes of assumptions | 615,278 | - | 615,278 |
| Contributions - employer | - | 794,479 | (794,479) |
| Benefit payments | (794,479) | (794,479) | - |
| Net changes | <u>3,082,353</u> | <u>-</u> | <u>3,082,353</u> |
| Balance as of October 1, 2020 for FYE 2021 | <u>\$ 18,999,649</u> | <u>\$ -</u> | <u>\$ 18,999,649</u> |

The Airport's share of the net OPEB liability is 4.5%

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Changes in assumptions and other inputs reflect a change in the discount rate from 2.75% as of September 30, 2019 to 2.41% as of September 30, 2020. The methods, assumptions, and participant data used are detailed in the actuarial valuation report dated September 30, 2021 with the exception of the actuarial cost method. These calculations are based in the Entry Age Normal cost method required by GASB 75.

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

Sensitivity of the Net OPEB Liability - The following table represents the City's net OPEB liability calculated using the discount rate of 2.41%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.41%) or one percentage point higher (3.41%) than the current rate:

| | 1% Decrease (1.41%) | Current Discount Rate (2.41%) | 1% Increase (3.41%) |
|--------------------|------------------------|-------------------------------------|------------------------|
| Net OPEB Liability | \$ 21,165,803 | \$ 18,999,649 | \$ 17,133,563 |

The following table represents the City's net OPEB liability calculated using the health care cost trend rate of 4.04%, as well as what the City's net OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower (3.04%) or one percentage point higher (5.04%) than the current rate:

| | 1% Decrease (3.04%) | Current Ultimate Trend (4.04%) | 1% Increase (5.04%) |
|--------------------|------------------------|--------------------------------------|------------------------|
| Net OPEB Liability | \$ 17,015,287 | \$ 18,999,649 | \$ 21,404,646 |

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

For the fiscal year ended September 30, 2021, the City of Melbourne recognized an OPEB expense of \$1,147,757. In addition the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 1,940,332 | \$ 1,211,396 |
| Change of assumptions | 1,782,222 | 567,607 |
| City contributions subsequent to the measurement date | 515,408 | - |
| Total | \$ 4,237,962 | \$ 1,779,003 |

The Airport's portion of the deferred outflows and inflows of resources is 4.43%.

The deferred outflows of resources related to OPEB, totaling \$515,408 resulting from City contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the fiscal year ending September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in the expense as follows:

**CITY OF MELBOURNE, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

| | |
|---------------------------|------------|
| Year Ending September 30: | |
| 2022 | \$ 181,644 |
| 2023 | 339,131 |
| 2024 | 339,131 |
| 2025 | 339,133 |
| 2026 | 744,517 |
| Thereafter | - |

D. OTHER EMPLOYEE BENEFIT PLANS

1. 457 Deferred Compensation Plans

The City sponsors two 457 Deferred Compensation Plans as an eligible employer as defined in Internal Revenue Code Section 457(e)(1). The assets of both plans are held in trust for participating employees, with the City serving as trustee for the exclusive benefit of the plan participants and their beneficiaries. In 2012, senior City management established the City of Melbourne 457 Plan Committee and hired NFP Retirement, formerly Fiduciary First, as a consultant, to remain in compliance with regulations governing 457 plans and to ensure the City receives the best investment options and best value for plan participants. The Committee, working in conjunction with the consultant, review the plans and their performance, and make recommendations to the City Manager for changes to the plans.

The City of Melbourne 457(b) Deferred Compensation Plan – Deferred Compensation Plan for Public Employees 457 Governmental Plan and Trust is administered by Nationwide Retirement Solutions and was established by Resolution No. 520 on April 10, 1979. Benefit terms for the 457 plan are established and may be amended by the City Manager as authorized by City Council, most recently restated by Resolution No. 3883, on October 10, 2019. The plan is fully funded by participants, operating on a pre-tax basis in the tax-deferred 457 plan, and operating on an after-tax basis in the Roth 457 plan, with contributions vesting immediately. The City does not contribute to the plan.

The 457 Governmental Deferred Compensation Plan and Trust is administered by MissionSquare Retirement, formerly the International City Managers' Association Retirement Corporation, was established by Resolution No. 823 on July 12, 1983. Benefit terms for the 457 plan are established and may be amended by the City Manager as authorized by City Council, most recently restated by Resolution No. 3884, on October 10, 2019. The plan is fully funded by participants, operating on a pre-tax basis in the tax-deferred 457 plan, and operating on an after-tax basis in the Roth 457 plan, with contributions vesting immediately. The City does not contribute to the plan.

2. Melbourne Airport Authority 401(a) Plan

Established by Resolution No. 12-20 of the Melbourne Airport Authority on December 2, 2020, the Melbourne Airport Authority 401(a) Plan offers the Authority with the ability to make contributions for the benefit of key positions as a means to attract and retain employees in senior management positions. The plan is administered by Nationwide Retirement Solutions and voluntary participation is limited to the Executive Director and director-level positions at the airport.

Benefit terms are established and may be amended by the Melbourne Airport Authority. The Executive Director has the authority to determine the amount of discretionary contributions received by other participants of the plan, while the Melbourne Airport Authority determines the discretionary amount of contributions the Executive Director receives. For all participants, contributions vest immediately. For the year ended September 30, 2021, the plan had 3 active participants and the airport made \$94,834 in contributions.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

E. CONTINGENCIES

1. Litigation

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

2. Pollution Remediation

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

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

3. Asset Retirement Obligations

The City has a liability of \$67,639 in governmental activities for two 12,000-gallon underground fiberglass-clad steel storage tanks at the City fleet fuel facility.

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

4. Grants

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

5. Coronavirus

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

F. TAX ABATEMENTS

The City enters into property tax abatement agreements with new or expanding businesses under the Economic Development Ad Valorem Tax Exemption Program authorized by Melbourne City Code, Chapter 54, Article VI, and Section 196.1995 Florida Statutes. Under the program, the City grants 100% property tax abatements from one to 10 years to attract or retain businesses, which contribute to the economy of the City with new jobs and improvements to real and personal property. The program criteria scores applications on the number of employees, average payroll, capital investment, and additional high economic impact factors such as significant capital investment over \$15 million, over 150 new employees, or targeted industries. Benefitting businesses are required to file an annual report detailing their year-end investment and employment levels and verifying their new or expansion status as outlined in Florida Statutes Section 196.012. For the fiscal year ended September 30, 2021, the City abated 2020 property taxes to three businesses totaling \$389,524. Compliance review of the benefiting businesses annual reports determined that one exemption will expire leaving two businesses qualified for 2021 property tax abatements.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

G. SUBSEQUENT EVENTS

On October 26, 2021, City Council awarded the purchase of Sodium Hypochlorite Supply Services for the Water Reclamation Division, to Odyssey Manufacturing Company, of Tampa, Florida. The contract has an estimated annual amount of \$73,000 and total estimated contract amount of \$219,000.

On October 26, 2021, City Council approved the purchase of CAD/RMS (Tiburon) computer-aided dispatch software maintenance for law enforcement from Tritech Software Systems, a CentralSquare Company, of Lake Mary, Florida in the amount of \$208,367.88.

On October 26, 2021, City Council purchased a custom engine pumper fire truck from Sutphen Corporation, of Dublin, Ohio for \$540,206.75.

On October 27, 2021, the Melbourne Airport Authority approved an increase to the Airport Revenue Note, Series 2021 by \$6,000,000 for the Terminal Renovation and Expansion Project. The terms of the amended loan agreement maintains the taxable interest fixed rate of 1.95 percent and interest only payments until May 2024.

On November 9, 2021, City Council was informed of an emergency procurement in the amount of \$92,150 to replace one of the bulk liquid ferric-sulfate chemical tanks at the water treatment plant due to a crack in the tank.

On November 9, 2021, City Council awarded the contract for the Front Street Complete Streets, Project No. 64517, to Don Luchetti Construction, Inc. of Melbourne, FL in the amount of \$984,635.75.

On November 9, 2021, City Council approved the purchase of three sodium hypochlorite bulk storage tanks from Coastal Reliability Solutions, LLC, of Oldsmar, Florida in the amount \$110,334.09.

On November 9, 2021, City Council awarded the contract for water and biosolids analysis services to Advanced Environmental Laboratories, Inc. of Jacksonville, Florida for an estimated annual amount of \$22,183 and an estimated contract amount of \$110,915.

On November 9, 2021, City Council approved the purchase of ferric sulfate, for the 45 days between the end of the current contract and the start of a new contract, from Kemira Water Solutions, of Lawrence, Kansas with an estimated cost of \$209,100.

On November 9, 2021, City Council awarded the solid waste and recyclable materials collection bid to Waste Management Inc. of Florida (local office West Melbourne, Florida) with an estimated annual cost of \$10,646,853.40 for a period of seven years, with an additional three-year renewal option, subject to the adoption of an ordinance adopting the final franchise agreement substantially in the form of the bid and adoption of a rate resolution as needed to effectuate such agreement.

On November 23, 2021, City Council awarded the contract for Lift Station No. 46 Force Main Replacement, Project No. 32220, to Young's Communications LLC, of Melbourne, Florida in the amount of \$539,325.

On November 23, 2021, City Council approved Task Order No. AGI 223 to the Continuing Contract for Engineering Services for Traffic Signal Timing Studies - Babcock Street, Hibiscus Boulevard, NASA Boulevard, Dr. Martin Luther King Jr. Boulevard, US 1, and US 192, Project No. 68222, to Iteris, Inc. of Tampa, Florida in the amount of \$244,990.04.

On November 23, 2021, City Council approved the purchase of a Ford F-550 chassis cargo box video camera truck from Cues, Inc. of Orlando, Florida in the amount of \$390,491.

On December 1, 2021, the Melbourne Airport Authority Board approved a contract award to Menzies Aviation Inc. to provide aircraft fueling services for TUI Airways. There is no minimum or maximum amount, but the contract is estimated to cost around \$221,250 per year for four years, with three one-year renewal options.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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On December 14, 2021, City Council approved a contract award for the Grant Place Baffle Box, Project No. 20119, to Jobear Contracting Inc. of Palm Bay, Florida in the amount of \$498,831.

On December 14, 2021, City Council approved the purchase of sulfuric acid from Shrieve Chemical of The Woodlands, Texas for an estimated annual cost of \$130,800 and an estimated total contracted amount of \$654,000.

On December 14, 2021, City Council approved a contract award for the purchase of ferric sulfate to Kemira Water Solutions USA, Inc. of Lawrence, Kansas for an estimated annual amount of \$1,882,350 and an estimated total contracted amount of \$9,411,750.

On January 11, 2022, City Council approved a change order for the Pineda Causeway Water Transmission Mains, Project No. 30315, to Quality Enterprises USA, Inc., of Naples, Florida in the amount of \$584,052.

On January 11, 2022, City Council approved Resolution No. 4067, authorizing the issuance of a general obligation bond not to exceed \$35,000,000 in aggregate principal to finance the property acquisition, design, construction, and equipping of a new police department headquarters facility, now known as the Joseph Pellicano Law Enforcement Center.

On January 25, 2022, City Council approved the purchase of an Axon Fleet 3 in-Car Video System from Axon Enterprise, Inc., of Scottsdale, Arizona with an annual cost of \$183,600 and a total contracted cost of \$918,000.

On February 8, 2022, City Council approved a contract award for the M-1 Canal Force Main Capacity Improvements, Project No. 32520, to Don Luchetti Construction, Inc., of Melbourne, Florida in the amount of \$1,657,945.

On February 8, 2022, City Council approved the purchase of four BIG-IP i2600 Local Traffic Managers Loadbalancers, two Pure Storage Memory Expansion Units, two Exagrid Backup Storage Expansion Units, and eight replacement network switches from Presidio Networked Solution Group, LLC of Orlando, Florida in the amount of \$545,431.

On February 22, 2022, City Council approved a contract award for the Mallards Landing Golf Course Greens Replacement, Project No. 10621, to XGD Systems, Inc. of Stuart, Florida in the amount of \$412,344.

On February 22, 2022, City Council approved Task Order No. JEG07 to Jacobs Engineering Group, Inc. of Orlando, Florida for the Remote Sites SCADA Instrumentation and Controls, Project No. 31022, in the amount of \$1,320,168.

On February 22, 2022, City Council approved a contract award for water meters and water meter parts to Badger Meter, Inc. of Milwaukee, Wisconsin with an estimated annual cost of \$375,000, and an estimated total contracted cost of \$6,000,000.



REQUIRED SUPPLEMENTARY INFORMATION

The following schedules are reported in this subsection:

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

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Positive (Negative) |
|--|----------------------|----------------------|-------------------------------------|---|
| | Original | Final | (See Note A) | |
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ 38,126,813 | \$ 38,126,813 | \$ 38,264,108 | \$ 137,295 |
| Utility and communications | 11,690,000 | 11,690,000 | 12,435,162 | 745,162 |
| Franchise fees | 7,015,000 | 7,015,000 | 7,214,333 | 199,333 |
| Intergovernmental | 13,454,225 | 13,839,094 | 15,695,817 | 1,856,723 |
| Charges for services | 10,147,860 | 10,324,255 | 10,033,471 | (290,784) |
| Licenses and permits | 3,309,420 | 3,309,420 | 4,547,173 | 1,237,753 |
| Fines, forfeitures, penalties and fees | 230,000 | 230,000 | 370,287 | 140,287 |
| Investment earnings | 720,412 | 525,555 | (137,758) | (663,313) |
| Other revenues | 1,055,790 | 1,186,537 | 1,047,415 | (139,122) |
| Total revenues | <u>85,749,520</u> | <u>86,246,674</u> | <u>89,470,008</u> | <u>3,223,334</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | | | | |
| Mayor and council | 205,778 | 205,778 | 178,538 | 27,240 |
| City manager | 948,906 | 975,841 | 926,603 | 49,238 |
| City attorney | 869,387 | 906,856 | 885,052 | 21,804 |
| City clerk | 476,926 | 480,326 | 418,672 | 61,654 |
| Accounting and budget | 2,215,328 | 2,235,204 | 2,129,405 | 105,799 |
| Procurement | 462,179 | 462,179 | 448,333 | 13,846 |
| Human resources | 841,247 | 841,247 | 803,989 | 37,258 |
| Information technology | 5,679,188 | 5,902,872 | 5,492,686 | 410,186 |
| Engineering | 1,552,009 | 1,584,825 | 1,546,263 | 38,562 |
| Community development | 831,396 | 943,321 | 901,689 | 41,632 |
| Other - unclassified | 6,085,455 | 4,122,921 | 3,118,809 | 1,004,112 |
| Total general government | <u>20,167,799</u> | <u>18,661,370</u> | <u>16,850,039</u> | <u>1,811,331</u> |
| Public Safety: | | | | |
| Fire | 22,275,970 | 22,763,072 | 22,480,756 | 282,316 |
| Police | 24,697,918 | 26,741,437 | 26,183,718 | 557,719 |
| Total public safety | <u>46,973,888</u> | <u>49,504,509</u> | <u>48,664,474</u> | <u>840,035</u> |
| Public works | | | | |
| | <u>8,115,849</u> | <u>8,150,275</u> | <u>7,205,329</u> | <u>944,946</u> |
| Parks and recreation | | | | |
| | <u>9,745,510</u> | <u>10,642,870</u> | <u>10,189,280</u> | <u>453,590</u> |
| Housing and urban improvement | | | | |
| | <u>662,150</u> | <u>731,696</u> | <u>706,354</u> | <u>25,342</u> |
| Debt service: | | | | |
| Principal | 740,000 | 740,000 | 740,000 | - |
| Interest and fiscal agent fees | 128,150 | 128,150 | 128,150 | - |
| Total debt service | <u>868,150</u> | <u>868,150</u> | <u>868,150</u> | <u>-</u> |
| Total expenditures | <u>86,533,346</u> | <u>88,558,870</u> | <u>84,483,626</u> | <u>4,075,244</u> |
| Excess (deficiency) of revenues over expenditures | <u>(783,826)</u> | <u>(2,312,196)</u> | <u>4,986,382</u> | <u>7,298,578</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 3,483,826 | 3,957,003 | 3,730,816 | (226,187) |
| Transfers out | (5,015,000) | (9,141,763) | (9,645,677) | (503,914) |
| Capital leases | - | 473,896 | 473,896 | - |
| Sale of capital assets | - | - | 292,666 | 292,666 |
| Total other financing sources (uses) | <u>(1,531,174)</u> | <u>(4,710,864)</u> | <u>(5,148,299)</u> | <u>(437,435)</u> |
| Net change in fund balance | <u>(2,315,000)</u> | <u>(7,023,060)</u> | <u>(161,917)</u> | <u>6,861,143</u> |
| Fund balance, October 1 | <u>40,567,041</u> | <u>40,567,041</u> | <u>40,567,041</u> | <u>-</u> |
| Fund balance, September 30 | <u>\$ 38,252,041</u> | <u>\$ 33,543,981</u> | <u>\$ 40,405,124</u> | <u>\$ 6,861,143</u> |

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DOWNTOWN REDEVELOPMENT
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

| | Budget Amounts | | Actual on (Budgetary Basis) (See Note A) | Variance with Final Budget- Positive/ (Negative) |
|--|-------------------|------------------|--|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 1,426,589 | \$ 1,426,589 | \$ 1,426,589 | \$ - |
| Investment earnings | 12,000 | 12,000 | 22,551 | 10,551 |
| Other revenue | - | - | 7,000 | 7,000 |
| Total revenues | <u>1,438,589</u> | <u>1,438,589</u> | <u>1,456,140</u> | <u>17,551</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 890,255 | 923,421 | 783,230 | 140,191 |
| Debt service: | | | | |
| Interest | <u>73,334</u> | <u>73,334</u> | <u>53,863</u> | <u>19,471</u> |
| Total expenditures | <u>963,589</u> | <u>996,755</u> | <u>837,093</u> | <u>159,662</u> |
| Excess (deficiency) of revenues over (under) expenditures | 475,000 | 441,834 | 619,047 | 177,213 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | <u>(475,000)</u> | <u>(591,953)</u> | <u>(591,953)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(475,000)</u> | <u>(591,953)</u> | <u>(591,953)</u> | <u>-</u> |
| Net change in fund balance | - | (150,119) | 27,094 | 177,213 |
| Fund balance, October 1 | <u>150,119</u> | <u>150,119</u> | <u>150,119</u> | <u>-</u> |
| Fund balance, September 30 | <u>\$ 150,119</u> | <u>\$ -</u> | <u>\$ 177,213</u> | <u>\$ 177,213</u> |

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BABCOCK STREET REDEVELOPMENT
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

| | Budget Amounts | | Actual on (Budgetary Basis) (See Note A) | Variance with Final Budget- Positive/ (Negative) |
|--------------------------------------|---------------------|---------------------|--|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 1,170,773 | \$ 1,170,773 | \$ 1,170,773 | \$ - |
| Investment earnings | 20,000 | 20,000 | 22,895 | 2,895 |
| Total revenues | 1,190,773 | 1,190,773 | 1,193,668 | 2,895 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 436,428 | 456,391 | 252,009 | 204,382 |
| Debt service: | | | | |
| Principal | 273,933 | 273,933 | - | 273,933 |
| Interest | 40,412 | 40,412 | 25,125 | 15,287 |
| Total expenditures | 750,773 | 770,736 | 277,134 | 493,602 |
| Excess of revenues over expenditures | 440,000 | 420,037 | 916,534 | 496,497 |
| OTHER FINANCING USES | | | | |
| Transfers out | (440,000) | (440,000) | (440,000) | - |
| Net change in fund balance | - | (19,963) | 476,534 | 496,497 |
| Fund deficit, October 1 | (794,399) | (794,399) | (794,399) | - |
| Fund deficit, September 30 | <u>\$ (794,399)</u> | <u>\$ (814,362)</u> | <u>\$ (317,865)</u> | <u>\$ 496,497</u> |

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
OLDE EAU GALLIE REDEVELOPMENT
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

| | Budget Amounts | | Actual on (Budgetary Basis) (See Note A) | Variance with Final Budget- Positive/ (Negative) |
|--------------------------------------|-------------------|------------------|--|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 599,579 | \$ 599,579 | \$ 599,581 | \$ 2 |
| Investment earnings | 10,000 | 10,000 | 15,702 | 5,702 |
| Total revenues | <u>609,579</u> | <u>609,579</u> | <u>615,283</u> | <u>5,704</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | <u>409,579</u> | <u>409,689</u> | <u>163,143</u> | <u>246,546</u> |
| Excess of revenues over expenditures | 200,000 | 199,890 | 452,140 | 252,250 |
| OTHER FINANCING USES | | | | |
| Transfers out | <u>(200,000)</u> | <u>(789,528)</u> | <u>(789,528)</u> | <u>-</u> |
| Net change in fund balance | - | (589,638) | (337,388) | 252,250 |
| Fund balance, October 1 | <u>589,638</u> | <u>589,638</u> | <u>589,638</u> | <u>-</u> |
| Fund balance, September 30 | <u>\$ 589,638</u> | <u>\$ -</u> | <u>\$ 252,250</u> | <u>\$ 252,250</u> |

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

BUDGETARY NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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

Revenues

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

| Expenditures | <u>General Fund</u> | <u>Downtown Redevelopment</u> | <u>Babcock Street Redevelopment</u> | <u>Olde Eau Gallie Redevelopment</u> |
|---|----------------------|-----------------------------------|---|--|
| Actual amounts (budgetary basis) "total expenditures" as reported on the statement of revenues, expenditures and changes in fund balances - - budget and actual | \$ 84,483,626 | \$ 837,093 | \$ 277,134 | \$ 163,143 |
| Differences - - budget to GAAP: | | | | |
| Encumbrances for professional services, supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies and services are received for <i>financial reporting</i> purposes. | <u>(2,557,260)</u> | <u>(40,000)</u> | <u>-</u> | <u>-</u> |
| Total expenditures are reported on the statement of revenues, expenditures, and changes in fund balances. | <u>\$ 81,926,366</u> | <u>\$ 797,093</u> | <u>\$ 277,134</u> | <u>\$ 163,143</u> |

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

The budgetary schedules present comparisons of the legally adopted budget with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of the resultant timing differences in the excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) (Budgetary Basis) as compared to the excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) (GAAP Basis) for the year ended September 30, 2021 is presented in the following table:

| | <u>General Fund</u> | <u>Downtown Redevelopment</u> | <u>Babcock Street Redevelopment</u> | <u>Olde Eau Gallie Redevelopment</u> |
|--|---------------------|-----------------------------------|---|--|
| Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) (Budgetary Basis) | \$ (161,917) | \$ 27,094 | \$ 476,534 | \$ (337,388) |
| Adjustments: | | | | |
| Encumbrances | <u>2,557,260</u> | <u>40,000</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) (GAAP Basis) | <u>\$ 2,395,343</u> | <u>\$ 67,094</u> | <u>\$ 476,534</u> | <u>\$ (337,388)</u> |

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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

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

| | 9/30/2021* | 9/30/2020 | 9/30/2019 | 9/30/2018 |
|---|---------------|---------------|---------------|---------------|
| Total pension liability | | | | |
| Service cost | \$ 2,225,827 | \$ 2,092,888 | \$ 1,958,018 | \$ 1,824,715 |
| Interest | 6,819,028 | 6,803,337 | 6,644,955 | 6,508,591 |
| Changes of benefit terms | - | - | - | - |
| Difference between expected and actual experience | (670,515) | 36,704 | (198,691) | (64,611) |
| Changes in assumptions | (2,196,715) | 2,267,987 | 2,094,557 | 2,112,977 |
| Benefit payments | (6,083,904) | (5,734,384) | (5,737,239) | (5,617,080) |
| Contribution refunds | (2,525) | (88,644) | (14,159) | (24,055) |
| Net change in total pension liability | 91,196 | 5,377,888 | 4,747,441 | 4,740,537 |
| Total pension liability - beginning | 98,012,506 | 92,634,618 | 87,887,177 | 83,146,640 |
| Total pension liability - ending (a) | 98,103,702 | 98,012,506 | 92,634,618 | 87,887,177 |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$ 3,504,002 | \$ 3,242,351 | \$ 3,022,527 | \$ 2,633,114 |
| Contributions - state | 584,114 | 547,722 | 518,691 | 546,838 |
| Contributions - employee | 704,723 | 694,499 | 678,868 | 595,652 |
| Net investment income | 12,622,550 | 1,361,766 | 3,180,130 | 5,650,567 |
| Benefit payments | (6,083,904) | (5,734,384) | (5,737,239) | (5,617,080) |
| Contributions refunds | (2,525) | (88,644) | (14,159) | (24,055) |
| Administrative expense | (160,051) | (131,393) | (146,948) | (161,017) |
| Net change in plan fiduciary net position | 11,168,909 | (108,083) | 1,501,870 | 3,624,019 |
| Plan fiduciary net position - beginning | 74,290,140 | 74,398,223 | 72,896,353 | 69,272,334 |
| Plan fiduciary net position - ending (b) | \$ 85,459,049 | \$ 74,290,140 | \$ 74,398,223 | \$ 72,896,353 |
| Net pension liability - ending (a) - (b) | \$ 12,644,653 | \$ 23,722,366 | \$ 18,236,395 | \$ 14,990,824 |
| Plan fiduciary net position as a percentage of the total pension liability | 87.11% | 75.80% | 80.31% | 82.94% |
| Covered payroll | \$ 9,188,997 | \$ 8,755,735 | \$ 8,367,972 | \$ 7,614,471 |
| Net pension liability as a percentage of covered payroll | 137.61% | 270.94% | 217.93% | 196.87% |

*The net pension liability recognized by the City in the current year financial statements represents the net pension liability measured as of September 30, 2020, which is allowed by GASB Codification P20.

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**SCHEDULE OF CHANGES IN NET POSITION LIABILITY
AND RELATED RATIOS
LAST EIGHT FISCAL YEARS
FIREFIGHTERS PENSION
(CONCLUDED)**

| | 9/30/2017 | 9/30/2016 | 9/30/2015 | 9/30/2014 |
|---|----------------------|----------------------|----------------------|----------------------|
| Total pension liability | | | | |
| Service cost | \$ 1,643,241 | \$ 1,596,483 | \$ 1,465,467 | \$ 1,431,629 |
| Interest | 6,370,620 | 6,164,017 | 5,937,717 | 5,743,448 |
| Changes of benefit terms | (139,655) | - | (1,042,704) | - |
| Difference between expected and actual experience | (735,297) | - | (418,968) | (604,020) |
| Changes in assumptions | 586,277 | - | 76,676 | 1,189,708 |
| Benefit payments | (5,983,213) | (4,459,046) | (4,136,588) | (4,113,250) |
| Contribution refunds | (63,789) | - | (14,935) | (47,795) |
| Net change in total pension liability | 1,678,184 | 3,301,454 | 1,866,665 | 3,599,720 |
| Total pension liability - beginning | 81,468,456 | 78,167,002 | 76,300,337 | 72,700,617 |
| Total pension liability - ending (a) | \$ 83,146,640 | \$ 81,468,456 | \$ 78,167,002 | \$ 76,300,337 |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$ 2,767,223 | \$ 2,622,565 | \$ 2,702,209 | \$ 2,282,865 |
| Contributions - state | 514,983 | 545,561 | 569,837 | 604,006 |
| Contributions - employee | 748,579 | 578,536 | 466,578 | 442,286 |
| Net investment income | 7,785,352 | 6,138,463 | 126,002 | 5,965,296 |
| Benefit payments | (5,983,213) | (4,459,046) | (4,136,588) | (4,113,250) |
| Contributions refunds | (63,789) | - | (14,935) | (47,795) |
| Administrative expense | (135,797) | (128,302) | (132,078) | (159,794) |
| Net change in plan fiduciary net position | 5,633,338 | 5,297,777 | (418,975) | 4,973,614 |
| Plan fiduciary net position - beginning | 63,638,996 | 58,341,219 | 58,760,194 | 53,786,580 |
| Plan fiduciary net position - ending (b) | \$ 69,272,334 | \$ 63,638,996 | \$ 58,341,219 | \$ 58,760,194 |
| Net pension liability - ending (a) - (b) | \$ 13,874,306 | \$ 17,829,460 | \$ 19,825,783 | \$ 17,540,143 |
| Plan fiduciary net position as a percentage of the total pension liability | 83.31% | 78.11% | 74.64% | 77.01% |
| Covered payroll | \$ 7,566,356 | \$ 6,893,083 | \$ 6,513,920 | \$ 6,075,965 |
| Net pension liability as a percentage of covered payroll | 183.37% | 258.66% | 304.36% | 288.68% |

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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

| Fiscal Year Ended September 30, | Actuarially Determined Contributions | Contributions in Relation to the Actuarially Determined Contributions | Contribution Deficiency (Excess) | Covered Payroll | Total Contributions as a Percentage of Covered Payroll |
|--|--|---|--|--------------------|---|
| 2021 | \$ 4,088,116 | \$ 4,088,116 | - | \$ 9,188,997 | 44.49% |
| 2020 | 3,790,073 | 3,790,073 | - | 8,755,735 | 43.29% |
| 2019 | 3,541,218 | 3,541,218 | - | 8,367,972 | 42.32% |
| 2018 | 3,179,952 | 3,179,952 | - | 7,614,471 | 41.76% |
| 2017 | 3,282,206 | 3,282,206 | - | 7,566,356 | 43.38% |
| 2016 | 3,168,126 | 3,168,126 | - | 6,893,083 | 45.96% |
| 2015 | 3,272,046 | 3,272,046 | - | 6,513,920 | 50.23% |
| 2014 | 2,886,871 | 2,886,871 | - | 6,075,965 | 47.51% |

Notes to Schedule

Valuation date: 10/01/2019

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

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percent closed |
| Remaining amortization period | 25 years |
| Asset valuation method | 5-Year smoothed market |
| Inflation | 2.0% |
| Salary increases | 6.0% |
| Investment rate of return | 7.25% |
| Payroll growth assumption | None |
| Normal retirement | Earlier of age 55 and 10 years of service or the completion of 25 years of service |
| Early retirement | Age 50 and 20 years of credited service |
| Disability retirement | It is assumed the 100% of disablements and active member deaths are service related. |
| Mortality | PUBS.H-2010, sex distinct tables, fully generational, Scale MP-2018. |

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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

| | 9/30/2021* | 9/30/2020 | 9/30/2019 | 9/30/2018 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Total pension liability | | | | |
| Service cost | \$ 1,544,692 | \$ 1,665,001 | \$ 1,554,118 | \$ 1,598,984 |
| Interest | 7,679,931 | 7,483,737 | 7,414,402 | 7,070,607 |
| Share plan allocation | 134,357 | 149,722 | 199,236 | - |
| Changes of benefit terms | - | - | (149,431) | 21,658 |
| Difference between expected and actual experience | (1,049,851) | 2,155,379 | (2,113,526) | 1,655,678 |
| Changes in assumptions | - | 2,090,485 | - | - |
| Contributions - buy back | 26,145 | 26,145 | 11,453 | 1,373 |
| Benefit payments, including refunds of employee contributions | (7,727,774) | (6,878,711) | (5,625,467) | (5,770,235) |
| Net change in total pension liability | 607,500 | 6,691,758 | 1,290,785 | 4,578,065 |
| Total pension liability - beginning | 108,249,277 | 101,557,519 | 100,266,734 | 95,688,669 |
| Total pension liability - ending (a) | \$ 108,856,777 | \$ 108,249,277 | \$ 101,557,519 | \$ 100,266,734 |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$ 2,916,260 | \$ 3,080,236 | \$ 3,184,967 | \$ 2,911,276 |
| Contributions - state | 788,995 | 819,725 | 769,322 | 697,770 |
| Contributions - employee | 641,837 | 607,559 | 618,037 | 544,936 |
| Contributions - buy back | 26,145 | 26,145 | 11,453 | 1,373 |
| Net investment income | 18,978,776 | 9,989,716 | 4,074,906 | 8,897,069 |
| Benefit payments, including refunds of employee contributions | (7,727,774) | (6,878,711) | (5,625,467) | (5,770,235) |
| Administrative expense | (84,902) | (89,664) | (83,182) | (72,973) |
| Net change in plan fiduciary net position | 15,539,337 | 7,555,006 | 2,950,036 | 7,209,216 |
| Plan fiduciary net position - beginning | 94,418,941 | 86,863,935 | 83,913,899 | 76,704,683 |
| Plan fiduciary net position - ending (b) | \$ 109,958,278 | \$ 94,418,941 | \$ 86,863,935 | \$ 83,913,899 |
| Net pension liability - ending (a) - (b) | \$ (1,101,501) | \$ 13,830,336 | \$ 14,693,584 | \$ 16,352,835 |
| Plan fiduciary net position as a percentage of the total pension liability | 101.01% | 87.22% | 85.53% | 83.69% |
| Covered payroll | \$ 8,913,875 | \$ 8,585,712 | \$ 8,838,609 | \$ 7,822,477 |
| Net pension liability as a percentage of covered payroll | (12.36%) | 161.09% | 166.24% | 209.05% |

*The net pension liability recognized by the City in the current year financial statements represents the net pension liability measured as of September 30, 2020, which is allowed by GASB Codification P20.

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
LAST EIGHT FISCAL YEARS
POLICE OFFICERS PENSION
(CONCLUDED)**

| | 9/30/2017 | 9/30/2016 | 9/30/2015 | 9/30/2014 |
|---|----------------------|----------------------|----------------------|----------------------|
| Total pension liability | | | | |
| Service cost | \$ 1,463,224 | \$ 1,514,579 | \$ 1,457,495 | \$ 1,468,863 |
| Interest | 6,888,890 | 6,609,747 | 6,500,397 | 6,297,597 |
| Share plan allocation | - | - | - | - |
| Changes of benefit terms | - | - | - | - |
| Difference between expected and actual experience | 174,092 | (723,896) | (129,550) | - |
| Changes in assumptions | - | 2,243,175 | (1,189,338) | - |
| Contributions - buy back | 125,811 | 6,497 | 8,784 | - |
| Benefit payments, including refunds of employee contributions | (6,959,523) | (4,794,165) | (5,699,583) | (4,402,589) |
| Net change in total pension liability | 1,692,494 | 4,855,937 | 948,205 | 3,363,871 |
| Total pension liability - beginning | 93,996,175 | 89,140,238 | 88,192,033 | 84,828,162 |
| Total pension liability - ending (a) | <u>\$ 95,688,669</u> | <u>\$ 93,996,175</u> | <u>\$ 89,140,238</u> | <u>\$ 88,192,033</u> |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$ 3,073,421 | \$ 2,948,527 | \$ 2,876,710 | \$ 3,025,362 |
| Contributions - state | 630,296 | 597,263 | 543,474 | 535,651 |
| Contributions - employee | 581,719 | 549,814 | 512,708 | 523,863 |
| Contributions - buy back | 125,811 | 6,497 | 8,784 | - |
| Net investment income | 7,412,999 | 6,589,808 | (43,614) | 6,199,184 |
| Benefit payments, including refunds of employee contributions | (6,959,523) | (4,794,165) | (5,699,583) | (4,402,589) |
| Administrative expense | (78,701) | (106,160) | (78,532) | (85,877) |
| Net change in plan fiduciary net position | 4,786,022 | 5,791,584 | (1,880,053) | 5,795,594 |
| Plan fiduciary net position - beginning | 71,918,661 | 66,127,077 | 68,007,130 | 62,211,536 |
| Plan fiduciary net position - ending (b) | <u>\$ 76,704,683</u> | <u>\$ 71,918,661</u> | <u>\$ 66,127,077</u> | <u>\$ 68,007,130</u> |
| Net pension liability - ending (a) - (b) | <u>\$ 18,983,986</u> | <u>\$ 22,077,514</u> | <u>\$ 23,013,161</u> | <u>\$ 20,184,903</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 80.16% | 76.51% | 74.18% | 77.11% |
| Covered payroll | \$ 7,666,800 | \$ 8,108,369 | \$ 8,613,956 | \$ 7,753,130 |
| Net pension liability as a percentage of covered payroll | 247.61% | 272.28% | 267.16% | 260.35% |

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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

| Fiscal Year Ended September 30, | Actuarially Determined Contributions | Contributions in Relation to the Actuarially Determined Contributions | Contribution Deficiency (Excess) | Covered Payroll | Total Contributions as a Percentage of Covered Payroll |
|--|--|---|--|--------------------|--|
| 2021 | \$ 3,570,898 | \$ 3,570,898 | \$ - | \$ 8,913,875 | 40.06% |
| 2020 | 3,750,239 | 3,750,239 | - | 8,585,712 | 43.68% |
| 2019 | 3,829,769 | 3,829,769 | - | 8,838,609 | 43.33% |
| 2018 | 3,587,388 | 3,587,388 | - | 7,822,477 | 45.86% |
| 2017 | 3,703,717 | 3,703,717 | - | 7,666,800 | 48.31% |
| 2016 | 3,545,790 | 3,545,790 | - | 8,108,369 | 43.73% |
| 2015 | 3,420,184 | 3,420,184 | - | 8,613,965 | 39.71% |
| 2014 | 3,561,013 | 3,561,013 | - | 7,753,130 | 45.93% |

*Contributions do not include contributions to the share plan.

Notes to Schedule

Valuation date: 10/01/2019

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

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percent closed |
| Remaining amortization period | 20 years |
| Asset valuation method | Historical geometric 4 year average market value returns, net of fees |
| Inflation | 2.5% |
| Salary increases | 4.5 – 6.00% |
| Investment rate of return | 7.5% |
| Payroll growth assumption | None |
| Normal retirement | Earlier of age 55 and 10 years of service or the completion of 25 years of service |
| Early retirement | Age 45 and 10 years of service |
| Disability retirement | It is assumed that 75% of disablements and active member deaths are service related. |
| Mortality | RP-2000 Generational using Scale BB. Disabled lives 60% RP-2000 Disabled and 40% Annuitant. |

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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

| | 9/30/2021* | 9/30/2020 | 9/30/2019 | 9/30/2018 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Total pension liability | | | | |
| Service cost | \$ 16,781 | \$ 17,072 | \$ 28,806 | \$ 29,388 |
| Interest | 432,565 | 437,262 | 435,536 | 430,656 |
| Difference between expected and actual experience | 3,728 | 27,758 | (42,598) | (8,617) |
| Changes in assumptions | - | (161,274) | - | - |
| Contributions - Buy Back | - | - | - | - |
| Benefit payments, including refunds of employee contributions | (384,581) | (390,662) | (380,046) | (382,238) |
| Net change in total pension liability | 68,493 | (69,844) | 41,698 | 69,189 |
| Total pension liability - beginning | 6,355,008 | 6,424,852 | 6,383,154 | 6,313,965 |
| Total pension liability - ending (a) | \$ 6,423,501 | \$ 6,355,008 | \$ 6,424,852 | \$ 6,383,154 |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$ 50,534 | \$ 48,635 | \$ 45,479 | \$ 36,154 |
| Contributions - Buy Back | - | - | - | - |
| Net investment income | 1,372,153 | 715,805 | 363,214 | 642,567 |
| Benefit payments including refunds of employee contributions | (384,581) | (390,662) | (380,046) | (382,238) |
| Administrative expense | (42,371) | (40,720) | (47,375) | (43,941) |
| Net change in plan fiduciary net position | 995,735 | 333,058 | (18,728) | 252,542 |
| Plan fiduciary net position - beginning | 7,964,038 | 7,630,980 | 7,649,708 | 7,397,166 |
| Plan fiduciary net position - ending (b) | \$ 8,959,773 | \$ 7,964,038 | \$ 7,630,980 | \$ 7,649,708 |
| Net pension asset - ending (a) - (b) | \$ (2,536,272) | \$ (1,609,030) | \$ (1,206,128) | \$ (1,266,554) |
| Plan fiduciary net position as a percentage of the total pension liability | 139.48% | 125.32% | 118.77% | 119.84% |
| Covered payroll | \$ 92,865 | \$ 95,315 | \$ 173,308 | \$ 155,432 |
| Net pension liability of a percentage of covered payroll | (2731.14)% | (1688.12)% | (695.94)% | (814.86)% |

*The net pension liability recognized by the City in the current year financial statements represents the net pension liability measured as of September 30, 2020, which is allowed by GASB Codification P20.

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
LAST EIGHT FISCAL YEARS
GENERAL EMPLOYEES PENSION
REGULAR CLASS
(CONCLUDED)**

| | 9/30/2017 | 9/30/2016 | 9/30/2015 | 9/30/2014 |
|---|-----------------------|---------------------|---------------------|-----------------------|
| Total pension liability | | | | |
| Service cost | \$ 34,004 | \$ 57,835 | \$ 49,546 | \$ 90,848 |
| Interest | 418,526 | 396,941 | 406,207 | 391,267 |
| Difference between expected and actual experience | 88,609 | (62,793) | (31,975) | - |
| Changes in assumptions | - | 338,980 | 442,831 | - |
| Contributions - Buy Back | - | 20,712 | - | - |
| Benefit payments, including refunds of employee contributions | (344,239) | (494,716) | (329,470) | (169,081) |
| Net change in total pension liability | 196,900 | 256,959 | 537,139 | 313,034 |
| Total pension liability - beginning | 6,117,065 | 5,860,106 | 5,322,967 | 5,009,933 |
| Total pension liability - ending (a) | <u>\$ 6,313,965</u> | <u>\$ 6,117,065</u> | <u>\$ 5,860,106</u> | <u>\$ 5,322,967</u> |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$ 25,204 | \$ 43,928 | \$ 52,573 | \$ 70,913 |
| Contributions - Buy Back | - | 20,712 | - | - |
| Net investment income | 898,559 | 583,511 | (143,686) | 819,869 |
| Benefit payments including refunds of employee contributions | (344,239) | (494,716) | (329,470) | (169,081) |
| Administrative expense | (41,090) | (47,733) | (40,805) | (37,463) |
| Net change in plan fiduciary net position | 538,434 | 105,702 | (461,388) | 684,238 |
| Plan fiduciary net position - beginning | 6,858,732 | 6,753,030 | 7,214,418 | 6,530,180 |
| Plan fiduciary net position - ending (b) | <u>\$ 7,397,166</u> | <u>\$ 6,858,732</u> | <u>\$ 6,753,030</u> | <u>\$ 7,214,418</u> |
| Net pension asset - ending (a) - (b) | <u>\$ (1,083,201)</u> | <u>\$ (741,667)</u> | <u>\$ (892,924)</u> | <u>\$ (1,891,451)</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 117.16% | 112.12% | 115.24% | 135.53% |
| Covered payroll | \$ 193,136 | \$ 284,325 | \$ 496,332 | \$ 416,889 |
| Net pension liability of a percentage of covered payroll | (560.85)% | (260.85)% | (179.90)% | (453.71)% |

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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

| | 9/30/2021* | 9/30/2020 | 9/30/2019 | 9/30/2018 |
|---|---------------------|---------------------|---------------------|---------------------|
| Total pension liability | | | | |
| Service cost | \$ 27,365 | \$ 27,775 | \$ 26,338 | \$ 25,640 |
| Interest | 101,532 | 99,047 | 94,064 | 89,768 |
| Changes of benefit terms | - | - | - | - |
| Difference between expected and actual experience | (50,483) | 7,096 | (16,296) | (21,419) |
| Changes in assumptions | - | (44,312) | - | - |
| Benefit payments, including refunds of employee contributions | (72,570) | (34,834) | (33,861) | (32,776) |
| Net change in total pension liability | 5,844 | 54,772 | 70,245 | 61,213 |
| Total pension liability - beginning | 1,459,375 | 1,404,603 | 1,334,358 | 1,273,145 |
| Total pension liability - ending (a) | <u>\$ 1,465,219</u> | <u>\$ 1,459,375</u> | <u>\$ 1,404,603</u> | <u>\$ 1,334,358</u> |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$ 75,764 | \$ 77,540 | \$ 73,106 | \$ 60,208 |
| Net investment income | 279,132 | 136,905 | 64,937 | 107,983 |
| Benefit payments, including refunds of employee contributions | (72,570) | (34,834) | (33,861) | (32,776) |
| Administrative expense | (8,808) | (7,695) | (8,437) | (7,624) |
| Net change in plan fiduciary net position | 273,518 | 171,916 | 95,745 | 127,791 |
| Plan fiduciary net position - beginning | 1,621,180 | 1,449,264 | 1,353,519 | 1,225,728 |
| Plan fiduciary net position - ending (b) | <u>\$ 1,894,698</u> | <u>\$ 1,621,180</u> | <u>\$ 1,449,264</u> | <u>\$ 1,353,519</u> |
| Net pension liability (asset) - ending (a) - (b) | <u>\$ (429,479)</u> | <u>\$ (161,805)</u> | <u>\$ (44,661)</u> | <u>\$ (19,161)</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 129.31% | 111.09% | 103.18% | 101.44% |
| Covered payroll | \$ 31,974 | \$ 71,569 | \$ 72,705 | \$ 69,831 |
| Net pension liability (asset) as a percentage of covered payroll | (1343.21)% | (226.08)% | (61.43)% | (27.44)% |

*The net pension liability recognized by the City in the current year financial statements represents the net pension liability measured as of September 30, 2020, which is allowed by GASB Codification P20.

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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

| | 9/30/2017 | 9/30/2016 | 9/30/2015 | 9/30/2014 |
|---|---------------------|---------------------|---------------------|---------------------|
| Total pension liability | | | | |
| Service cost | \$ 25,050 | \$ 22,024 | \$ 56,954 | \$ 47,919 |
| Interest | 80,237 | 91,869 | 82,160 | 72,693 |
| Changes of benefit terms | - | - | - | - |
| Difference between expected and actual experience | 58,940 | (281,383) | 32,533 | - |
| Changes in assumptions | - | 20,015 | 136,013 | - |
| Benefit payments, including refunds of employee contributions | (24,552) | (18,900) | (8,382) | (8,174) |
| Net change in total pension liability | 139,675 | (166,375) | 299,278 | 112,438 |
| Total pension liability - beginning | 1,133,470 | 1,299,845 | 1,000,567 | 888,129 |
| Total pension liability - ending (a) | <u>\$ 1,273,145</u> | <u>\$ 1,133,470</u> | <u>\$ 1,299,845</u> | <u>\$ 1,000,567</u> |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$ 51,197 | \$ 32,286 | \$ 47,458 | \$ 90,530 |
| Net investment income | 141,013 | 84,999 | (19,272) | 100,040 |
| Benefit payments, including refunds of employee contributions | (24,552) | (18,900) | (8,382) | (8,174) |
| Administrative expense | (6,639) | (7,217) | (5,710) | (4,822) |
| Net change in plan fiduciary net position | 161,019 | 91,168 | 14,094 | 177,574 |
| Plan fiduciary net position - beginning | 1,064,709 | 973,541 | 959,447 | 781,873 |
| Plan fiduciary net position - ending (b) | <u>\$ 1,225,728</u> | <u>\$ 1,064,709</u> | <u>\$ 973,541</u> | <u>\$ 959,447</u> |
| Net pension liability (asset) - ending (a) - (b) | <u>\$ 47,417</u> | <u>\$ 68,761</u> | <u>\$ 326,304</u> | <u>\$ 41,120</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 96.28% | 93.93% | 74.90% | 95.89% |
| Covered payroll | \$ 70,811 | \$ 75,771 | \$ 110,625 | \$ 190,350 |
| Net pension liability (asset) as a percentage of covered payroll | 66.96% | 90.75% | 294.96% | 21.60% |

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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

REGULAR CLASS

| Fiscal Year Ended September 30, | Actuarially Determined Contributions | Contributions in Relation to the Actuarially Determined Contributions | Contribution Deficiency (Excess) | Covered Payroll | Total Contributions as a Percentage of Covered Payroll |
|--|--|---|--|--------------------|--|
| 2021 | \$ 50,534 | \$ 50,534 | \$ - | \$ 92,865 | 54.42% |
| 2020 | 48,635 | 48,635 | - | 95,315 | 51.03% |
| 2019 | 45,479 | 45,479 | - | 173,308 | 26.24% |
| 2018 | 36,154 | 36,154 | - | 155,432 | 23.26% |
| 2017 | 25,204 | 25,204 | - | 193,136 | 13.05% |
| 2016 | 43,928 | 43,928 | - | 284,325 | 15.45% |
| 2015 | 52,573 | 52,573 | - | 496,332 | 10.59% |
| 2014 | 70,913 | 70,913 | - | 416,889 | 17.01% |

AIRPORT SPECIAL RISK CLASS

| Fiscal Year Ended September 30, | Actuarially Determined Contributions | Contributions in Relation to the Actuarially Determined Contributions | Contribution Deficiency (Excess) | Covered Payroll | Total Contributions as a Percentage of Covered Payroll |
|--|--|---|--|--------------------|--|
| 2021 | \$ 75,764 | \$ 75,764 | \$ - | \$ 31,974 | 236.96% |
| 2020 | 77,540 | 77,540 | - | 71,569 | 108.34% |
| 2019 | 73,106 | 73,106 | - | 72,705 | 100.55% |
| 2018 | 60,208 | 60,208 | - | 69,831 | 86.22% |
| 2017 | 51,197 | 51,197 | - | 70,811 | 72.30% |
| 2016 | 32,286 | 32,286 | - | 75,771 | 42.61% |
| 2015 | 47,458 | 47,458 | - | 110,625 | 42.90% |
| 2014 | 90,530 | 90,530 | - | 190,350 | 47.56% |

Notes to Schedule

Valuation date: 10/01/2019

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

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Aggregate Cost Method (General Regular Class) Entry age normal (Special Risk) |
| Amortization method | Level percentage of pay, closed |
| Remaining amortization period | N/A (Regular Class) 15 years (Special Risk) |
| Asset valuation method | Historical geometric 4 year average market value returns, net of fees |

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

| | |
|---------------------------|---|
| Inflation | 2.5% |
| Salary increases | 6.0% |
| Investment rate of return | 7.0% |
| Payroll growth assumption | None |
| Normal retirement | Regular - Earlier of age 62 and 6 years of service or the completion of 30 years of service Special Risk – Earlier of 55 and 6 years of service or the completion of 25 years of service |
| Early retirement | Completion of 6 years of service |
| Disability retirement | It is assumed that 75% of disablements and active member deaths are service related. |
| Mortality | RP-2000 Generational using Scale BB. Disabled lives 100% for Regular Class and 60% RP-2000 Disabled and 40% Annuitant for Special Risk Class. |

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

ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSES

| FISCAL YEAR ENDED SEPTEMBER 30, | FIREFIGHTERS PENSION | POLICE OFFICERS PENSION | GENERAL EMPLOYEES PENSION |
|--|---------------------------------|------------------------------------|--------------------------------------|
| 2021 | 16.85% | 20.61% | 17.25% |
| 2020 | 1.64% | 11.77% | 9.33% |
| 2019 | 4.26% | 4.93% | 4.70% |
| 2018 | 7.99% | 11.80% | 8.55% |
| 2017 | 12.22% | 10.57% | 12.79% |
| 2016 | 10.36% | 10.02% | 8.46% |
| 2015 | 0.07% | (0.07%) | (1.92%) |
| 2014 | 10.85% | 9.99% | 11.79% |

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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

| <u>As of June 30,</u> | <u>City's proportion of the net pension liability (asset)</u> | <u>City's proportionate share of the net pension liability (asset)</u> | <u>City's covered payroll</u> | <u>City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll</u> | <u>Plan fiduciary net position as a percentage of the total pension liability</u> |
|-----------------------|---|--|-----------------------------------|---|---|
| 2021 | 0.083853878% | \$ 6,334,207 | \$ 31,959,084 | 19.82% | 96.40% |
| 2020 | 0.084050243% | 36,428,614 | 32,847,376 | 110.90% | 78.85% |
| 2019 | 0.074783341% | 25,754,342 | 28,521,661 | 90.30% | 82.61% |
| 2018 | 0.078370505% | 23,605,602 | 29,567,774 | 79.84% | 84.26% |
| 2017 | 0.079354279% | 23,472,463 | 29,674,596 | 79.10% | 83.89% |
| 2016 | 0.079258566% | 20,012,850 | 27,871,449 | 71.80% | 84.88% |
| 2015 | 0.079673656% | 10,290,921 | 26,680,027 | 38.57% | 92.00% |
| 2014 | 0.079984257% | 4,880,216 | 25,481,617 | 19.15% | 96.09% |

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

| <u>As of June 30,</u> | <u>City's proportion of the net pension liability (asset)</u> | <u>City's proportionate share of the net pension liability (asset)</u> | <u>City's covered payroll</u> | <u>City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll</u> | <u>Plan fiduciary net position as a percentage of the total pension liability</u> |
|-----------------------|---|--|-----------------------------------|---|---|
| 2021 | 0.090257254% | \$ 11,071,409 | \$ 31,959,084 | 34.64% | 3.56% |
| 2020 | 0.094640000% | 11,555,390 | 32,847,376 | 35.18% | 3.00% |
| 2019 | 0.085367187% | 9,551,734 | 28,521,661 | 33.49% | 2.63% |
| 2018 | 0.090438251% | 9,572,086 | 29,567,774 | 32.37% | 2.15% |
| 2017 | 0.090468948% | 9,673,357 | 29,674,596 | 32.60% | 1.64% |
| 2016 | 0.090215231% | 10,514,211 | 27,871,449 | 37.72% | 0.97% |
| 2015 | 0.087923955% | 8,966,860 | 26,680,027 | 33.60% | 0.50% |
| 2014 | 0.088954715% | 8,317,483 | 25,481,617 | 32.64% | 0.99% |

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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

| Fiscal Year Ended September 30, | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | City's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|--|--|--|--|------------------------------|---|
| 2021 | \$ 3,194,470 | \$ 3,194,470 | \$ - | \$ 32,075,428 | 9.96% |
| 2020 | 2,792,617 | 2,792,617 | - | 32,010,599 | 8.72% |
| 2019 | 2,318,823 | 2,318,823 | - | 30,228,181 | 7.67% |
| 2018 | 2,233,496 | 2,233,496 | - | 28,765,311 | 7.76% |
| 2017 | 2,065,787 | 2,065,787 | - | 29,260,292 | 7.06% |
| 2016 | 2,169,203 | 2,169,203 | - | 30,392,862 | 7.14% |
| 2015 | 1,936,874 | 1,936,874 | - | 26,867,609 | 7.21% |
| 2014 | 1,589,141 | 1,589,141 | - | 25,478,479 | 6.24% |

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

| Fiscal Year Ended September 30, | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | City's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|--|--|--|--|------------------------------|---|
| 2021 | \$ 530,533 | \$ 530,533 | \$ - | \$ 32,075,428 | 1.65% |
| 2020 | 545,366 | 545,366 | - | 32,010,599 | 1.70% |
| 2019 | 474,036 | 474,036 | - | 30,228,181 | 1.57% |
| 2018 | 490,449 | 490,449 | - | 28,765,311 | 1.71% |
| 2017 | 478,788 | 478,788 | - | 29,260,292 | 1.64% |
| 2016 | 497,507 | 497,507 | - | 30,392,862 | 1.64% |
| 2015 | 363,208 | 363,208 | - | 26,867,609 | 1.35% |
| 2014 | 308,312 | 308,312 | - | 25,478,479 | 1.21% |

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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

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

| | 9/30/2021 | 9/30/2020 | 9/30/2019 | 9/30/2018 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Total pension liability | | | | |
| Service cost | \$ 539,312 | \$ 401,198 | \$ 551,562 | \$ 585,037 |
| Interest cost | 426,802 | 519,920 | 559,862 | 509,501 |
| Difference between expected and actual experience | 2,295,440 | 38,454 | (2,119,942) | - |
| Changes in assumptions | 615,278 | 1,777,286 | (717,709) | (787,439) |
| Benefit payments | <u>(794,479)</u> | <u>(750,565)</u> | <u>(712,111)</u> | <u>(746,566)</u> |
| Net change in OPEB liability | 3,082,353 | 1,986,293 | (2,438,338) | (439,467) |
| Total OPEB liability - beginning | <u>15,917,296</u> | <u>13,931,003</u> | <u>16,369,341</u> | <u>16,808,808</u> |
| Total OPEB liability - ending (a) | <u><u>\$ 18,999,649</u></u> | <u><u>\$ 15,917,296</u></u> | <u><u>\$ 13,931,003</u></u> | <u><u>\$ 16,369,341</u></u> |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$ 794,479 | \$ 750,565 | \$ 712,111 | \$ 746,566 |
| Benefit payments | <u>(794,479)</u> | <u>(750,565)</u> | <u>(712,111)</u> | <u>(746,566)</u> |
| Net change in plan fiduciary net position | - | - | - | - |
| Plan fiduciary net position - beginning | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Plan fiduciary net position - ending (b) | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>-</u></u> |
| Net OPEB liability - ending (a) - (b) | <u><u>\$ 18,999,649</u></u> | <u><u>\$ 15,917,296</u></u> | <u><u>\$ 13,931,003</u></u> | <u><u>\$ 16,369,341</u></u> |
| Plan fiduciary net position as a percentage of the total | 0.00% | 0.00% | 0.00% | 0.00% |
| *Covered payroll | \$ - | \$ - | \$ - | \$ - |
| Net OPEB liability as a percentage of covered payroll | 0.00% | 0.00% | 0.00% | 0.00% |

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

Changes in benefit terms: None

Changes in assumptions: None

The following are the discount rates used in each period:

| | |
|-----------|-------|
| 10/1/2017 | 3.50% |
| 10/1/2018 | 3.83% |
| 10/1/2019 | 2.75% |
| 10/1/2020 | 2.41% |

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

The following statements and schedules are reported in this subsection:

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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

CAPITAL PROJECTS FUNDS

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

The City maintains the following Capital Projects Funds:

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

PERMANENT FUNDS

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

The City maintains the following Permanent Fund:

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

**CITY OF MELBOURNE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

| | Special Revenue Funds | Capital Projects Funds | Perpetual Care Permanent Fund | Total Nonmajor Governmental Funds |
|--|-----------------------------|------------------------------|--|--|
| ASSETS | | | | |
| Equity in pooled investments | \$ 649,052 | \$ 5,708,144 | \$ 199,463 | \$ 6,556,659 |
| Interest receivable | 863 | 6,965 | 251 | 8,079 |
| Due from other governments | 438,619 | 70,288 | - | 508,907 |
| | <u>438,619</u> | <u>70,288</u> | <u>-</u> | <u>508,907</u> |
| Total assets | <u>\$ 1,088,534</u> | <u>\$ 5,785,397</u> | <u>\$ 199,714</u> | <u>\$ 7,073,645</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 65,672 | \$ - | \$ - | \$ 65,672 |
| Due to other funds | 258,468 | - | - | 258,468 |
| Deposits | 27,322 | - | - | 27,322 |
| Unearned revenue | 137,693 | - | - | 137,693 |
| | <u>137,693</u> | <u>-</u> | <u>-</u> | <u>137,693</u> |
| Total liabilities | <u>489,155</u> | <u>-</u> | <u>-</u> | <u>489,155</u> |
| Fund balances: | | | | |
| Non-spendable | - | - | 199,714 | 199,714 |
| Restricted: | | | | |
| Public safety, law enforcement | 378,949 | - | - | 378,949 |
| Housing and urban improvement | 220,430 | - | - | 220,430 |
| Economic development | - | 19,816 | - | 19,816 |
| Capital improvements | - | 1,503,133 | - | 1,503,133 |
| Transportation improvement | - | 2,468,594 | - | 2,468,594 |
| Recreation improvement | - | 1,793,854 | - | 1,793,854 |
| | <u>-</u> | <u>1,793,854</u> | <u>-</u> | <u>1,793,854</u> |
| Total fund balances | <u>599,379</u> | <u>5,785,397</u> | <u>199,714</u> | <u>6,584,490</u> |
| Total liabilities and fund balances | <u>\$ 1,088,534</u> | <u>\$ 5,785,397</u> | <u>\$ 199,714</u> | <u>\$ 7,073,645</u> |

**CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

| | Special Revenue Funds | Capital Projects Funds | Perpetual Care Permanent Fund | Total Nonmajor Governmental Funds |
|--|-----------------------------|------------------------------|--|--|
| REVENUES | | | | |
| Intergovernmental | \$ 1,819,756 | \$ 76,864 | \$ - | \$ 1,896,620 |
| Impact fees | - | 1,205,233 | - | 1,205,233 |
| Confiscated property | 36,852 | - | - | 36,852 |
| Investment earnings | 10,364 | 71,847 | 2,883 | 85,094 |
| Perpetual care endowment additions | - | - | 6,850 | 6,850 |
| Other revenue | 998 | - | - | 998 |
| Total revenues | 1,867,970 | 1,353,944 | 9,733 | 3,231,647 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public works | - | 525 | - | 525 |
| Parks and recreation | - | - | - | - |
| Housing and urban improvement | 1,317,259 | - | - | 1,317,259 |
| Capital outlay | 213,962 | 72,991 | - | 286,953 |
| Total expenditures | 1,531,221 | 73,516 | - | 1,604,737 |
| Excess (deficiency) of revenues over (under) expenditures | 336,749 | 1,280,428 | 9,733 | 1,626,910 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (328,553) | (173,161) | (2,883) | (504,597) |
| Other Expenditures | - | (27,592) | - | (27,592) |
| Total other financing sources (uses) | (328,553) | (200,753) | (2,883) | (532,189) |
| Net change in fund balances | 8,196 | 1,079,675 | 6,850 | 1,094,721 |
| Fund balances, October 1 | 591,183 | 4,705,722 | 192,864 | 5,489,769 |
| Fund balances, September 30 | <u>\$ 599,379</u> | <u>\$ 5,785,397</u> | <u>\$ 199,714</u> | <u>\$ 6,584,490</u> |

**CITY OF MELBOURNE
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2021**

| | Community Development Block Grant | State Housing Initiative Partnership Program | HOME Investment Partnership Program | CARES Act | Law Enforcement | Total |
|--|---|--|--|--------------|--------------------|---------------------|
| ASSETS | | | | | | |
| Equity in pooled investments | \$ - | \$ 270,588 | \$ - | \$ - | \$ 378,464 | \$ 649,052 |
| Interest receivable | - | 378 | - | - | 485 | 863 |
| Due from other governments | 187,052 | - | 251,567 | - | - | 438,619 |
| | <u>187,052</u> | <u>-</u> | <u>251,567</u> | <u>-</u> | <u>-</u> | <u>438,619</u> |
| | | | | | | |
| Total assets | <u>\$ 187,052</u> | <u>\$ 270,966</u> | <u>\$ 251,567</u> | <u>\$ -</u> | <u>\$ 378,949</u> | <u>\$ 1,088,534</u> |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 42,458 | \$ 23,214 | \$ - | \$ - | \$ - | \$ 65,672 |
| Due to other funds | 24,226 | - | 234,242 | - | - | 258,468 |
| Deposits | - | 27,322 | - | - | - | 27,322 |
| Unearned revenues | 120,368 | - | 17,325 | - | - | 137,693 |
| | <u>120,368</u> | <u>-</u> | <u>17,325</u> | <u>-</u> | <u>-</u> | <u>137,693</u> |
| Total liabilities | <u>187,052</u> | <u>50,536</u> | <u>251,567</u> | <u>-</u> | <u>-</u> | <u>489,155</u> |
| Fund balances: | | | | | | |
| Restricted | - | 220,430 | - | - | 378,949 | 599,379 |
| | <u>-</u> | <u>220,430</u> | <u>-</u> | <u>-</u> | <u>378,949</u> | <u>599,379</u> |
| Total fund balances | <u>-</u> | <u>220,430</u> | <u>-</u> | <u>-</u> | <u>378,949</u> | <u>599,379</u> |
| Total liabilities and fund balances | <u>\$ 187,052</u> | <u>\$ 270,966</u> | <u>\$ 251,567</u> | <u>\$ -</u> | <u>\$ 378,949</u> | <u>\$ 1,088,534</u> |

**CITY OF MELBOURNE, FLORIDA
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021**

| | Community Development Block Grant | State Housing Initiative Partnership Program | HOME Investment Partnership Program | CARES Act | Law Enforcement | Total |
|--|---|--|--|-----------------|--------------------|-------------------|
| REVENUES | | | | | | |
| Intergovernmental | \$ 910,350 | \$ 172,907 | \$ 196,450 | \$ 540,049 | \$ - | \$ 1,819,756 |
| Confiscated property | - | - | - | - | 36,852 | 36,852 |
| Investment earnings | - | 3,132 | - | 1,399 | 5,833 | 10,364 |
| Other revenue | - | 998 | - | - | - | 998 |
| | <u>910,350</u> | <u>177,037</u> | <u>196,450</u> | <u>541,448</u> | <u>42,685</u> | <u>1,867,970</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Housing and urban improvement | 527,963 | 104,212 | 176,571 | 508,513 | - | 1,317,259 |
| Capital outlay | 213,962 | - | - | - | - | 213,962 |
| | <u>741,925</u> | <u>104,212</u> | <u>176,571</u> | <u>508,513</u> | <u>-</u> | <u>1,531,221</u> |
| Excess (deficiency) of revenues over (under) expenditures | 168,425 | 72,825 | 19,879 | 32,935 | 42,685 | 336,749 |
| OTHER FINANCING USES | | | | | | |
| Transfers out | <u>(188,578)</u> | <u>(32,463)</u> | <u>(19,879)</u> | <u>(33,446)</u> | <u>(54,187)</u> | <u>(328,553)</u> |
| Total other financing uses | <u>(188,578)</u> | <u>(32,463)</u> | <u>(19,879)</u> | <u>(33,446)</u> | <u>(54,187)</u> | <u>(328,553)</u> |
| Net change in fund balances | (20,153) | 40,362 | - | (511) | (11,502) | 8,196 |
| Fund balances, October 1 | <u>20,153</u> | <u>180,068</u> | <u>-</u> | <u>511</u> | <u>390,451</u> | <u>591,183</u> |
| Fund balances, September 30 | <u>\$ -</u> | <u>\$ 220,430</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 378,949</u> | <u>\$ 599,379</u> |

CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
COMMUNITY DEVELOPMENT BLOCK GRANT
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

| | Budget | Actual on Budgetary Basis | Variance Positive/ (Negative) |
|---------------------------------------|--------------|------------------------------------|-------------------------------------|
| REVENUES | | | |
| Intergovernmental | \$ 1,926,704 | \$ 910,350 | \$ (1,016,354) |
| | 1,926,704 | 910,350 | (1,016,354) |
| EXPENDITURES | | | |
| Current: | | | |
| Housing and urban improvement | 1,219,565 | 552,063 | 667,502 |
| Capital outlay | 502,617 | 224,377 | 278,240 |
| | 1,722,182 | 776,440 | 945,742 |
| Excess of revenues over expenditures | 204,522 | 133,910 | (70,612) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | (224,675) | (188,578) | 36,097 |
| Net change in fund balance | (20,153) | (54,668) | (34,515) |
| Fund balance, October 1 | 20,153 | 20,153 | - |
| Fund balance, September 30 | \$ - | \$ (34,515) | \$ (34,515) |

**CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
STATE HOUSING INITIATIVE PARTNERSHIP PROGRAM
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

| | <u>Budget</u> | <u>Actual on Budgetary Basis</u> | <u>Variance Positive/ (Negative)</u> |
|--|-----------------|--|--|
| REVENUES | | | |
| Intergovernmental | \$ 172,907 | \$ 172,907 | \$ - |
| Investment earnings | 3,133 | 3,132 | (1) |
| Other revenue | 999 | 998 | (1) |
| | <u>177,039</u> | <u>177,037</u> | <u>(2)</u> |
| Total revenues | 177,039 | 177,037 | (2) |
| EXPENDITURES | | | |
| Current: | | | |
| Housing and urban improvement | <u>325,401</u> | <u>104,212</u> | <u>221,189</u> |
| Deficiency of revenues under expenditures | (148,362) | 72,825 | 221,187 |
| OTHER FINANCING USES | | | |
| Transfers out | <u>(31,706)</u> | <u>(32,463)</u> | <u>(757)</u> |
| Net change in fund balance | (180,068) | 40,362 | 220,430 |
| Fund balance, October 1 | <u>180,068</u> | <u>180,068</u> | <u>-</u> |
| Fund balance, September 30 | <u>\$ -</u> | <u>\$ 220,430</u> | <u>\$ 220,430</u> |

**CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
HOME INVESTMENT PARTNERSHIP PROGRAM
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

| | Budget | Actual on Budgetary Basis | Variance Positive/ (Negative) |
|---|------------|------------------------------------|-------------------------------------|
| REVENUES | | | |
| Intergovernmental | \$ 528,085 | \$ 196,450 | \$ (331,635) |
| EXPENDITURES | | | |
| Current: | | | |
| Housing and urban improvement | 508,206 | 178,638 | 329,568 |
| Excess of revenues over expenditures | 19,879 | 17,812 | (2,067) |
| OTHER FINANCING USES | | | |
| Transfers out | (19,879) | (19,879) | - |
| Net change in fund balance | - | (2,067) | (2,067) |
| Fund balance, October 1 | - | - | - |
| Fund deficit, September 30 | \$ - | \$ (2,067) | \$ (2,067) |

**CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
CARES ACT
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

| | Budget | Actual on Budgetary Basis | Variance Positive/ (Negative) |
|---|--------------------|------------------------------------|-------------------------------------|
| REVENUES | | | |
| Intergovernmental | \$ 540,049 | \$ 540,049 | \$ - |
| Investment earnings | 1,399 | 1,399 | - |
| | <u>541,448</u> | <u>541,448</u> | <u>-</u> |
| Total revenues | 541,448 | 541,448 | - |
| EXPENDITURES | | | |
| Current: | | | |
| Housing and urban improvement | <u>508,513</u> | <u>508,513</u> | <u>-</u> |
| Excess of revenues over expenditures | 32,935 | 32,935 | - |
| OTHER FINANCING USES | | | |
| Transfers out | <u>(33,446)</u> | <u>(33,446)</u> | <u>-</u> |
| Net change in fund balance | (511) | (511) | - |
| Fund balance, October 1 | <u>511</u> | <u>511</u> | <u>-</u> |
| Fund balance, September 30 | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

**CITY OF MELBOURNE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 2021**

| | Mobility Improvement | Recreation Improvement | Bikeways Improvement | Public Facility Improvement | Total |
|--|-------------------------|---------------------------|-------------------------|--------------------------------|---------------------|
| ASSETS | | | | | |
| Equity in pooled investments | \$ 2,215,757 | \$ 1,811,427 | \$ 179,701 | \$ 1,501,259 | \$ 5,708,144 |
| Interest receivable | 2,623 | 2,243 | 225 | 1,874 | 6,965 |
| Due from other governments | 70,288 | - | - | - | 70,288 |
| Total assets | \$ 2,288,668 | \$ 1,813,670 | \$ 179,926 | \$ 1,503,133 | \$ 5,785,397 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Due to general fund | - | - | - | - | - |
| Deposits | - | - | - | - | - |
| Total liabilities | - | - | - | - | - |
| Fund balances: | | | | | |
| Restricted: | | | | | |
| Economic development | - | 19,816 | - | - | 19,816 |
| Capital improvement | - | - | - | 1,503,133 | 1,503,133 |
| Transportation improvement | 2,288,668 | - | 179,926 | - | 2,468,594 |
| Recreation improvement | - | 1,793,854 | - | - | 1,793,854 |
| Total fund balances | 2,288,668 | 1,813,670 | 179,926 | 1,503,133 | 5,785,397 |
| Total liabilities and fund balances | \$ 2,288,668 | \$ 1,813,670 | \$ 179,926 | \$ 1,503,133 | \$ 5,785,397 |

**CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

| | Mobility Improvement | Recreation Improvement | Bikeways Improvement | Public Facility Improvement | Total |
|--|-------------------------|---------------------------|-------------------------|--------------------------------|---------------------|
| REVENUES | | | | | |
| Intergovernmental | \$ 76,864 | \$ - | \$ - | \$ - | \$ 76,864 |
| Impact fees | 593,184 | 200,430 | 21,150 | 390,469 | 1,205,233 |
| Investment earnings | 26,406 | 24,377 | 2,445 | 18,619 | 71,847 |
| | <u>696,454</u> | <u>224,807</u> | <u>23,595</u> | <u>409,088</u> | <u>1,353,944</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Public works | 525 | - | - | - | 525 |
| Capital outlay: | | | | | |
| General government | - | - | - | 2,703 | 2,703 |
| Public works | 70,288 | - | - | - | 70,288 |
| | <u>70,813</u> | <u>-</u> | <u>-</u> | <u>2,703</u> | <u>73,516</u> |
| Total expenditures | <u>70,813</u> | <u>-</u> | <u>-</u> | <u>2,703</u> | <u>73,516</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>625,641</u> | <u>224,807</u> | <u>23,595</u> | <u>406,385</u> | <u>1,280,428</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers out | (164,735) | (8,426) | - | - | (173,161) |
| Other expenditures | - | (27,592) | - | - | (27,592) |
| | <u>(164,735)</u> | <u>(36,018)</u> | <u>-</u> | <u>-</u> | <u>(200,753)</u> |
| Total other financing sources (uses) | <u>(164,735)</u> | <u>(36,018)</u> | <u>-</u> | <u>-</u> | <u>(200,753)</u> |
| Net change in fund balances | 460,906 | 188,789 | 23,595 | 406,385 | 1,079,675 |
| Fund balances, October 1 | 1,827,762 | 1,624,881 | 156,331 | 1,096,748 | 4,705,722 |
| Fund balances, September 30 | <u>\$ 2,288,668</u> | <u>\$ 1,813,670</u> | <u>\$ 179,926</u> | <u>\$ 1,503,133</u> | <u>\$ 5,785,397</u> |



INTERNAL SERVICE FUNDS

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

The City maintains the following Internal Service Funds:

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

**CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2021**

| | Workers Compensation | Insurance | Total |
|---|-------------------------|-------------------|---------------------|
| ASSETS | | | |
| Current assets: | | | |
| Equity in pooled investments | \$ 4,258,562 | \$ 2,094,725 | \$ 6,353,287 |
| Interest receivable | 5,289 | 2,525 | 7,814 |
| Prepaid items | 450,000 | 2,105 | 452,105 |
| Total current assets | <u>4,713,851</u> | <u>2,099,355</u> | <u>6,813,206</u> |
| Noncurrent asset: | | | |
| Net pension asset, city general pension | - | 51,117 | 51,117 |
| Capital assets: | | | |
| Machinery and equipment | - | 23,374 | 23,374 |
| Less accumulated depreciation | - | (23,374) | (23,374) |
| Total capital assets, net of accumulated depreciation | - | - | - |
| Total noncurrent assets | - | 51,117 | 51,117 |
| Total assets | <u>4,713,851</u> | <u>2,150,472</u> | <u>6,864,323</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows, FRS pension | - | 37,925 | 37,925 |
| Deferred outflows, FRS HIS pension | - | 9,825 | 9,825 |
| Deferred outflows, OPEB | - | 15,273 | 15,273 |
| Total deferred outflows of resources | - | <u>63,023</u> | <u>63,023</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 176,823 | 9,027 | 185,850 |
| Accrued payroll expenses | - | 6,929 | 6,929 |
| Accrued claims | 731,708 | 293,219 | 1,024,927 |
| Compensated absences | - | 3,680 | 3,680 |
| Deposits | - | 1,761 | 1,761 |
| Other postemployment benefits | - | 12,176 | 12,176 |
| Total current liabilities | <u>908,531</u> | <u>326,792</u> | <u>1,235,323</u> |
| Noncurrent liabilities: | | | |
| Accrued claims | 1,494,246 | 671,463 | 2,165,709 |
| Compensated absences | - | 2,483 | 2,483 |
| Other postemployment benefits | - | 24,044 | 24,044 |
| Net pension liability, FRS pension | - | 37,168 | 37,168 |
| Net pension liability, FRS HIS pension | - | 61,570 | 61,570 |
| Total noncurrent liabilities | <u>1,494,246</u> | <u>796,728</u> | <u>2,290,974</u> |
| Total liabilities | <u>2,402,777</u> | <u>1,123,520</u> | <u>3,526,297</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows, city general pension | - | 6,330 | 6,330 |
| Deferred inflows, FRS pension | - | 111,003 | 111,003 |
| Deferred inflows, FRS HIS pension | - | 5,581 | 5,581 |
| Deferred inflows, other postemployment benefits | - | 9,179 | 9,179 |
| Total deferred inflows of resources | - | <u>132,093</u> | <u>132,093</u> |
| NET POSITION | | | |
| Unrestricted | <u>2,311,074</u> | <u>957,882</u> | <u>3,268,956</u> |
| Total net position | <u>\$ 2,311,074</u> | <u>\$ 957,882</u> | <u>\$ 3,268,956</u> |

**CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

| | Workers Compensation | Insurance | Total |
|--|-------------------------|-------------------|---------------------|
| OPERATING REVENUES | | | |
| Charges to other funds | \$ 2,010,881 | \$ 2,051,366 | \$ 4,062,247 |
| Charges to component unit | 133,048 | 421,857 | 554,905 |
| Other revenues | - | 102 | 102 |
| | <u>2,143,929</u> | <u>2,473,325</u> | <u>4,617,254</u> |
| OPERATING EXPENSES | | | |
| Salaries, wages and employee benefits | - | 190,396 | 190,396 |
| Contractual services, materials and supplies | 823,231 | 2,335,189 | 3,158,420 |
| Claims | 1,122,844 | 274,686 | 1,397,530 |
| | <u>1,946,075</u> | <u>2,800,271</u> | <u>4,746,346</u> |
| Total operating expense | <u>1,946,075</u> | <u>2,800,271</u> | <u>4,746,346</u> |
| Operating income (loss) | 197,854 | (326,946) | (129,092) |
| NONOPERATING REVENUE | | | |
| Investment earnings | 17,942 | 1,093 | 19,035 |
| | <u>17,942</u> | <u>1,093</u> | <u>19,035</u> |
| Total nonoperating revenues | <u>17,942</u> | <u>1,093</u> | <u>19,035</u> |
| Change in net position | <u>215,796</u> | <u>(325,853)</u> | <u>(110,057)</u> |
| Total net position, October 1 | <u>2,095,278</u> | <u>1,283,735</u> | <u>3,379,013</u> |
| Total net position, September 30 | <u>\$ 2,311,074</u> | <u>\$ 957,882</u> | <u>\$ 3,268,956</u> |

**CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

| | Workers Compensation | Insurance | Total |
|--|-------------------------|---------------------|---------------------|
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from other funds | \$ 2,010,881 | \$ 2,051,366 | \$ 4,062,247 |
| Cash received from component unit | 133,048 | 421,857 | 554,905 |
| Cash payments to suppliers for goods and services | (1,820,158) | (2,437,751) | (4,257,909) |
| Cash payments for employee services | - | (218,815) | (218,815) |
| Deposits received | - | 12,375 | 12,375 |
| Deposits returned | - | (12,375) | (12,375) |
| Other operating revenues | - | 102 | 102 |
| Net cash provided (used) by operating activities | <u>323,771</u> | <u>(183,241)</u> | <u>140,530</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest on investments | <u>22,187</u> | <u>4,278</u> | <u>26,465</u> |
| Net cash provided by investing activities | <u>22,187</u> | <u>4,278</u> | <u>26,465</u> |
| Net increase (decrease) in cash and cash equivalents | 345,958 | (178,963) | 166,995 |
| Cash and cash equivalents at October 1 | <u>3,912,604</u> | <u>2,273,688</u> | <u>6,186,292</u> |
| Cash and cash equivalents at September 30 | <u>\$ 4,258,562</u> | <u>\$ 2,094,725</u> | <u>\$ 6,353,287</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | |
| Operating income (loss) | \$ 197,854 | \$ (326,946) | \$ (129,092) |
| Adjustments not affecting cash: | | | |
| Deferred outflows - pensions and OPEB | - | 15,765 | 15,765 |
| Deferred inflows - pensions and OPEB | - | 101,487 | 101,487 |
| Changes in assets and liabilities: | | | |
| Prepaid items | (50,000) | 1,692 | (48,308) |
| Net pension asset | - | (12,812) | (12,812) |
| Net pension liability | - | (140,225) | (140,225) |
| Accounts payable | 170,278 | (1,990) | 168,288 |
| Accrued payroll expenses | - | (4,810) | (4,810) |
| Accrued claims | 5,639 | 172,422 | 178,061 |
| Other postemployment benefits | - | 12,176 | 12,176 |
| Net cash provided (used) by operating activities | <u>\$ 323,771</u> | <u>\$ (183,241)</u> | <u>\$ 140,530</u> |
| NON-CASH INVESTING ACTIVITIES | | | |
| Increase (decrease) in fair value of investments | <u>\$ (40,779)</u> | <u>\$ (26,352)</u> | <u>\$ (67,131)</u> |
| Cash and cash equivalents reconciliation at September 30 | | | |
| Current assets: | | | |
| Equity in pooled investments | <u>\$ 4,258,562</u> | <u>\$ 2,094,725</u> | <u>\$ 6,353,287</u> |

FIDUCIARY FUNDS

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

CUSTODIAL FUNDS

The City maintains the following Custodial Funds:

- Seized Assets – accounts for forfeitures and confiscated property prior to adjudication.
- City of Cocoa Escrow – accounts for funds held in escrow for the City of Cocoa, related to the activities of a joint project with the City of Melbourne, constructing two 16” water transmission mains crossing the Indian River.

**CITY OF MELBOURNE, FLORIDA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - CUSTODIAL FUNDS
 SEPTEMBER 30, 2021**

| | <u>Seized Assets</u> | <u>City of Cocoa Escrow</u> | <u>Custodial Funds</u> |
|--------------------------------|----------------------|---------------------------------|----------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ - | \$ 11,782,154 | \$ 11,782,154 |
| Equity in pooled investments | 282,978 | - | 282,978 |
| Total assets | <u>282,978</u> | <u>11,782,154</u> | <u>12,065,132</u> |
| LIABILITIES | | | |
| Accounts payable | 3,401 | - | 3,401 |
| Due to other funds | - | 85,773 | 85,773 |
| Retainage payable | - | 3,184 | 3,184 |
| Total liabilities | <u>3,401</u> | <u>88,957</u> | <u>92,358</u> |
| NET POSITION | | | |
| Restricted for: | | | |
| Public safety, law enforcement | 279,577 | - | 279,577 |
| Capital improvements | - | 11,693,197 | 11,693,197 |
| Total net position | <u>\$ 279,577</u> | <u>\$ 11,693,197</u> | <u>\$ 11,972,774</u> |

**CITY OF MELBOURNE, FLORIDA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - CUSTODIAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021**

| | <u>Seized Assets</u> | <u>City of Cocoa Escrow</u> | <u>Custodial Funds</u> |
|--|----------------------|---------------------------------|----------------------------|
| ADDITIONS | | | |
| Asset seizures | \$ 150,622 | \$ - | \$ 150,622 |
| Contributions from City of Cocoa | - | 11,778,726 | 11,778,726 |
| Investments | - | 3,428 | 3,428 |
| Total additions | <u>150,622</u> | <u>11,782,154</u> | <u>11,932,776</u> |
| DEDUCTIONS | | | |
| Refunds of seized assets | 29,970 | - | 29,970 |
| Forfeitures of seized assets | 53,252 | - | 53,252 |
| Payments on behalf of City of Cocoa | - | 88,957 | 88,957 |
| Total deductions | <u>83,222</u> | <u>88,957</u> | <u>172,179</u> |
| Net increase in fiduciary net position | 67,400 | 11,693,197 | 11,760,597 |
| Net position, October 1 | <u>212,177</u> | <u>-</u> | <u>212,177</u> |
| Net position, September 30 | <u>\$ 279,577</u> | <u>\$ 11,693,197</u> | <u>\$ 11,972,774</u> |



DISCRETELY PRESENTED COMPONENT UNIT

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

**CITY OF MELBOURNE, FLORIDA
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT
INTERNATIONAL AIRPORT
SEPTEMBER 30, 2021**

ASSETS

Current assets:

| | |
|---|---------------|
| Cash and cash equivalents | \$ 21,411,750 |
| Investments, at fair value | 6,442,291 |
| Receivables, trade (net of allowance of \$54,221) | 307,921 |
| Other receivables | 148,725 |
| Interest receivable | 14,265 |
| Due from other governments | 5,248,987 |
| Due from other governments, restricted | 5,497,461 |
| Inventory | 15,511 |
| Total current assets | 39,086,911 |

Noncurrent assets:

Restricted assets:

| | |
|---|-----------|
| Cash and cash equivalents | 9,312,871 |
| Noncurrent lease receivables | 1,479,359 |
| Net pension asset, city general pension | 273,030 |

Capital assets:

Nondepreciable:

| | |
|--------------------------|------------|
| Land | 7,663,672 |
| Construction in progress | 30,057,514 |

Depreciable:

| | |
|--|---------------|
| Buildings | 134,521,770 |
| Improvements other than buildings | 101,707,566 |
| Machinery and equipment | 14,252,319 |
| Intangibles, computer software | 293,723 |
| Less accumulated depreciation/amortization | (111,099,398) |

| | |
|--|-------------|
| Total capital assets, net of accumulated depreciation/amortization | 177,397,166 |
|--|-------------|

| | |
|-------------------------|-------------|
| Total noncurrent assets | 188,462,426 |
|-------------------------|-------------|

| | |
|--------------|-------------|
| Total assets | 227,549,337 |
|--------------|-------------|

DEFERRED OUTFLOWS OF RESOURCES

| | |
|--|-----------|
| Deferred outflows, city general pensions | 75,764 |
| Deferred outflows, FRS pension | 707,488 |
| Deferred outflows, FRS HIS pension | 199,128 |
| Deferred outflows, other postemployment benefits | 160,312 |
| Total deferred outflows of resources | 1,142,692 |

LIABILITIES

Current liabilities:

| | |
|-------------------------------|-----------|
| Accounts payable | 620,321 |
| Accrued payroll expenses | 169,455 |
| Accrued interest payable | 77,188 |
| Due to primary government | 96,510 |
| Due to other governments | 1,486,275 |
| Unearned revenue | 5,073,566 |
| Compensated absences | 177,513 |
| Capital leases payable | 57,702 |
| Other postemployment benefits | 134,462 |

Current liabilities payable from restricted assets:

| | |
|------------------|------------------|
| Accounts payable | <u>5,497,461</u> |
|------------------|------------------|

| | |
|---------------------------|-------------------|
| Total current liabilities | <u>13,390,453</u> |
|---------------------------|-------------------|

Noncurrent liabilities:

| | |
|---|------------------|
| Liabilities payable from restricted assets, customer deposits | 312,871 |
| Compensated absences | 420,779 |
| Capital leases payable | 214,525 |
| Other postemployment benefits | 687,787 |
| Net pension liability, FRS pension | 577,858 |
| Net pension liability, FRS HIS pension | 1,031,189 |
| Revenue bonds payable from restricted assets | <u>9,000,000</u> |

| | |
|------------------------------|-------------------|
| Total noncurrent liabilities | <u>12,245,009</u> |
|------------------------------|-------------------|

| | |
|-------------------|-------------------|
| Total liabilities | <u>25,635,462</u> |
|-------------------|-------------------|

DEFERRED INFLOWS OF RESOURCES

| | |
|---|---------------|
| Deferred inflows, city general pensions | 42,358 |
| Deferred inflows, FRS pension | 2,062,564 |
| Deferred inflows, FRS HIS pension | 132,170 |
| Deferred inflows, other postemployment benefits | <u>33,378</u> |

| | |
|-------------------------------------|------------------|
| Total deferred inflows of resources | <u>2,270,470</u> |
|-------------------------------------|------------------|

NET POSITION

| | |
|----------------------------------|-------------------|
| Net investment in capital assets | 171,506,583 |
| Restricted for: | |
| Capital improvements | 5,497,461 |
| Unrestricted | <u>23,782,053</u> |

| | |
|--------------------|-----------------------|
| Total net position | <u>\$ 200,786,097</u> |
|--------------------|-----------------------|

**CITY OF MELBOURNE, FLORIDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT
INTERNATIONAL AIRPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

OPERATING REVENUES

| | |
|--|-------------------|
| Airfield and hangar fees | \$ 2,304,221 |
| Terminal and area building fees | 2,659,368 |
| Commercial business center fees | 9,095,381 |
| Tropical Haven fees | 1,999,349 |
| International/U.S. Customs/Foreign Trade Zone fees | 10,209 |
| Other | 118,474 |
| Total operating revenues | <u>16,187,002</u> |

OPERATING EXPENSES

| | |
|--|--------------------|
| Salaries, wages and employee benefits | 4,981,013 |
| Contractual services, materials and supplies | 9,066,846 |
| Depreciation and amortization | 8,260,027 |
| Total operating expenses | <u>22,307,886</u> |
| Operating loss | <u>(6,120,884)</u> |

NONOPERATING REVENUES (EXPENSES)

| | |
|---|-----------------------|
| Federal and State grants | 8,678,449 |
| Passenger facility charges | 623,899 |
| Investment earnings | 83,476 |
| Customer facility charges | 501,501 |
| Contributions to private organizations | (51,678) |
| Interest expense | (92,297) |
| Gain on sale/disposal of capital assets | 817,461 |
| Other nonoperating revenue (expense) | <u>(4,430)</u> |
| Total nonoperating revenues (expenses) | <u>10,556,381</u> |
| Income before contributions | 4,435,497 |
| Capital contributions | <u>18,538,170</u> |
| Change in net position | 22,973,667 |
| Total net position, October 1 | <u>177,812,430</u> |
| Total net position, September 30 | <u>\$ 200,786,097</u> |

**CITY OF MELBOURNE, FLORIDA
STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT
INTERNATIONAL AIRPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

1 of 2

INCREASE IN CASH AND CASH EQUIVALENTS

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|------------------|
| Cash received from customers | \$ 16,419,598 |
| Cash payments to suppliers for goods and services | (5,460,408) |
| Cash payments for employee services | (5,280,885) |
| Deposits returned and applied | (28,727) |
| Other operating revenues | 118,474 |
| | <u>5,768,052</u> |
| Net cash provided by operating activities | <u>5,768,052</u> |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

| | |
|--|------------------|
| FEMA/State hurricane proceeds | 6,045 |
| Operating grants and donations | 8,901,840 |
| Customer facility charges | 501,021 |
| Passenger facility charges | 562,601 |
| Other nonoperating revenue (expense) | (4,430) |
| | <u>9,967,077</u> |
| Net cash provided by noncapital financing activities | <u>9,967,077</u> |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

| | |
|---|--------------------|
| Acquisition and construction of capital assets | (23,875,280) |
| Principal paid on lease obligations | (54,894) |
| Interest paid on lease obligations | (15,109) |
| Proceeds from revenue note | 9,000,000 |
| Proceeds from sale of capital assets | 766,487 |
| Capital grants | 12,792,121 |
| | <u>(1,386,675)</u> |
| Net cash used by capital and related financing activities | <u>(1,386,675)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|--|---------------|
| Purchase of investment securities | (2,809,115) |
| Proceeds from sale and maturities of investment securities | 2,706,228 |
| Interest on investments | 175,486 |
| | <u>72,599</u> |
| Net cash provided by investing activities | <u>72,599</u> |

| | |
|---|----------------------|
| Net increase in cash and cash equivalents | 14,421,053 |
| Cash and cash equivalents at October 1 | <u>16,303,568</u> |
| Cash and cash equivalents at September 30 | <u>\$ 30,724,621</u> |

**CITY OF MELBOURNE, FLORIDA
STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT
INTERNATIONAL AIRPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(Continued)**

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

| | |
|--|---------------------|
| Operating loss | \$ (6,120,884) |
| Adjustments not affecting cash: | |
| Depreciation and amortization | 8,260,027 |
| Deferred outflows - pensions and other postemployment benefits | 444,214 |
| Deferred inflows - pensions and other postemployment benefits | 2,009,660 |
| Receivables, trade | 619,057 |
| Other receivables | (5,958) |
| Due from other governments | (105) |
| Inventory | (1,433) |
| Prepaid items | 7,794 |
| Noncurrent lease receivables | (56,434) |
| Net pension asset | (140,794) |
| Net pension liability | (2,785,084) |
| Accounts payable | 3,293,265 |
| Accrued payroll expenses | 62,550 |
| Due to (from) primary government | 305,783 |
| Due to other governments | (22,460) |
| Customer deposits | (28,727) |
| Unearned revenue | (182,001) |
| Other postemployment benefits | 109,582 |
| Net cash provided by operating activities | <u>\$ 5,768,052</u> |

NON-CASH INVESTING ACTIVITIES

| | |
|---|----------------------|
| Decrease in fair value of investments | <u>\$ (74,710)</u> |
| Cash and cash equivalents reconciliation: | |
| Current assets: | |
| Cash and cash equivalents | \$ 21,411,750 |
| Noncurrent assets: | |
| Cash and cash equivalents, restricted | <u>9,312,871</u> |
| Cash and cash equivalents at September 30 | <u>\$ 30,724,621</u> |

STATISTICAL SECTION

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

This section contains the following subsections:

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

FINANCIAL TRENDS

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

Schedule

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

REVENUE CAPACITY

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

Schedule

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

DEBT CAPACITY

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

Schedule

- 11 Ratios of Outstanding Debt by Type, Last Ten Fiscal Years
- 12 Ratios of General Bonded Debt Outstanding, Last Ten Fiscal Years
- 13 Legal Debt Margin Information, Last Ten Fiscal Years
- 14 Direct and Overlapping Governmental Activities Debt, as of September 30, 2021
- 15 Pledged Revenue Coverage, Last Ten Fiscal Years

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

Schedule

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

OPERATING INFORMATION

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

Schedule

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

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

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

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities | | | | |
| Net investment in capital assets | \$ 81,082,994 | \$ 78,404,558 | \$ 82,144,646 | \$ 82,067,802 |
| Restricted | 22,841,308 | 22,841,609 | 22,826,912 | 22,960,162 |
| Unrestricted | 14,490,489 | 12,231,951 | 8,669,905 | (34,403,547) |
| Total governmental activities net position | <u>\$ 118,414,791</u> | <u>\$ 113,478,118</u> | <u>\$ 113,641,463</u> | <u>\$ 70,624,417</u> |
| Business-type activities | | | | |
| Net investment in capital assets | \$ 58,925,901 | \$ 65,889,305 | \$ 63,190,585 | \$ 64,009,483 |
| Restricted | 18,156,113 | 14,849,906 | 14,489,407 | 12,253,588 |
| Unrestricted | 19,864,115 | 19,547,409 | 29,614,094 | 35,818,205 |
| Total business-type activities net position | <u>\$ 96,946,129</u> | <u>\$ 100,286,620</u> | <u>\$ 107,294,086</u> | <u>\$ 112,081,276</u> |
| Primary government | | | | |
| Net investment in capital assets | \$ 140,008,895 | \$ 144,293,863 | \$ 145,335,231 | \$ 146,077,285 |
| Restricted | 40,997,421 | 37,691,515 | 37,316,319 | 35,213,750 |
| Unrestricted | 34,354,604 | 31,779,360 | 38,283,999 | 1,414,658 |
| Total primary government net position | <u>\$ 215,360,920</u> | <u>\$ 213,764,738</u> | <u>\$ 220,935,549</u> | <u>\$ 182,705,693</u> |

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

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

2019 restated due to the golf courses being reclassified from an Enterprise fund into the General Fund.

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

| <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 82,079,774 | \$ 81,588,488 | \$ 89,050,264 | \$ 95,990,767 | \$ 96,584,680 | \$ 102,906,862 |
| 24,564,405 | 27,329,441 | 30,148,113 | 33,548,509 | 38,106,525 | 39,331,983 |
| (32,099,072) | (28,259,345) | (14,157,843) | (6,206,001) | (5,050,527) | (548,062) |
| <u>\$ 74,545,107</u> | <u>\$ 80,658,584</u> | <u>\$ 105,040,534</u> | <u>\$ 123,333,275</u> | <u>\$ 129,640,678</u> | <u>\$ 141,690,783</u> |
| | | | | | |
| \$ 69,542,203 | \$ 73,725,381 | \$ 76,184,071 | \$ 82,061,735 | \$ 89,585,114 | \$ 92,216,884 |
| 10,677,396 | 10,454,252 | 11,211,084 | 11,105,262 | 11,135,165 | 11,355,652 |
| 41,553,220 | 46,365,888 | 56,098,459 | 65,005,185 | 68,430,929 | 75,961,416 |
| <u>\$ 121,772,819</u> | <u>\$ 130,545,521</u> | <u>\$ 143,493,614</u> | <u>\$ 158,172,182</u> | <u>\$ 169,151,208</u> | <u>\$ 179,533,952</u> |
| | | | | | |
| \$ 151,621,977 | \$ 155,313,869 | \$ 165,234,335 | \$ 178,052,502 | \$ 186,169,794 | \$ 195,123,746 |
| 35,241,801 | 37,783,693 | 41,359,197 | 44,653,771 | 49,241,690 | 50,687,635 |
| 9,454,148 | 18,106,543 | 41,940,616 | 58,799,184 | 63,380,402 | 75,413,354 |
| <u>\$ 196,317,926</u> | <u>\$ 211,204,105</u> | <u>\$ 248,534,148</u> | <u>\$ 281,505,457</u> | <u>\$ 298,791,886</u> | <u>\$ 321,224,735</u> |

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

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|---|-----------------------|------------------------------|-----------------------|------------------------------|
| Expenses | | | | |
| Governmental activities: | | | | |
| General government | \$ 13,764,828 | \$ 15,561,604 ⁽¹⁾ | \$ 13,835,021 | \$ 14,194,930 ⁽⁶⁾ |
| Public safety - fire and police | 41,815,591 | 40,168,100 | 41,353,221 | 33,441,611 ⁽⁶⁾ |
| Public works | 6,049,564 | 8,316,795 ⁽²⁾ | 8,116,255 | 7,108,185 |
| Parks and recreation | 6,136,168 | 6,254,656 | 6,711,448 | 6,437,870 |
| Housing and urban improvement | 1,592,095 | 2,574,619 | 1,883,401 | 1,289,586 |
| Interest on long-term debt | 537,544 | 497,222 | 467,651 | 445,221 |
| Unallocated depreciation | 2,794,502 | 2,868,115 | 2,997,742 | 3,191,952 |
| Total governmental activities expenses | <u>72,690,292</u> | <u>76,241,111</u> | <u>75,364,739</u> | <u>66,109,355</u> |
| Business-type activities: | | | | |
| Water and sewer | 43,494,835 | 45,289,816 ⁽³⁾ | 42,643,322 | 43,578,657 ⁽⁶⁾ |
| Golf courses | 2,535,298 | 2,507,241 | 2,565,545 | 2,292,530 |
| Stormwater utility | 1,007,033 | 1,099,665 | 1,174,732 | 1,180,219 |
| Total business-type activities expenses | <u>47,037,166</u> | <u>48,896,722</u> | <u>46,383,599</u> | <u>47,051,406</u> |
| Total primary government expenses | <u>\$ 119,727,458</u> | <u>\$ 125,137,833</u> | <u>\$ 121,748,338</u> | <u>\$ 113,160,761</u> |
| Program Revenues | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | \$ 9,918,937 | \$ 10,456,884 | \$ 9,523,800 | \$ 10,072,902 |
| Public safety - fire and police | 1,566,866 | 1,776,557 | 1,873,093 | 1,810,164 |
| Public works | 1,015,248 | 976,080 | 1,091,551 | 1,157,906 |
| Parks & recreation | 838,908 | 815,759 | 834,368 | 898,132 |
| Housing and urban development | 13,100 | 13,500 | 19,685 | 1,250 |
| Operating grants and contributions | 6,660,356 | 7,084,093 | 6,133,822 | 6,999,122 |
| Capital grants and contributions | 3,273,290 | 1,418,806 | 2,553,954 | 628,876 |
| Total governmental activities program revenues | <u>23,286,705</u> | <u>22,541,679</u> | <u>22,030,273</u> | <u>21,568,352</u> |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water and sewer | 47,245,389 | 47,370,637 | 50,164,115 | 53,391,431 |
| Golf courses | 2,413,445 | 2,286,132 | 2,078,840 | 2,029,093 |
| Stormwater utility | 2,218,083 | 2,290,742 | 2,275,789 | 2,720,436 |
| Operating grants and contributions | 110,477 | - | - | - |
| Capital grants and contributions | 736,596 | 2,244,507 | 1,241,348 | 2,174,091 |
| Total business-type activities program revenues | <u>52,723,990</u> | <u>54,192,018</u> | <u>55,760,092</u> | <u>60,315,051</u> |
| Total primary government program revenues | <u>\$ 76,010,695</u> | <u>\$ 76,733,697</u> | <u>\$ 77,790,365</u> | <u>\$ 81,883,403</u> |

| <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|--------------------------|--------------------------|----------------------------------|---------------------------|----------------------------|----------------------------|
| \$ 16,928,412 | \$ 17,484,202 | \$ 17,801,811 | \$ 18,165,483 | \$ 20,653,067 | \$ 16,927,939 |
| 40,329,521 | 42,771,938 | 38,947,712 | 41,630,408 | 43,655,115 | 47,530,483 ⁽¹⁴⁾ |
| 8,145,791 ⁽⁷⁾ | 9,049,033 ⁽²⁾ | 9,126,029 | 10,252,960 ⁽²⁾ | 10,976,764 | 8,590,528 |
| 6,927,039 | 6,986,112 | 7,060,525 | 7,393,800 | 9,426,419 ⁽¹²⁾ | 9,720,823 |
| 1,298,756 | 1,252,620 | 1,710,006 | 1,816,562 | 1,565,892 | 2,062,288 |
| 394,519 | 342,693 | 306,969 | 173,634 | 158,904 | 179,395 |
| <u>3,322,705</u> | <u>3,364,937</u> | <u>3,335,756</u> | <u>3,512,757</u> | <u>4,039,235</u> | <u>4,391,139</u> |
| <u>77,346,743</u> | <u>81,251,535</u> | <u>78,288,808</u> | <u>82,945,604</u> | <u>90,475,396</u> | <u>89,402,595</u> |
| 45,201,038 | 45,050,186 | 45,143,068 | 44,790,690 | 49,279,481 ⁽¹³⁾ | 44,956,282 |
| 2,642,683 | 2,404,043 | 2,387,867 | 2,100,973 | - ⁽¹²⁾ | - |
| <u>1,323,778</u> | <u>2,023,246</u> | <u>2,165,265</u> | <u>1,920,703</u> | <u>1,800,298</u> | <u>1,841,792</u> |
| <u>49,167,499</u> | <u>49,477,475</u> | <u>49,696,200</u> | <u>48,812,366</u> | <u>51,079,779</u> | <u>46,798,074</u> |
| <u>\$ 126,514,242</u> | <u>\$ 130,729,010</u> | <u>\$ 127,985,008</u> | <u>\$ 131,757,970</u> | <u>\$ 141,555,175</u> | <u>\$ 136,200,669</u> |
| \$ 10,784,839 | \$ 11,432,709 | \$ 10,838,171 | \$ 9,585,217 | \$ 10,318,084 | \$ 10,845,205 |
| 1,836,711 | 1,715,871 | 1,818,858 | 2,037,871 | 1,607,878 | 1,775,088 |
| 1,188,363 | 1,161,085 | 1,161,313 | 1,180,060 | 1,108,541 | 1,127,761 |
| 1,114,217 | 1,128,470 | 1,145,208 | 1,236,613 | 2,696,898 ⁽¹²⁾ | 2,888,401 |
| - | - | 36,404 | 63,199 | 64,925 | 66,373 |
| 7,117,618 | 6,564,181 | 8,052,739 | 10,069,629 ⁽⁹⁾ | 7,213,124 | 8,716,673 |
| <u>903,067</u> | <u>997,676</u> | <u>12,056,046 ⁽⁸⁾</u> | <u>5,696,923</u> | <u>2,974,140</u> | <u>1,058,467</u> |
| <u>22,944,815</u> | <u>22,999,992</u> | <u>35,108,739</u> | <u>29,869,512</u> | <u>25,983,590</u> | <u>26,477,968</u> |
| 54,089,987 | 54,143,079 | 54,187,355 | 53,600,696 | 54,039,603 | 54,897,875 |
| 2,019,697 | 2,133,504 | 2,187,353 | 2,182,917 | - ⁽¹²⁾ | - |
| 2,773,816 | 2,786,848 | 2,808,866 | 2,811,328 | 2,829,668 | 2,841,461 |
| - | - | 56,673 | 504,861 | 384,137 | 53,893 |
| <u>1,884,001</u> | <u>3,687,662</u> | <u>5,049,854</u> | <u>4,607,559</u> | <u>3,059,721</u> | <u>4,091,739</u> |
| <u>60,767,501</u> | <u>62,751,093</u> | <u>64,290,101</u> | <u>63,707,361</u> | <u>60,313,129</u> | <u>61,884,968</u> |
| <u>\$ 83,712,316</u> | <u>\$ 85,751,085</u> | <u>\$ 99,398,840</u> | <u>\$ 93,576,873</u> | <u>\$ 86,296,719</u> | <u>\$ 88,362,936</u> |

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

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|---|------------------------|------------------------|------------------------------|------------------------|
| Net (Expense)/Revenue | | | | |
| Governmental activities | \$ (49,403,587) | \$ (53,699,432) | \$ (53,334,466) | \$ (44,541,003) |
| Business-type activities | 5,686,824 | 5,295,296 | 9,376,493 ⁽⁴⁾ | 13,263,645 |
| Total primary government net expense | <u>\$ (43,716,763)</u> | <u>\$ (48,404,136)</u> | <u>\$ (43,957,973)</u> | <u>\$ (31,277,358)</u> |
| General Revenues and Other Changes in Net Position | | | | |
| Governmental activities: | | | | |
| Taxes: | | | | |
| Property | \$ 21,813,062 | \$ 21,896,644 | \$ 24,328,815 ⁽⁵⁾ | \$ 25,652,370 |
| Utility and telecommunication | 10,922,977 | 11,234,486 | 11,360,611 | 11,394,026 |
| Franchise fees | 6,280,299 | 6,246,963 | 6,614,483 | 6,785,031 |
| Unrestricted grants and contributions | 6,804,372 | 7,092,078 | 8,487,828 | 7,678,420 |
| Investment earnings | 484,969 | 149,243 | 125,364 | 384,988 |
| Miscellaneous | - | - | - | - |
| Gain on sale of capital assets | 3,250 | 3,500 | 1,600 | 41,013 |
| Contributions to permanent funds | - | - | - | 3,150 |
| Extraordinary item | 197,508 | - | - | - |
| Transfers | 2,462,075 | 2,139,845 | 2,579,110 | 2,671,942 |
| Total governmental activities | <u>48,968,512</u> | <u>48,762,759</u> | <u>53,497,811</u> | <u>54,610,940</u> |
| Business-type activities: | | | | |
| Unrestricted grants and contributions | - | - | - | - |
| Investment earnings | 379,256 | 177,220 | 210,083 | 508,043 |
| Gain on sale of capital assets | 90,506 | 7,820 | - | - |
| Transfers | (2,462,075) | (2,139,845) | (2,579,110) | (2,671,942) |
| Total business-type activities | <u>(1,992,313)</u> | <u>(1,954,805)</u> | <u>(2,369,027)</u> | <u>(2,163,899)</u> |
| Total primary government | <u>\$ 46,976,199</u> | <u>\$ 46,807,954</u> | <u>\$ 51,128,784</u> | <u>\$ 52,447,041</u> |
| Change in Net Position | | | | |
| Governmental activities | \$ (435,075) | \$ (4,936,673) | \$ 163,345 | \$ 10,069,937 |
| Business-type activities | 3,694,511 | 3,340,491 | 7,007,466 | 11,099,746 |
| Total primary government | <u>\$ 3,259,436</u> | <u>\$ (1,596,182)</u> | <u>\$ 7,170,811</u> | <u>\$ 21,169,683</u> |

- (1) Increase is due to the transfer of land to the Airport.
- (2) Increase is due to road resurfacing.
- (3) Implemented GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities."
- (4) Water and wastewater rate increase of 7% and decrease in operational expenses.
- (5) Property tax millage increase of 6%.
- (6) Implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions."
- (7) Increase is due to dredging Horse Creek and Melbourne Harbor Channel.
- (8) Increase is due to donation of Right of Way for Babcock St. from Brevard County and the Apollo Blvd. extension from FDOT.
- (9) Increase is due to FEMA grants for Hurricane Irma.
- (10) Property values have increased due to a growing economy.
- (11) Increase is due to fair market value adjustment and interest earnings.
- (12) Golf courses reclassified from an Enterprise fund to the General Fund.
- (13) Increase is due to increase chemicals and repair & maintenance expenses.
- (14) Increase is due to Insurance Premium Tax for Police and Fire Pension and increase in retirement.

| <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|------------------------|------------------------|------------------------|-------------------------------|------------------------|------------------------|
| \$ (54,401,928) | \$ (58,251,543) | \$ (43,180,069) | \$ (53,076,092) | \$ (64,491,806) | \$ (62,924,627) |
| 11,600,002 | 13,273,618 | 14,593,901 | 14,894,995 | 9,233,350 | 15,086,894 |
| <u>\$ (42,801,926)</u> | <u>\$ (44,977,925)</u> | <u>\$ (28,586,168)</u> | <u>\$ (38,181,097)</u> | <u>\$ (55,258,456)</u> | <u>\$ (47,837,733)</u> |
| | | | | | |
| \$ 28,762,101 | \$ 30,875,437 | \$ 31,455,964 | \$ 34,573,821 ⁽¹⁰⁾ | \$ 37,584,468 | \$ 38,264,108 |
| 11,473,828 | 11,523,700 | 11,992,531 | 11,966,296 | 11,990,191 | 12,435,162 |
| 6,668,887 | 6,873,844 | 7,035,821 | 7,154,634 | 6,855,830 | 7,214,333 |
| 8,117,198 | 9,512,376 | 10,453,445 | 10,340,833 | 9,552,382 | 11,489,437 |
| 657,927 | 506,200 | 539,344 | 3,401,963 ⁽¹¹⁾ | 3,330,445 | 279,091 |
| - | - | - | - | - | - |
| - | - | - | 119,235 | 118,208 | 281,371 |
| 2,500 | 2,100 | 12,350 | 4,050 | 1,500 | 6,850 |
| - | - | - | - | - | - |
| 2,640,177 | 5,071,363 | 3,046,607 | 3,815,993 | 1,366,185 | 5,004,380 |
| <u>58,322,618</u> | <u>64,365,020</u> | <u>64,536,062</u> | <u>71,376,825</u> | <u>70,799,209</u> | <u>74,974,732</u> |
| | | | | | |
| - | - | - | - | - | - |
| 695,166 | 563,796 | 676,055 | 3,590,799 ⁽¹¹⁾ | 3,068,008 | 254,139 |
| 36,552 | 6,651 | 69,947 | 35,164 | 43,853 | 46,091 |
| <u>(2,640,177)</u> | <u>(5,071,363)</u> | <u>(3,046,607)</u> | <u>(3,815,993)</u> | <u>(1,366,185)</u> | <u>(5,004,380)</u> |
| <u>(1,908,459)</u> | <u>(4,500,916)</u> | <u>(2,300,605)</u> | <u>(190,030)</u> | <u>1,745,676</u> | <u>(4,704,150)</u> |
| | | | | | |
| <u>\$ 56,414,159</u> | <u>\$ 59,864,104</u> | <u>\$ 62,235,457</u> | <u>\$ 71,186,795</u> | <u>\$ 72,544,885</u> | <u>\$ 70,270,582</u> |
| | | | | | |
| \$ 3,920,690 | \$ 6,113,477 | \$ 21,355,993 | \$ 18,300,733 | \$ 6,307,403 | \$ 12,050,105 |
| 9,691,543 | 8,772,702 | 12,293,296 | 14,704,965 | 10,979,026 | 10,382,744 |
| <u>\$ 13,612,233</u> | <u>\$ 14,886,179</u> | <u>\$ 33,649,289</u> | <u>\$ 33,005,698</u> | <u>\$ 17,286,429</u> | <u>\$ 22,432,849</u> |

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

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|------------------------------------|----------------------|----------------------|----------------------|--------------------------|
| General fund | | | | |
| Non-spendable | \$ 1,622,852 | \$ 1,316,565 | \$ 1,472,121 | \$ 1,186,384 |
| Restricted | 174,979 | 297,940 | 183,165 | 186,720 |
| Committed ⁽¹⁾ | - | - | 1,000,000 | 1,000,000 |
| Assigned | 4,132,491 | 5,189,667 | 5,119,574 | 3,194,815 ⁽²⁾ |
| Unassigned | <u>15,084,688</u> | <u>14,400,945</u> | <u>11,694,539</u> | <u>14,061,310</u> |
| Total general fund | <u>\$ 21,015,010</u> | <u>\$ 21,205,117</u> | <u>\$ 19,469,399</u> | <u>\$ 19,629,229</u> |
| All Other Governmental funds | | | | |
| Permanent fund | | | | |
| Non-spendable | \$ 162,114 | \$ 165,614 | \$ 167,214 | \$ 170,364 |
| Restricted | 22,494,871 | 22,411,090 | 22,495,728 | 22,620,233 |
| Assigned | 2,570,803 | 2,027,216 | 2,257,553 | 4,589,785 |
| Unassigned | <u>(86,772)</u> | <u>(46,257)</u> | <u>-</u> | <u>-</u> |
| Total all other governmental funds | <u>\$ 25,141,016</u> | <u>\$ 24,557,663</u> | <u>\$ 24,920,495</u> | <u>\$ 27,380,382</u> |

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

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

| <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 831,098 | \$ 730,784 | \$ 2,148,039 | \$ 1,799,305 | \$ 1,401,141 | \$ 1,131,734 |
| 200,708 | 207,113 | 1,116,417 | 2,229,066 | 991,527 | 943,367 |
| 666,667 | 333,334 | - | - | - | - |
| 3,186,632 | 4,963,231 | 3,979,201 | 6,980,155 | 3,127,510 | 4,157,260 |
| <u>16,987,905</u> | <u>18,169,931</u> | <u>25,000,485</u> | <u>29,353,925</u> | <u>35,046,863</u> | <u>36,730,023</u> |
| <u>\$ 21,873,010</u> | <u>\$ 24,404,393</u> | <u>\$ 32,244,142</u> | <u>\$ 40,362,451</u> | <u>\$ 40,567,041</u> | <u>\$ 42,962,384</u> |
| | | | | | |
| \$ 172,864 | \$ 174,964 | \$ 187,314 | \$ 191,364 | \$ 192,864 | \$ 199,714 |
| 24,203,945 | 26,956,273 | 30,276,780 | 31,128,079 | 36,922,134 | 38,188,902 |
| 5,113,249 | 7,377,387 | 8,447,113 | 9,302,209 | 11,417,048 | 13,271,249 |
| - | - | (1,427,857) | (1,110,505) | (794,399) | (317,865) |
| <u>\$ 29,490,058</u> | <u>\$ 34,508,624</u> | <u>\$ 37,483,350</u> | <u>\$ 39,511,147</u> | <u>\$ 47,737,647</u> | <u>\$ 51,342,000</u> |

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

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|---|------------------------|--------------------------|---------------------------|---------------------|
| Revenues | | | | |
| Taxes | | | | |
| Property | \$ 21,813,062 | \$ 21,896,644 | \$ 24,328,815 | \$ 25,652,370 |
| Utility and telecommunications | 10,947,375 | 11,234,486 | 11,360,611 | 11,394,026 |
| Franchise fees | 6,280,299 | 6,246,963 | 6,614,483 | 6,785,031 |
| Intergovernmental | 14,149,766 | 15,098,505 | 14,472,033 | 15,963,669 |
| Charges for services | 9,785,168 | 9,840,594 | 8,575,679 | 9,255,551 |
| Impact fees | 637,910 | 856,742 | 1,867,890 | 659,517 |
| Licenses and permits | 2,046,163 | 2,394,206 | 2,635,612 | 2,562,653 |
| Confiscated property | 30,352 | 79,342 | 144,431 | 15,436 |
| Fines, forfeitures, penalties and fees | 294,776 | 306,942 | 318,348 | 276,967 |
| Investment earnings | 450,086 | 142,459 | 115,967 | 358,728 |
| Perpetual care endowment additions | 3,250 | 3,500 | 1,600 | 3,150 |
| Other revenues | 871,611 | 1,171,801 | 1,064,968 | 1,170,249 |
| Total revenues | <u>67,309,818</u> | <u>69,272,184</u> | <u>71,500,437</u> | <u>74,097,347</u> |
| Expenditures | | | | |
| General government | 12,975,285 | 13,251,414 | 14,736,194 | 14,868,874 |
| Public safety | 38,729,328 | 37,806,771 | 41,033,892 ⁽³⁾ | 41,143,272 |
| Public works | 6,223,871 | 8,376,512 | 8,261,768 | 7,148,771 |
| Parks and recreation | 5,542,863 | 5,606,919 | 5,995,492 | 5,810,118 |
| Housing and urban improvement | 1,529,290 | 2,525,881 ⁽²⁾ | 1,799,654 | 1,218,370 |
| Capital outlay | 3,863,206 | 3,155,525 | 3,422,444 | 2,916,863 |
| Debt service | | | | |
| Principal | 907,542 | 941,189 | 983,256 | 1,026,761 |
| Interest | 532,575 | 493,529 | 453,032 | 409,983 |
| Total expenditures | <u>70,303,960</u> | <u>72,157,740</u> | <u>76,685,732</u> | <u>74,543,012</u> |
| Excess of revenues over (under) expenditures | <u>(2,994,142)</u> | <u>(2,885,556)</u> | <u>(5,185,295)</u> | <u>(445,665)</u> |
| Other financing sources (uses) | | | | |
| Revenue bonds issued | - | - | - | - |
| Debt issue expense | - | - | - | - |
| Capital leases | 142,546 ⁽¹⁾ | 284,934 ⁽¹⁾ | 1,194,795 ⁽⁴⁾ | - |
| Payment to refunding bond escrow agent | - | - | - | - |
| Sale of capital assets | 43,945 | 67,531 | 38,504 | 102,170 |
| Insurance recoveries | 282,122 | - | - | 291,195 |
| Transfers in | 6,262,963 | 6,863,500 | 7,748,928 | 7,871,803 |
| Transfers out | (3,794,181) | (4,723,655) | (5,169,818) | (5,199,786) |
| Other Expenditures | - | - | - | - |
| Total other financing sources (uses) | <u>2,937,395</u> | <u>2,492,310</u> | <u>3,812,409</u> | <u>3,065,382</u> |
| Net change in fund balances | <u>\$ (56,747)</u> | <u>\$ (393,246)</u> | <u>\$ (1,372,886)</u> | <u>\$ 2,619,717</u> |
| Debt service as a percentage of noncapital expenditures | 2.2% | 2.1% | 2.0% | 2.1% |

(1) Purchase of police vehicles and radios.

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

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

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

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

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

(7) Downtown CRA Revenue Note, Series 2020, issued to finance loan for the redevelopment incentive to Highline Apartments.

(8) Increase is due to Insurance Premium Tax for Police and Fire Pension and increase in retirement.

| <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|---------------------|---------------------|----------------------------|--------------------------|--------------------------|---------------------------|
| \$ 28,762,101 | \$ 30,875,437 | \$ 31,455,964 | \$ 34,573,821 | \$ 37,584,468 | \$ 38,264,108 |
| 11,473,828 | 11,523,700 | 11,992,531 | 11,966,296 | 11,990,191 | 12,435,162 |
| 6,668,887 | 6,873,844 | 7,035,821 | 7,154,634 | 6,855,830 | 7,214,333 |
| 16,891,197 | 16,647,167 | 20,684,026 | 26,401,911 | 20,332,261 | 21,499,415 |
| 9,566,648 | 9,323,674 | 9,177,758 | 8,508,486 | 9,787,764 | 10,033,471 |
| 763,169 | 1,640,134 | 2,045,713 | 1,870,525 | 1,277,900 | 2,081,001 |
| 3,401,098 | 3,993,327 | 3,411,519 | 3,381,036 | 3,995,498 | 4,547,173 |
| 12,290 | 7,242 | 96,329 | 317,554 | 16,129 | 36,852 |
| 259,230 | 241,941 | 248,616 | 230,963 | 223,649 | 370,287 |
| 635,748 | 489,895 | 521,092 | 3,272,783 ⁽⁶⁾ | 3,219,672 | 295,545 |
| 2,500 | 2,100 | 12,350 | 4,050 | 1,500 | 6,850 |
| 900,680 | 1,015,978 | 1,021,276 | 1,158,861 | 1,171,586 | 1,055,413 |
| <u>79,337,376</u> | <u>82,634,439</u> | <u>87,702,995</u> | <u>98,840,920</u> | <u>96,456,448</u> | <u>97,839,610</u> |
| 15,817,777 | 16,318,633 | 16,442,112 | 17,197,290 | 18,733,347 | 20,210,664 |
| 42,479,210 | 43,548,485 | 40,941,520 | 43,548,638 | 44,685,896 | 47,548,679 ⁽⁸⁾ |
| 8,247,008 | 9,381,894 | 9,259,707 | 10,605,320 | 11,215,669 | 8,560,357 |
| 6,322,634 | 6,314,782 | 6,294,569 | 6,733,844 | 8,366,146 | 9,668,028 |
| 1,201,873 | 1,173,495 | 1,644,592 | 1,778,928 | 1,508,004 | 2,023,613 |
| 2,349,466 | 2,297,239 | 6,338,533 | 11,623,518 | 7,970,180 | 8,624,785 |
| 890,721 | 926,151 | 963,078 | 1,019,493 | 725,000 | 740,000 |
| 370,865 | 334,598 | 336,450 | 239,286 | 193,741 | 207,138 |
| <u>77,679,554</u> | <u>80,295,277</u> | <u>82,220,561</u> | <u>92,746,317</u> | <u>93,397,983</u> | <u>97,583,264</u> |
| <u>1,657,822</u> | <u>2,339,162</u> | <u>5,482,434</u> | <u>6,094,603</u> | <u>3,058,465</u> | <u>256,346</u> |
| - | - | 6,490,000 ⁽⁵⁾ | - | 2,400,000 ⁽⁷⁾ | - |
| - | - | - | - | (35,000) | - |
| - | - | - | - | - | 473,896 |
| - | - | (6,444,782) ⁽⁵⁾ | - | - | - |
| 45,208 | 139,018 | 1,788,439 | 235,510 | 150,923 | 292,666 |
| - | - | - | - | - | - |
| 6,194,572 | 10,283,963 | 12,436,680 | 12,891,334 | 20,145,676 | 17,165,642 |
| (3,544,145) | (5,212,194) | (8,938,296) | (9,075,341) | (17,073,953) | (12,161,262) |
| - | - | - | - | - | (27,592) |
| <u>2,695,635</u> | <u>5,210,787</u> | <u>5,332,041</u> | <u>4,051,503</u> | <u>5,587,646</u> | <u>5,743,350</u> |
| <u>\$ 4,353,457</u> | <u>\$ 7,549,949</u> | <u>\$ 10,814,475</u> | <u>\$ 10,146,106</u> | <u>\$ 8,646,111</u> | <u>\$ 5,999,696</u> |
| 1.7% | 1.7% | 1.7% | 1.6% | 1.1% | 1.1% |

SCHEDULE 5

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

| Fiscal Year | Residential Property | Commercial Property ⁽¹⁾ | Less: Tax Exempt Property ⁽²⁾ | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Taxable Value | Assessed Value as a Percentage of Actual Value |
|--------------------|------------------------------|---|---|-------------------------------------|------------------------------|---------------------------------------|---|
| 2012 | \$ 2,570,972,360 | \$ 2,479,804,026 | \$ 1,788,286,688 | \$ 3,262,489,698 | 6.9200 | \$ 3,624,988,553 | 90% |
| 2013 | 2,504,916,790 | 2,511,387,105 | 1,733,928,941 | 3,282,374,954 | 6.9000 | 3,647,083,282 | 90 |
| 2014 | 2,705,952,860 | 2,603,573,641 | 1,864,230,555 | 3,445,295,946 | 7.3126 | 3,828,106,607 | 90 |
| 2015 | 3,022,128,940 | 2,653,608,626 | 2,059,322,942 | 3,616,414,624 | 7.3125 | 4,018,238,471 | 90 |
| 2016 | 3,367,691,320 ⁽³⁾ | 2,745,036,807 ⁽³⁾ | 2,247,871,092 | 3,864,857,035 | 7.6886 | 4,294,285,594 | 90 |
| 2017 | 3,714,336,280 | 3,025,602,111 | 2,570,334,211 | 4,169,604,180 | 7.6886 | 4,632,893,533 | 90 |
| 2018 | 4,278,357,730 | 3,408,427,908 | 3,128,614,611 | 4,558,171,027 | 7.1878 | 5,064,634,474 | 90 |
| 2019 | 4,898,171,590 | 3,619,074,907 | 3,543,891,991 | 4,973,354,506 | 7.1878 | 5,525,949,451 | 90 |
| 2020 | 5,271,224,050 | 3,864,818,169 | 3,719,476,252 | 5,416,565,967 | 7.1878 | 6,018,406,630 | 90 |
| 2021 | 5,444,628,510 | 4,313,909,805 | 3,999,028,704 | 5,759,509,611 | 6.8685 | 6,399,455,123 | 90 |

Source: Brevard County Property Appraiser

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

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

| Fiscal Year | City of Melbourne | Overlapping Rates | | | Total Direct & Overlapping Rates |
|------------------------|--|--------------------------|------------------------|--|---|
| | Single Direct ⁽¹⁾ Rate | School Rate | County Rate | Multi- County ⁽²⁾ Rate | |
| 2012 | 6.9200 | 8.1120 | 6.5199 | 0.4782 | 22.0301 |
| 2013 | 6.9000 | 8.0960 | 6.5199 | 0.4782 | 21.9941 |
| 2014 | 7.3126 | 7.6060 | 6.3979 | 0.4752 | 21.7917 |
| 2015 | 7.3125 | 7.3390 | 6.2310 | 0.4633 | 21.3458 |
| 2016 | 7.6886 | 7.2750 | 6.0692 | 0.4412 | 21.4740 |
| 2017 | 7.6886 | 6.9160 | 5.8548 | 0.4212 | 20.8806 |
| 2018 | 7.1878 | 6.5680 | 5.6025 | 0.3981 | 19.7564 |
| 2019 | 7.1878 | 6.2990 | 5.3540 | 0.3759 | 19.2167 |
| 2020 | 7.1878 | 6.0860 | 5.1891 | 0.3565 | 18.8194 |
| 2021 | 6.8685 | 5.9420 | 4.9681 | 0.3403 | 18.1189 |

Source: Brevard County Tax Collector

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

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

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

SCHEDULE 7

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

| Taxpayer | 2021 | | | 2012 | | |
|--|-------------------------------|-------------|---|-------------------------------|-------------|---|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Melbourne Airport Authority | \$ 143,139,850 | 1 | 2.73% | \$ 78,274,510 | 1 | 2.40% |
| Health First Physicians Real Estate ⁽⁴⁾ | 38,688,600 | 2 | 0.74% | 18,000,000 | 5 | 0.55% |
| Melbourne Square, LLC ⁽¹⁾ | 37,474,160 | 3 | 0.72% | 27,000,000 | 2 | 0.83% |
| MPT of Melbourne-Steward, LLC | 35,881,170 | 4 | 0.68% | | | |
| L3Harris ⁽²⁾ | 35,033,320 | 5 | 0.67% | 23,200,000 | 4 | 0.71% |
| DAD 2605 N Highway A1A Melbourne Owner, LLC | 28,379,140 | 6 | 0.54% | | | |
| Northland Caribbean Isle, LLC ⁽³⁾ | 25,168,000 | 7 | 0.48% | 12,500,000 | 9 | 0.38% |
| Melbourne Hotel XL Owner, LLC | 24,000,190 | 8 | 0.46% | | | |
| Preserve at Longleaf Partners, LLC | 23,799,000 | 9 | 0.45% | 13,250,000 | 7 | 0.41% |
| Wal-Mart Stores | 23,181,020 | 10 | 0.44% | 12,748,770 | 8 | 0.39% |
| Melbourne HMA, LLC | | | | 24,762,580 | 3 | 0.76% |
| KRC Melbourne, LTD | | | | 15,651,880 | 6 | 0.48% |
| Crane Creek Mob, LLC | | | | 12,500,000 | 10 | 0.38% |
| | <u>\$ 414,744,450</u> | | <u>7.91%</u> | <u>\$ 237,887,740</u> | | <u>7.29%</u> |

(1) Formerly reported as Melbourne- JCP Assoc., LTD.

(2) Harris Corporation and L3 merged as of June 29, 2019.

(3) Formerly reported as SIMA/Caribbean Isle LLC.

(4) Formerly reported as MIMA Real Estate, LLC; Health First and MIMA merged in 2013.

Source: Brevard County Property Appraiser

**CITY OF MELBOURNE, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

| Fiscal Year Ended September 30 | Tax Levy for Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|---|-----------------------------|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2012 | \$ 22,668,615 | \$ 21,656,637 | 95.54% | \$ 298,976 | \$ 21,955,613 | 96.85% |
| 2013 | 22,648,387 | 21,580,541 | 95.29% | 47,617 | 21,628,158 | 95.50% |
| 2014 | 25,195,071 | 24,243,698 | 96.22% | 33,678 | 24,277,376 | 96.36% |
| 2015 | 26,452,857 | 25,528,131 | 96.50% | 36,520 | 25,564,651 | 96.64% |
| 2016 | 29,715,340 | 28,647,578 | 96.41% | 31,798 | 28,679,376 | 96.51% |
| 2017 | 32,127,957 | 30,738,701 | 95.68% | 45,689 | 30,875,437 | 96.10% |
| 2018 | 32,780,176 | 31,288,782 | 95.45% | 21,576 | 31,455,964 | 95.96% |
| 2019 | 35,746,579 | 34,431,758 | 96.32% | 20,679 | 34,452,438 | 96.38% |
| 2020 | 38,933,193 | 37,457,349 | 96.21% | 15,343 | 37,472,692 | 96.25% |
| 2021 | 39,559,192 | 38,117,048 | 96.35% | - | 38,117,048 | 96.35% |

Sources: Brevard County Property Appraiser, Brevard County Tax Collector, and City of Melbourne Financial Services.

SCHEDULE 9

**CITY OF MELBOURNE, FLORIDA
WATER AND SEWER CONSUMPTION, RATES AND REVENUE
LAST TEN FISCAL YEARS**

| Fiscal Year | Gallons of Water Consumed ⁽¹⁾ | Water Revenue ⁽⁴⁾ | Total Direct Rate | | Gallons of Sewer Treated ⁽¹⁾ | Sewer Revenue ⁽⁴⁾ | Total Direct Rate | |
|-------------|--|------------------------------|--------------------------------|---------------------------------|---|------------------------------|--------------------------------|---------------------------------|
| | | | Water Base Rate ⁽²⁾ | Water Usage Rate ⁽³⁾ | | | Sewer Base Rate ⁽²⁾ | Sewer Usage Rate ⁽³⁾ |
| 2012 | 4,687,615 | \$ 27,195,156 | \$ 6.89 | \$ 4.24 | 2,143,691 | \$ 18,100,459 | \$ 9.02 | \$ 6.53 |
| 2013 | 4,645,065 | 27,275,917 | 6.89 | 4.24 | 2,129,172 | 18,083,757 | 9.02 | 6.53 |
| 2014 | 4,672,892 | 28,638,534 | 7.58 | 4.33 | 2,127,061 | 19,292,642 | 11.21 | 6.49 |
| 2015 | 4,643,892 | 30,412,363 | 8.00 | 4.57 | 2,136,767 | 20,527,181 | 11.83 | 6.85 |
| 2016 | 4,768,201 | 30,984,020 | 8.00 | 4.57 | 2,214,882 | 20,817,696 | 11.83 | 6.85 |
| 2017 | 4,878,231 | 31,527,010 | 8.00 | 4.57 | 2,235,262 | 20,838,145 | 11.83 | 6.85 |
| 2018 | 4,768,179 | 31,246,858 | 8.00 | 4.57 | 2,208,216 | 21,000,231 | 11.83 | 6.85 |
| 2019 | 4,598,198 | 30,416,642 | 8.00 | 4.57 | 2,210,571 | 20,942,547 | 11.83 | 6.85 |
| 2020 | 4,784,495 | 31,268,642 | 8.00 | 4.57 | 2,178,786 | 20,945,200 | 11.83 | 6.85 |
| 2021 | 4,939,804 | 31,882,976 | 8.00 | 4.57 | 2,206,710 | 21,075,990 | 11.83 | 6.85 |

Source: City Water and Sewer Department

(1) Gallons are presented in thousands.

(2) Rates are based on one equivalent residential connection (ERC) at the inside City rate.

(3) Per 1,000 gallons of metered water at the inside City rate.

(4) Revenues are not adjusted for bad debt.

CITY OF MELBOURNE, FLORIDA
PRINCIPAL WATER AND SEWER CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO

| <u>Water Customer</u> | 2021 | | | 2012 | | |
|------------------------------------|----------------------|-------------|--|----------------------|-------------|--|
| | <u>Water Revenue</u> | <u>Rank</u> | <u>Percentage of Total Water Revenue</u> | <u>Water Revenue</u> | <u>Rank</u> | <u>Percentage of Total Water Revenue</u> |
| City of West Melbourne | \$ 4,083,290 | 1 | 12.81 % | \$ 2,725,282 | 1 | 10.02 % |
| Holmes Regional Medical Center | 347,214 | 2 | 1.09 | 362,421 | 2 | 1.33 |
| Florida Institute of Technology | 266,549 | 3 | 0.84 | 244,941 | 4 | 0.90 |
| School Board of Brevard County | 249,608 | 4 | 0.78 | 217,989 | 5 | 0.80 |
| Northrop Grumman Systems Corp | 137,853 | 5 | 0.43 | | | |
| We Harbours, LLC | 97,966 | 6 | 0.31 | | | |
| The Meadows | 92,949 | 7 | 0.29 | | | |
| Prestige AB Ready Mix of Melbourne | 89,907 | 8 | 0.28 | | | |
| Northland Caribbean Isle, LLC | 88,396 | 9 | 0.28 | | | |
| Steward Melbourne Hospital, Inc. | 87,964 | 10 | 0.28 | | | |
| Patrick AFB | | | | 267,165 | 3 | 0.98 |
| L3Harris ⁽¹⁾ | | | | 93,579 | 6 | 0.34 |
| Lake in the Woods | | | | 75,367 | 7 | 0.28 |
| Princeton Florida Associates | | | | 72,313 | 8 | 0.27 |
| Brevard Community College | | | | 66,844 | 9 | 0.25 |
| Landmark at Grand Meadow LLC | | | | 66,415 | 10 | 0.24 |
| Total | \$ 5,541,696 | | 17.39 % | \$ 4,192,316 | | 15.41 % |

| <u>Sewer Customer</u> | 2021 | | | 2012 | | |
|----------------------------------|----------------------|-------------|--|----------------------|-------------|--|
| | <u>Sewer Revenue</u> | <u>Rank</u> | <u>Percentage of Total Sewer Revenue</u> | <u>Sewer Revenue</u> | <u>Rank</u> | <u>Percentage of Total Sewer Revenue</u> |
| Holmes Regional Medical Center | \$ 518,912 | 1 | 2.46 % | \$ 543,517 | 1 | 3.00 % |
| Florida Institute of Technology | 397,944 | 2 | 1.89 | 368,041 | 2 | 2.03 |
| School Board of Brevard County | 229,361 | 3 | 1.09 | 173,616 | 3 | 0.96 |
| Northrop Grumman Systems Corp | 206,028 | 4 | 0.98 | | | |
| We Harbours, LLC | 146,456 | 5 | 0.69 | | | |
| The Meadows | 138,968 | 6 | 0.66 | | | |
| Northland Caribbean Isle, LLC | 132,143 | 7 | 0.63 | 92,459 | 9 | 0.51 |
| Steward Melbourne Hospital | 131,534 | 8 | 0.62 | | | |
| Manufactured Home Communities | 126,445 | 9 | 0.60 | | | |
| Manatee Cove Apts LLC | 119,172 | 10 | 0.57 | | | |
| L3Harris ⁽¹⁾ | | | | 139,904 | 4 | 0.77 |
| Lake in the Woods | | | | 112,501 | 5 | 0.62 |
| Princeton Florida Associates | | | | 108,371 | 6 | 0.60 |
| Brevard Community College | | | | 100,196 | 7 | 0.56 |
| Landmark at Grand Meadow LLC | | | | 99,956 | 8 | 0.55 |
| Collins Aerospace ⁽²⁾ | | | | 87,879 | 10 | 0.49 |
| Total | \$ 2,146,963 | | 10.19 % | \$ 1,826,440 | | 10.09 % |

Source: City Water and Sewer Department

(1) Harris Corporation and L3 merged as of 6/29/2019.

(2) Rockwell Collins was bought by UTC on November 27, 2018 and the name changed to Collins Aerospace.

**CITY OF MELBOURNE, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

| Governmental Activities | | | | | | |
|--------------------------------|-------------------------------------|---------------------------------------|-----------------------------------|--|--------------------------------|---|
| Fiscal Year | 1994 Sales Tax Bonds | 2003 Utility Tax Bonds | 2003 Gas Tax Bonds | 2005 & 2006 Electric Utility Tax Note | Redevelopment Bonds | 2018 Non-Ad Valorem Note |
| 2012 | \$ 480,000 | \$ 408,961 | \$ 862,307 | \$ 9,793,000 | \$ 916,200 | \$ - |
| 2013 | 330,000 | 354,290 | 752,965 | 9,282,000 | 800,024 | - |
| 2014 | 170,000 | 297,460 | 639,304 | 8,750,000 | 679,259 | - |
| 2015 | - | 238,385 | 521,153 | 8,196,000 | 553,724 | - |
| 2016 | - | 176,976 | 398,335 | 7,620,000 | 423,230 | - |
| 2017 | - | 113,142 | 270,666 | 7,021,000 | 287,582 | - |
| 2018 | - | - | 137,954 | - | 146,576 | 6,490,000 |
| 2019 | - | - | - | - | - | 5,755,000 |
| 2020 | - | - | - | - | - | 5,030,000 |
| 2021 | - | - | - | - | - | 4,290,000 |

| Fiscal Year | Total Primary Government | Percentage of Personal Income ⁽¹⁾ | Per Capita ⁽¹⁾ |
|--------------------|---|---|--------------------------------------|
| 2012 | \$ 131,614,270 | 7.71% | \$ 1,707 |
| 2013 | 131,229,204 | 7.36% | 1,697 |
| 2014 | 129,544,759 | 6.64% | 1,659 |
| 2015 | 124,670,414 | 6.67% | 1,566 |
| 2016 | 123,457,255 | 6.01% | 1,535 |
| 2017 | 117,250,352 | 5.59% | 1,448 |
| 2018 | 111,694,632 | 4.97% | 1,361 |
| 2019 | 104,972,726 | 4.43% | 1,259 |
| 2020 | 100,808,418 | 4.78% | 1,194 |
| 2021 | 97,059,321 | 3.93% | 1,131 |

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(1) Population and personal income data can be found in Schedule 16.

| Governmental Activities | | Business-type Activities | | | |
|--|---------------------------|--------------------------------------|----------------------------------|---------------------------|---|
| 2020 Redevelopment Note | Capital Leases | Water and Sewer Bonds | Golf Course Bonds | Capital Leases | State Revolving Fund Loans |
| \$ - | \$ 588,383 | \$ 113,600,088 | \$ 46,174 | \$ - | \$ 4,919,157 |
| - | 684,624 | 112,749,277 | - | 467,732 | 5,808,292 |
| - | 1,492,237 | 111,594,173 | - | 329,148 | 5,593,178 |
| - | 1,138,327 | 107,951,135 | - | 188,385 | 5,883,305 |
| - | 782,969 | 102,850,644 | - | 551,064 | 10,654,037 |
| - | 568,841 | 98,004,834 | - | 392,944 | 10,591,343 |
| - | 364,859 | 93,880,767 | - | 258,769 | 10,415,707 |
| - | 301,080 | 88,913,402 | - | 121,010 | 9,882,234 |
| 2,400,000 | 235,725 | 83,807,285 | - | - | 9,335,408 |
| 2,400,000 | 524,466 | 81,069,963 | - | - | 8,774,892 |

SCHEDULE 12

**CITY OF MELBOURNE, FLORIDA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

The City of Melbourne has no general bonded debt.

SCHEDULE 13

**CITY OF MELBOURNE, FLORIDA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

The City of Melbourne has no general bonded debt.

**CITY OF MELBOURNE, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2021**

| <u>Governmental Unit</u> | <u>Debt Outstanding ⁽¹⁾</u> | <u>Estimated Percentage Applicable ⁽¹⁾</u> | <u>City's Share of Overlapping Debt</u> |
|---|--|---|---|
| Debt repaid with property taxes | | | |
| Brevard County General Obligation Debt | \$ 8,340,000 | 13.15% ⁽²⁾ | \$ 1,096,710 |
| South Brevard Recreation Special District | 16,195,000 | 22.58 ⁽²⁾ | 3,656,831 |
| Other debt | | | |
| Brevard County Sales Tax Bonds | 8,640,000 | 9.81 ⁽³⁾ | <u>847,584</u> |
| Subtotal, overlapping debt | | | <u>5,601,125</u> |
| City of Melbourne direct debt | | | |
| Capital Leases | | | 524,466 |
| Public Improvement Bonds and Notes | | | <u>6,690,000</u> |
| Subtotal, direct debt | | | <u>7,214,466</u> |
| Total direct and overlapping debt | | | <u><u>\$ 12,815,591</u></u> |

Notes: Overlapping governments are local and county governments that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Melbourne. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

(*) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's assessed value that is within the City's boundaries and dividing it by each unit's total assessed value. The percentage of fuel tax debt applicable to the City was estimated by dividing Melbourne's population by Brevard County's population. The applicable percentage of Brevard County Sales Tax Bonds based on the State of Florida sales tax percentage for the City of Melbourne.

Sources:

- (1) Brevard County Clerk of Court.
- (2) Assessed value data used to estimate applicable percentages is provided by the Brevard County Property Appraiser.
- (3) Florida Department of Revenue provided percentage of sales tax the City receives.

**CITY OF MELBOURNE, FLORIDA
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS**

| Fiscal Year | Pledged Revenues | Less: Operating Expenses | Net Available Revenues | Debt Service | | Coverage |
|-----------------------------|-----------------------------|--------------------------|------------------------|--------------|-----------|----------|
| | | | | Principal | Interest | |
| 1994 Sales Tax Bonds | | | | | | |
| 2012 | \$ 3,533,182 ⁽¹⁾ | \$ - | \$ 3,533,182 | \$ 145,000 | \$ 27,625 | 20.47 |
| 2013 | 3,707,972 | - | 3,707,972 | 150,000 | 20,250 | 21.78 |
| 2014 | 3,896,683 | - | 3,896,683 | 160,000 | 12,500 | 22.59 |
| 2015 | 4,158,771 | - | 4,158,771 | 170,000 | 4,250 | 23.87 |

⁽¹⁾ Pledged revenues include local government 1/2 cent sales tax.

2003 Utility Tax Bonds

| | | | | | | |
|------|-----------------------------|------|--------------|-----------|-----------|--------|
| 2012 | \$ 6,426,055 ⁽²⁾ | \$ - | \$ 6,426,055 | \$ 52,594 | \$ 18,231 | 90.73 |
| 2013 | 6,901,061 | - | 6,901,061 | 54,671 | 16,154 | 97.44 |
| 2014 | 7,393,614 | - | 7,393,614 | 56,830 | 13,988 | 104.40 |
| 2015 | 7,543,411 | - | 7,543,411 | 59,075 | 11,725 | 106.55 |
| 2016 | 7,853,722 | - | 7,853,722 | 61,409 | 9,416 | 110.89 |
| 2017 | 8,076,949 | - | 8,076,949 | 63,834 | 6,990 | 114.04 |

⁽²⁾ Pledged revenues include electric utility taxes and gas utility taxes.

2005 & 2006 Subordinate Electric Utility Tax Revenue Note

| | | | | | | |
|------|-----------------------------|------|--------------|------------|------------|------|
| 2012 | \$ 6,088,803 ⁽³⁾ | \$ - | \$ 6,088,803 | \$ 493,000 | \$ 400,480 | 6.81 |
| 2013 | 6,553,097 | - | 6,553,097 | 511,000 | 380,420 | 7.35 |
| 2014 | 7,030,112 | - | 7,030,112 | 532,000 | 359,519 | 7.89 |
| 2015 | 7,172,554 | - | 7,172,554 | 554,000 | 337,972 | 8.04 |
| 2016 | 7,488,265 | - | 7,488,265 | 576,000 | 315,426 | 8.40 |
| 2017 | 7,701,350 | - | 7,701,350 | 599,000 | 291,983 | 8.64 |

⁽³⁾ Pledged revenues include electric utility taxes.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

| Fiscal Year | Pledged Revenues | Less: Operating Expenses | Net Available Revenues | Debt Service | | Coverage |
|---------------------------|-----------------------------|--------------------------|------------------------|--------------|-----------|----------|
| | | | | Principal | Interest | |
| 2003 Gas Tax Bonds | | | | | | |
| 2012 | \$ 2,524,218 ⁽¹⁾ | \$ - | \$ 2,524,218 | \$ 105,187 | \$ 38,216 | 17.60 |
| 2013 | 2,436,072 | - | 2,436,072 | 109,342 | 34,061 | 16.99 |
| 2014 | 2,493,210 | - | 2,493,210 | 113,661 | 29,730 | 17.39 |
| 2015 | 2,643,746 | - | 2,643,746 | 118,151 | 25,202 | 18.44 |
| 2016 | 2,926,058 | - | 2,926,058 | 122,818 | 20,585 | 20.40 |
| 2017 | 3,229,498 | - | 3,229,498 | 127,669 | 15,734 | 22.52 |
| 2018 | 3,165,499 | - | 3,165,499 | 132,712 | 10,691 | 22.07 |
| 2019 | 3,424,299 | - | 3,424,299 | 137,945 | 5,521 | 23.87 |

⁽¹⁾ Pledged revenues include local option gas taxes.

2003 Downtown Community Redevelopment Agency Bonds

| | | | | | | |
|------|---------------------------|------|------------|------------|-----------|------|
| 2012 | \$ 895,798 ⁽²⁾ | \$ - | \$ 895,798 | \$ 111,761 | \$ 40,604 | 5.88 |
| 2013 | 863,941 | - | 863,941 | 116,176 | 36,189 | 5.67 |
| 2014 | 907,221 | - | 907,221 | 120,765 | 31,600 | 5.95 |
| 2015 | 958,164 | - | 958,164 | 125,535 | 26,816 | 6.29 |
| 2016 | 1,054,035 | - | 1,054,035 | 130,494 | 21,857 | 6.92 |
| 2017 | 1,119,598 | - | 1,119,598 | 135,648 | 16,716 | 7.35 |
| 2018 | 1,173,441 | - | 1,173,441 | 141,006 | 11,343 | 7.70 |
| 2019 | 1,477,226 | - | 1,477,226 | 146,548 | 5,773 | 9.70 |

⁽²⁾ Pledged revenues include Downtown Community Redevelopment Agency revenues.

2018 Non-Ad Valorem Refunding Revenue Note

| | | | | | | |
|------|------------------------------|------------------------------|---------------|---------|-----------|--------|
| 2018 | \$ 47,959,605 ⁽³⁾ | \$ 24,654,560 ⁽⁴⁾ | \$ 23,305,045 | \$ - | \$ 30,242 | 770.62 |
| 2019 | 52,058,787 | 24,898,647 | 27,160,140 | 735,000 | 168,313 | 30.07 |
| 2020 | 50,261,696 | 24,591,774 | 25,669,922 | 725,000 | 148,072 | 29.40 |
| 2021 | 51,205,900 | 25,549,321 | 25,656,579 | 740,000 | 128,150 | 29.55 |

⁽³⁾ Pledged revenues include Non-Ad Valorem revenues.

⁽⁴⁾ Ad Valorem taxes less general government and public safety expenditures.

2020 Downtown Community Redevelopment Agency Bonds

| | | | | | | |
|------|-----------------------------|------|--------------|------|--------|-------|
| 2020 | \$ 1,469,009 ⁽⁵⁾ | \$ - | \$ 1,469,009 | \$ - | \$ - | - |
| 2021 | 1,456,140 | - | 1,456,140 | - | 53,863 | 27.03 |

⁽⁵⁾ Pledged revenues include Downtown Community Redevelopment Agency revenues.

**CITY OF MELBOURNE, FLORIDA
PLEGGED REVENUE COVERAGE (Continued)
LAST TEN FISCAL YEARS**

| Fiscal Year | Gross Revenues | Less: Operating Expenses | Net Available Revenues | Debt Service | | Coverage |
|-------------------------------------|------------------------------|------------------------------|------------------------|--------------|--------------|----------------------|
| | | | | Principal | Interest | |
| Water and Sewer System Bonds | | | | | | |
| 2012 | \$ 48,657,854 ⁽¹⁾ | \$ 28,119,487 ⁽²⁾ | \$ 20,538,367 | \$ 5,465,000 | \$ 3,651,526 | 2.25 ⁽³⁾ |
| 2013 | 48,856,212 | 28,880,314 | 19,975,898 | 5,025,000 | 2,997,351 | 2.49 |
| 2014 | 51,620,232 | 27,386,863 | 24,233,369 | 5,245,000 | 3,154,311 | 2.89 |
| 2015 | 55,532,077 | 28,260,906 | 27,271,171 | 5,655,000 | 2,819,919 | 3.22 |
| 2016 | 56,501,605 | 30,210,477 | 26,291,128 | 5,680,000 | 2,775,716 | 3.11 |
| 2017 | 57,710,982 | 30,700,513 | 27,010,469 | 5,750,000 | 2,516,428 | 3.27 |
| 2018 | 60,696,591 | 30,327,884 | 30,368,707 | 5,695,000 | 2,449,248 | 3.73 |
| 2019 | 60,245,932 | 29,145,422 | 31,100,510 | 5,765,000 | 2,381,122 | 3.82 |
| 2020 | 60,697,233 | 34,276,474 | 26,420,759 | 5,835,000 | 2,302,300 | 3.25 |
| 2021 | 59,292,425 | 29,416,389 | 29,876,036 | 6,019,809 | 1,928,589 | 3.76 |
| Golf Course Bonds | | | | | | |
| 2012 | \$ 2,415,675 ⁽⁴⁾ | \$ - | \$ 2,415,675 | \$ 44,275 | \$ 2,613 | 51.52 ⁽⁵⁾ |
| 2013 | 2,293,952 | - | 2,293,952 | 46,174 | 648 | 48.99 |

Notes:

- (1) Total gross operating revenues, grants, interest income (less construction interest income) and capital contributions up to pledged amount.
- (2) Total operating expenses, exclusive of depreciation and amortization, plus bad debt.
- (3) Required coverage is 1.15.
- (4) Total of operating and non-operating revenues.
- (5) Required coverage is 1.0 of gross revenues.

**CITY OF MELBOURNE, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

| Fiscal Year | Population ⁽¹⁾ | Personal Income (amounts expressed in thousands of dollars) | Per Capita Personal Income ⁽²⁾ | Median Age ⁽²⁾ | School Enrollment ⁽³⁾ | Unemployment Rate ⁽⁴⁾ |
|--------------------|----------------------------------|--|--|----------------------------------|---|---|
| 2012 | 77,101 | 1,706,554 | 22,134 | 44.9 | 12,694 | 8.6 |
| 2013 | 77,394 | 1,783,622 | 23,046 | 45.6 | 12,864 | 6.4 |
| 2014 | 78,088 | 1,952,044 | 24,998 | 44.9 | 12,965 | 6.3 |
| 2015 | 79,600 | 1,869,963 | 23,492 | 44.8 | 13,079 | 5.3 |
| 2016 | 80,419 | 2,054,866 | 25,552 | 45.1 | 12,993 | 5.1 |
| 2017 | 80,982 | 2,099,296 | 25,923 | 45.4 | 12,634 | 3.8 |
| 2018 | 82,040 | 2,248,060 | 27,402 | 45.7 | 12,380 | 3.0 |
| 2019 | 83,349 | 2,369,529 | 28,429 | 45.3 | 12,344 | 3.1 |
| 2020 | 84,402 | 2,109,881 | 24,998 | 44.9 | 11,589 | 5.5 |
| 2021 | 85,800 | 2,468,981 | 28,776 | 42.6 | 11,787 | 4.1 |

Sources:

- (1) Bureau of Economic and Business Research
- (2) Economic Development Commission of Florida's Space Coast
- (3) The School Board of Brevard County
- (4) Bureau of Labor Statistics

SCHEDULE 17

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

| <u>Employer</u> | <u>2021</u> | | | <u>2012</u> | | |
|---|------------------|-------------|--|------------------|-------------|--|
| | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total City Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total City Employment</u> |
| Northrop Grumman | 5,000 | 1 | 12.33% | 1,362 | 6 | 3.78% |
| Health First, Inc. ⁽¹⁾ | 3,760 | 2 | 9.27% | 3,251 | 1 | 9.03% |
| L3Harris ⁽²⁾ | 2,531 | 3 | 6.24% | 2,669 | 2 | 7.42% |
| Florida Institute of Technology | 1,889 | 4 | 4.66% | 1,990 | 3 | 5.53% |
| Brevard County School Board | 1,592 | 5 | 3.92% | 1,725 | 4 | 4.79% |
| Collins Aerospace ⁽³⁾ | 1,307 | 6 | 3.22% | 1,410 | 5 | 3.92% |
| Percepta | 900 | 7 | 2.22% | | | |
| City of Melbourne | 859 | 8 | 2.12% | 853 | 7 | 2.37% |
| Walmart | 852 | 9 | 2.10% | | | |
| Embraer | 804 | 10 | 1.98% | | | |
| Health Management Associates, Inc. | | | | 773 | 8 | 2.15% |
| Melbourne Internal Medicine Associates ⁽¹⁾ | | | | 732 | 9 | 2.03% |
| Labor Ready Southeast, Inc. | | | | 712 | 10 | 1.98% |
| Total | 19,494 | | 48.06% | 15,477 | | 43.00% |

(1) Health First and MIMA merged in 2013.

(2) Harris Corporation and L3 merged as of June 29, 2019.

(3) Rockwell Collins was bought by UTC on November 27, 2018 and the name changed to Collins Aerospace.

Source: The companies listed above.

CITY OF MELBOURNE, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS ⁽¹⁾

| <u>Function/program</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|---------------------------------|-------------|-------------------|-------------|-------------------|-------------|--------------------|-------------|--------------------|--------------------|--------------------|
| General government | 102 | 103 | 103 | 103 | 104 | 106 ⁽⁴⁾ | 106 | 108 | 109 ⁽⁴⁾ | 109 |
| Police | 241 | 241 | 239 | 239 | 239 | 241 | 237 | 246 ⁽⁶⁾ | 248 ⁽⁷⁾ | 250 ⁽⁷⁾ |
| Fire | 164 | 164 | 164 | 165 | 165 | 167 | 165 | 169 | 172 ⁽⁷⁾ | 172 |
| Public works | 64 | 63 ⁽²⁾ | 65 | 65 | 65 | 64 | 64 | 66 | 67 ⁽⁷⁾ | 67 |
| Parks and recreation | 84 | 82 | 84 | 87 ⁽³⁾ | 88 | 87 | 86 | 89 ⁽³⁾ | 95 ⁽³⁾ | 96 |
| Housing and urban improvement | 7 | 7 | 6 | 6 | 6 | 6 | 7 | 7 | 7 | 7 |
| Water and sewer system | 175 | 175 | 178 | 179 | 183 | 186 ⁽⁵⁾ | 185 | 188 ⁽⁵⁾ | 189 ⁽⁵⁾ | 190 ⁽⁵⁾ |
| Stormwater utility | 1 | 4 ⁽²⁾ | 4 | 4 | 4 | 4 | 4 | 5 | 5 | 5 |
| Golf courses | 31 | 23 | 23 | 22 | 21 | 19 | 18 | 12 | 0 ⁽³⁾ | 0 |
| Total | 869 | 862 | 866 | 870 | 875 | 880 | 872 | 890 | 892 | 896 |
| Component unit - Airport | 51 | 52 | 49 | 52 | 55 | 60 | 61 | 62 | 63 | 60 |

Source: City of Melbourne Budget Department

(1) Full-time equivalent employees per the adopted budget.

(2) The Stormwater Utility added one new position and reclassified two positions from the Streets Management Division of Public Works to meet federal mandates and regulatory compliance in 2013.

(3) In 2015, the Parks and Recreation department added three new positions to staff Wickham Park Community Center. In 2019, a new recreation aide position was created and positions were administratively transferred to the divisions to which they reported. In 2020, Golf Course Fund was transferred into the General Fund per Resolution 3936 passed at the June 9, 2020 City Council meeting. The 12 golf course positions were offset by a decrease in the part time summer positions that were not needed this year due to COVID-19.

(4) In 2017, the Human Resources department and Human Resources director position were created. In 2020, the Financial Services department added one position.

(5) In 2017, the Water and Sewer department added a three person valve and hydrant crew. In 2019, a two person valve maintenance crew was added. In 2020, Utility Billing & Collection added 1 new position. In 2021, the Wastewater Collection Division added a Utility Line Locator position.

(6) The Police department created positions for a Police Lieutenant, Training Technician, Background Investigator, Accounts Payable Clerk, and Clerical Assistant.

(7) The Police department added two positions in 2020 and 2021, the Fire department added three positions, and Traffic Engineering added one position to maintain service levels in 2020.

**CITY OF MELBOURNE, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

| <u>Function/program</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|--|-------------|-------------|-------------|-------------|
| Police | | | | |
| Physical arrests | 2,948 | 3,101 | 3,315 | 2,895 |
| Parking violations | 733 | 692 | 1,099 | 886 |
| Traffic violations | 16,847 | 20,061 | 15,861 | 12,193 |
| Fire | | | | |
| Emergency responses | 14,932 | 14,986 | 15,650 | 16,787 |
| Fires extinguished | 214 | 245 | 208 | 210 |
| Inspections | 5,864 | 5,878 | 5,298 | 3,972 |
| Public works | | | | |
| Resurfacing (miles) | - | 8.10 | 7.22 | - |
| New streets (miles) | - | - | - | - |
| Parks and recreation | | | | |
| Auditorium (number of events) | 184 | 182 | 162 | 195 |
| Recreation centers (attendance) | 59,483 | 61,208 | 71,089 | 67,717 |
| Tennis courts (attendance) | 21,414 | 23,337 | 21,694 | 20,858 |
| Golf courses (rounds played) | 87,720 | 86,302 | 80,151 | 73,833 |
| Water | | | | |
| Average number of accounts | 56,934 | 57,162 | 57,487 | 57,766 |
| Average daily consumption (gallons) | 12,842,782 | 12,726,206 | 12,802,444 | 12,722,993 |
| Sewer | | | | |
| Average number of accounts | 28,764 | 28,878 | 29,026 | 29,132 |
| Average daily sewage treatment (gallons) | 5,873,126 | 5,833,348 | 5,827,564 | 5,854,155 |

Sources: Various City departments.

- (1) The City contracted with a consultant to create a pavement management system and began implementation in fiscal year 16/17.
- (2) Higher recreation attendance due to first full year of operation of the Wickham Park Community Center and change in methodology in attendance calculation.
- (3) Tennis court attendance increase as a result of a change in methodology in how attendance is calculated.
- (4) Decrease in events and attendance due to COVID-19 closures.

| <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|------------------------|----------------------|-------------|-------------|-----------------------|-------------|
| 2,938 | 2,941 | 2,675 | 2,390 | 2,428 | 2,698 |
| 581 | 437 | 287 | 304 | 170 | 357 |
| 17,870 | 15,404 | 12,644 | 10,486 | 10,702 | 13,061 |
| 17,394 | 18,142 | 17,810 | 18,628 | 17,769 | 18,400 |
| 225 | 336 | 268 | 205 | 232 | 250 |
| 5,555 | 6,204 | 5,474 | 6,259 | 6,658 | 6,234 |
| 3.05 | 18.27 ⁽¹⁾ | 2.72 | 7.00 | 10.63 | 6.82 |
| - | - | 3.10 | 0.84 | 0.12 | 0.08 |
| 199 | 176 | 205 | 198 | 104 ⁽⁴⁾ | 114 |
| 222,066 ⁽²⁾ | 188,334 | 213,454 | 211,324 | 64,724 ⁽⁴⁾ | 281,111 |
| 33,152 ⁽³⁾ | 26,930 | 27,743 | 18,046 | 18,114 | 31,630 |
| 83,617 | 71,780 | 76,671 | 75,702 | 76,897 | 69,593 |
| 58,108 | 58,215 | 58,393 | 58,725 | 59,110 | 59,433 |
| 13,063,565 | 13,365,017 | 13,063,505 | 12,597,803 | 13,108,205 | 13,533,710 |
| 29,250 | 29,112 | 29,277 | 29,389 | 29,435 | 29,633 |
| 6,068,169 | 6,124,005 | 6,049,908 | 6,056,360 | 5,969,275 | 6,045,782 |

SCHEDULE 20

**CITY OF MELBOURNE, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

| <u>Function/program</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------------|--------------------|--------------------|--------------------|
| Police | | | | | | | | | | |
| Stations | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Patrol vehicles | 142 | 150 | 146 | 142 | 142 | 148 | 142 | 130 ⁽³⁾ | 122 ⁽⁴⁾ | 140 ⁽⁵⁾ |
| Fire stations | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Public works | | | | | | | | | | |
| Streets (miles) | 289 | 286 | 286 | 284 | 291 | 290 | 293 | 294 | 296 | 296 |
| Streetlights | 8,886 | 8,403 | 8,415 | 8,460 | 8,460 | 8,460 | 8,460 | 8,460 | 8,460 | 8,460 |
| Parks and recreation | | | | | | | | | | |
| Acreage | 570 | 570 | 570 | 570 | 570 | 570 | 570 | 570 | 521 ⁽²⁾ | 521 |
| Special use facilities | 7 | 7 | 7 | 7 | 7 | 6 | 6 | 6 | 6 | 6 |
| Community parks | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Neighborhood parks | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 28 | 29 | 29 |
| Water | | | | | | | | | | |
| Mains (miles) | | | | | | | | | | |
| Water transmission | 149 | 149 | 149 | 149 | 149 | 157 | 157 | 180 ⁽²⁾ | 170 ⁽²⁾ | 163 |
| Water distribution | 730 | 730 | 730 | 730 | 730 | 710 | 709 | 758 ⁽²⁾ | 754 ⁽²⁾ | 703 |
| Storage tanks ⁽¹⁾ | | | | | | | | | | |
| Quantity | 10 | 7 | 7 | 7 | 7 | 7 | 7 | 6 | 6 | 6 |
| Capacity (thousands of gallons) | 17,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 15,000 | 15,000 | 15,000 |
| Sewer (miles) | | | | | | | | | | |
| Gravity sewer mains | 256 | 257 | 257 | 258 | 258 | 258 | 259 | 259 | 259 | 261 |
| Force mains | 53 | 53 | 53 | 57 | 57 | 57 | 57 | 57 | 59 | 61 |
| Stormwater sewers | 201 | 201 | 201 | 201 | 201 | 201 | 240 ⁽²⁾ | 221 ⁽²⁾ | 249 ⁽²⁾ | 249 |
| Reclaimed - | | | | | | | | | | |
| Water mains | 33 | 34 | 34 | 34 | 34 | 34 | 35 | 36 ⁽²⁾ | 37 ⁽²⁾ | 37 |

Sources: Various City departments.

(1) 5th Street, Oak Street and Tradewinds tanks were demolished in 2013, Patrick SFB tank taken out of service in 2016, demolished in 2021.

(2) Updated per City GIS survey

(3) Previous years included vehicles that are not used for patrol.

(4) Four patrol vehicles were totaled in crashes and four were taken out of service.

(5) Increase reflects City Council's dedicated millage program to address public safety vehicle and equipment replacement.

SINGLE AUDIT SECTION

The Single Audit Section contains various independent auditors' reports and schedules as required by the Single Audit Act of 1996 for state and local governments that receive federal financial assistance and as required by Chapter 215.97, Florida Statutes for local governments that receive grants from State agencies.





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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Melbourne, Florida, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Melbourne, Florida's basic financial statements, and have issued our report thereon dated March 4, 2022.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Melbourne, Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as item 2021-001.

City of Melbourne, Florida's Response to Findings

The City of Melbourne, Florida's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of 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.

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.

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

Melbourne, Florida
March 4, 2022



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE FLORIDA AUDITOR GENERAL

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

Report on Compliance for Each Major Federal Program and State Program

We have audited the City of Melbourne, Florida's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Melbourne, Florida's major federal programs and state programs for the year ended September 30, 2021. The City of Melbourne, Florida's major federal programs and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Melbourne, Florida's major federal programs and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.550, Rules of the Auditor General. Those standards, the Uniform Guidance and Chapter 10.550, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Melbourne, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state program. However, our audit does not provide a legal determination of the City of Melbourne, Florida's compliance.

Opinion on Each Major Federal Program and State Programs

In our opinion, the City of Melbourne, Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state programs for the year ended September 30, 2021.

Report on Internal Control over Compliance

Management of the City of Melbourne, Florida is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the City of Melbourne, Florida's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state program, and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Melbourne, Florida's internal control over compliance.

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

Honorable Mayor and Members of City Council
City of Melbourne, Florida
Page Three

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal controls over compliance, described in the accompanying schedule of findings and questioned costs, as item 2021-001 that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

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

Melbourne, Florida
March 4, 2022

**CITY OF MELBOURNE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE OF FLORIDA FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

| Federal/State Agency, Pass-through Entity, Federal Program/State Project | Assistance Listing CSFA No. | Contract/ Grant No. | Expenditures | Transfers to Subrecipients |
|---|-----------------------------------|---------------------------|-----------------------------|-------------------------------|
| Federal Programs: | | | | |
| U.S. DEPARTMENT OF JUSTICE | | | | |
| Edward Byrne Memorial Justice Assistance Grant (JAG) Program - 2019 | 16.738 | 2019-DJ-BX-0895 | \$ 45,178 | |
| Edward Byrne Memorial Justice Assistance Grant (JAG) Program - 2020 | 16.738 | 2020-DJ-BX-0217 | 43,848 | |
| Total Edward Byrne Memorial Justice Assistance Grant (JAG Program) | | | <u>89,026</u> | |
| COVID-19 Coronavirus Emergency Supplemental Funding Program - 2020 | 16.034 | 2020-VD-BX-0184 | 19,373 | |
| Equitable Sharing Program | 16.922 | | 44,743 | |
| Total U.S Department of Justice | | | <u>153,142</u> | |
| U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT | | | | |
| Community Development Block Grants/Entitlement Grants - 2016 | 14.218 | B-16-MC-12-0012 | 29,768 | |
| Community Development Block Grants/Entitlement Grants - 2017 | 14.218 | B-17-MC-12-0012 | 61,718 | |
| Community Development Block Grants/Entitlement Grants - 2018 | 14.218 | B-18-MC-12-0012 | 96,861 | |
| Community Development Block Grants/Entitlement Grants - 2019 | 14.218 | B-19-MC-12-0012 | 55,766 | |
| Community Development Block Grants/Entitlement Grants - 2020 | 14.218 | B-20-MC-12-0012 | 335,484 | \$ 83,270 |
| COVID-19 Community Development Block Grants/Entitlement Grants | 14.218 | B-20-MW-12-0012 | 330,752 | |
| Total Community Development Block Grants/Entitlement Grants Cluster | | | <u>910,349</u> | <u>83,270</u> |
| U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT Pass through Brevard County: | | | | |
| Home Investment Partnerships Program - 2018 | 14.239 | M-18-DC-12-00200 | 65,716 | |
| Home Investment Partnerships Program - 2019 | 14.239 | M-19-DC-12-00200 | 130,734 | |
| Total Home Investment Partnerships Program | | | <u>196,450</u> | |
| Total U.S Department of Housing & Urban Development | | | <u>1,106,799</u> | |
| FEDERAL EMERGENCY MANAGEMENT AGENCY | | | | |
| Pass through State of Florida, Division of Emergency Management | | | | |
| Disaster Grants - Public Assistance - Hurricane Irma | 97.036 | PA-00-06-15-01-292 | 171,478 | |
| Hazard Mitigation Grant Program - Fire Station Hardening | 97.039 | 4337-37-R | 14,711 | |
| Total Federal Emergency Management Agency | | | <u>186,189</u> | |
| U.S. DEPARTMENT OF TREASURY | | | | |
| Pass through Florida Housing Finance Corporation: | | | | |
| COVID-19 Coronavirus Relief Fund | 21.019 | 125-2020 | 541,959 | |
| Pass through Brevard County: | | | | |
| COVID-19 Coronavirus Relief Fund | 21.019 | | 412,759 | |
| Total U.S. Department of Treasury | | | <u>954,718</u> | |
| U.S. DEPARTMENT OF TRANSPORTATION | | | | |
| Pass through Florida Department of Transportation | | | | |
| Highway Planning and Construction - Country Club School Safety Sidewalk Gaps | 20.205 | G1M02 | 446,786 | |
| Highway Planning and Construction - Melbourne Southwest Trail System from Stack Blvd to W.H. Jackson St | 20.205 | G1U04 | 70,288 | |
| Highway Planning and Construction - NASA Boulevard from Gateway Drive to Eddie Allen Road | 20.205 | G1U05 | 25,745 | |
| Highway Planning and Construction - Pineapple Ave from Montreal Ave to Aurora Rd | 20.205 | G1M62 | 36,538 | |
| Total Highway Planning and Construction Cluster | | | <u>579,357</u> | |
| U.S. DEPARTMENT OF TRANSPORTATION Federal Aviation Administration | | | | |
| Airport Improvement Program - Passenger Boarding Bridge 4 and 7 | 20.106 | 3-12-0046-047-2019 | 6,697 | |
| Airport Improvement Program - Terminal Exp/Rehab-Public Space (Ph 1) | 20.106 | 3-12-0046-048-2020 | 1,126,571 | |
| Airport Improvement Program - Terminal Exp-Passenger Boarding Bridge (2) | 20.106 | 3-12-0046-050-2020 | 383,435 | |
| Airport Improvement Program - Terminal Exp/Rehab-Public Space (Ph 2) | 20.106 | 3-12-0046-051-2020 | 1,786,872 | |
| Airport Improvement Program - Apron Rehab/Expansion | 20.106 | 3-12-0046-052-2020 | 6,000,000 | |
| COVID-19 Airport Improvement Program - CRRSA Grant-Concession Relief | 20.106 | 3-12-0046-054-2021 | 51,678 | |
| COVID-19 Airport Improvement Program - CARES Act | 20.106 | 3-12-0046-049-2020 | 8,530,696 | |
| Total Airport Improvement Program | | | <u>17,885,949</u> | |
| Total U.S. Department of Transportation | | | <u>18,465,306</u> | |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u>\$ 20,866,154</u> | <u>\$ 83,270</u> |

| Federal/State Agency, Pass-through Entity, Federal Program/State Project | Assistance Listing CSFA No. | Contract/ Grant No. | Expenditures | Transfers to Subrecipients |
|--|-----------------------------------|---------------------------|---------------------|-------------------------------|
| State Programs: | | | | |
| FLORIDA HOUSING FINANCE CORPORATION | | | | |
| State Housing Initiatives Partnership Program - 17/18 | 40.901 | | \$ 3,421 | |
| State Housing Initiatives Partnership Program - 18/19 | 40.901 | | 33,877 | |
| State Housing Initiatives Partnership Program - 19/20 | 40.901 | | 84,744 | |
| State Housing Initiatives Partnership Program - 20/21 | 40.901 | | (14,599) | |
| State Housing Initiatives Partnership Program - 21/22 | 40.901 | | 28,234 | |
| Total Florida Housing Finance Corporation | | | 135,677 | |
| FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION | | | | |
| Statewide Water Quality Restoration Projects - Sherwood Park Stormwater Quality Project | 37.039 | NS013 | 354,042 | |
| Statewide Water Quality Restoration Projects - Melbourne Septic to Sewer Conversion Project | 37.039 | LPQ0015 | 11,712 | |
| Total Florida Department of Environmental Protection | | | 365,754 | |
| FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY | | | | |
| Economic Development Tax Refund, Tax Credit and Grant Program - Ground Run Up Facility | 40.043 | G0042 | 2,383,622 | |
| Economic Development Tax Refund, Tax Credit and Grant Program - Northside Exp-Infrastructure Development | 40.043 | G0068 | 168,257 | |
| Total Florida Department of Economic Opportunity | | | 2,551,879 | |
| FLORIDA DEPARTMENT OF TRANSPORTATION | | | | |
| Joint Participation Agreements | | | | |
| Aviation Grant Programs - Air Traffic Control Tower- Design/Construction | 55.004 | ITEM#437014/G0383 | 19,187 | |
| Aviation Grant Programs - ATCT-Equip Relocation | 55.004 | ITEM#437014/03/G0383 | 40,060 | |
| Aviation Grant Programs - Obstruction Removal/Markings | 55.004 | 444217-1-94-01/G1F86 | 40 | |
| Aviation Grant Programs - Passenger Boarding Bridge 4 and 7 | 55.004 | 438452-2-94-01/G1C68 | 372 | |
| Aviation Grant Programs - Terminal Exp-Public Space | 55.004 | 438452-1-94-03/G1I75 | 5,742,022 | |
| Aviation Grant Programs - Northside Exp-St. Michael Place Ext | 55.004 | 447465-1-94-01/G1M66 | 255,333 | |
| Aviation Grant Programs - Apron Rehab/Expansion (DRA) | 55.004 | 447465-2-A8-01/G1U41 | 625,703 | |
| Total Aviation Grant Programs | | | 6,682,717 | |
| Local Transportation Projects - Strawbridge / Waverly Intersection | 55.039 | ASE54 | 186,255 | |
| Total Florida Department of Transportation | | | 6,868,972 | |
| TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE | | | \$ 9,922,282 | \$ - |

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE OF FLORIDA FINANCIAL ASSISTANCE

NOTE A

The Schedule of Expenditures of Federal Awards and State of Florida Financial Assistance is a summary of the activity of the City's Federal and State award programs presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

NOTE B

The Uniform Guidance allows a City to elect a 10% de minimus indirect cost rate. For the year ended September 30, 2021, the City elected not to use the rate.

NOTE C

The City did not receive any noncash assistance during the year ended September 30, 2021.

Assistance Listing- Federal Grants

CSFA- State Grants



THE CITY OF MELBOURNE, FLORIDA
Schedule of Findings and Questioned Costs
Fiscal Year Ended September 30, 2021

Section I—Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified? ___ yes X none noted

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards and State Programs

Internal control over major federal programs and state programs:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified? X yes ___ none noted

Type of auditors’ report issued on compliance for major federal programs and state programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200 of OMB Compliance Supplement and/or Chapter 10.550? X yes ___ none noted

Identification of major federal programs and state programs:

| <u>Federal Assistance Listing Numbers</u> | <u>Federal Program or Cluster</u> |
|---|---|
| 14.218 | Community Development Block Grants/Entitlement Grants Cluster |
| 20.106 | Airport Improvement Program |
| 21.019 | Coronavirus Relief Fund |
| | |
| <u>State CSFA Numbers</u> | <u>State Programs</u> |
| 55.004 | Aviation Grant Programs |

Dollar threshold used to distinguish between type A and B programs was \$750,000 for major federal programs and for major state programs.

Auditee qualified as a low-risk auditee for federal purposes? X yes ___ no

THE CITY OF MELBOURNE, FLORIDA
Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2021

Section II—Financial Statement Findings

See finding 2021-001 in Section III.

Section III—Federal Award Findings and Questioned Costs

2021-001 Timely Report Submissions

Federal Award: 20.019 Airport Improvement Program

2020 Funding

Federal Aviation Administration

Contract No: 3-12-00-46-051-2020

Criteria: The award agreement requires quarterly performance reporting within 30 days of the end of the fiscal quarter, and 2 CFR 200.303(a) requires non-federal entities to establish and maintain effective internal controls over federal awards.

Condition: The quarterly performance report for the period October 2020 – December 2020 was due January 30, 2021 but not submitted until April 30, 2021.

Cause: Airport staff stated their practice was to wait for construction activities and draws on the award to begin before submitting quarterly performance reports. Substantial work on the award commenced in the second quarter of fiscal year 2021.

Potential Effect: Quarterly performance reports were not submitted timely for the first quarter of fiscal year 2021 as required by the grantor.

Perspective: All other quarterly and annual reports tested for the Airport Improvement Program were submitted timely.

Questioned Costs: None

Recommendation: Reports should be submitted timely.

Management's Response: Management will review grant reporting requirements upon award of grant and submit reports as required. This corrective action will take effect immediately.

Section IV—State Programs Findings and Questioned Costs

No matters were reported.

Section V—Prior Findings and Questioned Costs for Federal Awards

No matters were reported in the prior year.



CORRECTIVE ACTION PLAN

March 4, 2022

The City of Melbourne respectfully submits the following corrective action plan for the year ended September 30, 2021.

Name and address of independent public accounting firm:

Carr Riggs & Ingram, LLC

215 Baytree Drive

Melbourne, FL 32940

Audit Period:

Fiscal year October 1, 2020 - September 30, 2021

The finding from the March 4, 2022 schedule of findings and questioned costs are discussed below. The finding is numbered consistently with the number assigned in the schedule.

2021-001: Timely Report Submissions: The quarterly performance report for the period October 2020 – December 2020 was due January 30, 2021 but not submitted until April 30, 2021.

Federal Award: 20.019 Airport Improvement Program

2020 Funding

Federal Aviation Administration

Contract No: 3-12-00-46-051-2020

RECOMMENDATION: Reports should be submitted timely.

RESPONSIBLE PARTY: David Perley – Airport Director of Capital Improvements

CORRECTIVE ACTION: Management will review grant reporting requirements upon award of grant and submit reports as required. This corrective action will take effect immediately.



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INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Melbourne, Florida, as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated March 4, 2022.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards; Independent Auditors' Report on Compliance for Each Major Federal Program and State Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 4, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address finding and recommendations made in the preceding audit report. Finding 2020-001 was repeated as 2021-002.

Official Title and Legal Authority

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

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and communicate the results of our determination as to whether or not the City of Melbourne, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify of the specific condition(s) met. In connection with our audit, we determined that the City of Melbourne, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

2021-002 Review of Submissions

Criteria: 2 CFR 200.303 requires non-federal entities to establish and maintain effective internal controls. Reports and expense reimbursements should be subject to independent review to verify completeness, validity, and timeliness of the submission.

Condition: Review was not consistently documented prior to submission of reports and expenses.

Cause: Coronavirus Relief Fund is a new federal program with a short time frame for expenditure of funds. The City received funding through both Brevard County and the Florida Housing Finance Corporation. Regulations changed frequently and City staff met in person to discuss how to comply with these regulations; however, these discussions were not documented.

Potential Effect: Expenses submitted to the County and reports to Florida Housing Finance Corporation may include errors.

Perspective (Context): The City submitted twelve groups of expenses to Brevard County for reimbursement under the terms of the Coronavirus Relief Fund. We tested a sample of these expense submissions and review was documented for two of the three submissions sampled.

There were four monthly reports and one close out report to Florida Housing Finance Corporation required to be submitted during the fiscal year. The monthly reports were submitted timely but review of the reports, prior to submission, were not documented. Review of the close out report was documented.

Recommendation: Review of expense reimbursements and reports should be documented prior to submission.

Management's Response: Management reviewed expense reimbursements and reports prior to submission. Management will document, in writing, approval in advance of submission in the future.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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

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

Melbourne, Florida
March 4, 2022



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

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

We have examined the City of Melbourne, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2021. Management is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

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

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

In our opinion, the City complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2021.

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

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

Melbourne, Florida
March 4, 2022



SECONDARY MARKET DISCLOSURE SECTION

Rule 15c2-12 promulgated by the Securities and Exchange Commission requires certain ongoing disclosure of annual financial information and operating data for bonds sold on or after July 3, 1995. This section includes disclosures not found elsewhere in this Report for the following bonds:

- Water and Sewer Refunding Revenue Bonds, Series 2002B
- Water and Sewer Refunding and Improvement Revenue Bonds, Series 2012
- Water and Sewer Refunding Revenue Bonds, Series 2013
- Water and Sewer Refunding Revenue Bond, Series 2014
- Water and Sewer Refunding Revenue Bonds, Series 2016A
- Water and Sewer Refunding Revenue Bonds, Series 2016B
- Water and Sewer Refunding Revenue Bonds, Series 2020
- Water and Sewer Improvement Revenue Bonds, Series 2021





SECONDARY MARKET DISCLOSURE FOR THE YEAR ENDED SEPTEMBER 30, 2021

General

The City of Melbourne is required to provide ongoing disclosure for holders of its Water and Sewer Refunding Revenue Bonds, Series 2002B, Water and Sewer Refunding and Improvement Revenue Bonds, Series 2012, Water and Sewer Refunding Revenue Bonds, Series 2013 and Water and Sewer Refunding Revenue Bond, Series 2014, Water and Sewer Refunding Revenue Bonds, Series 2016A and Water and Sewer Refunding Revenue Bonds, Series 2016B, Water and Sewer Refunding Revenue Bonds, Series 2020, and Water and Sewer Improvement Revenue Bonds, Series 2021. Rule 15c2-12 promulgated by the Securities and Exchange Commission requires ongoing disclosure for bonds sold on or after July 3, 1995. This report provides financial and operational data as required by the Continuing Disclosure Certificate.

The City owns, operates, and maintains the Water and Sewer System (the "System"). Potable water is provided to two different service areas, one being the "Mainland," consisting of all areas west of the Indian River, and the other being the "Beach," consisting of all areas east of the west boundary of the Indian River. The System also recognizes two service areas, both located on the Mainland and identified as either being inside the incorporated limits of the City or outside the incorporated limits.

Existing Water System

The City presently provides water service to a customer base of approximately 150,000 persons. This service covers the municipal limits of the City (population of 85,800), plus wholesale service to West Melbourne, and retail service to Melbourne Village, Melbourne Beach, Indialantic, Satellite Beach, Indian Harbour Beach, Palm Shores, and a portion of unincorporated Brevard County.

The City's two water production facilities consist of the Lake Washington Surface Water Production Facility with a production capacity of 20 million gallons per day (MGD) and the Reverse Osmosis Water Production Facility, with a production capacity of 5 MGD.

The City's water distribution system consists of approximately 163 miles of six (6) to 36-inch diameter transmission mains, and about 703 miles of two (2) to six (6)-inch diameter distribution mains.

The top ten water customers of the System are:

| Customer | Annual Revenue |
|---------------------------------------|----------------|
| City of West Melbourne ⁽¹⁾ | \$4,083,290 |
| Holmes Regional Medical Center | 347,214 |
| Florida Institute of Technology | 266,549 |
| School Board of Brevard County | 249,608 |
| Northrop Grumman Systems Corp | 137,853 |
| We Harbours, LLC | 97,966 |
| The Meadows | 92,949 |
| Prestige AB of Ready Mix of Melbourne | 89,907 |
| Northland Caribbean Isle, LLC | 88,396 |
| Steward Melbourne Hospital, Inc. | 87,964 |

(1) Pursuant to a bulk water sales agreement.

The table below summarizes the historical customer base and water demands for the City's water system service area.

| Year | Historic Water Flows (MGD) | | |
|------|-----------------------------------|--------------------|--------------------|
| | Number of Accounts ⁽¹⁾ | Average Day Demand | Maximum Day Demand |
| 2017 | 58,215 | 16.6 | 19.5 |
| 2018 | 58,393 | 16.2 | 18.9 |
| 2019 | 58,725 | 15.8 | 18.8 |
| 2020 | 59,110 | 16.6 | 19.9 |
| 2021 | 59,433 | 16.7 | 20.8 |

(1) Average number of accounts for each of the fiscal years ended September 30.

Existing Sewer System

The City currently owns and operates an extensive collection and transmission system. The System consists of approximately 261 miles of gravity and 60 miles of force collection mains, 95 lift stations, an inverted siphon and two (2) influent pump stations. The collection/transmission system transports the wastewater to two (2) wastewater treatment plants; the David B. Lee Water Reclamation Facility (the "D.B. Lee WRF" with a permitted capacity of 7.0 MGD) and the Grant Street Water Reclamation Facility (the "Grant Street WRF" with a permitted capacity of 5.5 MGD).

The top ten sewer customers of the System are:

| Customer | Annual Revenue |
|---------------------------------|----------------|
| Holmes Regional Medical Center | \$ 518,912 |
| Florida Institute of Technology | 397,944 |
| School Board of Brevard County | 229,361 |
| Northrop Grumman Systems Corp | 206,028 |
| We Harbours, LLC | 146,456 |
| The Meadows | 138,968 |
| Northland Caribbean Isle, LLC | 132,143 |
| Steward Melbourne Hospital | 131,534 |
| Manufactured Home Communities | 126,445 |
| Manatee Cove Apts LLC | 119,172 |

The table below summarizes the historical wastewater flows.

| Year | Historic Wastewater Flows (MGD) | | | |
|------|------------------------------------|-------------|------------------|----------------------|
| | Number of Accounts ⁽¹⁾ | D.B.Lee WRF | Grant Street WRF | Total Combined Flows |
| 2017 | 29,112 | 4.28 | 3.34 | 7.62 |
| 2018 | 29,277 | 4.54 | 3.84 | 8.38 |
| 2019 | 29,389 | 4.33 | 3.17 | 7.50 |
| 2020 | 29,435 | 4.28 | 3.15 | 7.43 |
| 2021 | 29,633 | 4.22 | 3.16 | 7.38 |

(1) Average number of accounts for each of the fiscal years ended September 30.

Existing Reclaimed Water System

The City currently owns and operates a reclaimed water production and distribution system. The System consists of two reclaimed water production facilities, and approximately 36 miles of various sized reclaimed water distribution mains. In regards to reclaimed water production, the David B. Lee Water Reclamation Facility (the "D.B. Lee WRF") has a production capacity of 4.0 MGD, while the Grant Street Water Reclamation Facility (the "Grant Street WRF") has a production capacity of 2.0 MGD. The public access approved reclaimed water is applied via spray irrigation to City golf courses, City parks, commercial green space, medians/rights-of-way and residential areas. As of September 30, 2021, there were 649 accounts in the reclaimed water system, of which 458 were residential.

The table below summarizes the historical reclaimed water flows.

| Historic Reclaimed Water Flows (MGD) | | | | |
|---|--------------------------------------|----------------|---------------------|----------------------------|
| Year | Number of Accounts ⁽¹⁾ | D.B.Lee WRF | Grant Street WRF | Total Combined Flows |
| 2017 | 684 | 1.83 | 0.59 | 2.42 |
| 2018 | 636 | 1.78 | 0.48 | 2.26 |
| 2019 | 642 | 1.91 | 0.52 | 2.43 |
| 2020 | 643 | 1.68 | 0.42 | 2.10 |
| 2021 | 649 | 1.70 | 0.58 | 2.28 |

(1) Average number of accounts for each of the fiscal years ended September 30.

Water Rates

The rate charged for potable water service to each customer consists of a monthly service charge based on the number of equivalent residential connections (ERCs) determined by the City periodically for the premise, which serves as the minimum bill, and a gallonage charge for each unit of one thousand (1,000) gallons or portion thereof. Such charges are due and payable on a monthly basis. The rates are charged based on the customer's location. Customers located within the city limits of the City are charged the inside City rate. Customers located outside the city limits of the City are charged the outside City rate.

| Effective Date | Rate per ERC – All Customers | |
|-----------------|------------------------------|--------------|
| | Inside City | Outside City |
| October 1, 2020 | \$ 8.00 | \$ 8.80 |
| October 1, 2021 | 8.00 | 8.80 |
| October 1, 2022 | 8.44 | 9.28 |

In addition to the above established service charge, each customer pays a monthly gallonage charge per unit for each one thousand (1,000) gallons, or portion thereof, of water passed through the customer's service meter in accordance with the schedule set forth below:

| Effective Date | Inside City | Outside City |
|-----------------|-------------|--------------|
| October 1, 2020 | \$ 4.57 | \$ 5.02 |
| October 1, 2021 | 4.57 | 5.02 |
| October 1, 2022 | 4.82 | 5.30 |

Sewer Rates

The rate charged for sewer service to each customer consists of a monthly service charge based on the number of equivalent residential connections (ERCs) being served at such connection as determined by the City periodically for the premise, which serves as the minimum bill, and a gallonage charge for each unit of one thousand (1,000) gallons or portion thereof. The rates charged are based on the customer's location. Customers located within the city limits pay the inside City rate. Customers located outside the city limits pay the outside City rate.

| Effective Date | Rate per ERC – All Customers | |
|-----------------|------------------------------|--------------|
| | Inside City | Outside City |
| October 1, 2020 | \$ 11.83 | \$ 14.78 |
| October 1, 2021 | 11.83 | 14.78 |
| October 1, 2022 | 12.48 | 15.59 |

Each customer connected to the City's sewer system to whom a monthly bill is rendered for water furnished by the water system of the City pays a charge per one thousand (1,000) gallons, or portion thereof, of water passed through the water meter for sewer services in accordance with the schedule set forth below:

| Effective Date | Inside City | Outside City |
|-----------------|-------------|--------------|
| October 1, 2020 | \$ 6.85 | \$ 8.56 |
| October 1, 2021 | 6.85 | 8.56 |
| October 1, 2022 | 7.22 | 9.03 |

Reclaimed Water Rates

All existing customers of reclaimed water who have active accounts on May 1, 2008, are charged a monthly service charge as follows:

| Reclaimed Water Service Fees for Customers Active on May 1, 2008 | | |
|--|--------------------------|---|
| Effective Date | Rate for first ½ acre | Rate per acre of pervious area (after first ½ acre) |
| October 1, 2020 | \$ 13.70 | \$ 54.80 |
| October 1, 2021 | 13.70 | 54.80 |
| October 1, 2022 | 14.50 | 58.00 |

The rate charged for all new customers of reclaimed water after May 1, 2008 consists of a monthly service charge and a monthly gallonage charge. The rates for a ¾ meter in which 15,000 gallons are included in the service charge are as follows:

| Reclaimed Water System Rates for New Customers | |
|--|------------------------|
| Effective Date | Monthly service charge |
| October 1, 2020 | \$ 8.55 |
| October 1, 2021 | 8.55 |
| October 1, 2022 | 9.00 |

In addition to the above established service charge, each customer pays a monthly gallonage charge for each 1,000 gallons, or a portion thereof, of reclaimed water that passes through the customer's service meter that is over and above the gallonage allocation as follows:

| Gallonage Charges | |
|-------------------|----------------|
| Effective Date | Monthly Charge |
| October 1, 2020 | \$.57 |
| October 1, 2021 | .57 |
| October 1, 2022 | .60 |

Each customer requesting reclaimed water service from the City, prior to the installation of a flow meter for each connection to the reclaimed water main, pays the following amounts to defray the cost of the service provided:

| Meter Size (Inches) | Reclaimed Water Connection Charge |
|------------------------|---|
| ¾ | \$ 250 |
| 1 | 475 |
| 1-1/2 | 850 |
| 2 | 1,600 |
| Over 2 inches | To be determined by the City on an individual basis |

The full amount of the connection charge provided above must be paid prior to connection of each unit to the City's reclaimed water system. The meter shall be adequately sized to service the customer irrigation system.

Water Impact Fees

Each customer requesting capacity from the City's water system shall, prior to the installation of the connection to the water main, pay the following amounts to provide service to properties or customers and to all customers presently connected to the City's water system when additional development, structural changes, additions or changes in permitted use results in an additional impact to the City's water system. Water impact fees shall not be transferable from one property to another property.

(1) Single-family residence: All development which is considered an individually metered residential unit shall be considered one (1) ERC. The water impact fee per one (1) ERC shall be one thousand five hundred forty dollars (\$1,540).

(2) Multiple-family, condominium, mobile home trailer and motor home parks, including all related facilities not having individual water meter connections, or other multiple living units or developments of mobile-type homes: The water impact fees for each living unit served by a master meter shall be determined in accordance with the following schedule. If the development served by the master meter includes individually metered non-residential use, then the water impact fee for such individually metered non-residential use will be determined in addition to the applicable water impact fees as shown below for this customer designation.

| | ERC Factor per Living Unit | Water Impact Fee |
|--|----------------------------|------------------|
| Duplex (1 or 2 Bedrooms) | 0.833 | \$ 1,283 |
| Duplex (3 or more Bedrooms) | 1.000 | 1,540 |
| Multifamily (1 Bedroom) | 0.583 | 898 |
| Multifamily (efficiency less than 500 sq. ft.) | 0.500 | 770 |
| Multifamily (2 Bedrooms) | 0.833 | 1,283 |
| Multifamily (3 Bedrooms) | 1.000 | 1,540 |
| Mobile Home (1 or 2 Bedrooms) | 0.667 | 1,027 |
| Mobile Home (3 or more Bedrooms) | 0.833 | 1,283 |

(3) Hotels and motels not having individual water connections: The water impact fees for each unit that is not individually metered shall be considered as 0.75 ERC's per unit. The water impact fee per each unit shall be one thousand one hundred fifty-five dollars (\$1,155) per unit.

(4) Housing for older persons not having individual water connections: The water impact fees for each unit of housing as defined by Florida Statute §760.29, as amended from time to time, that is not individually metered shall be considered as 0.75 ERC's per unit. The water impact fee per unit of housing shall be one thousand one hundred fifty-five dollars (\$1,155) per unit.

(5) Commercial customers: For all commercial and non-residential connections not specifically identified in one of the classifications listed above, the water impact fees shall be based on the average dependable daily capacity for the development of property identified by the applicant and as certified for the applicant by a registered Florida Professional Engineer using the City's potable water concurrency standards in Article IV, Chapter 3, Section 3.46 of Appendix D, Land Development Code and as approved by the city expressed on a gallons per day basis multiplied by \$6.417 per gallon of capacity. In no event will the water impact fee charged to a commercial customer property be less than one thousand five hundred forty dollars (\$1,540). For each commercial customer that is presently connected to the City's water system that constructs structural changes, additions, or changes in permitted use of such property that shall result in additional capacity impact to the City's water system, the water impact fee shall be based on the net increase in the average dependable daily capacity for the structural changes, additions, or changes in permitted use as determined above expressed on a gallons per day basis multiplied by \$6.417 per gallon of capacity.

To the extent that the average daily flow for a commercial connection during any consecutive twelve month period is greater than the average dependable daily capacity for which water impact fees have been paid, an additional water impact fee shall be assessed for the excess flow calculated in accordance with City code. No refund or credit shall be afforded to the owner of the property in the event that diminution of use occurs.

(6) Each customer requesting water service from the City shall, prior to the installation of a flow meter for each connection to the water main, pay the following amounts to defray the cost of the service provided:

| Meter Size (Inches) | Water Connection Charge |
|---------------------|---|
| ¾ | \$ 250 |
| 1 | 475 |
| 1-1/2 | 850 |
| 2 | 1,600 |
| Over 2 inches | To be determined by the City on an individual basis |

The full amount of the connection charge provided above must be paid prior to connection of each unit to the City's water system. The City reserves the right to determine the meter size that will be required for the service requested.

Sewer Impact Fees

Each customer requesting capacity from the City's sewer system, prior to connection to the system, pays the following amounts to provide service to properties and on all properties presently connected to the City's sewer system when structural changes, additions or changes in permitted use results in an additional impact to the City's sewer system. Sewer impact fees will not be transferable from one property to another property.

(1) Single-family residence: All development which is considered an individually metered residential unit shall be considered as one (1) ERC. The sewer impact fee per ERC shall be two thousand two hundred ten dollars (\$2,210).

(2) Multiple-family, condominium, mobile home trailer and motor home parks, including all related facilities not having individual sewer connections, or other multiple living units or developments of mobile type homes: The sewer impact fees for each living unit serviced by a master meter shall be determined in accordance with the following schedule. If the development served by the master meter includes individually metered non-residential use, then the sewer impact fee for such non-residential use will be determined in addition to the applicable sewer impact fees as shown on the next page for this customer designation.

| | <u>ERC Factor per Living Unit</u> | <u>Sewer Impact Fee</u> |
|--|-----------------------------------|-------------------------|
| Duplex (1 or 2 Bedrooms) | 0.833 | \$ 1,841 |
| Duplex (3 or more Bedrooms) | 1.000 | 2,210 |
| Multifamily (1 Bedroom) | 0.583 | 1,288 |
| Multifamily (efficiency less than 500 sq. ft.) | 0.500 | 1,105 |
| Multifamily (2 Bedrooms) | 0.833 | 1,841 |
| Multifamily (3 or more Bedrooms) | 1.000 | 2,210 |
| Mobile Home (1 or 2 Bedrooms) | 0.667 | 1,474 |
| Mobile Home (3 or more Bedrooms) | 0.833 | 1,841 |

(3) Hotels and motels not having individual sewer connections: The sewer impact fee for each unit that is not individually metered shall be considered as 0.75 ERC's per unit. The sewer impact fee per each unit shall be one thousand six hundred fifty eight dollars (\$1,658) per unit.

(4) Housing for older persons not having individual sewer connections: The sewer impact fees for each unit of housing as defined by Florida Statute §760.29, as amended from time to time, that is not individually metered shall be considered as 0.75 ERC's per unit. The sewer impact fee per each unit of housing shall be one thousand six hundred fifty-eight dollars (\$1,658) per unit.

(5) Commercial customers: For all commercial and non-residential connections not specifically identified in one of the classifications listed above, the sewer impact fees shall be based on the average dependable daily capacity for the development or property identified by the applicant and as certified for the applicant by a registered Florida Professional Engineer using the City's potable water concurrency standards in Article IV, Chapter 3 of Appendix D, Land Development Code and as approved by the city expressed on a gallons per day basis multiplied by \$9.208 per gallon of capacity. In no event will the sewer impact fee charged to a commercial customer property be less than two thousand two hundred ten dollars (\$2,210). For each commercial customer that is presently connected to the City's sewer system that constructs structural changes, additions or changes in permitted use of such property that shall result in an additional capacity impact to the City's sewer system, the sewer impact fee shall be based on the net increase in the average dependable daily capacity for the structural changes, additions, or changes in permitted use as determined above expressed on a gallons per day basis multiplied by \$9.208 per gallon of capacity.

To the extent that the average daily flow for a commercial connection during a consecutive twelve month period is greater than the average dependable daily capacity for which sewer impact fees have been paid, an additional sewer impact fee shall be assessed for the excess flow calculated in accordance with City code. No refund or credit shall be afforded to the owner of the property in the event that a diminution of use occurs.

(6) Each customer requesting sewer service from the City shall be required to pay to the City an amount equal to the actual cost as determined by the City as incurred for any modification or extension of the sewer system required to provide sewer service to the property requiring such service. The minimum charge to be billed by the City for the cost of a sewer connection is one hundred dollars (\$100), regardless of meter size. The payment of the sewer connection charges shall be in addition to the payment of the sewer impact fees.

Comparison of Water and Sewer Rates (as of October 1, 2021)

| Service Provider | Water charge | | | Sewer charge | | | Combined water and sewer charge | | | | | | | | |
|------------------------|--------------|---------------|---------------|--------------|---------------|---------------|---------------------------------|---------------|---------------|----------------|----------------|---------|---------|----------|----------|
| | 0 Gallons | 2,000 Gallons | 5,000 Gallons | 0 Gallons | 2,000 Gallons | 5,000 Gallons | 0 Gallons | 2,000 Gallons | 5,000 Gallons | 10,000 Gallons | 15,000 Gallons | | | | |
| City of Melbourne | \$8.00 | \$17.14 | \$30.85 | \$53.70 | \$76.55 | \$111.83 | \$25.53 | \$46.08 | \$80.33 | \$114.58 | \$19.83 | \$42.67 | \$76.93 | \$134.03 | \$191.13 |
| Brevard County | 17.40 | \$17.40 | 28.16 | 59.92 | 98.97 | 22.42 | 31.90 | 46.12 | 69.82 | 79.30 | 39.82 | 49.30 | 74.28 | 129.74 | 178.27 |
| City of Cocoa | 15.39 | 22.51 | 33.19 | 68.24 | 118.04 | 18.46 | 33.42 | 55.86 | 93.26 | 108.22 | 33.85 | 55.93 | 89.05 | 161.50 | 226.26 |
| City of Palm Bay | 15.34 | 23.18 | 34.94 | 60.34 | 95.54 | 22.64 | 35.76 | 55.44 | 88.24 | 88.24 | 37.98 | 58.94 | 90.38 | 148.58 | 183.78 |
| City of Titusville | 10.59 | 17.45 | 27.74 | 53.49 | 87.79 | 15.44 | 31.80 | 56.34 | 97.24 | 138.14 | 26.03 | 49.25 | 84.08 | 150.73 | 225.93 |
| City of Vero Beach | 13.60 | 15.26 | 17.75 | 31.65 | 45.55 | 19.89 | 27.07 | 37.84 | 55.79 | 55.79 | 33.49 | 42.33 | 55.59 | 87.44 | 101.34 |
| City of West Melbourne | 14.35 | 26.75 | 45.85 | 79.15 | 114.55 | 14.45 | 24.45 | 39.45 | 64.45 | 89.45 | 28.80 | 51.20 | 85.30 | 143.60 | 204.00 |

Data prepared by City of Melbourne Financial Services Department

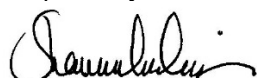
Historical Bond Service Coverage

| | For Fiscal Years Ending September 30, | | | | |
|---|---------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 |
| Revenues | | | | | |
| Water sales | \$ 31,527,010 | \$ 31,246,858 | \$ 30,416,642 | \$ 31,268,642 | \$ 31,882,976 |
| Sewer charges | 20,838,145 | 21,000,231 | 20,942,547 | 20,945,200 | 21,075,990 |
| Other revenues | 2,048,808 | 3,476,805 | 3,364,006 | 4,082,916 | 2,359,507 |
| Interest income | 762,007 | 1,089,538 | 1,886,699 | 2,088,464 | 1,252,144 |
| Total Operating Revenues⁽¹⁾ | 55,175,970 | 56,813,432 | \$ 56,609,894 | \$ 58,385,222 | \$ 56,570,617 |
| Operating Expense | | | | | |
| Salaries, wages and employee benefits | 13,045,573 | 12,769,388 | 13,826,536 | 15,744,303 | 12,433,007 |
| Other post employment benefits | (867) | (34,878) | (66,816) | (56,461) | 19,394 |
| Contractual services, materials, supplies | 17,655,807 | 17,593,374 | 15,385,702 | 18,588,632 | 16,963,988 |
| Total Operating Expense⁽¹⁾ | 30,700,513 | 30,327,884 | 29,145,422 | 34,276,474 | 29,416,389 |
| Net Operating Income⁽¹⁾ | 24,475,457 | 26,485,548 | 27,464,472 | 24,108,748 | 27,154,228 |
| Available Impact Fees⁽¹⁾ | 2,535,012 | 3,883,159 | 3,636,038 | 2,312,011 | 2,721,808 |
| Available for Debt Service | \$ 27,010,469 | \$ 30,368,707 | \$ 31,100,510 | \$ 26,420,759 | \$ 29,876,036 |
| Annual Debt Service Requirement | | | | | |
| Series 2002B | \$ 3,450,000 | \$ 3,450,000 | \$ 3,445,000 | \$ 3,445,000 | \$ 3,440,000 |
| Series 2007B | 712,400 | - | - | - | - |
| Series 2012 | 481,544 | 480,244 | 480,944 | 484,344 | 249,250 |
| Series 2013 | 1,043,762 | 1,042,112 | 1,045,012 | 1,041,412 | 673,500 |
| Series 2014 | 956,722 | 959,892 | 962,666 | 960,044 | 962,125 |
| Series 2016A | 898,750 | 1,488,750 | 1,489,250 | 1,483,250 | 1,486,000 |
| Series 2016B | 723,250 | 723,250 | 723,250 | 723,250 | 723,250 |
| Series 2020 ⁽²⁾ | - | - | - | - | 412,755 |
| Series 2021 ⁽²⁾ | - | - | - | - | 1,518 |
| Total Debt Service | \$ 8,266,428 | \$ 8,144,248 | \$ 8,146,122 | \$ 8,137,300 | \$ 7,948,398 |
| Coverage | | | | | |
| Net Revenue 100% Test | 296% | 325% | 337% | 296% | 342% |
| With Impact Fees 115% Test | 327% | 373% | 382% | 325% | 376% |

(1) Calculated according to bond ordinance and therefore not consistent with GAAP.

(2) Prorated for current fiscal year due to November 15th payment date.

Respectfully submitted,



Shannon M. Lewis
City Manager



STATE OF FLORIDA
COUNTY OF BREVARD

I, Jeffrey C. Towne, Affiant, first being duly sworn on oath, depose and say as follows:

1. I am over eighteen (18) years of age.
2. I am the Director of Financial Services with the City of Melbourne, Florida, and, as such, have personal knowledge of the facts set forth herein.
3. In accordance with Section 163.31801, Florida Statutes, the City of Melbourne, Florida, is confirming that it has complied with all requirements of this Statute for the fiscal year ended September 30, 2021.

FURTHER AFFIANT SAYETH NOT.

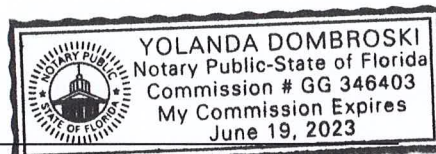
Jeffrey C. Towne

JEFFREY C. TOWNE

STATE OF FLORIDA
COUNTY OF BREVARD:

SWORN TO AND SUBSCRIBED before me this 21st day of February, 2022 by Jeffrey C. Towne who is personally known to me.

Yolanda Dombroski



SIGNATURE OF NOTARY PUBLIC - STATE OF FLORIDA

