

CITY OF WEST MELBOURNE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE
FISCAL YEAR ENDED
SEPTEMBER 30, 2021



West Melbourne

F L O R I D A

Prepared by:
THE FINANCE DEPARTMENT

CITY OF WEST MELBOURNE, FLORIDA

CITY COUNCIL

HAL J. ROSE, MAYOR

JOHN DITTMORE, DEPUTY MAYOR

DANIEL BATCHELDOR, COUNCIL MEMBER

PAT BENTLEY, COUNCIL MEMBER

DANIEL McDOW, COUNCIL MEMBER

STEPHEN PHRAMPUS, COUNCIL MEMBER

ANDREA YOUNG, COUNCIL MEMBER

CITY MANAGER

SCOTT MORGAN

CITY ATTORNEY

MORRIS RICHARDSON

FINANCE DIRECTOR

MARGI STARKEY

City of West Melbourne, Florida
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September 30, 2021

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MAYOR
Hal J. Rose

DEPUTY MAYOR
Andrea Young

COUNCIL MEMBERS
Daniel Batchelder
Pat Bentley
John Dittmore
Daniel McDown
Stephen Phrampus



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

April 13, 2022

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

The Annual Comprehensive Financial Report of the City of West Melbourne, Florida (the "City"), for the fiscal year ended September 30, 2021 is hereby submitted pursuant to Florida Statutes Chapter 218.39 and Chapter 10.550 of the Rules of the Auditor General of the State of Florida.

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

Carr, Riggs & Ingram, LLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of West Melbourne's financial statements for the year ended September 30, 2021. The independent auditors' report is located at the front of the financial section of this report.

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

Profile of the Government

The City of West Melbourne was founded in 1959 and incorporated on July 2, 1970, as a political subdivision of the State of Florida. It is located in east central Florida within Brevard County. It currently occupies 10.76 square miles and has an estimated population of 28,127. The City is empowered to levy a property tax on real property located within its boundaries, which the City has levied continuously since fiscal year 2006. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

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

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

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

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

Local Economy

The City of West Melbourne is located approximately forty five miles south of the Kennedy Space Center and encompasses an area of 10.76 square miles. The area is a major hub for technology driven industry such as RELM Wireless, Lockheed Martin, Confluent RF Systems, Mack Technologies, Terry Laboratories and USSI. Corporate headquarters, manufacturers, and technology oriented companies are located within the City of West Melbourne limits. The City's diverse business community includes traditional businesses, which encompass retail and wholesale trade, transportation, the utilities sector, the professional and business services sector, real estate, finance, and the construction sector, both light manufacturing and military contractors. The City remains attractive to such a vibrant mix of businesses because it maintains one of the lowest tax rates in Brevard County, which has given the City an edge as a better place to do business. The City continues to pursue technology oriented manufacturing, warehousing/distribution, and professional service companies seeking a competitive advantage in the marketplace.

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

In 1970, West Melbourne's population was approximately 3,050. Since 2000, the City has experienced the highest population growth percentage of any municipality in Brevard County. The most recent State population estimate for the City is 28,127. The population in the City is relatively young and well-educated with over 45% of its population under the age of 45. With a comparatively high median household income, combined with a relatively young and well-educated population, the City has ideal market conditions for the continued development of high-technology, knowledge-based businesses, as well as traditional businesses and service providers.

As a result of the economic recovery from the COVID-19 pandemic, the unemployment rate for the United States and the State of Florida decreased in 2021. As of September 30, 2021, the unemployment rate in the United States was 4.8%, a decrease from 7.8% a year earlier. For Brevard County, the unemployment rate was 5.3%, marginally up from 5.2% a year earlier as reported by the Florida Department of Economic Opportunity. It is expected that the unemployment rate for Brevard County will drop in 2023 as COVID-19 morphs from pandemic level to less virulent and widespread, thus encouraging company growth, start-ups, and an increase in consumer spending.

Long-term Financial Planning and Major Initiatives

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

The City is also cognizant of other cities' financial challenges. At the end of the current fiscal year, the unrestricted fund balance (which is the total of the committed, assigned, and unassigned components of the fund balance) in the general fund, was 61% of total general fund expenditures. This is a strong position which reduces the need to borrow to finance future construction and expansion projections.

Recent strategic projects for the City of West Melbourne include completion of a significant reach of sanitary sewer collection system replacement serving northwest West Melbourne, completion of a largely grant funded septic to sewer neighborhood conversion project for the Sylvan Drive neighborhood, construction of a new water main to serve properties west of Interstate 95 in the vicinity of U.S. 192, and the drilling of a test/production well in advance of the future development of a new City potable water production plant planned for start-up in 2026. In addition, an expansion and renovation of a Parks Maintenance building has been completed and various roadway improvement projects are in design. The cost of all these initiatives have been funded without the issuance of new debt.

Since 2000, the City of West Melbourne has been, by percentage, the fastest growing municipality in Brevard County. Since 2010, the City's population has grown 39.4%. In calendar year 2021, the City issued 187 building permits for new single family homes, and a new apartment development started construction. Building permit valuations, representing both residential and commercial activity, totaled \$91.7 million in calendar year 2021. Near term, residential growth is slowing while commercial development is anticipated to continue at a respectable pace into 2022. This is expected to be both with continued infill site commercial development, as well as a declining number of remaining opportunities within three large commercial centers in the City that still have a few remaining commercial parcels that can yet be developed. These are the Hammock Landing, Coastal Commerce, and the West Melbourne Interchange Centers.

The City Council has updated the Capital Improvements Element of the Comprehensive Plan in accordance with Florida Statutes 163.3177(3)(b), and management has projected the capital improvement program for the next five years as financially feasible. The 2022 to 2026 projection matches future sources of revenues with planned capital expenditures that incorporate long range plans of the City, with major water projects estimated at \$49.5 million, sewer projects estimated at \$22.2 million, stormwater system improvements at \$6.8 million, and transportation system improvements estimated at \$5.5 million. Combined capital improvements for all major and secondary projects are estimated at \$85.3 million over the five year span.

The millage rate for the City of West Melbourne was 2.5087 for fiscal year 2020 - 2021. This was reduced from the fiscal year 2019 – 2020 millage rate of 2.6017.

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

Relevant Financial Policies

The City of West Melbourne has a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to or in excess of appropriations). Due to increased taxes, licenses and permits, and intergovernmental revenues, actual General Fund revenues exceeded the final budget by approximately \$1.2 million. During fiscal year 2021, General Fund budgeted expenditure appropriations increased by \$226,150, while actual expenditures were well below the final budgeted amount. Overall, operational activity resulted in an excess of revenues over expenditures by \$2.4 million.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of West Melbourne for its annual comprehensive financial report (ACFR) for the fiscal year ended September 30, 2020. In order to be awarded a Certificate of Achievement, the government published 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. 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 this report would not have been possible without the efficient and dedicated service of the Finance department. We wish to also express our appreciation to members of other City departments for their assistance in providing the data necessary to prepare this report. Credit must also be given to the Mayor and the City Council for their consistent support for management as it seeks to prudently manage the City of West Melbourne's finances.

Respectfully submitted,



Scott Morgan
City Manager



Margi Starkey
Finance Director

City of West Melbourne, Florida
Principal Officials
September 30, 2021

City Council

Hal J. Rose	Mayor
John Dittmore	Deputy Mayor
Daniel Batcheldor	Council Member
Pat Bentley	Council Member
Daniel McDow	Council Member
Stephen Phrampus	Council Member
Andrea Young	Council Member

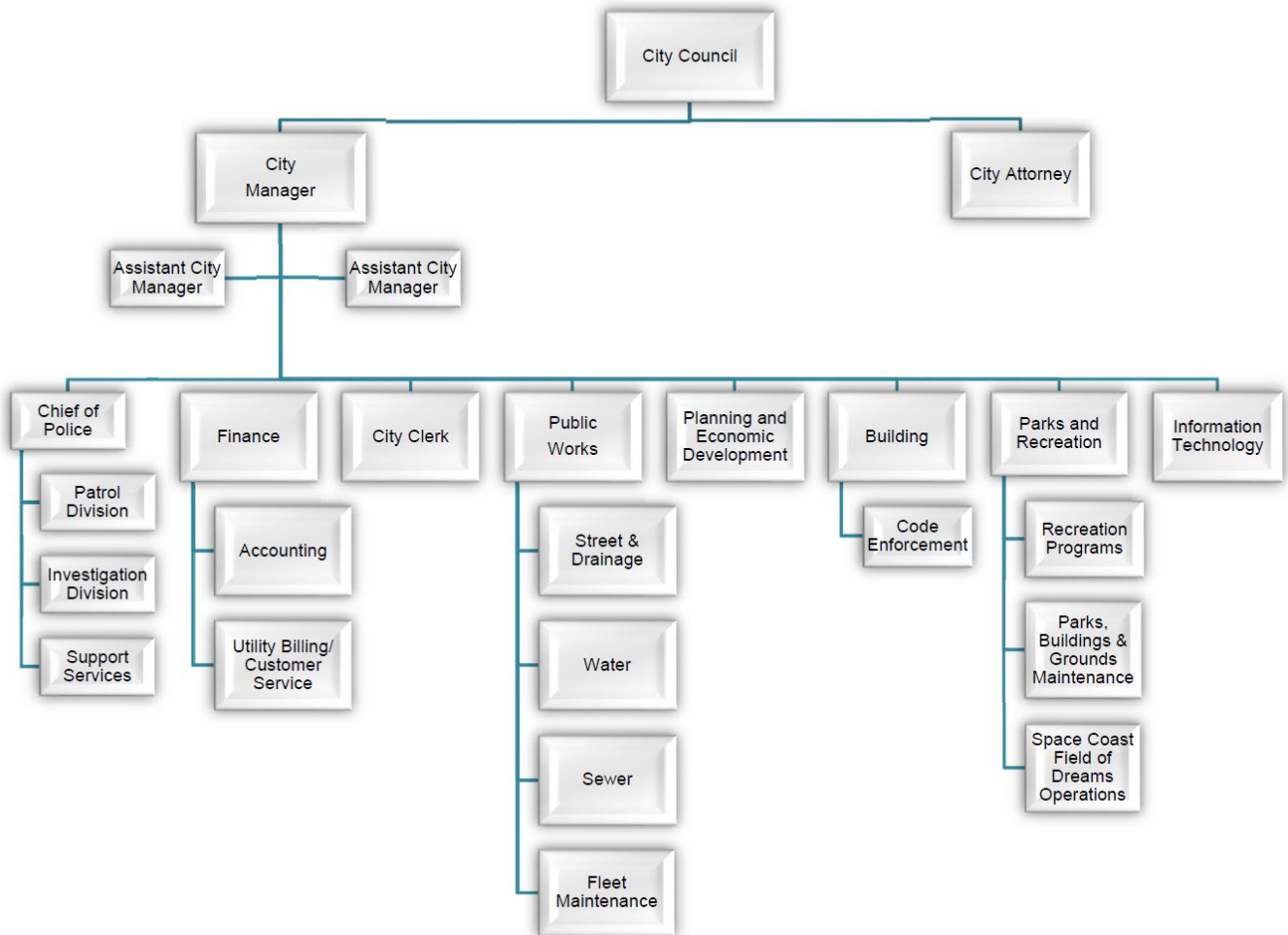


Executive Management Team

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

As of September 30, 2021

City of West Melbourne, Florida
Organizational Chart
September 30, 2021





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of West Melbourne
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 17 to 27), pension and other postemployment benefits supplementary information (pages 95 to 109) and budgetary comparison information for the general fund and major special revenue funds (pages 110 to 114) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

schedules of nonmajor governmental funds are fairly stated in all material respects in relation to the basic 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 April 13, 2022 on our consideration of the City of West Melbourne, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of West Melbourne, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of West Melbourne, Florida's internal control over financial reporting and compliance.

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

Melbourne, Florida
April 13, 2022



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City of West Melbourne, Florida
Management's Discussion and Analysis
September 30, 2021

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

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$118,984,092 (*net position*). Of this amount, \$27,649,637 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$7,946,471 from fiscal year 2021 activities. The increase is largely due to increases in capital grants and contributions and property taxes.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$24,198,747 an increase of \$3,457,485 in comparison with the prior year. Approximately 32% of this amount (\$7,763,105) is available for spending at the government's discretion (*assigned and unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed, assigned, and unassigned* components of *fund balance*) for the general fund was \$7,763,105, or approximately 61% of total general fund expenditures.
- The City's total outstanding long-term debt decreased by \$3,806,865 during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, recreation, and community development. The business-type activities of the City include a Water and Sewer System. The government-wide financial statements can be found on pages 30-33 of this report.

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

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

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

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

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

City of West Melbourne, Florida
Management's Discussion and Analysis
September 30, 2021

The basic governmental fund financial statements can be found on pages 34-37 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer System, which is considered to be a major fund. The basic proprietary fund financial statements can be found on pages 38-43 of this report.

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

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

The fiduciary fund financial statements can be found on pages 44-45 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 47-94 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's budgetary compliance and pension and other post-employment benefits obligations. The City adopts an annual appropriated budget for its general fund, community redevelopment agency fund, special revenue funds (recreation and storm water), and capital projects funds (capital projects and vehicle replacement). Budgetary comparison statements have been provided for each of these funds to demonstrate compliance with this budget. The required supplementary information can be found on pages 96-109 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 116-120 of this report.

The Statistical Section includes tables and schedules to provide a more detailed picture of the financial condition of the City than those presented in the financial statements. These include the schedule of bonded debt and interest to maturity and assorted multi-year financial and statistical information and can be found on pages 125-146 of this report.

City of West Melbourne, Florida
Management's Discussion and Analysis
September 30, 2021

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of West Melbourne, Florida, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$118,984,092 at the close of the most recent fiscal year.

City of West Melbourne's Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 27,368,231	\$ 22,345,990	\$ 23,098,524	\$ 25,017,832	\$ 50,466,755	\$ 47,363,822
Capital assets	31,644,979	32,645,779	49,713,741	46,880,794	81,358,720	79,526,573
Total assets	59,013,210	54,991,769	72,812,265	71,898,626	131,825,475	126,890,395
Deferred outflows	2,495,945	2,372,022	432,130	466,339	2,928,075	2,838,361
Long-term liabilities	2,991,931	5,304,180	3,771,634	8,217,132	6,763,565	13,521,312
Other liabilities	1,260,921	1,487,308	2,704,239	2,944,837	3,965,160	4,432,145
Total liabilities	4,252,852	6,791,488	6,475,873	11,161,969	10,728,725	17,953,457
Deferred inflows	4,451,391	726,375	589,342	11,303	5,040,733	737,678
Net position:						
Net investment in						
capital assets	31,404,826	32,164,344	46,096,924	39,269,577	77,501,750	71,433,921
Restricted	13,832,705	13,445,602	-	2,471,922	13,832,705	15,917,524
Unrestricted	7,567,381	4,235,982	20,082,256	19,450,194	27,649,637	23,686,176
Total net position	\$ 52,804,912	\$ 49,845,928	\$ 66,179,180	\$ 61,191,693	\$ 118,984,092	\$ 111,037,621

By far the largest portion of the City's net position (65.1%) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, machinery and equipment, and construction in progress), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (11.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$27,649,637 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

At September 30, 2021, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

City of West Melbourne, Florida
Management's Discussion and Analysis
September 30, 2021

Statements of Activities

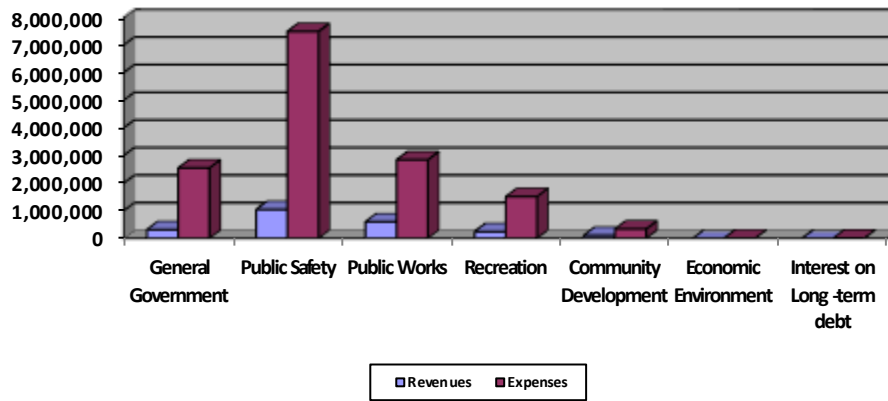
The following table reflects the condensed Statements of Activities for the current and prior year:

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 2,561,830	\$ 2,545,857	\$ 14,819,962	\$ 13,637,182	\$ 17,381,792	\$ 16,183,039
Capital grants and contributions	635,004	4,000,996	3,554,771	3,115,488	4,189,775	7,116,484
General revenues:						
Local option gas tax	811,636	728,699	-	-	811,636	728,699
Property taxes	4,630,429	4,421,186	-	-	4,630,429	4,421,186
Public utility and telecommunication taxes	3,583,192	3,407,499	-	-	3,583,192	3,407,499
Payment in lieu of taxes	518,214	426,386	-	-	518,214	426,386
Franchise fees	2,025,159	1,886,888	-	-	2,025,159	1,886,888
Shared revenues	2,618,119	2,142,428	-	-	2,618,119	2,142,428
Unrestricted investment earnings	32,713	182,884	20,341	221,937	53,054	404,821
Miscellaneous	229,404	287,820	-	-	229,404	287,820
Gain on disposition	24,866	23,525	-	-	24,866	23,525
Transfers, net	37,200	34,400	(37,200)	(34,400)	-	-
Total revenues	17,707,766	20,088,568	18,357,874	16,940,207	36,065,640	37,028,775
Expenses:						
General government	2,548,202	2,808,023	-	-	2,548,202	2,808,023
Public safety	7,491,665	7,886,503	-	-	7,491,665	7,886,503
Public works	2,844,827	2,993,822	-	-	2,844,827	2,993,822
Recreation	1,511,384	1,492,810	-	-	1,511,384	1,492,810
Community development	339,433	373,339	-	-	339,433	373,339
Economic environment	5,795	420	-	-	5,795	420
Interest on long term debt	7,476	9,250	-	-	7,476	9,250
Water and sewer	-	-	13,370,387	12,521,238	13,370,387	12,521,238
Total expenses	14,748,782	15,564,167	13,370,387	12,521,238	28,119,169	28,085,405
Increase in net position	2,958,984	4,524,401	4,987,487	4,418,969	7,946,471	8,943,370
Net position - beginning of year	49,845,928	45,321,527	61,191,693	56,772,724	111,037,621	102,094,251
Net position - ending	\$ 52,804,912	\$ 49,845,928	\$ 66,179,180	\$ 61,191,693	\$ 118,984,092	\$ 111,037,621

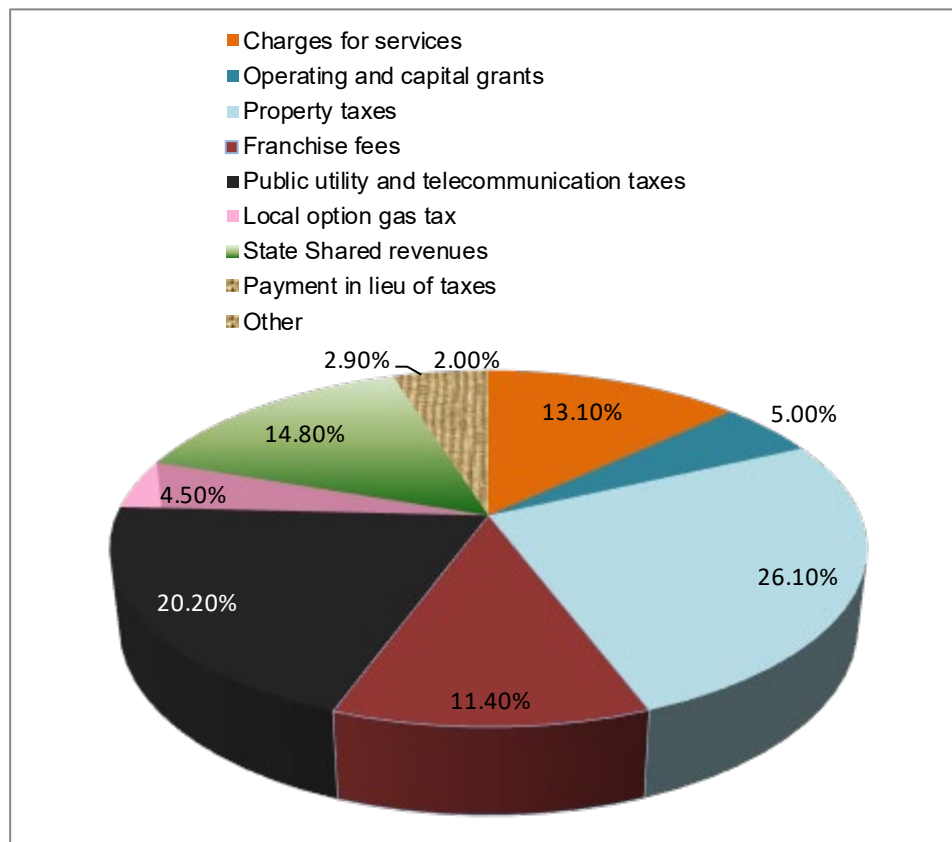
Governmental Activities. During the current fiscal year, net position for governmental activities increased by \$2,958,984 from the prior fiscal year. General revenues increased overall by approximately 7.2% due to increases in local option gas tax, property taxes, public utility and communications taxes, payment in lieu of taxes, franchise fees, and shared revenues, which were partially offset by decreases in unrestricted investment earnings and miscellaneous revenue. Program revenues decreased by approximately 78%, primarily due to decreased fees under an agreement between Brevard County and the City, for Transportation Impact Fees.

Governmental expenses decreased \$815,385 (5.2%) compared to the fiscal year ending September 30, 2020. There were decreases in expenditures for other contractual services, professional services, property claims, maintenance and repairs for general and road equipment, and operating supplies. The most significant decreases were impacted by the calculation for Net Pension Liability. The first chart that follows compares each program's expenses with the revenues generated by the program. The next chart displays the City's revenues by source. Public safety represents one of the City's major services and the majority of resources used to fund the service are not generated by the program. Revenues from taxes and other general resources provide the remaining funding necessary for public safety.

Expenses and Program Revenues-Governmental Activities



2021 Revenues by Source – Governmental Activities



Business-type Activities. Business-type activities increased the City's net position by \$4,987,487. Operating revenues for the Water and Sewer System increased by approximately \$1.2 million, attributed to increases in charges for services for both water and sewer, as well as other charges and fees received for waste water plant upgrades through the Indian River Lagoon half cent sales tax. Operating expenses of the Water and Sewer System increased by about \$849 thousand due in part

City of West Melbourne, Florida
Management's Discussion and Analysis
September 30, 2021

to an increase in purchased water costs, and maintenance and repair. Capital grants increased by \$439 thousand mainly due to an increase in developer connection fees for multi-family residential developments and sewer connection revenues.

Financial Analysis of Governmental Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$24,198,747, an increase of \$3,457,485 in comparison with the prior year. Approximately 32% of this total amount (\$7,763,105) constitutes unassigned fund balance, which has not been appropriated for a specific purpose and is available for spending at the government's discretion. The remainder of fund balance represents a legally restricted funding source, has been committed to a specific purpose by City action or is not in liquid form available for new spending. The \$3,443 of prepaid items represents funds that have been disbursed for future expenditures, such as insurance or maintenance agreements. The restricted funds also include funds of \$82,312 that can only be spent on law enforcement purposes. The advance of \$491,043 represents the long-term portion of an interest bearing loan to the Stormwater Fund and a non-interest bearing loan to the Community Redevelopment Agency. These will become available to the General Fund for expenditure as the loans are satisfied. The \$271,293 in the Stormwater Utility Fund is restricted for stormwater projects. The \$4,376,172 in the General Fund and \$4,634,156 in Nonmajor funds are restricted for construction and maintenance of roads. The \$3,503,269 amount represents funds collected through permits and is restricted to enforcing the State's building code.

The committed fund balances totaling \$2,108,451 in two of the non-major funds are being expended for replacement vehicles and recreation.

The Community Redevelopment Agency had minimal expenditures during the fiscal year ended September 30, 2021, and closed the year with a positive fund balance of \$965,503. The Stormwater Utility became a major fund this year and closed the year with a \$271,293 positive fund balance.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,763,105, while total fund balance reached \$16,219,344. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and assigned fund balance represents 61% of total General Fund expenditures, while total fund balance represents 127% of that same amount.

The fund balance of the City's General Fund increased by \$2,358,995 during the current fiscal year, compared to an increase of \$1,628,406 in the prior year. The City saw decreased expenditures in the General Fund. Key factors in these results are as follows:

City of West Melbourne, Florida
Management's Discussion and Analysis
September 30, 2021

- Total revenues of the General Fund increased by \$559,393, largely as a result of increases in intergovernmental revenues predominantly from cigarette and motor fuel, sales tax half cent, and local option gas tax; and contributions and donations from developer and customer donations. Revenue from licenses and permits were reduced, largely from professional and business license and plan review fees; fines and forfeitures were reduced by decreased confiscated funds for police, and school resource officers; interest earnings on investments due to the lower interest rate environment continued to decline.
- General Fund expenditures decreased \$196,752 compared to the prior year. Increased payroll costs were offset by reductions in contractual and professional services, maintenance and repairs and capital outlay.

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 \$20,082,256. The total increase in net position for this fund was \$4,987,487. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the year ended September 30, 2021, significant budgetary variances between the final amended budget and actual results include the following:

- Revenues exceeded the budgeted amounts for taxes (300K), licenses and permits (\$232K) and intergovernmental (\$632K) as the economy ticked upwards in home values, new builds, and consumer retail spending, while charges for services (114K) were less than budgeted due to reduced professional/business licenses;
- Miscellaneous revenues exceeded the adopted budget by \$113K, as the City received unbudgeted CARES Act reimbursements;
- Law enforcement expenditures were below budgeted appropriations by \$423K due to: unfulfilled staffing vacancies; and confiscated funds;
- Protective inspections actual costs fell below budgeted amounts by \$541K due to staffing vacancies; professional services and delayed remodeling of building department lobby;
- Public works expenditures were below budgeted amounts by \$597K largely due to a delayed project for the extension of Heritage Oaks/Doherty.
- Recreation actual costs were less than budgeted amounts by \$237K largely due to staffing vacancies (\$72K); operational costs reductions relative to revenue program closures as a result of COVID-19 (\$41K); and delayed projects for wall and landscaping, parking restriping, and maintenance and repair (\$83K).

There was one revenue budget amendment related to customer donation for a motorcycle purchase (\$40K) during the year ended September 30, 2021. There were six budget amendments for expenditures totaling \$226,150 during the year ended September 30, 2021. These amendments were due to a replacement of a wrecked police department motor vehicle, flock cameras and canine purchases (\$91K); an increase in the police PBA union agreement (107K); and police department increase in confiscated funds (28K).

City of West Melbourne, Florida
Management's Discussion and Analysis
September 30, 2021

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2021, amounted to \$81,358,720 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and other infrastructure items. The percentage increase from prior year (fiscal year 2020) in the City's investment in capital assets was approximately 2.3%, due to significant increases in capital expenditures.

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 1,574,591	\$ 1,489,987	\$ 730,717	\$ 403,959	\$ 2,305,308	\$ 1,893,946
Construction in progress	1,097,456	514,859	4,501,570	2,677,372	5,599,026	3,192,231
Buildings	7,554,052	7,804,676	371,533	392,726	7,925,585	8,197,402
Improvements other than buildings	9,476,568	10,368,616	41,611,660	40,584,734	51,088,228	50,953,350
Machinery and equipment	2,905,737	2,709,518	2,498,261	2,822,003	5,403,998	5,531,521
Infrastructure	9,036,575	9,758,123	-	-	9,036,575	9,758,123
Total	<u>\$ 31,644,979</u>	<u>\$ 32,645,779</u>	<u>\$ 49,713,741</u>	<u>\$ 46,880,794</u>	<u>\$ 81,358,720</u>	<u>\$ 79,526,573</u>

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

- In the City's governmental activities, the purchase of land, expenditures for the treatment plant retention basin, park maintenance building improvements, and vehicle purchases were exceeded by depreciation expense for the year.
- In the City's business-type activities, the City continued work on the NW Area Septic to Sewer project, M-1 Canal Water Main Extension, I-95 Crossing at M-1 Canal West and pumps and rail system panels. The City also received several developer water and sewer system donations for Hibiscus Crossing, Aventine West Melbourne, and John's Landing among others during the fiscal year. Capital asset additions exceeded depreciation expense in business-type activities in fiscal year 2020-2021.

Additional information on the City's capital assets can be found in Note 2 D on pages 68-69 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt and loans outstanding of \$3,021,028, which represents obligations secured by business-type activities revenue sources.

City of West Melbourne, Florida
Management's Discussion and Analysis
September 30, 2021

City of West Melbourne's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenue bonds	\$ -	\$ -	\$ 3,021,028	\$ 4,420,028	\$ 3,021,028	\$ 4,420,028
Loans payable	-	-	-	2,407,865	-	2,407,865
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,021,028</u>	<u>\$ 6,827,893</u>	<u>\$ 3,021,028</u>	<u>\$ 6,827,893</u>

Additional information on the City's outstanding debt can be found in Note 2 F on pages 70-73 of this report. The City's total debt was reduced by \$3,806,865 during the current fiscal year. Key factors in the City's fiscal year 2021 long term debt decrease include the following:

- The City continued to pay off the bonded debt as they fell due and fully repaid the 2010D loan payable for \$2.4M on the settlement date of October 1, 2020. On January 8, 2021, the City made an unscheduled advance principal payment in the amount of \$295,400 on the Water and Sewer Revenue Bonds, Series 2007.

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the City of West Melbourne and were considered in developing the 2021-2022 fiscal year budget.

- As of the United States Census count of April 1, 2010, the City had an estimated population of 18,335 people residing within the City's then 9.9-square miles. The population estimate issued for 2021 by the State of Florida, Office of Economic and Demographic Research shows the City's population has increased to 28,127 within the City's now 10.76-square mile area.
- During fiscal year 2021, the City issued building permits for the construction of 187 new single family homes. The City expects continued local economic conditions to improve in the near term off its COVID-19 induced economic low during the past two fiscal years. The City has three large commercial centers, Hammock Landing, the West Melbourne Interchange Center and Coastal Commerce, where interest in new commercial development continues.
- As of September 2021, the unemployment rate in the United States was 4.8%. For the State of Florida, unemployment was 4.9%, a decrease from 6.4% a year earlier. For Brevard County, the unemployment rate was 5.3% as reported by the Florida Department of Economic Opportunity. It is expected that the unemployment rate for Brevard County will drop considerably in 2022-2023 as COVID-19 stimulus continues to encourage company growth, start-ups, and increases in consumer spending.
- The City was founded in 1959, primarily to prevent property taxes from being imposed by a neighboring municipality. The City continues to pride itself on its low tax rate. The millage rate for the City of West Melbourne was 2.5087 for fiscal year 2020 - 2021. This was reduced from the fiscal year 2019 – 2020 millage rate of 2.6017.

All of these factors were considered in preparing the City's budget for the fiscal year ending September 30, 2022.

Requests for Information

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



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CITY OF WEST MELBOURNE, FLORIDA

Basic Financial Statements

City of West Melbourne, Florida
Statement of Net Position

<i>September 30, 2021</i>	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,710,797	\$ 2,100,969	\$ 5,811,766
Investments	19,950,429	17,729,984	37,680,413
Receivables, net	957,614	1,745,591	2,703,205
Due from other governments	810,971	134,491	945,462
Inventory	-	200,178	200,178
Prepaid items	3,443	-	3,443
Restricted assets:			
Cash and cash equivalents	207,214	1,187,311	1,394,525
Net pension asset	1,727,763	-	1,727,763
Capital assets not being depreciated:			
Land	1,574,591	730,717	2,305,308
Construction in progress	1,097,456	4,501,570	5,599,026
Capital assets (net of accumulated depreciation/amortization):			
Buildings	7,554,052	371,533	7,925,585
Improvements other than buildings	9,476,568	41,611,660	51,088,228
Machinery and equipment	2,905,737	2,498,261	5,403,998
Infrastructure	9,036,575	-	9,036,575
Total assets	59,013,210	72,812,265	131,825,475
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,768,785	300,727	2,069,512
Deferred outflows related to OPEB	727,160	126,563	853,723
Deferred amount on advanced refunding	-	4,840	4,840
Total deferred outflows of resources	2,495,945	432,130	2,928,075

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

<i>September 30, 2021</i>	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable	439,545	870,196	1,309,741
Contracts payable	200,412	362,584	562,996
Retainage payable	39,741	238,045	277,786
Accrued payroll and related liabilities	376,009	46,103	422,112
Payable from restricted assets:			
Accrued interest payable	-	49,565	49,565
Customer and developer escrow deposits	205,214	1,137,746	1,342,960
Noncurrent liabilities:			
Due within one year:			
Revenue bonds payable	-	1,144,200	1,144,200
Other postemployment benefits (OPEB)	188,072	33,000	221,072
Compensated absences	320,427	51,753	372,180
Due in more than one year:			
Revenue bonds payable	-	1,876,828	1,876,828
Other postemployment benefits (OPEB)	842,993	148,646	991,639
Net pension liability	1,560,332	504,284	2,064,616
Compensated absences	80,107	12,923	93,030
Total liabilities	4,252,852	6,475,873	10,728,725
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	4,024,200	546,109	4,570,309
Deferred inflows related to OPEB	246,391	43,233	289,624
Deferred revenue - business tax receipts	180,800	-	180,800
Total deferred inflows of resources	4,451,391	589,342	5,040,733
NET POSITION			
Net investment in capital assets	31,404,826	46,096,924	77,501,750
Restricted for:			
Stormwater	271,293	-	271,293
Community development	965,503	-	965,503
Transportation	9,010,328	-	9,010,328
Law enforcement	82,312	-	82,312
Building code enforcement	3,503,269	-	3,503,269
Unrestricted	7,567,381	20,082,256	27,649,637
Total net position	\$ 52,804,912	\$ 66,179,180	\$ 118,984,092

City of West Melbourne, Florida
Statement of Activities

For the year ended September 30, 2021

Program Revenues

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 2,548,202	\$ 317,023	\$ -	\$ -
Public safety	7,491,665	1,045,815	-	1,658
Public works	2,844,827	848,702	-	633,346
Recreation	1,511,384	243,399	-	-
Community development	339,433	106,891	-	-
Economic environment	5,795	-	-	-
Interest on long-term debt	7,476	-	-	-
Total governmental activities	14,748,782	2,561,830	-	635,004
Business-type activities:				
Water and sewer	13,370,387	14,819,962	-	3,554,771
Total business-type activities	13,370,387	14,819,962	-	3,554,771
Total primary government	\$ 28,119,169	\$ 17,381,792	\$ -	\$ 4,189,775

General revenues:

Taxes:

Property taxes

Franchise fees

Local option gas tax

Public utility and telecommunication taxes

Payment in lieu of taxes

Intergovernmental shared revenue - unrestricted

Investment earnings

Miscellaneous revenue

Gain on disposition

Transfers, net

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

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

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (2,231,179)	\$ -	\$ (2,231,179)
(6,444,192)	-	(6,444,192)
(1,362,779)	-	(1,362,779)
(1,267,985)	-	(1,267,985)
(232,542)	-	(232,542)
(5,795)	-	(5,795)
(7,476)	-	(7,476)
(11,551,948)	-	(11,551,948)
-	5,004,346	5,004,346
-	5,004,346	5,004,346
(11,551,948)	5,004,346	(6,547,602)
4,630,429	-	4,630,429
2,025,159	-	2,025,159
811,636	-	811,636
3,583,192	-	3,583,192
518,214	-	518,214
2,618,119	-	2,618,119
32,713	20,341	53,054
229,404	-	229,404
24,866	-	24,866
37,200	(37,200)	-
14,510,932	(16,859)	14,494,073
2,958,984	4,987,487	7,946,471
49,845,928	61,191,693	111,037,621
\$ 52,804,912	\$ 66,179,180	\$ 118,984,092

City of West Melbourne, Florida
Balance Sheet - Governmental Funds

<i>September 30, 2021</i>	General	Community Redevelopment	Stormwater Utility	Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,529,495	\$ 365,091	\$ 257,996	\$ 558,215	\$ 3,710,797
Investments	12,781,015	1,000,412	-	6,169,002	19,950,429
Accounts receivable, net	707,614	-	-	250,000	957,614
Due from Capital Projects Fund	176,894	-	-	-	176,894
Advance to other funds - current	192,283	-	-	-	192,283
Advance to other funds - long term	491,043	-	-	-	491,043
Due from other governments	301,000	-	509,971	-	810,971
Prepaid items	3,443	-	-	-	3,443
Restricted cash and cash equivalents	207,214	-	-	-	207,214
Total assets	\$ 17,390,001	\$ 1,365,503	\$ 767,967	\$ 6,977,217	\$ 26,500,688
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 409,560	\$ -	\$ 7,531	\$ 22,454	\$ 439,545
Contracts payable	-	-	165,150	35,262	200,412
Retainage payable	-	-	39,741	-	39,741
Accrued payroll and related liabilities	375,083	-	926	-	376,009
Deposits	205,214	-	-	-	205,214
Due to General Fund	-	-	-	176,894	176,894
Advance from other funds - current	-	100,000	92,283	-	192,283
Advance from other funds - long term	-	300,000	191,043	-	491,043
Total liabilities	989,857	400,000	496,674	234,610	2,121,141
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - business tax receipts	180,800	-	-	-	180,800
Total deferred inflows of resources	180,800	-	-	-	180,800

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

<i>September 30, 2021</i>	General	Community Redevelopment	Stormwater Utility	Nonmajor Funds	Total Governmental Funds
FUND BALANCES					
Nonspendable:					
Prepaid items	3,443	-	-	-	3,443
Long term portion of advances	491,043	-	-	-	491,043
Restricted for:					
Stormwater	-	-	271,293	-	271,293
Police education	15,327	-	-	-	15,327
Confiscated funds	66,985	-	-	-	66,985
Transportation	4,376,172	-	-	4,634,156	9,010,328
Building code enforcement	3,503,269	-	-	-	3,503,269
Community development	-	965,503	-	-	965,503
Committed for:					
Recreation	-	-	-	911,839	911,839
Vehicle replacement	-	-	-	1,196,612	1,196,612
Unassigned	7,763,105	-	-	-	7,763,105
Total fund balances	16,219,344	965,503	271,293	6,742,607	24,198,747
Total liabilities, deferred inflows of resources and fund balances	\$ 17,390,001	\$ 1,365,503	\$ 767,967	\$ 6,977,217	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					
Governmental capital assets				\$ 53,823,125	
Less accumulated depreciation/amortization				(22,178,146)	31,644,979
Deferred outflows and deferred inflows of resources related to pensions and OPEB and related earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.					
Deferred outflows related to pensions				\$ 1,768,785	
Deferred outflows related to OPEB				727,160	
Deferred inflows related to pensions				(4,024,200)	
Deferred inflows related to OPEB				(246,391)	(1,774,646)
Long-term liabilities, including capital lease obligations, compensated absences, net pension liability and the total OPEB liability are not due and payable in the current period and therefore are not reported in the funds.					
Net pension liability				\$ 167,431	
Compensated absences				(400,534)	
Other postemployment benefits (OPEB)				(1,031,065)	(1,264,168)
Net position of governmental activities					\$ 52,804,912

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

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

		Community	Stormwater	Nonmajor	Total
	General	Redevelopment	Utility	Funds	Governmental
					Funds
<i>For the year ended September 30, 2021</i>					
Revenues					
Taxes	\$ 10,238,780	\$ 259,107	\$ 651,070	\$ -	\$ 11,148,957
Licenses and permits	1,020,178	-	-	-	1,020,178
Intergovernmental	3,431,413	259,107	457,603	-	4,148,123
Charges for services	238,407	-	-	473,800	712,207
Fines and forfeitures	171,969	-	-	-	171,969
Contributions and donations	162,875	-	-	-	162,875
Investment income	26,627	412	-	5,674	32,713
Miscellaneous	172,863	-	-	-	172,863
Total revenues	15,463,112	518,626	1,108,673	479,474	17,569,885
Expenditures					
Current:					
General government	2,387,235	-	-	-	2,387,235
Public safety	7,039,582	-	-	-	7,039,582
Public works	1,295,658	-	186,624	-	1,482,282
Recreation	926,820	-	-	-	926,820
Community development	343,124	-	-	-	343,124
Economic environment	-	5,795	-	-	5,795
Capital outlay	749,923	-	492,668	882,220	2,124,811
Debt service:					
Interest	-	-	7,476	-	7,476
Total expenditures	12,742,342	5,795	686,768	882,220	14,317,125
Excess (deficiency) of revenues over					
(under) expenditures	2,720,770	512,831	421,905	(402,746)	3,252,760
Other financing sources (uses)					
Transfers in	-	-	-	566,500	566,500
Transfers out	(529,300)	-	-	-	(529,300)
Insurance proceeds	75,815	-	-	-	75,815
Proceeds from sale of capital assets	91,710	-	-	-	91,710
Net other financing sources (uses)	(361,775)	-	-	566,500	204,725
Net change in fund balances	2,358,995	512,831	421,905	163,754	3,457,485
Fund balances (deficit), beginning	13,860,349	452,672	(150,612)	6,578,853	20,741,262
Fund balances, ending	\$ 16,219,344	\$ 965,503	\$ 271,293	\$ 6,742,607	\$ 24,198,747

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

City of West Melbourne, Florida

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

For the year ended September 30, 2021

Net change in fund balances - total governmental funds **\$ 3,457,485**

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

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

Capital outlay	\$ 2,124,811	
Depreciation/amortization	<u>(3,058,767)</u>	(933,956)

In the statement of activities, the gain (loss) on the disposal of capital assets is
reported, whereas in the governmental funds, disposals are not reported.
Thus, the change in net position differs from the change in fund balance by the
net book value of the disposed capital assets. **(66,844)**

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

FRS/HIS pension and related deferred outflows and inflows	\$ 176,858	
Police officers' pension and related deferred outflows and inflows	466,524	
OPEB and related deferred outflows and inflows	<u>(174,952)</u>	468,430

Compensated absences reported in the statement of activities do not require the
use of current financial resources and, therefore, are not reported as
expenditures in governmental funds. **33,869**

Change in net position of governmental activities **\$ 2,958,984**

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

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

<i>September 30, 2021</i>	Business-type Activities - Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,100,969
Restricted current assets:	
Cash and cash equivalents	1,187,311
Investments	17,729,984
Accounts receivable, net	1,116,858
Accounts receivable earned, but not billed	535,750
Assessments receivable	92,983
Due from other governments	134,491
Inventory	200,178
Total current assets	23,098,524
Noncurrent assets:	
Capital assets:	
Land	730,717
Buildings	2,512,496
Improvements other than buildings	84,504,894
Machinery and equipment	8,657,441
Construction in progress	4,501,570
Less accumulated depreciation/amortization	(51,193,377)
Total capital assets, net of accumulated depreciation/amortization	49,713,741
Total noncurrent assets	49,713,741
Total assets	72,812,265
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	300,727
Deferred outflows related to OPEB	126,563
Deferred amount on advanced refunding	4,840
Total deferred outflows of resources	432,130

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

September 30, 2021

Business-type
Activities -
Enterprise Fund

LIABILITIES

Current liabilities (payable from current assets):

Accounts payable	870,196
Contracts payable	362,584
Retainage payable	238,045
Accrued payroll and related liabilities	46,103
Compensated absences	51,753
Current portion of revenue bonds payable	1,144,200
Current portion of total OPEB liability	33,000

Current liabilities (payable from restricted assets):

Accrued interest	49,565
Customer and developer escrow deposits	1,137,746

Total current liabilities	3,933,192
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Noncurrent liabilities:

Compensated absences	12,923
Total OPEB liability	148,646
Revenue bonds payable	1,876,828
Net pension liability	504,284

Total noncurrent liabilities	2,542,681
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Total liabilities	6,475,873
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DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions	546,109
Deferred inflows related to OPEB	43,233

Total deferred inflows of resources	589,342
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NET POSITION

Net investment in capital assets	46,096,924
Unrestricted	20,082,256

Total net position	\$ 66,179,180
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City of West Melbourne, Florida

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

	Business-type Activities - Enterprise Fund
<i>For the year ended September 30, 2021</i>	
Operating revenues:	
Charges for services	\$ 13,554,441
Other charges and fees	1,265,521
Total operating revenues	14,819,962
Operating expenses:	
Personnel services	1,381,030
Contractual services	1,874,586
Supplies and other expenses	6,010,587
Depreciation/amortization	3,962,098
Total operating expenses	13,228,301
Operating income	1,591,661
Nonoperating revenues (expenses):	
Investment income	20,341
Interest expense	(142,086)
Total nonoperating revenues (expenses)	(121,745)
Income before capital contributions and transfers	1,469,916
Capital contributions	3,554,771
Transfers out	(37,200)
Change in net position	4,987,487
Net position, beginning of year	61,191,693
Net position, end of year	\$ 66,179,180

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

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

	Business-type Activities - Enterprise Fund
<i>For the year ended September 30, 2021</i>	
Cash flows from operating activities:	
Cash received from customers for sales and services	\$ 15,245,570
Cash payments to employees	(1,049,900)
Cash payments to suppliers for goods and services	(8,568,817)
Net cash provided by operating activities	5,626,853
Cash flows from noncapital financing activities:	
Transfers to other funds	(37,200)
Net cash used in noncapital financing activities	(37,200)
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(6,849,723)
Collections of special assessment revenue	4,612
Principal paid on revenue bonds	(1,399,000)
Principal paid on loans	(2,415,000)
Proceeds from sale of capital assets	58,675
Capital contributions	3,554,771
Interest paid on long-term debt	(212,758)
Net cash used in capital and related financing activities	(7,258,423)
Cash flows from investing activities:	
Investment income	20,341
Purchase of investments	(20,341)
Net cash used in investing activities	-
Net decrease in cash and cash equivalents	(1,668,770)
Cash and cash equivalents, beginning of year	4,957,050
Cash and cash equivalents, end of year	\$ 3,288,280
Cash and cash equivalents reconciliation:	
Current assets:	
Cash and cash equivalents	\$ 2,100,969
Cash and cash equivalents, restricted	1,187,311
Total cash and cash equivalents	\$ 3,288,280

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

For the year ended September 30, 2021

Business-type
Activities -
Enterprise Fund

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

Operating income	\$ 1,591,661
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation/amortization expense	3,962,098
Provision for uncollectible accounts	(7,216)
Change in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	(146,669)
Accounts receivable earned, but not billed	(87,075)
Due from other governments	607,657
Inventory	(100,430)
Deferred outflows of resources related to pensions	108,474
Deferred outflows of resources related to OPEB	(76,477)
Increase (decrease) in liabilities:	
Accounts and contracts payable	(228,738)
Accrued payroll and related liabilities	(3,491)
Total OPEB liability	63,943
Net pension liability	(693,834)
Customer and developer escrow deposits	58,911
Deferred inflows of resources related to pensions	534,806
Deferred inflows of resources related to OPEB	43,233
Total adjustments	4,035,192
Net cash provided by operating activities	\$ 5,626,853

Noncash capital and related financing activities:

Amortization of bond discount	\$ 7,135
Amortization of deferred loss on refunding	\$ 2,212

City of West Melbourne, Florida

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

	Police Officers' Pension Trust Fund
<i>September 30, 2021</i>	
<hr/>	
ASSETS	
Investments at fair value:	
Money market mutual funds	\$ 637,218
Fixed income mutual funds	1,345,393
Mutual funds - US stock	9,782,566
Mutual funds - International stock	3,279,160
U.S. government obligations	1,207,559
Mortgage-asset backed securities	2,379,638
Corporate bonds	363,863
Real estate funds	1,819,420
Contribution receivable	14,852
Interest receivable	11,910
Total assets	<u>20,841,579</u>
LIABILITIES	
Accounts payable	10,591
Total liabilities	<u>10,591</u>
FIDUCIARY NET POSITION	
Restricted for pension benefits	<u><u>\$ 20,830,988</u></u>

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

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

Police
Officers'
Pension Trust
Fund

For the year ended September 30, 2021

ADDITIONS

Contributions:	
City	\$ 423,945
Employees	243,748
State	198,745
Total contributions	866,438
Investment income:	
Net appreciation in the fair value of investments	2,923,578
Interest, dividends and other income	393,339
Total investment gains	3,316,917
Less investment-related expense	(52,303)
Net investment gains	3,264,614
Total additions	4,131,052

DEDUCTIONS

Benefit payments	759,914
Administrative expenses	47,984
Total deductions	807,898
Change in net position	3,323,154
Fiduciary net position, beginning of year	17,507,834
Fiduciary net position, end of year	\$ 20,830,988

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



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Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

Blended Component Unit

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items properly excluded from program revenues are reported instead as *general revenues*.

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

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

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements (Continued)

The City reports the following major governmental funds:

- The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *West Melbourne-Brevard County Joint Community Redevelopment Agency Fund* ("Community Redevelopment") is used to account for tax increment revenues derived from taxable real property within the geographic boundaries of the community redevelopment area to finance development within that area.
- The *Stormwater Utility Fund* accounts for the operations and maintenance of the stormwater management activities of the City.

The City reports the following major enterprise fund:

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

Additionally, the City reports the following fiduciary fund type:

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements (Continued)

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

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Budgetary Information

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

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

1. Cash and Cash Equivalents

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

2. Investments

Deposits available within various funds, except pension trust funds, were consolidated for investment purposes. Substantially all deposits at September 30, 2021, were invested using the pooled investment concept. Interest earned was allocated monthly to the various funds based on their month-end cash and investment balances.

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

The City of West Melbourne is empowered by statute to invest in the following instruments and may divest itself of such investments, at prevailing market prices or rates subject to the limitations of Section 218.415 – a) the Local Government Surplus Funds Trust Fund, administered by the Florida State

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Investments (Continued)

Board of Administration or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. 163.01, Florida Statutes; b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; c) savings accounts in state-certified qualified public depositories, as defined in Florida Statute 280.02; d) certificates of deposit and Repurchase Agreements in state-certified qualified public depositories, as defined in Florida Statute 280.02; e) direct obligations of the U.S. Treasury; and f) Federal agencies and instrumentalities.

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

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

3. Receivables and Payables

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Interfund Activities and Transactions

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

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

5. Inventories and Prepaid Items

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

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

6. Restricted Assets

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. Restricted Assets (Continued)

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

7. Capital Assets

Capital assets, which include property, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The prior definition included assets with an initial cost of more than \$2,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

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

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

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

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three (3) items that qualify for reporting as deferred outflows of resources: the *deferred amount on advanced refunding*, the *deferred outflows related to pensions*, and the *deferred outflows related to OPEB*. All three are reported in the government-wide statement of net position and in the proprietary fund statement of net position. The deferred amount on refunding results from debt financing, whereby

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. Deferred Outflows/Inflows of Resources (Continued)

the reacquisition prices of the funding debt instruments exceed their net carrying amount. The deferred amount on refunding, in the amount of \$4,840 at September 30, 2021 is being amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years. The *deferred outflows related to other postemployment benefits (OPEB)* are an aggregate of items related to OPEB as calculated in accordance with GASB Codification Section P52: *Postemployment Benefits Other than Pensions – Reporting Benefits Not Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to OPEB will be recognized as either OPEB expense or a reduction in the total OPEB liability in future reporting years.

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

Deferred revenue-business tax receipts are amounts deferred in both the government-wide statement of net position and the governmental fund balance sheet and recognized as an inflow of resources in the period that the amounts become available in accordance with GASB Codification N50: *Nonexchange Transactions*. At September 30, 2021, the City recognized deferred revenue in the amount of \$180,800.

9. Compensated Absences

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and are recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium and discount. In accordance with GASB Codification Section 130: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

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

11. Pensions

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

12. Other Post-Employment Benefits

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

13. Categories and Classification of Fund Equity

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

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

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

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

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

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

Committed Fund Balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The governing council is the highest level of decision-making authority

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

13. Categories and Classification of Fund Equity (Continued)

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

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

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes. According to the City's Fund Balance policy, the General Fund shall maintain an unassigned, unappropriated fund balance equivalent to a minimum of twenty (20%) of the current fiscal year expenditures less capital outlay and transfers out. At September 30, 2021, this minimum balance is \$2,398,484.

14. Revenues and Expenditures/Expenses

Program revenues – Amounts reported as program revenues include, 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues.

Property taxes - The City is permitted by State law to levy taxes up to 10 mills on assessed valuation. However, Chapter 74-430, Laws of Florida, a special act applicable only to governmental units in Brevard County, limits the annual increase to 10% of the prior year's millage. During a Special Session in June 2007, the Florida Legislature adopted HB1B, which limits municipal property tax rates effective with the 2007-2008 fiscal year. This legislation establishes reductions in the millage rate based on a calculated growth in per capita taxes between the 2002 and 2007 fiscal years. The Legislature did authorize local governments to use the rolled back millage rate if approved by a super majority vote of the governing body. The West Melbourne City Council levy for the fiscal year ended September 30, 2021 was 2.5087 mills, which is equal to the rolled back rate.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

14. Revenues and Expenditures/Expenses (Continued)

Proprietary funds operating and nonoperating revenues and expenses – Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund are charges to customers for sales and services and the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the Water and Sewer Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

15. Use of Estimates

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

16. Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available to be issued, April 13, 2022. See Note 3.G. for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

17. Recently Issued and Implemented Accounting Pronouncements

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

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

17. Recently Issued and Implemented Accounting Pronouncements (Continued)

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

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

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

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

Note 2: DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At September 30, 2021, the City's carrying amount of cash deposits was \$7,202,191, not including petty cash and change accounts totaling \$4,100, and the bank balance was \$7,191,918. As of September 30, 2021, \$250,000 of the City's bank balances was covered by federal depository insurance (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depository, the State Treasurer will implement procedures for payment of losses according to the validated claims of the City pursuant to Section 280.08, Florida Statutes.

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

The investing of public funds with the Florida State Board of Administration (SBA) Local Government Surplus Funds Trust Fund ("Florida PRIME") is governed by Section 218.407, Florida Statutes. The SBA is under regulatory oversight of the State of Florida. The investment pool consists largely of corporate notes and commercial paper. On September 30, 2021, the City had \$11,180,623 invested in the SBA. The fair value of the City's position in the pool is equal to the value of the pooled shares.

The Florida Surplus Asset Fund Trust (Florida SAFE) is a common law trust organized under the laws of the State of Florida as an intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01 of the Florida Statutes. The investment pool consists of obligations guaranteed by the full faith and credit of the United States, U.S. government agency obligations, commercial paper, bank obligations and other obligations permitted by applicable Florida Statutes. At September 30, 2021, the City's share of Florida SAFE was \$16,051,467. The fair value of the City's position in the pool is equal to the value of the pooled shares.

The Florida Local Government Investment Trust (FTIP) Day to Day Fund is a common law trust organized under the laws of the State of Florida as an intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01 of the Florida Statutes.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

The investment pool offers two open-ended managed funds available only to public entities in Florida. The investment pools consist of short-term to intermediate-term securities permitted by applicable Florida Statutes. At September 30, 2021, the City's share of the FTIP Day to Day Fund was \$8,260,153. The fair value of the City's position in the FTIP Day to Day Fund investment pool is equal to the value of the pooled shares.

Under GASB Codification 150: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost, it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of September 30, 2021, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the City's access to 100 percent of their account value in the Florida PRIME, Florida SAFE or FTIP Day to Day fund external investment pools.

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

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

As of September 30, 2021, the City's pension investments are held in street name in the form of stock, debt securities and U.S. government bonds through financial brokerage firms segregated out from the assets and investments held by other clients of the investment firm and their own assets.

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

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

The dollar weighted average days to maturity (WAM) of Florida PRIME at September 30, 2021 is 50 days. The weighted average maturity of the FTIP Day to Day fund is 48 days at September 30, 2021. The weighted average maturity of the Florida SAFE fund is 54 days at September 30, 2021.

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

Foreign currency risk – The City's primary government's investments are not exposed to foreign currency risk and the City's investment policy does not address foreign currency risk. The City's pension trust fund is exposed to foreign currency risk and the fund's investment policy limits investments to a maximum of 25% of the plan's market value. The pension trust fund currently holds approximately 15.8% of the plan's market value in international mutual fund stocks.

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

At September 30, 2021, the City had the following investments:

Investment type	Fair Value	Investment Maturities (in years)				Rating	Agency	
		Less than 1	1-5	6-10	More than 10			
Primary government:								
State Board of Administration								
Florida Prime	\$ 11,180,623	\$ 11,180,623	\$ -	\$ -	\$ -	AAAm	S&P	
Florida Trust Investment Pool								
Day to Day Fund	8,260,153	8,260,153	-	-	-	AAAm	S&P	
Short Term Bond Fund	2,188,170	2,188,170	-	-	-	AAAf/S1	S&P	
Florida SAFE Investment Pool	16,051,467	16,051,467	-	-	-	AAAm	S&P	
Total primary government investments	\$ 37,680,413	\$ 37,680,413	\$ -	\$ -	\$ -			

City of West Melbourne, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Investment type	Fair Value	Investment Maturities (in years)				Rating	Agency
		Less than 1	1-5	6-10	More than 10		
Pension trust funds:							
Money market funds	\$ 637,218	\$ 637,218	\$ -	\$ -	\$ -	Not Rated	
Mutual US stock fund	9,782,566	9,782,566					MS*
Mutual Int'l stock fund	3,279,160	3,279,160	-	-	-	3-4★	MS*
Corporate bonds	363,863	55,151	-	308,712	-	AA+ -A-	S&P
Fixed income - mutual funds	1,345,393	1,345,393	-	-	-	3-4★	MS*
US government obligations	1,207,559	-	694,527	513,032	-	Not Rated	
Mortgage/asset backed securities	2,379,638	-	-	2,216,955	162,683	Not Rated	
Real estate funds	1,819,420	-	-	-	1,819,420	Not Rated	
Total fiduciary fund investments	\$ 20,814,817	\$ 15,099,488	\$ 694,527	\$ 3,038,699	\$ 1,982,103		

*MS = Morningstar

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

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

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

Level 2: Inputs to the valuation methodology include:

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

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

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

City of West Melbourne, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

The following table sets forth by level, within the fair value hierarchy, the City's assets at fair value as of September 30, 2021:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Observable Inputs Other than Quoted Prices (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Fiduciary fund:				
Money market funds	\$ 637,218	\$ 637,218	\$ -	\$ -
Mutual funds - US stock	9,782,566	9,782,566	-	-
Mutual funds - International stock	3,279,160	3,279,160	-	-
Corporate bonds	363,863	-	363,863	-
Fixed income mutual funds	1,345,393	-	1,345,393	-
US government obligations	1,207,559	-	1,207,559	-
Mortgage/asset backed securities	2,379,638	-	2,379,638	-
Total investments measured by fair value level	18,995,397	\$ 13,698,944	\$ 5,296,453	\$ -
Investments measured at the net asset value (NAV):				
Primary government:				
Florida Trust Investment Pool (FTIP)				
Short Term Bond Fund	2,188,170			
Fiduciary fund:				
Real estate funds	1,819,420			
Total investments measured at NAV	4,007,590			
Total investments measured at fair value	\$ 23,002,987			

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2021.

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

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

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

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

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

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

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

	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
FTIP Short Term Bond Fund	\$ 2,188,170	None	Monthly	None stated
Real estate funds	1,819,420	None	Quarterly	30 days prior to last day of the quarter
Total investments measured at net asset value	\$ 4,007,590			

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

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

City of West Melbourne, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

B. Restricted Assets

The balances of the restricted asset accounts in the governmental activities and business-type activities at September 30, 2021 are as follows:

	Governmental Activities	Business-type Activities
Customer and developer deposit escrow accounts	\$ 205,214	\$ 1,137,746
Law enforcement fines and confiscated property account	2,000	-
Accrued interest	-	49,565
Total	\$ 207,214	\$ 1,187,311

C. Receivables

For the Water and Sewer Fund, operating revenues are generally recognized on the basis of cycle billings rendered monthly. The amount of services delivered for the period from the last billing date to September 30, 2021 (unbilled receivables), is estimated and accrued at year end. The City provides an allowance for water and sewer accounts receivable that may become uncollectible. At September 30, 2021, this allowance was \$79,223. No other allowances for doubtful accounts are maintained since all other accounts receivable are considered collectible at September 30, 2021.

Receivables as of fiscal year end for the individual major funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

Receivables:	Governmental Activities	Business-type Activities	Total
Taxes	\$ 224,871	\$ -	\$ 224,871
Transportation impact fees	250,000	-	250,000
Solid waste	89,884	-	89,884
Utilities	-	1,731,831	1,731,831
Franchise fees	348,345	-	348,345
Special assessments	-	92,983	92,983
Employees	11,300	-	11,300
Other	33,214	-	33,214
Gross receivables	957,614	1,824,814	2,782,428
Less: allowance for uncollectible accounts	-	(79,223)	(79,223)
Total receivables, net	\$ 957,614	\$ 1,745,591	\$ 2,703,205

Property taxes are considered fully collected during and prior to the end of the fiscal year. Therefore, no material amounts of property taxes are receivable as of September 30, 2021. In addition, the City has \$945,462 due from other governments for balances related to grants and state revenue sharing.

City of West Melbourne, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

The following is a summary of changes in capital assets during the year ended September 30, 2021:

	Beginning Balance	Increases / Transfers	Decreases / Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 1,489,987	\$ 84,604	\$ -	\$ 1,574,591
Construction in progress	514,859	643,889	(61,292)	1,097,456
Total capital assets, not being depreciated/amortized	2,004,846	728,493	(61,292)	2,672,047
Capital assets, being depreciated/amortized:				
Buildings	11,100,157	-	-	11,100,157
Improvements other than buildings	14,668,084	28,440	(9,444)	14,687,080
Machinery and equipment	7,328,957	1,194,343	(484,157)	8,039,143
Infrastructure	17,089,871	234,827	-	17,324,698
Total capital assets being depreciated/amortized	50,187,069	1,457,610	(493,601)	51,151,078
Less accumulated depreciation/amortization for:				
Buildings	(3,295,481)	(250,624)	-	(3,546,105)
Improvements other than buildings	(4,299,468)	(920,488)	9,444	(5,210,512)
Machinery and equipment	(4,619,439)	(931,280)	417,313	(5,133,406)
Infrastructure	(7,331,748)	(956,375)	-	(8,288,123)
Total accumulated depreciation/amortization	(19,546,136)	(3,058,767)	426,757	(22,178,146)
Total capital assets being depreciated/amortized, net	30,640,933	(1,601,157)	(66,844)	28,972,932
Governmental activities capital assets, net	\$ 32,645,779	\$ (872,664)	\$ (128,136)	\$ 31,644,979
Business-type activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 403,959	\$ 326,758	\$ -	\$ 730,717
Construction in progress	2,677,372	3,209,531	(1,385,333)	4,501,570
Total capital assets, not being depreciated/amortized	3,081,331	3,536,289	(1,385,333)	5,232,287
Capital assets, being depreciated/amortized:				
Buildings	2,512,496	-	-	2,512,496
Improvements other than buildings	80,019,954	4,558,675	(73,735)	84,504,894
Machinery and equipment	8,538,011	144,089	(24,659)	8,657,441
Total capital assets being depreciated/amortized	91,070,461	4,702,764	(98,394)	95,674,831
Less accumulated depreciation/amortization for:				
Buildings	(2,119,770)	(21,193)	-	(2,140,963)
Improvements other than buildings	(39,435,220)	(3,482,722)	24,708	(42,893,234)
Machinery and equipment	(5,716,008)	(458,183)	15,011	(6,159,180)
Total accumulated depreciation/amortization	(47,270,998)	(3,962,098)	39,719	(51,193,377)
Total capital assets being depreciated/amortized, net	43,799,463	740,666	(58,675)	44,481,454
Business-type activities capital assets, net	\$ 46,880,794	\$ 4,276,955	\$ (1,444,008)	\$ 49,713,741

City of West Melbourne, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 237,591
Public safety	860,032
Public works	1,372,855
Recreation	588,289
Total depreciation/amortization expense - governmental activities	<u>\$ 3,058,767</u>
Business-type activities:	
Water and Sewer	<u>\$ 3,962,098</u>

E. Interfund Receivables, Payables and Transfers

Interfund balances – The composition of interfund balances as of September 30, 2021, is as follows:

Advances to/from other funds:		
Receivable Fund	Payable Fund	Amount
Current:		
General Fund	Community Redevelopment Fund	\$ 100,000
General Fund	Stormwater Utility	92,283
Total current		192,283
Noncurrent:		
General Fund	Community Redevelopment Fund	300,000
General Fund	Stormwater Utility	191,043
Total noncurrent		491,043
Total		<u>\$ 683,326</u>

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

Due to/from other funds:		
Receivable Fund	Payable Fund	Amount
General Fund	Capital Projects Fund	\$ 176,894
Total		<u>\$ 176,894</u>

As of September 30, 2021, the Capital Projects Fund owed \$176,894 to the General Fund because the General Fund covered a cash shortfall in the Capital Projects Fund.

City of West Melbourne, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables and Transfers (Continued)

Interfund transfers – The composition of interfund transfers as of September 30, 2021, is as follows:

Description	Total Transfers Out	Transfers In		
		Governmental		Proprietary
		General Fund	Nonmajor Governmental Funds	Water and Sewer Fund
Governmental funds:				
General Fund	\$ (529,300)	\$ -	\$ -	\$ -
Nonmajor: Vehicle Replacement fund	-	-	566,500	-
Total governmental funds	(529,300)	-	566,500	-
Proprietary funds:				
Water and Sewer Fund	(37,200)	-	-	-
Total proprietary funds	(37,200)	-	-	-
Total	\$ (566,500)	\$ -	\$ 566,500	\$ -

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

F. Long-Term Debt and Liabilities

Revenue Bonds

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

Revenue bonds outstanding at year-end are as follows:

Business-type activities:

Water and Sewer Revenue Bonds, Series 2007	\$ 939,028
Water and Sewer Revenue Refunding Bonds, Series 2014	2,082,000
Total business-type activities	\$ 3,021,028

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt and Liabilities (Continued)

Revenue Bonds (Continued)

Water and Sewer Revenue Bonds, Series 2007 – On July 25, 2007, the City issued the West Melbourne Water and Sewer Revenue Bonds, Series 2007 in the principal amount of \$8,015,000 (\$939,028 remaining at September 30, 2021). These bonds were sold to: (i) pay the cost of constructing certain capital improvements to the System, and (ii) finance the costs of issuance of the Series 2007 Bonds. The Series 2007 bonds bear interest at 5.45706% per annum, payable semi-annually on April 1 and October 1. Principal is due annually beginning April 1, 2017, in amounts increasing from \$35,000 to \$765,000. The final maturity is April 1, 2023.

Water and Sewer Refunding Revenue Bonds, Series 2014 – On September 4, 2014, the City issued \$5,778,300 Water and Sewer Revenue Refunding Bonds, Series 2014 (\$2,082,000 remaining at September 30, 2021), a refunding bank loan. These bonds were sold to: (i) fully refund \$960,000 of outstanding Water and Sewer Revenue Refunding Bonds Series 1999, (ii) fully refund \$1,300,000 of outstanding Water and Sewer Revenue Refunding and Improvement Bonds, Series 2004, (iii) partially refund \$2,925,000 of outstanding Florida Municipal Loan Council Series 2005D, and (iv) partially refund \$1,200,000 of outstanding Water and Sewer Revenue Bonds, Series 2007. The Series 2014 bonds bear interest at 2.30% per annum, payable semi-annually on April 1 and October 1. Principal is due annually beginning October 1, 2014, in amounts that range from \$104,700 to \$1,039,500, until final maturity on October 1, 2026.

Loan Payable

Loan Payable - Florida Municipal Loan Council, Series 2010D – On August 25, 2010, the City entered into a loan agreement with the Florida Municipal Loan Council (FMLC) in the original amount of \$3,820,000 to: (i) to pay the cost of constructing certain capital improvements to the System, and (ii) finance the City's pro-rata costs of issuance of the FMLC Series 2010D Bonds. The loan beared interest at rates ranging from 2.00% to 4.25% per annum, payable semi-annually on April 1 and October 1. Principal was due annually beginning October 1, 2011, in amounts increasing from \$160,000 to \$270,000 at final maturity on October 1, 2030. The loan was paid off prior to final maturity during fiscal year 2021.

City of West Melbourne, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt and Liabilities (Continued)

Annual Debt Service Requirements

Annual debt service requirements to maturity for revenue bonds as of September 30, 2021 excluding premiums and discounts are as follows:

<i>Year ending September 30,</i>	Business-type Activities	
	Principal	Interest
2022	\$ 1,144,200	\$ 94,769
2023	561,928	44,200
2024	396,000	25,689
2025	403,600	16,493
2026	410,600	7,130
2027	104,700	1,204
Totals	\$ 3,021,028	\$ 189,485

Pledged Revenue

Pledged revenues and principal and interest payments are as follows:

	Debt issue	Term	Future principal and interest	Current pledged revenue	Current principal and interest	Current percentage of revenue
Pledged Revenue						
Water and sewer	2007	2023	\$ 999,768		\$ 816,244	
net revenues	2014	2027	2,210,745		422,725	
Total water and						
sewer net revenues			3,210,513	5,024,687	1,238,969	25%
Total business-type activities			\$ 3,210,513	\$ 5,024,687	\$ 1,238,969	

Changes in Long-term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 434,403	\$ 277,158	\$ (311,027)	\$ 400,534	\$ 320,427
Governmental activities					
long-term liabilities	\$ 434,403	\$ 277,158	\$ (311,027)	\$ 400,534	\$ 320,427

City of West Melbourne, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt and Liabilities (Continued)

Changes in Long-term Liabilities (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Loan payable:					
Loans payable	\$ 2,415,000	\$ -	\$ (2,415,000)	\$ -	\$ -
Plus/less deferred amounts:					
For issuance discount	(7,135)	-	7,135	-	-
Total loans payable	2,407,865	-	(2,407,865)	-	-
Bonds payable:					
Revenue bonds payable	4,420,028	-	(1,399,000)	3,021,028	1,144,200
Compensated absences	73,418	51,363	(60,105)	64,676	51,753
Business-type activities					
long-term liabilities	\$ 6,901,311	\$ 51,363	\$ (3,866,970)	\$ 3,085,704	\$ 1,195,953

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

G. Net Investment in Capital Assets

The elements of this calculation are as follows:

	Governmental Activities	Business-type Activities
Capital assets (net)	\$ 31,644,979	\$ 49,713,741
Retainage payable	(39,741)	(238,045)
Contracts payable	(200,412)	(362,584)
Outstanding debt related to capital assets	-	(3,021,028)
Deferred amount on advanced refunding	-	4,840
Net investment in capital assets	\$ 31,404,826	\$ 46,096,924

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

H. Employee Retirement Plans – Defined Contribution Plan

General Employees' Retirement Plan

Plan description. The City of West Melbourne General Employees' Retirement Plan is a defined contribution plan administered by ICMA Retirement Corporation. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All full time general employees hired prior to July 1, 2008 are eligible to participate after six months of service. Employer contributions are vested according to the following schedule: 50% after three years of service; 75% after four years; 100% after five years. At September 30, 2021, there is one participant.

Funding policy. Contributions under the plan were established by the Plan & Trust adoption agreement with ICMA Retirement Corporation and may be amended at the City's discretion. Required contributions are 2% and 8% of eligible earnings for employees and employer, respectively. Administrative costs are financed through investment earnings. Required and actual contributions for the year ended September 30, 2021 were \$3,837 from the employee and \$15,347 from the employer. Of the employer's portion, \$0 was paid from forfeitures remaining in the plan.

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

I. Employee Retirement Plans – Defined Benefit Plans

Florida Retirement System

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

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

FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

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

Florida Retirement System (Continued)

membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

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

Benefits provided. Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

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

Contributions. The contribution requirements of plan members and the employer are established and amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The employer's contribution rates as of September 30, 2021, were as follows:

	FRS	HIS
Regular class	9.16%	1.66%
Senior management service class	27.35%	1.66%
DROP from FRS	16.68%	1.66%

The employer's contributions for the year ended September 30, 2021, were \$363,536 to the FRS and \$65,523 to the HIS.

City of West Melbourne, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

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

Florida Retirement System (Continued)

Pension liabilities and pension expense. In its financial statements for the year ended September 30, 2021, the City reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2021. The City's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS		HIS	
Net pension liability	\$	695,083	\$	1,369,533
Proportion at:				
Current measurement date		0.0092%		0.0112%
Prior measurement date		0.0088%		0.0112%
Increase in proportionate share		0.0004%		0.0000%
Pension expense	\$	64,612	\$	137,035

Deferred outflows/inflows of resources related to pensions. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 119,138	\$ -	\$ 45,828	\$ 574
Changes of assumptions	475,610	-	107,615	56,428
Difference between projected and actual earnings on pension plan investments	-	2,424,970	1,428	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	228,131	-	126,104	4,473
Employer contributions subsequent to the measurement date	107,607	-	17,737	-
Total	\$ 930,486	\$ 2,424,970	\$ 298,712	\$ 61,475

City of West Melbourne, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

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

Florida Retirement System (Continued)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2022. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<i>Year ending September 30,</i>	FRS	HIS
2022	\$ (282,168)	\$ 60,458
2023	(329,034)	19,260
2024	(435,844)	39,739
2025	(558,503)	52,748
2026	3,458	39,450
Thereafter	-	7,845
Total	<u>\$ (1,602,091)</u>	<u>\$ 219,500</u>

Actuarial assumptions. The total pension liability for each of the defined benefit plans was measured as of June 30, 2021. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2021. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2020 and using standard actuarial valuation procedures to determine the liability at July 1, 2021.

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

	FRS	HIS
Inflation	2.40%	2.40%
Payroll growth, including inflation	3.25%	3.25%
Investment rate of return	6.80%	N/A
Discount rate	6.80%	2.16%

Mortality assumptions for the FRS Pension Plan were based on PUB-2010 base tables projected generationally with Scale MP-2018. Mortality assumptions for the HIS Program were based on the Generational PUB-2010 with Projection Scale MP-2018.

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

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

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

Florida Retirement System (Continued)

The following changes in key actuarial assumptions occurred in 2021:

FRS: Decreasing the maximum amortization period to 20 years for all current and future amortization bases.

HIS: The municipal bond rate used to determine total pension liability was decreased from 2.21% to 2.16%.

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

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.0%	2.1%	2.1%
Fixed income	20.0%	3.8%	3.7%
Global equity	54.2%	8.2%	6.7%
Real estate	10.3%	7.1%	6.2%
Private equity	10.8%	11.7%	8.5%
Strategic investments	3.7%	5.7%	5.4%
Total	100%		

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

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 2.16% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

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

Florida Retirement System (Continued)

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

	FRS			HIS		
	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Employer's proportionate share of the net pension liability	\$ 3,108,458	\$ 695,083	\$ (1,322,228)	\$ 1,583,313	\$ 1,369,533	\$ 1,194,388

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

Payables to the pension plans. As of September 30, 2021, the City had a FRS and HIS related payable of \$19,210.

Police Officers' Pension Plan

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

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

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

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

Police Officers' Pension Plan (Continued)

The Plan does not issue a stand-alone financial report. The Plan's financial statements as of September 30 are included in the City's Annual Comprehensive Financial Report. Pension plan data is provided from the respective actuarial reports as of September 30, 2021.

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

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

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

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

Service incurred disability benefits are available to employees with no vesting period and provide monthly income (as defined by the plan payable until death or recovery). Non-service incurred disability benefits (available to employees with ten years of plan participation) provide monthly income (as defined by the Plan) payable until death or recovery. In the event of post-retirement death, benefits are payable to the beneficiary in accordance with the option selected at retirement.

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

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

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

Police Officers' Pension Plan (Continued)

Contribution requirements and funding policy. The employer, employee and State contribution requirements are actuarially determined on an annual basis. Most administrative costs of the Plan are financed through investment earnings of the Plan. Plan members hired on or after January 1, 2011 are required to contribute 8.44% of pensionable pay and Plan members hired before January 1, 2011 are required to contribute 8.54% of pensionable pay. The City recognized as revenues and expenditures on-behalf payments relating to contributions for its public safety employees that the State paid to the Plan in the amount of \$198,745. These contributions are funded by an excise tax levied on certain casualty and property insurance premiums. If the remittance from the State is less than estimated by the actuary, the City pays the balance required to fund the total actuarial requirement.

The City's contributions to the Plan for the year ended September 30, 2021 totaled \$622,690, which includes the amount contributed by the State. Plan members contributed \$243,748 for the same fiscal year.

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

Plan membership as of October 1, 2020:

Inactive plan members or beneficiaries currently receiving benefits	18
Inactive plan members entitled to but not yet receiving benefits	8
Active plan members	47
Total plan members	73

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

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

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

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

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

Police Officers' Pension Plan (Continued)

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

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

Pre-Retirement death benefits. Eligibility for pre-retirement death benefits vests after 10 years of credited service. The benefit is paid as 50% of what the member has accrued prior to death and 50% as a joint and survivor annuity form of benefit.

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

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

Share Plan. Effective September 30, 2017, the individual share account of each active member who has accrued at least one complete year of credited service under the plan and who is not participating in the DROP will receive a one-time allocation equal to \$1,200 plus \$400 for each additional complete year of service in excess of one year, subject to a maximum allocation of \$5,200. This is funded by the existing Excess State Monies Reserve with any remaining amounts applied to reduce the UAAL as of September 30, 2017. Effective September 30, 2017 and each September 30 thereafter, the sum of \$600 plus three percent interest shall be allocated to the individual share account of each member hired on or after January 1, 2011 who has at least one year of credited service. The annual allocations will be funded solely by the annual state monies received with any remaining amounts applied to reduce the City's annual contribution requirement. At September 30, 2021, \$192,776 of state funds was allocated to the share plan.

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

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

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

Police Officers' Pension Plan (Continued)

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

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

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

Rate of return. For the year ended September 30, 2021, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 18.68%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program (DROP).

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

The DROP balance on September 30, 2021 was \$151,969.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

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

Police Officers' Pension Plan (Continued)

Net pension liability (asset) of the sponsor. The components of the net pension liability (asset) of the sponsor on September 30, 2021 were as follows:

Total pension liability	\$ 19,103,225
Plan fiduciary net position	(20,830,988)
Sponsor's net pension liability (asset)	\$ (1,727,763)
<hr/>	
Plan fiduciary net position as a percentage of total pension liability (asset)	109.04%

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 1899 updated to September 30, 2021 using the following actuarial assumptions applied to the September 30, 2021 measurement period:

Inflation	2.50%
Salary increases	Service based
Discount rate	6.65%
Investment rate of return	6.65%

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

Plan changes. For the measurement period ended September 30, 2021, and since the prior valuation, there were no changes in plan provisions.

Actuarial assumption changes. For the measurement date ended September 30, 2021 as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality reflect the rates used in the Milliman's July 1, 2020 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics. Additionally, the investment return assumption was reduced from 6.80% to 6.65%, net of investment related expenses.

Discount rate. The discount rate used to measure the total pension liability was 6.65%.

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

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

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

Police Officers' Pension Plan (Continued)

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

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

These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021 are summarized in the following table:

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

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) 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
	(5.65%)	(6.65%)	(7.65%)
<u>Sponsor's net pension liability (asset)</u>	<u>\$ 1,030,950</u>	<u>\$ (1,727,763)</u>	<u>\$ (3,979,557)</u>

Net pension liability and changes in the net pension liability. The net pension liability for the Plan was measured as of September 30, 2021 and the total pension liability used to calculate the net pension liability was also determined as of that date.

City of West Melbourne, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

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

Police Officers' Pension Plan (Continued)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Reporting period ending September 30, 2020	\$ 17,723,301	\$ 17,507,834	\$ 215,467
Changes for the year:			
Service cost	681,707	-	681,707
Interest	1,225,703	-	1,225,703
Share plan allocation	18,150	-	18,150
Differences between expected and actual experience	(142,376)	-	(142,376)
Changes of assumptions	356,654	-	356,654
Changes of benefit terms	-	-	-
Contributions - Employer	-	423,945	(423,945)
Contributions - State	-	198,745	(198,745)
Contributions - Employee	-	243,748	(243,748)
Net investment income	-	3,264,614	(3,264,614)
Benefit payments, including refunds of employee contributions	(759,914)	(759,914)	-
Administrative expense	-	(47,984)	47,984
Net changes	1,379,924	3,323,154	(1,943,230)
Reporting period ending September 30, 2021	\$ 19,103,225	\$ 20,830,988	\$ (1,727,763)

Pension expense and deferred outflows and deferred inflows of resources related to pensions. For the year ended September 30, 2021, the City recognized pension expense of \$158,897 for the Police Officers' Pension Plan. At September 30, 2021, the City reported deferred outflows and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 409,466	\$ 280,168
Changes of assumptions	430,848	2,074
Net differences between projected and actual earnings on pension plan investments	-	1,801,622
Total	\$ 840,314	\$ 2,083,864

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

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

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

Police Officers' Pension Plan (Continued)

<i>Year ending September 30:</i>	
2022	\$ (258,571)
2023	(191,718)
2024	(492,888)
2025	(336,086)
2026	35,713
Total	<u>\$ (1,243,550)</u>

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

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

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

Payable to the pension plan. As of September 30, 2021, the City had a payable to the police pension plan of \$14,852.

J. Pension Expense Summary

The total of the City's pension expense for the fiscal year ended September 30, 2021 is as follows:

Plan Description	Pension Expense
Defined contribution plan:	
General Employees' plan - ICMA	\$ 15,347
Defined benefit plans:	
Florida Retirement System/HIS	201,647
Police Officers' Pension Plan	158,897
Total pension expense	<u>\$ 375,891</u>

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

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

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

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

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

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

As of September 30, 2021, no trust has been established for the other post-employment benefits.

Plan membership. At October 1, 1899, OPEB membership consisted of the following:

	Number of covered individuals
Inactive members currently receiving benefits	1
Inactive members entitled to but not yet receiving benefits	-
Active members	115
Total	116

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:

Salary Increases	3.00% projected annual salary increase
Discount rate	2.43% investment rate of return
Health care cost trend rates	8.00% using Society of Actuaries Long-Term Model

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

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

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

The actuarial assumptions included an annual healthcare cost trend rate of 8.00% initially, reduced by decrements to an ultimate rate of 5.00% after five years. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The October 1, 2019 actuarial valuation included changes in assumptions for the discount rate (increase from 2.14% in the prior valuation to 2.43%), health care cost trend rates (increase from 6.00% in the prior valuation to 8.00%) and the mortality improvement scale (updated from Scale MP-2017 in the prior valuation to Scale MP-2020). The methods, assumptions, and participant data used are detailed in the actuarial valuation report dated October 1, 2019. These calculations are based on the Entry Age Normal cost method required by GASBC P52.

At September 30, 2021, the City reported a total OPEB liability of \$1,212,711. The other post-employment benefit information has been provided as of the September 30, 2021 measurement date.

	<u>Increase (Decrease)</u>
	Total OPEB
<i>Change in total OPEB liability</i>	Liability
Balance, September 30, 2020	\$ 784,355
Changes for the year:	
Service cost	141,844
Expected interest growth	22,320
Demographic experience	(314,315)
Benefit payments and refunds	(15,421)
Assumption changes	593,928
Net changes	428,356
Balance, September 30, 2021	\$ 1,212,711

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

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

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

	1% Decrease (1.43%)	Discount Rate (2.43%)	1% Increase (3.43%)
Total OPEB Liability	\$ 1,377,233	\$ 1,212,711	\$ 1,069,832

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

	1% Decrease (7.00%)	Healthcare Cost Trend Rate (8.00%)	1% Increase (9.00%)
Total OPEB Liability	\$ 1,028,774	\$ 1,212,711	\$ 1,436,885

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 recognized an OPEB expense of \$221,072. At September 30, 2021, the City reported deferred outflows and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance as of September 30, 2020	\$ 341,394	\$ -
Amortization payments	(81,599)	(24,691)
Demographic gain (loss)	-	314,315
Assumption changes	593,928	-
Balance as of September 30, 2021	\$ 853,723	\$ 289,624

City of West Melbourne, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

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

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

<i>Year ending September 30,</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	\$ 81,599	\$ 24,691
2023	81,599	24,691
2024	81,599	24,691
2025	81,599	24,691
2026	81,599	24,691
Thereafter	445,728	166,169
Total	\$ 853,723	\$ 289,624

Note 3: OTHER INFORMATION

A. Risk Management

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

In fiscal year 2020-2021, the City was a member of the Florida Municipal Insurance Trust (the "Trust"). The Trust is a self-insurance program established to provide worker's compensation, property, and casualty coverage to participating units of local government in Florida pursuant to various provisions of Florida Statutes. The Trust's underwriting and vote-setting policies are established after consultation with an independent actuary. The Trust is non-assessable and therefore, the City has no liability for future deficits of the Trust, if any. Only workers compensation is subject to audit, thus avoiding additional premium charges beyond policy expirations.

There have been no significant reductions in insurance coverage during the fiscal year 2021. Also, there have been no settlements that exceeded insurance coverage for each of the past three fiscal years.

B. Concentration – Water Supply

The City purchases all of its residents' water needs from the City of Melbourne, Florida under an agreement dated May 16, 2013, which is currently scheduled to expire December 31, 2026, with an optional fifteen-year extension. During the year, approximately \$4.1 million (731,342,000 gallons) of water was purchased and management believes it will be able to continue purchasing water from the City of Melbourne, Florida, sufficient to meet all of its residents' water needs, for the foreseeable future.

Note 3: OTHER INFORMATION (Continued)

C. Litigation

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

D. Commitments and Contingencies

On February 15, 2011, the City entered into a contract for the management, operation and maintenance of the wastewater treatment, collection and disposal facility. On July 7, 2020, the City Council approved a five-year extension of the contract. The term of the contract extension ends on April 30, 2026. The base fee for the first year was \$1,214,768 and is subject to annual adjustment. For fiscal year 2021, the City paid \$1,569,857 under this contract.

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

The City has active construction projects as of September 30, 2021. At year-end, the City's commitments with contractors are as follows:

Ray Bullard WRF SWMA Project	\$ 581,139
Clements Wood Park Renovation	84,204
Coastal Lane to Columbia Lane Forcemain	59,522
M-1 Canal Water Main Extension Project	577,925
Greenboro Forcemain Replacement Project	101,154
Total outstanding commitments	\$ 1,403,944

The commitments are being financed by governmental and enterprise revenues and from awarded grants.

E. Uncertainties

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

Note 3: OTHER INFORMATION (Continued)

F. Asset Retirement Obligations

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

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

G. Subsequent Events

On October 19, 2021, the City awarded a contract for \$479,043 to Asphalt Paving Systems, Inc., for resurfacing 17 City streets, and patching nine City locations within the Doherty Drive area. The project started in October 2021 and has since then been completed.

On November 2, 2021, City Council awarded a contract for \$151,355 to Bliss Products & Services for the splash pad floor resurfacing and provision of canopy shade structures at the Field of Dreams. Due to supply issues, this project's estimated start date is July 2022.

On November 16, 2021, City Council awarded a contract for \$668,000 to Hinterland Group, Inc. for the Meadowlane Avenue Forcemain Improvements Project. The expected start date is March 2022 with a projected completion time of two months.

On December 14, 2021, City Council awarded a contract for \$238,248 to Insituform Technologies, LLC, to line 7,245 linear feet of 8-inch sewer pipe located in nine neighborhoods. Due to supply issues, this project's estimated start date is April 2022 with a projected completion time of two months.

On December 14, 2021, City Council awarded contracts to Danus Utilities for \$161,148 and Barney's Pumps for \$55,520. The awarded contracts are for the rehabilitation of the Shoney's #127 lift station, and for the provision of lift station materials, respectively. This project's estimated start date is April 2022 with an estimated completion date of June 2022.

On January 18, 2022, City Council awarded a contract for \$772,237 to Traffic Control Devices, LLC. This award is for the Hollywood Boulevard and Imagine Way Signal Project. Due to supply issues, the estimated start date is September 2022, with an estimated completion date of January 2023.

On February 1, 2022, City Council approved a memorandum of understanding with representatives of the Coastal Police Benevolent Association that provides a four percent wage increase for represented employees effective July 1, 2022.

Note 3: OTHER INFORMATION (Continued)

G. Subsequent Events (Continued)

On February 1, 2022, City Council directed the City Manager to provide non-represented employees with a two percent supplemental cost of living increase effective July 1, 2022.

On February 1, 2022, City County authorized the issuance of one-time premium pay of \$1,000 per employee for work performed from February 2, 2022 through August 2, 2022, approximately seventy percent of which will be funded from Federal American Rescue Plan Act funds the City has received.

On March 15, 2022, City Council approved an agreement with Brevard County for the County Public Works Department to construct an additional turn lane on eastbound Norfolk Parkway approaching Minton Road in the amount of \$121,929.

On April 5, 2022, City Council approved an engineering task order in the not-to-exceed amount of \$884,120 with Infrastructure Solution Services for grant-funded design, permitting, bidding, funding assistance and construction observation services for the Lake Ashley Circle, Dundee Circle, and Manor Place Septic-to-Sewer conversion project.

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

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

<i>Florida Retirement System (FRS)</i>	2021	2020	2019
Employer's proportion of the net pension liability (asset)	0.0092%	0.0088%	0.0085%
Employer's proportionate share of the net pension liability (asset)	\$ 695,083	\$ 3,816,742	\$ 2,931,379
Employer's covered payroll ⁽²⁾	\$ 3,952,591	\$ 3,891,666	\$ 3,587,314
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	17.59%	98.07%	81.72%
Plan fiduciary net position as a percentage of the total pension liability	96.40%	78.85%	82.61%
<i>Health Insurance Subsidy Program (HIS)</i>	2021	2020	2019
Employer's proportion of the net pension liability (asset)	0.0112%	0.0112%	0.0093%
Employer's proportionate share of the net pension liability (asset)	\$ 1,369,533	\$ 1,369,034	\$ 1,199,732
Employer's covered payroll ⁽²⁾	\$ 3,952,591	\$ 3,891,666	\$ 3,587,314
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	34.65%	35.18%	33.44%
Plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.63%

Notes to the schedule:

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

2018	2017	2016	2015 ⁽³⁾
0.0080%	0.0077%	0.0076%	0.0076%
\$ 2,418,611	\$ 2,276,922	\$ 1,924,137	\$ 981,132
\$ 3,221,038	\$ 2,980,912	\$ 2,866,110	\$ 2,616,648
75.09%	76.38%	67.13%	37.50%
84.26%	83.89%	84.88%	92.00%
2018	2017	2016	2015
0.0093%	0.0093%	0.0093%	0.0086%
\$ 1,043,790	\$ 999,100	\$ 1,082,043	\$ 879,605
\$ 3,221,038	\$ 2,980,912	\$ 2,866,110	\$ 2,616,648
32.41%	33.52%	37.75%	33.62%
2.15%	1.64%	0.97%	0.50%

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

<i>Florida Retirement System (FRS)</i>	2021	2020	2019
Contractually required contribution	\$ 382,502	\$ 309,974	\$ 273,679
Contributions in relation to the contractually required contribution	382,502	309,974	273,679
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Employer's covered payroll ⁽¹⁾	\$ 3,946,312	\$ 3,948,863	\$ 3,704,208
Contributions as a percentage of covered payroll	9.69%	7.85%	7.39%
<i>Health Insurance Subsidy Program (HIS)</i>	2021	2020	2019
Contractually required contribution	\$ 65,523	\$ 65,563	\$ 61,481
Contributions in relation to the contractually required contribution	65,523	65,563	61,481
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Employer's covered payroll ⁽¹⁾	\$ 3,946,312	\$ 3,948,863	\$ 3,704,208
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%

Notes to the schedule:

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

2018	2017	2016	2015 ⁽²⁾
\$ 236,670	\$ 205,301	\$ 199,039	\$ 185,321
236,670	205,301	199,039	185,321
\$ -	\$ -	\$ -	\$ -
\$ 3,275,014	\$ 3,048,186	\$ 3,022,624	\$ 2,654,154
7.23%	6.74%	6.58%	6.98%

2018	2017	2016	2015
\$ 54,377	\$ 50,569	\$ 50,187	\$ 35,935
54,377	50,569	50,187	35,935
\$ -	\$ -	\$ -	\$ -
\$ 3,275,014	\$ 3,048,186	\$ 3,022,624	\$ 2,654,154
1.66%	1.66%	1.66%	1.35%

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

Police Officers' Pension Plan			
<i>For the year ended September 30,</i>	2021	2020	2019
Total pension liability			
Service cost	\$ 681,707	\$ 618,389	\$ 587,360
Interest	1,225,703	1,155,063	1,105,163
Change in Excess State Money	-	-	-
Share plan allocation	18,150	16,950	16,350
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(142,376)	237,704	(279,907)
Changes of assumptions	356,654	18,010	-
Benefit payments, including refunds of employee contributions	(759,914)	(648,067)	(835,995)
Net change in total pension liability	1,379,924	1,398,049	592,971
Total pension liability - beginning	17,723,301	16,325,252	15,732,281
Total pension liability - ending (a)	\$ 19,103,225	\$ 17,723,301	\$ 16,325,252
Plan fiduciary net position			
Contributions - employer	\$ 423,945	\$ 434,572	\$ 447,784
Contributions - state	198,745	184,880	169,767
Contributions - employee	243,748	230,786	227,943
Net investment income	3,264,614	1,653,669	497,586
Benefit payments, including refunds of employee contributions	(759,914)	(648,067)	(835,995)
Administrative expense	(47,984)	(53,662)	(56,825)
Net change in plan fiduciary net position	3,323,154	1,802,178	450,260
Plan fiduciary net position - beginning	17,507,834	15,705,656	15,255,396
Plan fiduciary net position - ending (b)	\$ 20,830,988	\$ 17,507,834	\$ 15,705,656
Net pension liability - ending (a) - (b)	\$ (1,727,763)	\$ 215,467	\$ 619,596
Plan fiduciary net position as a percentage of the total pension liability	109.04%	98.78%	96.20%
Covered payroll⁽²⁾	2,877,969	\$ 2,724,288	\$ 2,689,396
Net pension liability as a percentage of covered payroll	-60.03%	7.91%	23.04%

Notes to the schedule:

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

Police Officers' Pension Plan					
2018	2017	2016	2015	2014	2013
\$ 545,010	\$ 426,777	\$ 431,817	\$ 373,517	\$ 349,217	\$ 325,155
985,384	917,986	881,847	852,748	802,323	753,170
-	(214,182)	-	-	-	-
13,800	121,800	-	-	-	-
-	(5,606)	-	-	-	-
748,684	(129,422)	10,052	(184,074)	-	-
364,891	-	(14,515)	-	304,099	-
(518,254)	(493,963)	(740,129)	(652,537)	(304,307)	(572,002)
2,139,515	623,390	569,072	389,654	1,151,332	506,323
13,592,766	12,969,376	12,400,304	12,010,650	10,859,318	10,352,995
\$ 15,732,281	\$ 13,592,766	\$ 12,969,376	\$ 12,400,304	\$ 12,010,650	\$ 10,859,318
\$ 559,041	\$ 694,581	\$ 573,560	\$ 582,408	\$ 606,424	\$ 605,565
157,737	141,328	138,223	119,977	117,718	110,917
201,707	194,487	161,203	151,179	139,016	135,524
1,199,335	1,463,500	1,078,301	(67,763)	1,003,043	948,930
(518,254)	(493,963)	(740,129)	(652,537)	(304,307)	(572,002)
(54,986)	(46,693)	(48,793)	(46,398)	(41,892)	(36,475)
1,544,580	1,953,240	1,162,365	86,866	1,520,002	1,192,459
13,710,816	11,757,576	10,595,211	10,508,345	8,988,343	7,795,884
\$ 15,255,396	\$ 13,710,816	\$ 11,757,576	\$ 10,595,211	\$ 10,508,345	\$ 8,988,343
\$ 476,885	\$ (118,050)	\$ 1,211,800	\$ 1,805,093	\$ 1,502,305	\$ 1,870,975
96.97%	100.87%	90.66%	85.44%	87.49%	82.77%
\$ 2,389,899	\$ 2,304,347	\$ 1,899,385	\$ 1,938,150	\$ 1,635,200	\$ 1,599,176
19.95%	-5.12%	63.80%	93.13%	91.87%	117.00%

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

Police Officers' Pension Plan				
<i>For the year ended September 30,</i>		2021	2020	2019
Actuarially determined contribution	\$	581,638	\$ 546,765	\$ 505,875
Contributions in relation to the actuarially determined contributions		604,540	602,502	614,358
Contribution deficiency (surplus)	\$	(22,902)	\$ (55,737)	\$ (108,483)
Covered payroll ⁽²⁾	\$	2,877,969	\$ 2,724,288	\$ 2,689,396
Contributions as a percentage of covered payroll		21.01%	22.12%	22.84%

Notes to the schedule:

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

Police Officers' Pension Plan					
2018	2017	2016	2015	2014	2013
\$ 494,231	\$ 539,217	\$ 502,767	\$ 532,371	\$ 567,905	\$ 588,816
716,778	835,909	711,783	702,385	724,142	663,726
\$ (222,547)	\$ (296,692)	\$ (209,016)	\$ (170,014)	\$ (156,237)	\$ (74,910)
\$ 2,389,899	\$ 2,304,347	\$ 1,899,385	\$ 1,938,150	\$ 1,635,200	\$ 1,599,176
29.99%	36.28%	37.47%	36.24%	44.28%	41.50%

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

Police Officers' Pension Plan									
<i>For the year ended September 30,</i>	2021	2020	2019	2018	2017	2016	2015	2014	2013
Annual money-weighted rate of return									
net of investment expense	18.68%	10.51%	3.17%	8.75%	12.36%	9.80%	-0.65%	10.96%	11.98%

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

Valuation Date: October 1, 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:

Funding method: Entry Age Normal Actuarial Cost Method.
Amortization method: Level dollar, closed.
Remaining amortization period: 30 years (as of 10/01/2020 valuation)
Asset smoothing method: All assets are valued at market value with an adjustment made to uniformly spread actuarial gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period
Inflation: 2.5% per year.

Salary increases:

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

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

Interest rate: 6.65% per year, compounded annually, net of investment related expenses.

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

Normal Retirement Rates:

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

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

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

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

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

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

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

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2021 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

Terminating Rate Table

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

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

Disability Rate Table

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

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

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

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

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

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

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

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

Changes of assumptions: For measurement date September 30, 2021, the investment rate of return was lowered from 6.80% to 6.65% per year, net of investment related expenses.

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

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

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

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

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

<i>September 30,</i>	2021	2020	2019	2018
Service cost	\$ 141,844	\$ 59,383	\$ 44,485	\$ 29,429
Expected interest growth	22,320	13,853	11,494	10,007
Demographic experience	(314,315)	-	21,682	-
Benefit payments and refunds	(15,421)	(14,792)	(11,503)	(5,255)
Assumption changes	593,928	130,609	246,863	-
Net change in total OPEB liability	428,356	189,053	313,021	34,181
Total OPEB liability - beginning	784,355	595,302	282,281	248,100
Total OPEB liability - ending	\$ 1,212,711	\$ 784,355	\$ 595,302	\$ 282,281
Covered-employee payroll	\$ 5,914,595	\$ 5,280,225	\$ 5,280,225	\$ 4,992,342
Total OPEB liability as a percentage of covered-employee payroll	20.50%	14.85%	11.27%	5.65%

Notes to the schedule:

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

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

9/30/2017 - 3.35%
9/30/2018 - 3.64%
9/30/2019 - 3.58%
9/30/2020 - 2.14%
9/30/2021 - 2.43%

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

<i>For the year ended September 30, 2021</i>	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
Revenues				
Taxes	\$ 9,939,100	\$ 9,939,100	\$ 10,238,780	\$ 299,680
Licenses and permits	788,500	788,500	1,020,178	231,678
Intergovernmental	2,799,000	2,799,000	3,431,413	632,413
Charges for services	352,400	352,400	238,407	(113,993)
Fines and forfeitures	239,800	239,800	171,969	(67,831)
Contributions and donations	40,000	79,500	162,875	83,375
Investment income	40,100	40,100	26,627	(13,473)
Miscellaneous	59,900	59,900	172,863	112,963
Total revenues	14,258,800	14,298,300	15,463,112	1,164,812
Expenditures				
General government:				
City Council and Clerk	316,150	343,650	322,333	21,317
Executive and administration	468,000	468,000	479,084	(11,084)
Finance	319,600	319,600	313,999	5,601
Legal counsel	326,600	326,600	314,717	11,883
Information technology	523,350	523,350	478,290	45,060
Other general services	506,200	478,700	478,812	(112)
Total general government	2,459,900	2,459,900	2,387,235	72,665
Public Safety:				
Law enforcement	6,279,100	6,505,250	6,082,187	423,063
Protective inspections	1,704,250	1,704,250	1,162,992	541,258
Total public safety	7,983,350	8,209,500	7,245,179 *	964,321
Public works	2,113,250	2,113,250	1,516,578 *	596,672
Recreation	1,486,800	1,486,800	1,250,226 *	236,574
Community development	383,250	383,250	343,124	40,126
Total expenditures	14,426,550	14,652,700	12,742,342	1,910,358
Excess (deficiency) of revenues over (under) expenditures	(167,750)	(354,400)	2,720,770	3,075,170
Other financing sources (uses)				
Transfers out	(529,300)	(529,300)	(529,300)	-
Insurance proceeds	30,000	30,000	75,815	45,815
Proceeds from sale of capital assets	27,000	51,000	91,710	40,710
Net other financing sources (uses)	(472,300)	(448,300)	(361,775)	86,525
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(640,050)	(802,700)	2,358,995	3,161,695
Fund balances, beginning of year	13,860,349	13,860,349	13,860,349	-
Fund balances, end of year	\$13,220,299	\$13,057,649	\$16,219,344	\$ 3,161,695

* The City budgets for capital outlay at the departmental level.

City of West Melbourne, Florida

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Community Redevelopment

<i>For the year ended September 30, 2021</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 232,000	\$ 232,000	\$ 259,107	\$ 27,107
Intergovernmental	232,000	232,000	259,107	27,107
Miscellaneous	-	-	412	412
Total revenues	464,000	464,000	518,626	54,626
Expenditures				
Current:				
Economic environment	450	450	5,795	(5,345)
Debt service:				
Principal	100,000	100,000	-	100,000
Total expenditures	100,450	100,450	5,795	94,655
Excess of revenues over expenditures	363,550	363,550	512,831	149,281
Fund balances, beginning of year	452,672	452,672	452,672	-
Fund balances, end of year	\$ 816,222	\$ 816,222	\$ 965,503	\$ 149,281

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

<i>For the year ended September 30, 2021</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 685,600	\$ 685,600	\$ 651,070	\$ (34,530)
Intergovernmental	3,501,900	3,501,900	457,603	(3,044,297)
Investment income	-	-	-	-
Total revenues	4,187,500	4,187,500	1,108,673	(3,078,827)
Expenditures				
Current:				
Public works	165,500	165,500	186,624	(21,124)
Capital outlay	4,014,500	4,014,500	492,668	3,521,832
Debt service:				
Interest	7,500	7,500	7,476	24
Total expenditures	4,187,500	4,187,500	686,768	3,500,732
Excess of revenues over expenditures	-	-	421,905	421,905
Fund deficit, beginning of year	(150,612)	(150,612)	(150,612)	-
Fund balance (deficit), end of year	\$ (150,612)	\$ (150,612)	\$ 271,293	\$ 421,905

City of West Melbourne, Florida

Budgetary Notes to Required Supplementary Information

A. Budgetary information

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

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

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

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

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

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

B. Encumbrances

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

CITY OF WEST MELBOURNE, FLORIDA

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

Capital Projects Funds

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

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

Capital Projects – The Capital Projects Fund accounts for the acquisition and construction of the City’s major capital facilities, other than those financed by proprietary funds.

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

	Special Revenue	Capital Projects		Total Nonmajor Governmental Funds
<i>September 30, 2021</i>	Recreation	Capital Projects	Vehicle Replacement	
ASSETS				
Cash and cash equivalents	\$ 342,077	\$ -	\$ 216,138	\$ 558,215
Investments	605,024	4,563,566	1,000,412	6,169,002
Receivables, net	-	250,000	-	250,000
Total assets	\$ 947,101	\$ 4,813,566	\$ 1,216,550	\$ 6,977,217
LIABILITIES				
Accounts payable	\$ -	\$ 2,516	\$ 19,938	\$ 22,454
Due to General Fund	-	176,894	-	176,894
Contracts payable	35,262	-	-	35,262
Total liabilities	35,262	179,410	19,938	234,610
FUND BALANCES				
Restricted	-	4,634,156	-	4,634,156
Committed	911,839	-	1,196,612	2,108,451
Unassigned	-	-	-	-
Total fund balances	911,839	4,634,156	1,196,612	6,742,607
Total liabilities and fund balances	\$ 947,101	\$ 4,813,566	\$ 1,216,550	\$ 6,977,217

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

	Special Revenue	Capital Projects		Total Nonmajor Governmental Funds
<i>For the year ended September 30, 2021</i>	Recreation	Capital Projects	Vehicle Replacement	
REVENUES				
Charges for services	\$ 223,800	\$ 250,000	\$ -	\$ 473,800
Investment income	779	4,483	412	5,674
Total revenues	224,579	254,483	412	479,474
EXPENDITURES				
Capital outlay	35,263	193,007	653,950	882,220
Total expenditures	35,263	193,007	653,950	882,220
 Excess (deficiency) of revenues over (under) expenditures	 189,316	 61,476	 (653,538)	 (402,746)
 Other financing sources				
Transfers in	-	-	566,500	566,500
 Net change in fund balances	 189,316	 61,476	 (87,038)	 163,754
 Fund balance, beginning of year	 722,523	 4,572,680	 1,283,650	 6,578,853
Fund balance, end of year	\$ 911,839	\$ 4,634,156	\$ 1,196,612	\$ 6,742,607

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

<i>For the year ended September 30, 2021</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Charges for services	\$ -	\$ -	\$ 223,800	\$ 223,800
Investment income	2,400	2,400	779	(1,621)
Total revenues	2,400	2,400	224,579	222,179
Expenditures				
Current:				
Capital outlay	120,000	120,000	35,263	84,737
Total expenditures	120,000	120,000	35,263	84,737
Excess (deficiency) of revenues over (under) expenditures	(117,600)	(117,600)	189,316	306,916
Fund balances, beginning of year	722,523	722,523	722,523	-
Fund balances, end of year	\$ 604,923	\$ 604,923	\$ 911,839	\$ 306,916

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

<i>For the year ended September 30, 2021</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Charges for services	\$ -	\$ 250,000	\$ 250,000	\$ -
Investment income	5,000	5,000	4,483	(517)
Total revenues	5,000	255,000	254,483	(517)
Expenditures				
Current:				
Public works	2,100,000	2,100,000	193,007	1,906,993
Total expenditures	2,100,000	2,100,000	193,007	1,906,993
Excess (deficiency) of revenues over (under) expenditures	(2,095,000)	(1,845,000)	61,476	1,906,476
Fund balances, beginning of year	4,572,680	4,572,680	4,572,680	-
Fund balances, end of year	\$ 2,477,680	\$ 2,727,680	\$ 4,634,156	\$ 1,906,476

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

<i>For the year ended September 30, 2021</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Investment income	\$ -	\$ -	\$ 412	\$ 412
Total revenues	-	-	412	412
Expenditures				
Current:				
Capital outlay	651,000	651,000	653,950	(2,950)
Total expenditures	651,000	651,000	653,950	(2,950)
Excess (deficiency) of revenues over (under) expenditures	(651,000)	(651,000)	(653,538)	(2,538)
Other financing sources				
Transfers in	566,500	566,500	566,500	-
Net change in fund balance	(84,500)	(84,500)	(87,038)	(2,538)
Fund balances, beginning of year	1,283,650	1,283,650	1,283,650	-
Fund balances, end of year	\$ 1,199,150	\$ 1,199,150	\$ 1,196,612	\$ (2,538)

STATISTICAL SECTION



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STATISTICAL SECTION

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

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

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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.

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Additional Notes

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

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

Schedule A1

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental activities										
Net investment in										
capital assets	\$ 31,404,826	\$ 32,164,344	\$ 34,205,606	\$ 29,479,624	\$ 21,230,403	\$ 18,758,700	\$ 17,684,340	\$ 16,495,227	\$ 16,539,186	\$ 17,064,967
Restricted	13,832,705	13,445,602	8,866,081	7,821,633	7,214,372	6,076,253	4,874,993	4,819,617	3,943,676	3,566,201
Unrestricted	7,567,381	4,235,982	2,249,840	2,775,398	7,619,082	7,002,945	7,174,709	10,199,474	9,737,050	8,651,915
Total governmental activities										
net position	52,804,912	49,845,928	45,321,527	40,076,655	36,063,857	31,837,898	29,734,042	31,514,318	30,219,912	29,283,083
Business-type activities										
Net investment in										
capital assets	46,096,924	39,269,577	36,760,884	35,497,462	33,382,704	30,394,742	29,978,165	27,276,931	27,230,064	27,697,548
Restricted	-	2,471,922	523,257	511,487	508,640	504,046	797,698	931,435	860,751	168,289
Unrestricted	20,082,256	19,450,194	19,488,583	13,943,960	10,983,628	8,608,312	6,276,583	6,325,820	6,808,543	7,074,313
Total business-type activities										
net position	66,179,180	61,191,693	56,772,724	49,952,909	44,874,972	39,507,100	37,052,446	34,534,186	34,899,358	34,940,150
Primary government										
Net investment in										
capital assets	77,501,750	71,433,921	70,966,490	64,977,086	54,613,107	49,153,442	47,662,505	43,772,158	43,769,250	44,762,515
Restricted	13,832,705	15,917,524	9,389,338	8,333,120	7,723,012	6,580,299	5,672,691	5,751,052	4,804,427	3,734,490
Unrestricted	27,649,637	23,686,176	21,738,423	16,719,358	18,602,710	15,611,257	13,451,292	16,525,294	16,545,593	15,726,228
Total primary government										
net position	\$ 118,984,092	\$ 111,037,621	\$ 102,094,251	\$ 90,029,564	\$ 80,938,829	\$ 71,344,998	\$ 66,786,488	\$ 66,048,504	\$ 65,119,270	\$ 64,223,233

Notes:

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

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

Schedule A2

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses:										
General government	\$ 2,548,202	\$ 2,808,023	\$ 2,697,267	\$ 2,487,264	\$ 2,369,589	\$ 2,129,445	\$ 2,021,970	\$ 1,862,813	\$ 1,735,188	\$ 2,043,225
Public safety	7,491,665	7,886,503	7,668,450	6,833,193	5,968,523	5,548,176	5,403,754	5,034,270	4,942,386	5,171,866
Public works	2,844,827	2,993,822	2,344,923	2,785,278	2,037,325	1,997,169	2,035,490	1,666,681	1,487,912	1,962,606
Recreation	1,511,384	1,492,810	2,255,949	988,794	746,068	1,714,308	2,859,495	775,071	765,755	681,544
Community development	339,433	373,339	339,529	323,027	311,233	260,560	263,056	295,950	280,870	270,453
Economic environment	5,795	420	175	420	176	6,956	15,000	-	-	-
Interest on long term debt	7,476	9,250	8,146	2,326	4,603	6,832	9,014	8,346	1,109	2,894
Total Expenses	14,748,782	15,564,167	15,314,439	13,420,302	11,437,517	11,663,446	12,607,779	9,643,131	9,213,220	10,132,588
Program Revenues:										
Charges for services:										
General government	317,023	413,540	404,171	414,793	386,096	412,040	375,474	362,026	248,423	357,434
Public safety	1,045,815	1,359,462	2,358,536	1,759,180	1,645,309	1,492,599	956,302	942,241	814,871	717,671
Public works	848,702	584,807	578,993	373,159	366,577	362,326	360,351	356,485	345,826	343,331
Recreation	243,399	78,064	704,031	428,879	177,282	351,800	69,165	153,527	107,632	151,600
Community development	106,891	109,984	184,144	178,248	237,847	202,729	344,996	271,592	139,910	100,802
Operating grants and contributions	-	-	-	-	-	-	-	-	275,000	194,171
Capital grants and contributions	635,004	4,000,996	961,801	2,473,014	2,036,754	4,273	404,657	10,553	10,020	110,603
Total Program Revenues	3,196,834	6,546,853	5,191,676	5,627,273	4,849,865	2,825,767	2,510,945	2,096,424	1,941,682	1,975,612
Net (Expense) Revenue	(11,551,948)	(9,017,314)	(10,122,763)	(7,793,029)	(6,587,652)	(8,837,679)	(10,096,834)	(7,546,707)	(7,271,538)	(8,156,976)
General Revenues:										
Property taxes	4,630,429	4,421,186	3,990,738	3,310,658	2,990,353	2,685,306	2,406,066	2,146,830	1,998,440	1,972,161
Franchise taxes	2,025,159	1,886,888	1,870,513	1,798,337	1,671,784	1,639,785	1,611,017	1,551,463	1,415,125	1,421,808
Local option gas tax	811,636	728,699	672,626	608,754	601,336	578,739	523,989	493,346	479,425	449,903
Public utility taxes	3,583,192	3,407,499	3,340,164	3,212,103	3,058,189	3,006,729	2,926,332	2,875,172	2,787,819	2,641,329
Payment in lieu of taxes	518,214	426,386	344,588	377,318	295,743	1,155,353	2,542,187	27,706	-	-
Intergovernmental shared revenue - unrestricted	2,618,119	2,142,428	2,219,476	2,123,578	1,981,183	1,810,749	1,704,254	1,561,377	1,442,388	1,309,239
Investment income	32,713	182,884	337,852	224,140	128,282	45,184	86,879	49,030	51,936	61,239
Miscellaneous revenue	229,404	287,820	145,939	149,163	80,641	19,690	6,787	136,189	33,234	48,221
Gain on disposition	24,866	23,525	-	-	-	-	-	-	-	-
Transfers, net	37,200	34,400	34,400	18,900	6,100	-	-	-	-	-
Total General Revenues	14,510,932	13,541,715	12,956,296	11,822,951	10,813,611	10,941,535	11,807,511	8,841,113	8,208,367	7,903,900
Special item:										
Donation - Field of Dreams	-	-	2,411,339	-	-	-	-	-	-	-
Change in Net Position	\$ 2,958,984	\$ 4,524,401	\$ 5,244,872	\$ 4,029,922	\$ 4,225,959	\$ 2,103,856	\$ 1,710,677	\$ 1,294,406	\$ 936,829	\$ (253,076)

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

Schedule A3

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses:										
Water and sewer	\$ 13,370,387	\$ 12,521,238	\$ 11,454,304	\$ 11,667,879	\$ 11,139,291	\$ 10,686,656	\$ 10,925,645	\$ 10,481,059	\$ 10,068,335	\$ 9,735,530
Total Expenses	13,370,387	12,521,238	11,454,304	11,667,879	11,139,291	10,686,656	10,925,645	10,481,059	10,068,335	9,735,530
Program Revenues:										
Charges for services:										
Water and sewer	13,554,441	12,542,774	12,085,048	11,589,300	11,155,390	10,449,117	9,843,569	9,255,274	8,853,461	8,739,148
Other charges and fees	1,265,521	1,094,408	242,512	11,378	30,175	11,280	61,599	13,290	14,731	11,570
Operating grants and contributions	-	-	-	-	-	-	-	-	-	63,500
Capital grants and contributions	3,554,771	3,115,488	5,685,218	5,032,423	5,253,638	2,653,015	3,918,895	1,019,375	1,158,156	1,037,225
Total Program Revenues	18,374,733	16,752,670	18,012,778	16,633,101	16,439,203	13,113,412	13,824,063	10,287,939	10,026,348	9,851,443
Net (Expense) Revenue	5,004,346	4,231,432	6,558,474	4,965,222	5,299,912	2,426,756	2,898,418	(193,120)	(41,987)	115,913
General Revenues:										
Interest income	20,341	221,937	295,741	134,591	74,060	27,898	25,238	6,343	1,195	9,043
Transfers, net	(37,200)	(34,400)	(34,400)	(18,900)	(6,100)	-	-	-	-	-
Total General Revenues	(16,859)	187,537	261,341	115,691	67,960	27,898	25,238	6,343	1,195	9,043
Change in Net Position	\$ 4,987,487	\$ 4,418,969	\$ 6,819,815	\$ 5,080,913	\$ 5,367,872	\$ 2,454,654	\$ 2,923,656	\$ (186,777)	\$ (40,792)	\$ 124,956

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

Schedule A4

		2021		2020		2019		2018		2017		2016		2015		2014		2013		2012
Expenses:																				
Governmental activities	\$	14,748,782	\$	15,564,167	\$	15,314,439	\$	13,420,302	\$	11,437,517	\$	11,663,446	\$	12,607,779	\$	9,643,131	\$	9,213,220	\$	10,132,588
Business-type activities		13,370,387		12,521,238		11,454,304		11,667,879		11,139,291		10,686,656		10,925,645		10,481,059		10,068,335		9,735,530
Total Expenses		28,119,169		28,085,405		26,768,743		25,088,181		22,576,808		22,350,102		23,533,424		20,124,190		19,281,555		19,868,118
Program Revenues:																				
Governmental activities		3,196,834		6,546,853		5,191,676		5,627,273		4,849,865		2,825,767		2,510,945		2,096,424		1,941,682		1,975,612
Business-type activities		18,374,733		16,752,670		18,012,778		16,633,101		16,439,203		13,113,412		13,824,063		10,287,939		10,026,348		9,851,443
Total Program Revenues		21,571,567		23,299,523		23,204,454		22,260,374		21,289,068		15,939,179		16,335,008		12,384,363		11,968,030		11,827,055
Net (Expense) Revenue		(6,547,602)		(4,785,882)		(3,564,289)		(2,827,807)		(1,287,740)		(6,410,923)		(7,198,416)		(7,739,827)		(7,313,525)		(8,041,063)
General Revenues:																				
Governmental activities		14,510,932		13,541,715		15,367,635		11,822,951		10,813,611		10,941,535		11,807,511		8,841,113		8,208,367		7,903,900
Business-type activities		(16,859)		187,537		261,341		115,691		67,960		27,898		25,238		6,343		1,195		9,043
Total General Revenues		14,494,073		13,729,252		15,628,976		11,938,642		10,881,571		10,969,433		11,832,749		8,847,456		8,209,562		7,912,943
Change in Net Position	\$	7,946,471	\$	8,943,370	\$	12,064,687	\$	9,110,835	\$	9,593,831	\$	4,558,510	\$	4,634,333	\$	1,107,629	\$	896,037	\$	(128,120)

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

Schedule A5

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund										
Nonspendable	\$ 494,486	\$ 687,495	\$ 876,636	\$ 1,190,472	\$ 1,105,899	\$ 1,398,180	\$ 894,365	\$ 1,103,899	\$ 1,220,001	\$ 1,517
Restricted	7,961,753	7,736,924	7,374,642	6,132,806	5,248,234	4,133,311	3,258,871	3,031,364	2,744,493	215,020
Committed	-	-	-	-	-	-	-	-	-	3,317,956
Assigned	-	-	-	-	2,894	51,623	155,779	206,048	206,048	-
Unassigned	7,763,105	5,435,930	3,980,665	3,644,615	7,191,066	6,895,802	7,594,271	7,124,662	5,646,888	5,044,908
Total General Fund	\$ 16,219,344	\$ 13,860,349	\$ 12,231,943	\$ 10,967,893	\$ 13,548,093	\$ 12,478,916	\$ 11,903,286	\$ 11,465,973	\$ 9,817,430	\$ 8,579,401
All other governmental funds										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 337	\$ -
Restricted	5,870,952	5,025,352	617,639	570,297	939,073	645,006	804,328	796,967	1,199,183	957,653
Committed	2,108,451	2,006,173	1,496,257	824,204	2,587,460	2,502,820	2,333,426	2,516,167	2,513,709	2,392,011
Unassigned	-	(150,612)	(527,471)	(640,670)	-	-	-	-	-	-
Total all other governmental funds	\$ 7,979,403	\$ 6,880,913	\$ 1,586,425	\$ 753,831	\$ 3,526,533	\$ 3,147,826	\$ 3,137,754	\$ 3,313,134	\$ 3,713,229	\$ 3,349,664

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

Schedule A6

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues:										
Taxes	\$ 11,148,957	\$ 10,300,380	\$ 9,780,408	\$ 8,694,257	\$ 8,086,903	\$ 7,694,146	\$ 7,303,766	\$ 6,929,950	\$ 6,547,210	\$ 6,378,629
Licenses and permits	1,020,178	1,231,899	2,142,236	1,766,648	1,714,142	1,589,162	1,007,632	955,661	874,496	777,293
Intergovernmental	4,148,123	7,298,509	3,621,726	4,169,003	2,919,512	3,549,114	4,772,241	2,092,982	2,206,833	2,063,916
Charges for services	712,207	273,261	636,592	715,832	500,737	658,953	507,942	508,704	360,969	352,927
Fines and forfeits	171,969	367,646	468,765	244,705	172,536	168,169	184,607	221,516	207,706	167,385
Developer contributions	162,875	22,000	1,310,840	1,036,007	1,995,504	-	-	-	-	-
Investment income	32,713	182,884	361,181	224,140	128,282	45,184	86,879	49,030	51,936	61,669
Miscellaneous	172,863	265,762	126,658	100,142	64,187	47,077	455,389	282,172	50,401	77,693
Total Revenues	17,569,885	19,942,341	18,448,406	16,950,734	15,581,803	13,751,805	14,318,456	11,040,015	10,299,551	9,879,512
Expenditures:										
General government	2,387,235	2,240,023	2,173,463	1,982,479	1,915,566	1,765,503	1,687,452	1,600,523	1,484,670	1,880,897
Public safety	7,039,582	7,022,168	6,836,498	6,363,198	6,114,550	5,340,909	5,051,196	4,789,545	4,702,132	5,011,051
Public works	1,482,282	1,566,385	1,736,719	1,640,772	1,208,491	1,235,765	1,299,929	1,063,471	927,617	1,242,174
Recreation	926,820	853,610	832,786	724,950	549,453	1,541,003	2,611,184	567,119	561,500	546,884
Community development	343,124	350,457	320,094	313,823	303,003	257,482	278,462	302,462	280,870	275,079
Economic environment	5,795	420	175	420	176	6,956	15,000	-	-	-
Capital outlay	2,124,811	1,134,315	4,556,852	11,313,665	4,035,502	2,923,358	3,032,901	1,394,338	1,277,442	1,369,943
Debt service:										
Principal retired	-	-	-	108,298	106,021	103,792	101,609	112,053	22,351	61,306
Interest	7,476	9,250	8,146	2,326	4,603	6,832	9,014	8,346	1,109	2,894
Total Expenditures	14,317,125	13,176,628	16,464,733	22,449,931	14,237,365	13,181,600	14,086,747	9,837,857	9,257,691	10,390,228
Excess (deficiency) of revenues over (under) expenditures	3,252,760	6,765,713	1,983,673	(5,499,197)	1,344,438	570,205	231,709	1,202,158	1,041,860	(510,716)
Other Financing Sources (Uses)										
Insurance proceeds	75,815	88,302	42,819	101,991	75,573	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-	-	-	-	522,120	-
Transfers in	566,500	493,400	402,900	223,650	97,800	65,900	-	-	-	-
Transfers out	(529,300)	(459,000)	(368,500)	(204,750)	(91,700)	(65,900)	-	-	-	-
Proceeds from sale of capital assets	91,710	34,479	35,752	25,404	21,773	15,497	30,224	46,290	37,614	-
Net other financing sources (uses)	204,725	157,181	112,971	146,295	103,446	15,497	30,224	46,290	559,734	-
Net Change in Fund Balances	\$ 3,457,485	\$ 6,922,894	\$ 2,096,644	\$ (5,352,902)	\$ 1,447,884	\$ 585,702	\$ 261,933	\$ 1,248,448	\$ 1,601,594	\$ (510,716)

Debt Service as a % of Noncapital Expenditures	0.06%	0.08%	0.07%	1.00%	1.10%	1.10%	1.02%	1.45%	0.29%	0.72%
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Schedule B1

City of West Melbourne, Florida
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended September 30	Real Property	Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2021	\$ 2,321,880,290	\$ 117,943,699	\$ 527,068,844	\$ 1,912,755,145	\$ 2.5087	\$ 2,592,587,887	73.78%
2020	2,138,960,240	108,937,190	486,568,262	1,761,329,168	2.6017	2,361,833,617	74.57%
2019	1,924,744,240	102,312,218	440,020,275	1,587,036,183	2.6017	2,166,783,115	73.24%
2018	1,708,466,860	91,455,621	406,728,438	1,393,194,043	2.4633	1,967,838,460	70.80%
2017	1,543,748,475	98,537,137	383,216,930	1,259,068,682	2.4633	1,712,215,741	73.53%
2016	1,405,729,894	94,515,457	369,581,311	1,130,664,040	2.4633	1,490,776,551	75.84%
2015	1,321,519,510	79,727,214	357,842,747	1,043,403,977	2.3850	1,303,447,014	80.05%
2014	1,162,011,200	72,647,356	335,035,441	899,623,115	2.2975	1,171,566,553	76.79%
2013	1,159,336,830	61,140,731	333,036,486	887,441,075	2.2975	925,900,650	95.85%
2012	1,326,472,340	71,618,712	350,293,610	1,047,797,442	2.2975	890,107,311	117.72%

Source: Brevard County Property Appraiser

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

Schedule B2

Fiscal Year	Property Taxes	Utility Taxes and Franchise Fees	Inter- Governmental⁽¹⁾	Other Inter- Governmental⁽²⁾	Totals
2021	\$ 4,630,429	\$ 6,207,053	\$ 3,911,419	\$ 38,208	\$ 14,787,109
2020	4,421,186	5,879,196	3,264,288	43,220	13,607,891
2019	3,990,738	5,789,670	3,585,623	36,104	13,402,135
2018	3,310,658	5,383,599	4,136,639	32,364	12,863,260
2017	2,990,353	5,096,550	2,887,943	31,569	11,006,415
2016	2,685,306	4,646,514	2,510,672	31,020	9,873,512
2015	2,406,066	4,897,700	2,282,524	31,985	9,618,275
2014	2,146,830	4,783,120	2,028,461	26,262	8,984,673
2013	1,998,440	4,548,770	1,896,041	25,772	8,469,023
2012	1,972,161	4,406,468	1,729,977	29,265	8,137,871

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

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

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

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

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

Schedule B3

Fiscal Year ended September 30,	Business Tax Receipts	Building Permits	Total Revenues
2021	\$ 146,331	\$ 873,847	\$ 1,020,178
2020	240,628	991,271	1,231,899
2019	252,659	1,889,577	2,142,236
2018	253,218	1,513,430	1,766,648
2017	242,099	1,472,043	1,714,142
2016	264,587	1,324,575	1,589,162
2015	236,257	771,375	1,007,632
2014	234,882	720,779	955,661
2013	234,918	639,578	874,496
2012	213,699	563,593	777,292

City of West Melbourne, Florida

Water and Sewer Consumption – Rates and Revenue

Last Ten Fiscal Years

Schedule B4

Fiscal Year	Gallons of Water Consumed	Water Revenue ⁽²⁾	Total Direct Rate		Gallons of Sewer Treated	Sewer Revenue ⁽¹⁾	Total Direct Rate	
			Water Base Rate	Water Usage Rate			Sewer Base Rate	Sewer Usage Rate
2021	661,022,610	\$ 7,286,484	14.35	6.20	608,000,000	\$ 6,267,957	14.45	5.00
2020	615,717,900	6,808,728	13.88	6.25	694,000,000	5,734,047	14.45	5.00
2019	572,459,500	6,819,384	13.88	6.25	623,400,000	5,265,664	13.87	4.93
2018	560,679,460	6,448,955	13.88	6.25	655,310,000	5,140,345	13.87	4.93
2017	542,695,780	6,135,825	13.88	6.25	639,000,000	5,019,565	13.87	4.93
2016	526,709,790	5,746,972	13.88	6.25	633,100,000	4,702,145	13.87	4.93
2015	505,787,700	5,428,686	13.90	5.93	574,240,000	4,414,883	12.75	4.86
2014	492,565,900	5,124,447	13.90	5.93	593,380,000	4,130,827	12.75	4.86
2013	483,408,300	4,829,164	14.08	5.10	465,599,000	4,024,297	12.00	4.75
2012	484,424,200	4,794,699	14.08	5.10	465,519,400	3,944,449	12.03	4.60

⁽¹⁾ Revenues are not adjusted for bad debt.

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

Schedule B5

Fiscal Year	City Direct Rate	Overlapping Rates				Total Overlapping and Direct
	Operating Millage	Brevard County	Brevard County Schools	Special Districts	Total Overlapping	
2021	2.5087	6.2161	5.8500	0.2509	12.3170	14.8257
2020	2.6017	6.2049	5.9420	0.2607	12.4076	15.0093
2019	2.6017	6.3833	6.0860	0.2734	12.7427	15.3444
2018	2.4633	5.3540	6.2990	0.3759	12.0289	14.4922
2017	2.4633	6.0802	6.5680	0.3981	13.0463	15.5096
2016	2.4633	6.4626	6.9160	0.6953	14.0739	16.5372
2015	2.3850	6.4568	7.2750	0.4412	14.1730	16.5580
2014	2.2975	6.4492	7.6060	0.4782	14.5334	16.8309
2013	2.2975	6.7334	8.0960	0.4782	15.3076	17.6051
2012	2.2975	6.7334	8.1120	0.4782	15.3236	17.6211

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

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

Schedule B6

	2021			2012 ⁽¹⁾		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Taxpayer						
MBF Owner LLC	\$ 38,168,000	1	2.00%			
Passco Haven Dst	37,638,000	2	1.97%			
WP Mbsage MF-FL TIC3 Owner LLC	35,500,000	3	1.86%			
The Reserves of Melbourne LLC	27,330,000	4	1.43%			
Grand Oaks Pennington LLC	25,155,900	5	1.32%			
Mahaffey Associates West Melbourne LLC	24,981,000	6	1.31%			
Passco Aventine Dst	20,816,000	7	1.09%			
PRCP-FL Lakeside LLC	17,650,000	8	0.92%			
West Melbourne Town Center LLC	17,307,340	9	0.90%			
Arc SmwmbFL001 LLC	12,724,400	10	0.67%			
Total taxable assessed value for principal property taxpayers	\$ 257,270,640		13.45%	\$ 0		0.00%

⁽¹⁾ Data unavailable for this year.

Sources:

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

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

Schedule B7

Fiscal Year Ended September 30,	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2021	\$ 4,551,800	\$ 4,630,429	101.7%	\$ -	\$ 4,630,429	101.7%
2020	4,555,153	4,421,186	97.1%	-	4,421,186	97.1%
2019	4,099,877	3,990,738	97.3%	-	3,990,738	97.3%
2018	3,433,258	3,310,658	96.4%	-	3,310,658	96.4%
2017	3,095,920	2,990,353	96.6%	-	2,990,353	96.6%
2016	2,771,935	2,685,306	96.9%	-	2,685,306	96.9%
2015	2,488,332	2,406,066	96.7%	640	2,406,706	96.7%
2014	2,224,378	2,146,830	96.5%	-	2,146,830	96.5%
2013	2,067,347	1,998,440	96.7%	-	1,998,440	96.7%
2012	2,038,901	1,969,168	96.6%	1,677	1,970,845	96.7%

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

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

Schedule C1

Fiscal Year	Governmental Activities		Business-type Activities		Total Outstanding Debt ⁽²⁾	Personal Income ⁽¹⁾	Percentage of Personal Income		Debt per Capita
	Capital Leases	Water and Sewer Revenue Bonds	Notes and Loans Payable				Population		
2021	\$ -	\$ 3,021,028	\$ -		\$ 3,021,028	\$ 571,311,848	0.53%	25,587	\$ 118
2020	-	4,420,028	2,414,916		6,834,944	570,741,107	1.20%	25,385	269
2019	-	5,964,068	2,581,616		8,545,684	582,388,884	1.47%	23,607	362
2018	-	7,673,850	2,750,275		10,424,125	573,782,152	1.82%	21,990	474
2017	108,298	9,531,900	2,913,845		12,554,043	562,862,617	2.23%	21,360	588
2016	214,319	11,623,400	3,085,000		14,922,719	557,289,720	2.68%	20,640	723
2015	318,111	12,414,000	3,455,829		16,187,940	535,855,500	3.02%	20,250	799
2014	419,720	12,593,300	3,834,257		16,847,277	550,823,000	3.06%	19,834	849
2013	531,773	10,805,344	7,175,776		18,512,893	534,092,160	3.47%	19,464	951
2012	31,974	11,355,324	7,533,550		18,920,848	524,597,920	3.61%	19,118	990

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

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

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

City of West Melbourne, Florida
Direct and Overlapping Governmental Activities Debt
As of September 30, 2021

Schedule C2

Governmental Unit	Net Debt Outstanding	Percentage of Debt Applicable to the City ⁽¹⁾	City's Share of Debt
Debt repaid with property taxes			
Brevard County General Obligation Debt			
Limited Ad Valorem Tax Refunding Bond, Series 2013	\$ 8,340,000	3.75%	\$ 312,750
South Brevard Recreation Special District, Limited Ad Valorem Tax Bonds, Series 2016	16,195,000	3.75%	607,313
Subtotal, overlapping debt			920,063
City of West Melbourne direct debt			-
Total direct and overlapping debt			\$ 920,063

Sources:

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

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

- (1) The percentage of overlapping debt applicable is estimated using the taxable assessed value of properties located within the City of West Melbourne divided by the County's total taxable assessed value. FY2021 total taxable assessed value for City of West Melbourne is \$3,119,656,731 and the total County taxable assessed value is \$83,120,802,490.

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

Schedule C3

Fiscal Year	Gross Revenues ^(a)	Less: Direct Operating Expense ^(b)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage ^(c)	Coverage ^(d)
				Principal	Interest	Total		
2021	\$ 17,032,680	\$ 10,384,421	\$ 6,648,259	\$ 3,814,000	\$ 132,739	\$ 3,946,739	1.68	1.40
2020	15,968,882	8,337,029	7,631,853	1,246,200	291,334	1,537,534	4.96	3.59
2019	16,911,038	7,238,370	9,672,668	1,879,783	434,204	2,313,987	4.18	2.33
2018	15,070,110	7,238,370	7,831,740	2,023,050	465,440	2,488,490	3.15	1.81
2017	13,663,993	7,261,494	6,402,499	2,251,500	519,689	2,771,189	2.31	1.44
2016	12,839,769	6,968,263	5,871,506	1,175,600	527,208	1,702,808	3.45	2.36
2015	11,269,847	7,383,777	3,886,070	559,300	514,131	1,073,431	3.62	2.55
2014	10,294,282	6,962,321	3,331,961	980,000	741,080	1,721,080	1.94	1.41
2013	10,027,543	6,580,977	3,446,566	950,000	822,702	1,772,702	1.94	1.29
2012	9,860,486	6,326,095	3,534,391	905,000	856,140	1,761,140	2.01	1.42

Notes:

- ^(a) Includes operating, non-operating revenue and connection fees.
- ^(b) Excludes depreciation expense, interest expense, amortization and non-recurring losses.
- ^(c) & ^(d) Coverage ratio required by most restrictive bond document is at least 1.1 without connection fees and 1.25 including connection fees. The 2021 coverage of 1.68 includes the connection fees and the coverage without connection fees was 1.40. Both requirements were met.

Schedule C4

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

The City of West Melbourne has no general bonded debt.

Schedule C5

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

The City of West Melbourne has no Legal debt limit.

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

Schedule D1

Year	Population ^(a)	Personal Income	Per Capita Income ^(b)	Public School Enrollment ^(c)	Unemployment Rate ^(d)
2021	28,127	\$ 571,311,848	55,330	4,276	4.5%
2020	25,385	570,741,107	46,486	3,163	6.4%
2019	23,607	582,388,884	45,425	3,405	2.8%
2018	21,990	573,782,152	36,188	3,405	2.9%
2017	21,360	562,862,617	26,351	3,431	3.6%
2016	20,640	557,289,720	27,000	3,314	4.3%
2015	20,250	535,855,500	26,462	3,497	5.6%
2014	19,834	550,823,000	27,772	3,787	6.5%
2013	19,464	534,092,160	27,440	3,498	7.2%
2012	19,118	524,597,920	27,440	3,445	8.8%

Sources:

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

Notes:

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

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

Employer	2021		2012⁽¹⁾	
	Number of Employees	Rank	Number of Employees	Rank
L3Harris Technologies Inc	500	1		
Publix Stores - New Haven #1353	196	2		
Publix Stores - Palm Bay Rd. #695	194	3		
Harris Sanitation Inc	159	4		
Home Depot USA Inc.	134	5		
City of West Melbourne	128	6		
The Olive Garden	124	7		
Buena Vida Estates Inc	122	8		
Cinemaworld Of Florida Inc	120	9		
USSI Global	113	10		
	1,790			

⁽¹⁾ Data unavailable for this year.

Source:

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

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

Schedule E1

<i>Function</i>	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government										
City Council/City Clerk	9	9	9	7	7	9	9	9	8	9
City Administration	4	4	4	4	4	3	3	3	2	2
Legal	2	2	2	2	2	2	2	2	2	2
Finance	11.5	11.5	11.5	11.5	11	14	14	11	10	10
Information Technology	2.5	2.5	2.5	2.5	2	2	2	2	2	2
Total General Government	29	29	29	27	26	30	30	27	24	25
Public Safety										
Police	49.5	60	56.5	51	51	52	48	45	46	46
Code Enforcement	11	13	13	12	12	12	9	9	9	9
Total Public Safety	60.5	73	69.5	63	63	64	57	54	55	55
Highways and Streets										
Public Works	12	12	10	11	11	11	12	10	10	8
Public Works - Water	10	10	10	8	9	8	8	9	7	10
Total Highways and Streets	22	22	20	19	20	19	20	19	17	18
Recreation and Parks	13	15	13	9	9	9	9	9	10	10
Community Development	3	4	4	4	3	3	4	4	4	4
Total Employees	127.5	143	135.5	122	121	125	120	113	110	112

Source: City payroll report

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

Schedule E2

Function	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Police										
Dispatched calls	49,728	38,475	40,256	37,929	24,763	26,463	24,751	27,332	30,244	23,603
Alarms	528	1,071	1,082	1,633	743	921	862	525	728	755
Physical arrests	560	563	860	731	565	471	462	522	616	514
Traffic accidents	1,415	1,243	1,386	1,220	1,072	1,334	1,051	841	621	617
Traffic citations	3,564	2,923	4,500	3,851	2,932	2,008	2,363	3,157	3,495	3,311
Finance										
Purchase orders issued	572	692	496	665	592	590	682	660	716	608
Accounts payable checks	4,577	4,678	4,812	4,873	4,530	4,806	4,644	4,165	4,905	4,041
Highways and streets										
Street resurfacing (miles)	5.24	4.89	4.15	6.12	6.00	2.07	1.80	2.40	1.95	0.50
Culture and Recreation										
Recreation fees	\$ 223,800	\$ 15,600	\$ 264,534	\$ 363,927	\$ 94,298	\$ 271,483	\$ -	\$ 65,208	\$ 9,506	\$ 59,366
Building/Code Enforcement										
Permits issued (construction)	189	222	284	263	307	375	147	147	172	194
Licenses issued/renewed	1,868	1,667	1,670	1,806	1,248	1,132	1,802	1,835	1,763	1,623
Building Inspections	15,693	14,591	14,078	16,191	17,867	13,094	14,488	10,159	15,224	11,636
Municipal Water Department										
New connections	416	503	1,161	284	398	282	135	128	174	180
Average daily consumption ⁽¹⁾	1,791,698	1,674,407	1,556,190	1,520,316	1,486,838	1,443,205	1,385,720	1,349,496	1,324,406	1,327,190
Wastewater										
Average daily sewage treatment	1,940,000	1,830,000	1,890,000	1,780,000	1,700,000	1,700,000	1,570,000	1,640,000	1,624,000	1,627,000

Notes:

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

Source: Various City Departments

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

Schedule E3

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government:										
General government buildings	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Public Works:										
Public works buildings	3	3	3	3	3	3	1	1	1	1
Paved streets (lane miles)	104.4	103	103	99	99	99	98	98	98	98
Unpaved streets (lane miles)	0.625	0.65	0.65	0.65	0.65	0.65	3	3	3	3
Recreation and Community Development:										
Parks acreage	53	53	53	53	53	50	50	50	50	50
Parks	7	7	7	7	7	7	7	7	7	7
Tennis courts	4	4	4	4	4	4	4	4	4	4
Racquet ball courts	2	2	2	2	2	2	2	2	2	2
Exercise Trail	1	1	1	1	1	1	1	1	1	1
Water										
Potable Water lines (linear miles)	157.1	125	125	124	118	118	118	118	118	117
Sewer										
Sanitary sewer lines (linear miles)	105.5	111	111	110	100	100	100	100	100	100
Permitted sewer capacity(gallons)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Lift stations	82	78	78	73	73	63	63	63	63	63

Source: Various city departments

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Melbourne, Florida, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of West Melbourne, Florida's basic financial statements, and have issued our report thereon dated April 13, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Melbourne, Florida

April 13, 2022

INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of West Melbourne, Florida (the "City") as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated April 13, 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 and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports, which are dated April 13, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The status of each finding and recommendation made in the preceding annual financial audit report is noted below:

<u>Prior Year Management Letter Comments:</u>	<u>Status</u>
MC 2019-001* Unexpended Balance – Building Permits	Repeated
SD 2020-001 Proper Authorization for Asset Disposals	Corrected

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

Official Title and Legal Authority

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

Component Unit:

City of West Melbourne – Brevard County Joint Community
Redevelopment Agency

Established by:

City Ordinance 2012-
19 dated July 17, 2012

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and communicate the results of our determination as to whether or not the City of West Melbourne, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City of West Melbourne, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

MC 2019-001 UNEXPENDED BALANCE – BUILDING PERMITS (Repeated in FY2021)

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

Condition: While the City has begun to spend down building permit funds and has plans to further reduce this balance, the City's unexpended building permit funds at September 30, 2021 exceeded the City's average operating budget for enforcing the Florida Building Code for the previous four (4) fiscal years by \$2,457,497.

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

Effect: The City has excess unexpended balances at September 30, 2021.

Recommendation: The City should identify how it intends to reduce the amount of unexpended building code balances in order to comply with Section 553.80(7)(a) of Florida Statutes. Such action may require the City to modify its fiscal year 2021-22 budget.

Management Response: The City recognizes the requirement to reduce the excess fund balance restricted for Building Code Enforcement. In fiscal years 2020 and 2021, the City Council approved resolutions that waived and reduced certain building plan check and inspection fees. While these reductions did indeed reduce the excess, it has not reduced them to the level required by Statute. In adopting the 2021-2022 City budget on September 22, 2021, the City Council approved an appropriation to develop a new building to house the Building Code Enforcement Department. To implement this decision, at the November 26, 2021 City Council meeting, the Council approved a design-build plan for the new building. Constructing the new building will eliminate the excess restricted fund balance and bring the City into full compliance.

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, State and other granting agencies, the members of the City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Carly Riggs & Ingram, L.L.C.

Melbourne, Florida
April 13, 2022



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

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

We have examined the City of West Melbourne, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2021. Management of the City of West Melbourne, Florida 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 we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the City complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2021.

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

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

Melbourne, Florida
April 13, 2022