

City of Cocoa Beach

Annual Comprehensive Financial Report
Fiscal Year Ended
September 30, 2022



City of Cocoa Beach, Florida
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Fiscal Year Ended September 30, 2022

**Prepared by: Patrisha Draycott, CFO
Jo Ann Clark, Controller
With the assistance of the
Finance Department staff**

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Annual Comprehensive Financial Report
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City of Cocoa Beach

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www.cityofcocoa-beach.com



April 30, 2023

To the Honorable Mayor, City Commissioners
and Citizens of the City of Cocoa Beach:

The Annual Comprehensive Financial Report (ACFR) of the City of Cocoa Beach, Florida for the fiscal year ended September 30, 2022 is submitted pursuant to Florida Statutes Chapters 11.45 and 218.39, and Section 3.03(4) of the City Charter.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We consider the enclosed data to be accurate in all material respects and it is reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities are included.

The report complies in all material respects with the authoritative promulgations by the Governmental Accounting Standards Board (GASB). An explanation of the City's accounting policies is contained in the Notes to Financial Statements, which are an integral part of this Report. These Notes explain the basis of accounting, funds and accounts used, and other significant accounting information.

Internal Controls

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with Generally Accepted Accounting Principles (GAAP).

The internal control structure is intended to provide reasonable, but not absolute, assurance that these objectives are met. The inherent limitations of internal control are that:

1. Cost considerations will prevent management from ever installing a "perfect" system. Management will properly and deliberately choose to run certain risks because the cost of preventing such risks cannot be justified, (i.e., costs should not exceed benefits);
2. Control related policies and procedures are subject to management override; and
3. Internal controls may be circumvented by collusion between employees.

Independent Audit

Chapter 218.39, Florida Statutes requires that the financial statements of the City be audited by an independent Certified Public Accountant, licensed to practice in Florida. This audit has been completed by the City's independent Certified Public Accountants, Carr, Riggs, & Ingram, CPAs and Advisors., and their opinion is included in their report.

Management Discussion and Analysis

Generally Accepted Accounting Principles (GAAP) requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements. This information is referred to as Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Cocoa Beach's MD&A can be found immediately following the independent auditor's report.

Profile of the Government

The City of Cocoa Beach has a Commission/Manager form of government. The five- member Commission consists of a Mayor and four Commissioners who are elected at large and serve for a period of four years. In the governance of the City, the Commission is charged with the responsibility of establishing policies and enacting ordinances and resolutions. The City Manager is appointed by the Commission and is charged with the responsibility of administering daily operations and implementing Commission directives. The City provides a range of services normally associated with a municipality, including police, fire, emergency medical services, parks and recreational activities, streets and parks maintenance, traffic engineering and metered parking, sanitation, wastewater treatment, stormwater improvements, community redevelopment, marketing, building inspections, code enforcement, planning and zoning, and general administration; including personnel, finance, and public records access through the city clerk. Wastewater treatment services are also provided to the adjacent unincorporated areas, including Port Canaveral and Patrick Space Force Base. The City also operates a twenty-seven-hole golf course. All monies required to support these services are reflected in this report.

Budgeting Process and Controls

The City maintains budgetary control as part of its fiscal management techniques. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the governing body. Annual budgets are prepared for those funds that require them. Budgetary integration is established in the accounting records with a uniform chart of accounts as required by the state.

The government also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end. As demonstrated by the statements and schedules included in the financial section of this report, the government continues to meet its responsibility for sound financial management. Note 1 of the financial statements contains a more complete discussion of the budget process.

Community Background

The City of Cocoa Beach was incorporated in 1925, but really began growing residentially during the height of the Space Program in the 1960's. As a small oceanfront/riverfront community with six miles of highly accessible beaches and river access, lying in between the Banana River and the Atlantic Ocean, the City focuses on being a family-oriented tourist destination; however, the community has a solid residential component with 2,434 single family homes and 6,157 condominiums as of 2020. The diversity of the economy is driven by a mix of hotels/motels and businesses that are supportive of the tourism industry while also supporting the needs of the local residents. Cocoa Beach population (for State shared review purposes in Fiscal Year 2022) is 11,391, but seasonally the population more than doubles. Other factors are the normally estimated 2.4 million day-visitors to the City annually, reflecting the relative proximity to the Orlando Metro area.

Of the 2,700 acres that comprise Cocoa Beach, 900 acres are known as the Thousand Islands with a northern area jointly held by the City, County and State of Florida. The south area Thousand Islands are under the control of the Brevard County Environmentally Endangered Land Program.

The City has invested in the purchase of these islands and seeks to conserve and protect these valuable natural resources. For the most part, the City is built out with only a few exceptions. The primary focus moving forward will be redevelopment in specified areas. It should be noted that industrial uses are not permitted in the city limits.

Economic Condition and Outlook

The initial impact of the global Coronavirus (COVID-19) pandemic on the City's FY 2020 economic activity, i.e., tourism, hospitality, restaurants, etc. was far-reaching. In FY 2021 the beaches and parking areas reopened, Tourism levels resumed, Port Canaveral opened, and cruise ships resumed sailing. In addition, Federal stimulus payments were issued to Federal tax payers, to boost the economy. While not fully returned to pre-COVID levels, the economy did show significant signs of improvement during FY2021, and continued to improve in FY2022.

The financial condition and economic vitality of the Cocoa Beach area are influenced by the activities at the Kennedy Space Center and Port Canaveral to the north, and Patrick Air Force Base to the south.

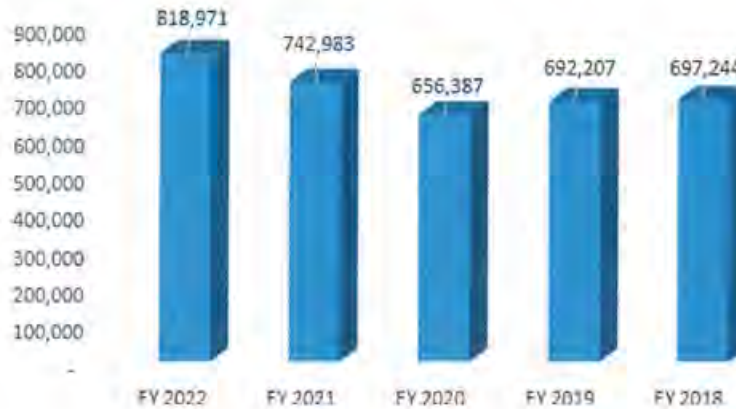
The Kennedy Space Center (KSC) is both a tourist attraction and a major employment center, with several space and defense contractors located there, supported by numerous local suppliers and support services. KSC was adversely impacted by the elimination of the space shuttle program. Facilities at KSC have since been reconfigured for private space endeavors. Activity at KSC continues to increase, with satellites being launched, but also manned and unmanned flights. There were 42 completed launches in 2021, increasing to 57 launches in 2022, and forecasting 87 launches in 2023. KSC has reclaimed its status as the most active rocket launch facility in the world.

The economic outlook for Brevard County is gradually improving since the unemployment rate rose from a low 2.7% in December 2019 to a double-digit rate of 12.8% in April 2020 due to COVID-19. The unemployment rate dropped to 3.3% as of October 2021 and has continued to drop over the subsequent months. In December 2022 the unemployment rate dropped to 2.2%, rising to 2.6% in January 2023.

Patrick Air Force Base, home to the 45th Space Wing, is one of the area's major employers, as well as a provider of services to active military personnel, veterans and retirees.

State shared revenues (sales tax and fuel tax) in general, have remained flat or declined since Fiscal Year 2008. However, we saw an overall increase in sales tax revenue in past two years. Increase in sales tax from FY2021 to FY 2022 was \$75,988, just over 10%.

Half-Cent Sales Tax Revenue (5 years)



Fuel tax revenues saw a drop in FY2020 but increased by just under 4% from FY2020 to FY2021. Revenues increased by \$18,866 from FY2021 to FY2022, 5.5%. The return to the office of employees working remote during COVID, and people going back to travel/vacations, along with fuel prices continuing to rise has resulted in the increase in fuel taxes.

Following the very low interest rates in FY2020 and FY2021, the Federal Reserve raised rates 7 times in 2022 a total increase of 4.25. Rates were raised two more times in early 2023, so far by .5. These increases have raised interest rates from .25-.50 to 4.75-5.0. This will affect investment earnings, but also the cost of debt.

Taxable property values increased 5.85% from Fiscal Year 2021 to Fiscal Year 2022. Property values are projected to continue to increase in Brevard County for 2023. Total ad valorem tax collections for Fiscal Year 2022 are \$12,623,148. Through a combination of rising property values and increased millage rates, the gap on the FY2020 revenue losses have narrowed. In addition, the City was awarded \$5,862,492 in American Recovery Plan Act (ARPA) funds. The first half, \$2,931,246 was received by the City on 09/23/2021, the second half, \$2,931,246 was received by the City on 07/28/2022.

The current session of the Legislature is considering changes in some tax measures. Florida is one of the lowest tax states¹ already, and previous recessionary times will make tax increases or revenue enhancements politically difficult. There are two half-cent sales taxes active at the county level:

- Voters first approved a referendum for a half-cent sales tax in 2016 for the Brevard County school system. In November 2020, voters renewed this surtax that funds critical school repairs and security upgrades.
- In 2017 a half-cent sales tax used to fund the Indian River Lagoon (IRL) restoration was approved by the voters. The City has successfully developed projects and submitted them for funding with proceeds from the IRL sales tax.

¹ Tax Foundation: [Background Paper](#), October 2013, No. 68.

Long-term Financial Planning

With a stable population base, the City does not face the issue of adding significant infrastructure and related staffs to accommodate growth. Since the City is essentially fully developed, there is little potential for major additions to the tax roll. Such increases will come primarily from property redevelopment and re-evaluations. The stable (and slightly lower²) population base restricts growth in state shared revenue (allocated on a per capita basis).

The City Commission has an ambitious goal to redevelop Cocoa Beach by making the City a notable tourist destination as well as a desirable place to live. This development will require extensive planning as it must be accompanied by the revenues required to facilitate this development. The main focus, however, will be redevelopment of properties within the City as available underdeveloped and undeveloped land is minimal.

The financial position of the City has remained strong and sound with a stable economic base. It is influenced by the proximity of both the major tourist attractions such as the beaches and Port Canaveral, as well as the proximity to major employers such as the Kennedy Space Center and Patrick Air Force Base. The tourist business, affected by a declining economic environment, is expected to recover in the coming years. The extent of the increase in property values from the above activities will also be a factor.

Aging infrastructure has long been of a concern and is further brought to the forefront each summer as wind and rain associated with tropical storms and hurricanes continues to cause extensive damage to City Hall. These facilities date from the 1950s – 1960s and require extensive renovation and/or replacement. With a total budget of \$9.3M, the new Police Station facility construction project was completed in the fall of 2021. The order of magnitude (i.e., plus/minus thirty (+ 30%) percent) estimate for the City Hall facility is \$7M, which includes design modifications for a flood wash-through. Although the main Fire Station was replaced five years ago, an additional \$5M is estimated as the replacement cost for the north area fire station. See Note 3 of the financial statements for debt schedules.

Accumulating and setting aside funding sources for debt service in the face of rising operating costs while maintaining current service levels is challenging. The Commission has addressed this by adopting Resolution 2016–22 which commits \$1,000,000 in tax collections to help facilitate funding of construction of new municipal facilities. The police station construction project includes \$500,000 of the committed funds in the capital improvements budget, thus reducing the committed remaining funds to \$500,000.

In FY2021 two SRF loans, #050610 and #050620 was refunded by a Wastewater Utility System Revenue Bond Series 2020. The present value of the economic gain of the refunded debt is \$1,379,460.

Fiduciary Funds - Pension Trust Funds and OPEB Trust Fund

The City provides three separate pension plans: general employees, police, and firefighters. Each plan is a contributory defined benefit plan administered by its own Board of Trustees. Each plan maintains separate investment pools, although the same investment manager is used by the police and firefighters. Specific details are addressed in Note 4 of the financial statements and Required Supplementary Information.

² Population in Fiscal Year 2007 = 12,785; Population in Fiscal Year 2019 = 11,292; per state shared revenue allocations.

The City provides other non-pension benefits, collectively referred to as other post-employment benefits (OPEB). A fiduciary trust fund is used to aid in accounting for these benefits. The City recognizes the total OPEB liability and related deferred outflows of resources, deferred inflows of resources, and OPEB expense in the financial statements based on the actuarial present value of projected benefit payments as required by generally accepted accounting principles. Specific details are addressed in Note 4 of the financial statements.

Awards

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 Cocoa Beach for its comprehensive annual financial report for the fiscal year ended September 30, 2021. This was the fortieth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR). This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual report 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.

For the twenty-second year, the City also received the GFOA Distinguished Budget Presentation Award for the Fiscal Year 2022 annual budget. To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication medium. It is valid for a period of one year. We believe our current budget continues to conform to program requirements, and it has been submitted to GFOA to determine its eligibility for another award.

The City's debt policy adopted with Resolution 2014-09 was submitted to the Association of Public Treasurers of the United States and Canada (APT US&C) for their review and certification. The Certification is recognition that the governmental entity has developed and adopted policies that address the fundamental elements of debt issuance and management. The Certificate of Excellence for Debt Policy was presented in 2015. The APT US&C recommends updates at five-year intervals.

Acknowledgements

Preparation of this Comprehensive Annual Financial Report on a timely basis is made possible through the efficient, dedicated and professional efforts of the Finance Department staff. The significant amount of year-end closing procedures required prior to the audit would not have been accomplished without much hard work and personal sacrifice. We are grateful for the contributions they made in the preparation of this report and for their untiring efforts towards improving the Finance Department's operations.

Other City Departments, although not extensively involved in year-end audit activities, contributed significantly by ensuring the accuracy and integrity of accounting information compiled throughout the year. Without their diligence, the work of the Finance Department would have been considerably more difficult. Appreciation must also be expressed to the City's auditors whose suggestions and attention to detail enhanced the quality of this report. In closing, special thanks are expressed to you, Mayor and Commission for your unyielding support and steadfast commitment to maintaining the financial integrity of the City. We can all share in the success we have experienced.

Respectfully submitted,



Robin R. Hayes
City Manager



Patrisha Draycott, CGFO
Chief Financial Officer



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City of Cocoa Beach, Florida
City Officials
As of September 30, 2022

MAYOR

Ben Malik

VICE MAYOR

Skip Williams

CITY COMMISSION

Tim Tumulty
Mike Miller
Karalyn Woulas

CITY MANAGER

Robin Hayes

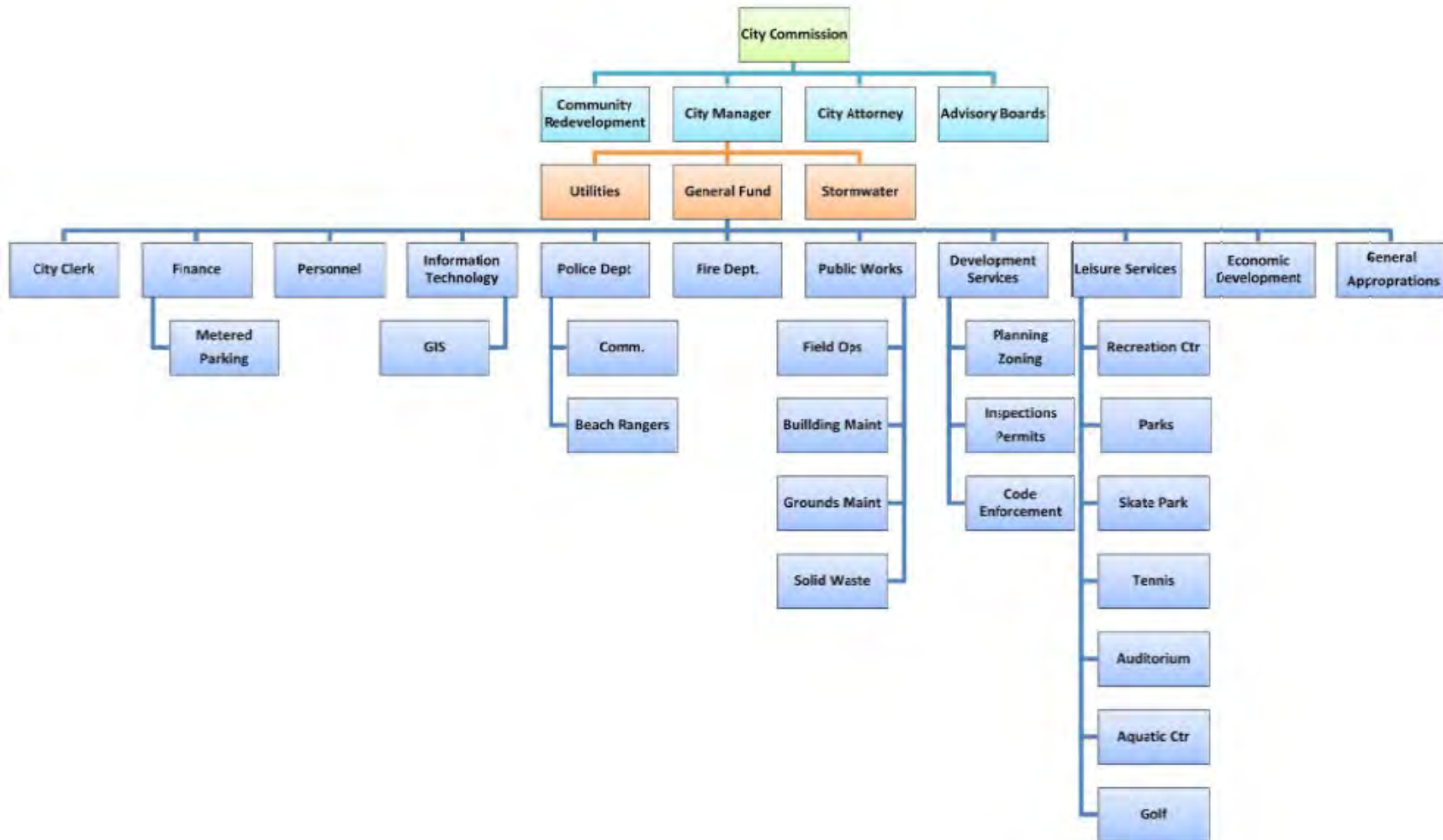
CITY ATTORNEY

Becky Vose

CITY CLERK/PUBLIC RELATIONS

Loredana Kalaghchy

City of Cocoa Beach, Florida
 Organization Chart
 As of September 30, 2022





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Cocoa Beach
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morill

Executive Director/CEO



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Melbourne, Florida 32940

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Commissioners
City of Cocoa Beach, Florida

Report on the Audit of the Financial Statements

Opinions

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 Cocoa Beach, Florida (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, as of September 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 2 to the financial statements, net position as of September 30, 2021 has been restated to adjust prior year-end balances related to capital assets in the utility fund and business-type activities. Additionally, in fiscal year 2022, the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to these matters.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 – 18 and 87 – 89 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cocoa Beach, Florida's basic financial statements. The accompanying combining nonmajor fund financial statements and the budgetary comparison schedule of the capital improvements project fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 nonmajor fund financial statements and the budgetary comparison schedule of the capital improvements project fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2023, on our consideration of the City'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'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 City's internal control over financial reporting and compliance.

Carr, Rigg & Ingram, L.L.C.

Melbourne, Florida

April 28, 2023



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City Cocoa Beach, Florida Management's Discussion and Analysis

Management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position, (d) identify any material deviations from the financial plan, and (e) identify individual fund issues or concerns. Readers are encouraged to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal in the Introductory Section of the report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Cocoa Beach exceeded its liabilities and deferred inflows of resources as of September 30, 2022, by \$87,236,098 (net position). Of this amount, \$16,257,148 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors. Governmental and business-type assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$47,471,975 and \$39,764,123, respectively.
- The City's total net position was increased by \$4,496,720 or 5.43%, in comparison to the prior year. The City's unrestricted net position, which may be used to meet the City's ongoing obligations to its citizens and creditors, increased by \$303,905, a 1.9% increase from the prior year.
- At September 30, 2022, the City of Cocoa Beach's governmental fund balance sheet reported a combined ending fund balance of \$18,302,063, an increase of \$2,588,429 from the Fiscal Year 2021 ending fund balance of \$15,713,634. Of this amount, \$13,748,176 remains in the General Fund of the City as unassigned fund balance.
- The General Fund reported a total fund balance of \$15,306,849 at year end, an increase from last fiscal year of \$1,984,897. The ending fund balance in Fiscal Year 2021 was \$13,321,952. The increase is due to an overall effort to hold expenditures below budgeted amounts where possible, and increases in revenues primarily related to increases in user charges and some rate increases.
- Total external debt decreased by \$1,999,214 (-4.86%) in Fiscal Year 2022. This decrease is due to payments on debt obligations in the amount of (\$2,907,148), offset by proceeds from new debt of \$907,934. See Note 3 to the financial statements for comprehensive debt schedules.



City Cocoa Beach, Florida Management's Discussion and Analysis

MAJOR INITIATIVES

- Planning is underway for the replacement of City Hall in FY 2023. The City is looking at a blend of cash resources, utilization of ARPA funds, potentially grand funds, and debt to finance the new City Hall construction. On April 18, 2023, the City Commissioners voted to move forward with the design/architectural plans. The design includes an area for the Freedom 7 senior community center, a parking/wash through area, as well as Commission meeting room, and office space for the City's administrative staff. Currently ground breaking is scheduled to occur at the end of the calendar year (2023) with completion scheduled for the end of the calendar year 2024/ early 2025.



- Indian River Lagoon dredging projects are 100% grant funded and continue to be a priority to meet the challenge to Improve water quality in the lagoon. The City has two such projects underway:
 - a. The City has an interlocal agreement with Brevard County/Florida Department of Environmental Protection (FDEP) for residential dredging services. Additionally, grants for the dredging project have been awarded by St. Johns River Water Management District (SJRWMD) and the Save Our Indian River Lagoon Project (SOIRLP) (half cent sales tax revenues). The final phase of the citywide residential dredging project was completed in March 2022. A total of thirty-six canals will have been dredged.

Grant(s) summary for Muck Capping & Dredging Residential Canals:

Save Our Indian River Lagoon (SOIRL)	24,363,100
Florida Department of Environmental Protection (FDEP)	12,000,000
	36,363,100

- b. Brevard County is partnering with the City via the SOIRLP to perform the Cocoa Beach Golf Dredging/Capping Project. The SOIRLP has identified the waters around the Cocoa Beach Golf Course as a location of high concentrations of muck. The Project includes approximately 140 acres and 975,000 cubic yards of muck deposits adjacent to the Cocoa Beach Golf Course and Cocoa Beach High School. As part of this project an evaluation of capping as an alternative to muck dredging will be conducted. It was decided by Commission that capping is to be a more cost-effective alternative and that this approach will be undertaken in lieu of muck dredging. The SOIRLP will provide 100% of the project funds. The City will perform all Project Management. Additional grant funds came from Florida Department of Environmental Protection (FDEP) in FY 2022. The five-year project started in summer of FY 2021. Total Project Cost and grant funding is estimated at \$36,363,100.

City Cocoa Beach, Florida Management's Discussion and Analysis

MAJOR INITIATIVES (Continued)

- The Water Reclamation Department completed a comprehensive project to improve the sewer treatment plant with major capital upgrades. These upgrades and improvements address items directly related to the National Pollutant Discharge Elimination System (NPDES) permitting requirements outlined in the Wastewater Facility Plan. The City secured a Clean Water State Revolving Fund (SRF) Loan for the project (see Note H5 for details).

FINANCIAL STATEMENTS

Overview of the financial statements. This discussion and analysis are intended to serve as an introduction to the City of Cocoa Beach's basic financial statements. The basic financial statements are comprised of three (3) components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. This supplementary information should be considered an integral part of the financial statements.

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will 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 to external users (business-type activities). The governmental activities of the City include general government, planning and zoning, public safety, transportation, sanitation, street and park maintenance, public improvements, and recreation. The business-type activities of the City include wastewater treatment/reuse and stormwater management.

The government-wide financial statements include only the City of Cocoa Beach itself (the primary government). The Cocoa Beach Public Library is funded through the Brevard County Free Public Library District, a separate taxing authority and is not included under the reporting entity definition in the City's financial statements.

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 of Cocoa Beach, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City of Cocoa Beach 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. Such information may be useful in evaluating a government's near-term financing requirements.

City Cocoa Beach, Florida Management's Discussion and Analysis

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

Four individual governmental funds are maintained; the General Fund, Community Redevelopment Agency (CRA), the Confiscated Property Fund, the Building Permit and Inspection Utilization Fund and the Capital Improvements Project Fund. 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, CRA, and Capital Improvements Project Fund which are considered to be major funds. Since the Confiscated Property Fund is not considered to be a major fund, data from the fund is combined into a single, aggregated presentation. The City of Cocoa Beach adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the major governmental funds to demonstrate compliance with this budget.

Proprietary Funds

This category of funds includes both enterprise and internal service funds. However, the City does not use internal service funds. The City does maintain two funds which are considered enterprise funds. The City uses enterprise funds to account for the waste collection/disposal/reuse water system, and stormwater management system. Proprietary funds provide the same type of information as the government-wide financial statements. The proprietary fund financial statements provide separate information for the Utilities System Fund, and Stormwater Management Fund, each of which are considered to be major funds of the City.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's programs. The City has three pension trust funds (General Employees', Police, & Firefighters), and an OPEB trust fund. Financial information for these funds is provided in the notes to the financial statements.

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.

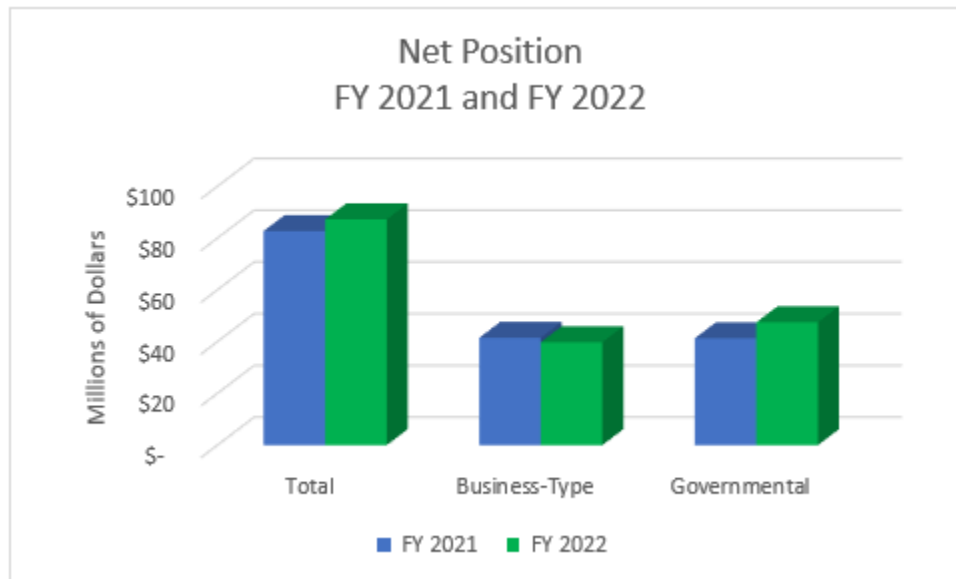
City Cocoa Beach, Florida Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial report represents the approach mandated by the Governmental Accounting Standards Board (GASB). GASB sets the uniform standards for presenting government financial reports.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City of Cocoa Beach, the net position was \$87,236,098 at the close of the most recent fiscal year. This is a \$4,496,720 increase in net position over the \$82,739,378 reported in Fiscal Year 2021.

The increase is attributed to the rise in total assets, in both governmental and business-type activities. Most of this increase is a result of the completion of capital projects, including phases of the residential dredging program and major improvements to the Water Reclamation Facility. Detailed information on capital asset activity can be found in Note 3 in the Notes to the Financial Statements.



As stated above, the City's net position totaled \$87,236,098 at the end of Fiscal Year 2022. The largest portion of the City's net position reflects the investment in capital assets (e.g. land, buildings, machinery, and equipment). Although the City's investment in its capital assets (\$65,493,451) (75% of total net position) 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. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

City Cocoa Beach, Florida
Management's Discussion and Analysis

Schedule of Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 26,067,322	\$ 24,164,490	\$ 13,209,899	\$ 15,455,237	\$ 39,277,221	\$ 39,619,727
Capital assets	54,495,268	51,163,272	50,670,768	53,149,081	105,166,036	104,312,353
Total assets	<u>80,562,590</u>	<u>75,327,762</u>	<u>63,880,667</u>	<u>68,604,318</u>	<u>144,443,257</u>	<u>143,932,080</u>
Deferred outflows of pension expenses	10,733,729	1,992,661	1,113,577	364,243	11,847,306	2,356,904
Deferred outflows of OPEB expenses	799,241	881,356	111,575	92,137	910,816	973,493
Total deferred outflows of resources	<u>11,532,970</u>	<u>2,874,017</u>	<u>1,225,152</u>	<u>456,380</u>	<u>12,758,122</u>	<u>3,330,397</u>
Long-term liabilities outstanding	32,088,102	20,488,351	22,319,203	22,729,486	54,407,305	43,217,837
Other liabilities	9,534,915	7,205,234	2,548,322	2,621,387	12,083,237	9,826,621
Total liabilities	<u>41,623,017</u>	<u>27,693,585</u>	<u>24,867,525</u>	<u>25,350,873</u>	<u>66,490,542</u>	<u>53,044,458</u>
Deferred inflows of pension earnings	642,698	6,806,804	141,869	1,667,442	784,567	8,474,246
Deferred inflows of OPEB earnings	2,330,000	2,324,729	332,302	581,794	2,662,302	2,906,523
Deferred revenue-business tax receipts	27,870	97,892	-	-	27,870	97,892
Total deferred inflows of resources	<u>3,000,568</u>	<u>9,229,425</u>	<u>474,171</u>	<u>2,249,236</u>	<u>3,474,739</u>	<u>11,478,661</u>
Net investment in capital assets	37,829,977	33,431,778	27,663,474	28,518,871	65,493,451	61,950,649
Restricted	3,223,772	2,825,714	2,261,727	2,009,772	5,485,499	4,835,486
Unrestricted	<u>6,418,226</u>	<u>5,021,277</u>	<u>9,838,922</u>	<u>10,931,966</u>	<u>16,257,148</u>	<u>15,953,243</u>
Total net position	<u>\$ 47,471,975</u>	<u>\$ 41,278,769</u>	<u>\$ 39,764,123</u>	<u>\$ 41,460,609</u>	<u>\$ 87,236,098</u>	<u>\$ 82,739,378</u>

A portion of the City of Cocoa Beach's net position, \$5,485,499 (6.3% of total net position) represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position, \$16,257,148 (18.6% of total net position) may be used to meet the government's ongoing obligations to citizens and creditors within the respective governmental and business-type activities. At the end of the current fiscal year, the City of Cocoa Beach is able to report positive balances in all three categories of net position as a whole.

The change in net position balance from fiscal year 2021 to fiscal year 2022 is \$4,496,720 as shown in the Schedule of Changes in Net Position on the next page. While some revenues had decreases over the prior fiscal year, others showed modest increases, while the expenditures were decreased or remained relatively flat.

The following display of Changes in Net Position shows the governmental and business-type activities during the fiscal year.

City Cocoa Beach, Florida
Management's Discussion and Analysis

Schedule of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 11,780,933	\$ 10,165,088	\$ 9,002,437	\$ 8,798,040	\$ 20,783,370	\$ 18,963,128
Operating grants and contributions	3,012,320	3,249,064	-	158,560	3,012,320	3,407,624
Capital grants and contributions	-	-	223,212	473,030	223,212	473,030
General revenues:						
Property taxes	13,709,399	12,681,566	-	-	13,709,399	12,681,566
Other taxes	3,957,985	3,567,669	-	-	3,957,985	3,567,669
Intergovernmental	2,082,298	1,845,660	-	-	2,082,298	1,845,660
Investment earnings	8,233	21,323	5,049	19,631	13,282	40,954
Other	925,313	131,369	58,647	126,268	983,960	257,637
Total revenues	35,476,481	31,661,739	9,289,345	9,575,529	44,765,826	41,237,268
Expenses:						
General government	5,448,092	4,985,659	-	-	5,448,092	4,985,659
Economic environment	294,937	242,761	-	-	294,937	242,761
Public safety	11,539,079	8,272,119	-	-	11,539,079	8,272,119
Physical environment	4,802,494	3,119,546	-	-	4,802,494	3,119,546
Transportation/public works	3,752,843	3,343,321	-	-	3,752,843	3,343,321
Recreation	3,744,787	3,449,028	-	-	3,744,787	3,449,028
Interest on long-term debt	444,719	453,724	-	-	444,719	453,724
Utilities system	-	-	8,486,181	6,517,273	8,486,181	6,517,273
Stormwater management	-	-	821,166	721,473	821,166	721,473
Total expenses	30,026,951	23,866,158	9,307,347	7,238,746	39,334,298	31,104,904
Increase (decrease) in net position before transfers	5,449,530	7,795,581	(18,002)	2,336,783	5,431,528	10,132,364
Transfers	801,400	821,400	(801,400)	(821,400)	-	-
Change in net position	6,250,930	8,616,981	(819,402)	1,515,383	5,431,528	10,132,364
Net position, beginning	41,278,769	33,015,068	41,460,609	39,360,533	82,739,378	72,375,601
Restatement - note 2	(57,724)	(353,280)	(877,084)	584,693	(934,808)	231,413
Net position, beginning, restated	41,221,045	32,661,788	40,583,525	39,945,226	81,804,570	72,607,014
Net position, ending	\$ 47,471,975	\$ 41,278,769	\$ 39,764,123	\$ 41,460,609	\$ 87,236,098	\$ 82,739,378

City Cocoa Beach, Florida Management's Discussion and Analysis

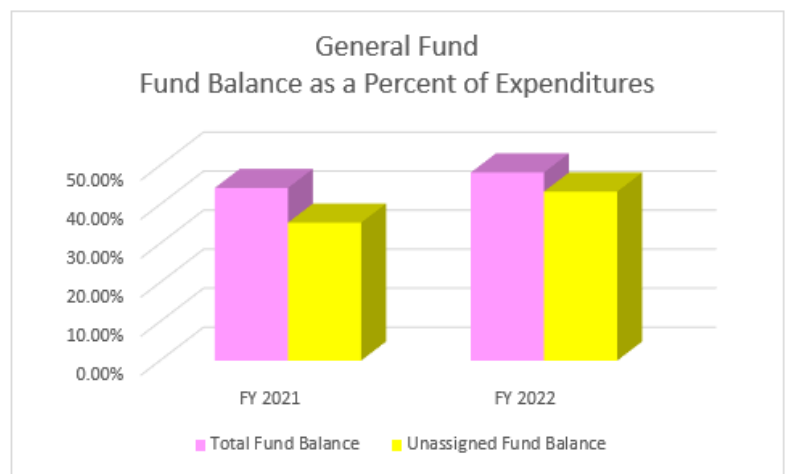
FINANCIAL ANALYSIS OF COCOA BEACH'S FUNDS

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

Governmental Funds. The City uses three governmental fund types (General, Special Revenue, & Capital Projects). The purpose of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2022, the City of Cocoa Beach's governmental funds reported a combined fund balance of \$18,302,063. This is an increase of \$2,588,429 from the prior year balance of \$15,713,634.

The General Fund is the chief operating fund of the City. As of September 30, 2022, total fund balance in the General Fund was \$15,306,849 of which \$13,748,176 was unassigned. As a measure of liquidity, a comparison of total and unassigned fund balances to total expenditures for Fiscal Year 2022 (\$31,748,671) and Fiscal Year 2021 (\$30,102,280) shows percentages of 43% and 35%, respectively for unassigned fund balance. As previously mentioned in the discussion of changes in net position, the change in fund balance is also attributed to an overall increase in, tax revenues and grant reimbursements, while also holding expenditures at or below budgeted amounts.



	FY 2021	FY 2022
Total Fund Balance	44.26%	48.21%
Unassigned Fund Balance	35.35%	43.30%

General Fund Budgetary Highlights. A budget to actual statement is provided for the General Fund. A budget column for both the original budget adopted for Fiscal Year 2022 as well as the final budget is presented. A comparison of the final budget to the actual amounts for current expenditures shows a final difference of \$16,445,772. A large portion of the difference is from the Muck Dredging project, which had \$14,457,860 in State grants and capital expenditures budgeted, however only \$679,420 was completed in FY2022. Another portion of the difference is attributed to the carrying over of budgeted funds to the Fiscal Year 2022 budget in the amount of \$2,285,136 for capital projects that were not completed by the end of the fiscal year. Furthermore, operating expenditure actuals were overall held below budgeted amounts.

City Cocoa Beach, Florida
Management's Discussion and Analysis

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

	<u>Final Budget</u>	<u>Actuals</u>	<u>Var Positive (Neg)</u>
Revenues:			
Taxes	\$ 16,218,219	\$ 16,779,308	\$ 561,089
Licenses and permits	2,101,768	141,056	(1,960,712)
Intergovernmental revenues	17,782,053	5,209,751	(12,572,302)
Charges for services	9,514,427	10,175,686	661,259
Fines and forfeitures	92,858	54,829	(38,029)
Investment earnings (loss)	20,000	(562)	(20,562)
Miscellaneous revenues	86,000	77,173	(8,827)
Total revenues	<u>45,815,325</u>	<u>32,437,241</u>	<u>(13,378,084)</u>
Expenditures:			
General government	\$ 6,052,733	\$ 5,026,146	\$ 1,026,587
Public safety	10,866,337	10,200,910	665,427
Transportation/public works	6,690,654	6,834,557	(143,903)
Recreation	3,486,177	3,443,196	42,981
Capital outlay	20,121,395	5,182,319	14,939,076
Debt service	977,147	1,061,543	(84,396)
Total expenditures	<u>48,194,443</u>	<u>31,748,671</u>	<u>16,445,772</u>

Special Revenue Funds. Special Revenue Funds account for specific revenues and expenditures. The City has two special revenue funds.

Community Redevelopment Agency (CRA) Fund

The CRA is a major governmental fund used to account for monies from the incremental increase in property tax revenue collected within the designated redevelopment area. Consistent with State law, revenues are utilized and expended in accordance with the Community Redevelopment Plan. Fund balance at the end of Fiscal Year 2022 was \$1,517,036. Fund balance at the end of Fiscal Year 2021 was \$803,558. The \$713,478 net change is reflective of a reduction in liabilities. In 2019, an advance was made from the Utilities Fund to the CRA in the amount of \$250,000 to ensure that adequate funding was available to complete the downtown parking garage. The advance was paid back in full by the end of FY 2022. A project under consideration in the CRA is a Downtown Cultural Greenspace. This is a project to develop the area where City Hall formerly was located.

The TIF has continued to increase in subsequent years as taxable values have risen. The increase from 2021 to 2022 is \$122,772, 16%.

**City Cocoa Beach, Florida
Management's Discussion and Analysis**

**Community Redevelopment Agency Fund (CRA)
Tax Increment Values and Payments**

	2022	2021	Increase (Decrease)
Taxable value	\$217,276,830	\$ 203,686,580	\$ 13,590,250
Less: base year value	(119,086,930)	(119,086,930)	-
Net taxable value	\$ 98,189,900	\$ 84,599,650	\$ 13,590,250
County tax rate per \$1,000 of value	3.5700	3.6900	(0.1200)
City tax rate per \$1,000 of value	5.9544	5.8294	0.1250
Tax increment payments			
County	\$ 332,647	\$ 296,797	\$ 35,850
City	555,429	468,507	86,922
Total tax increment payments	\$ 888,076	\$ 765,304	\$ 122,772

Confiscated Property Fund

The entire fund balance of the Confiscated Property Fund is considered restricted fund balance because it can only be used for certain enumerated law enforcement expenditures as defined by state statute. The fund balance is \$153,329 for Fiscal Year 2022.

Capital Improvements Project Fund

Major governmental facilities construction and improvements transactions are recorded in this fund. In Fiscal Year 2022 the City sold property to finance the preliminary design and contribute to the construction costs of a new City Hall and potentially a new parking garage. The fund balance is \$914,563 for Fiscal Year 2022.

Proprietary Funds. The City currently uses one of the two types of proprietary funds (Enterprise & Internal Service) and provides the same type of information found in the government-wide financial statements, but in more detail. The City does not use internal service funds.

Enterprise Funds

At September 30, 2022, total net position amounted to \$39,764,123 for enterprise funds as compared to \$41,460,609 at September 30, 2021. Net position changes are a result of operations, capital grants, capital contributions and transfers in the Utilities System and Stormwater Management Funds.

The net operating income for all of the enterprise funds for fiscal years 2022 and 2021 is as follows:

Enterprise Funds Net Operating Income

	2022	2021
Utilities system	\$ 8,454	\$ 2,005,525
Stormwater management	74,283	180,023
Total	\$ 82,737	\$ 2,185,548

The operating income in the Utilities System was \$1,997,071 less than in Fiscal Year 2021 primarily due to increased operating costs associated with services, materials, and supplies.

The Stormwater Management operating income decrease of \$105,740 from Fiscal Year 2021 is primarily a result of no rate increase in FY2022, and increased operating costs.

City Cocoa Beach, Florida Management's Discussion and Analysis

CAPITAL ASSET ADMINISTRATION

Capital Assets. The City of Cocoa Beach's investment in capital assets as of September 30, 2022 is \$105,166,036 (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, and work in progress. Governmental activities net investment in capital assets increased by \$3,220,172 and business-type activities decreased by \$1,601,229. The primary reasons for the changes in the Governmental Activities Schedule was the purchase of a new tower fire truck and dredging project. The primary reason for the change in the Business-type Activities Schedule is the disposal and depreciation of aging infrastructure, buildings, improvements, and equipment. Major changes in capital assets during the current fiscal year included the following:

Schedule of Capital Assets (Net)

	Governmental Activities		Business-type Activities		Total	
	2022	2021 *	2022	2021 *	2022	2021 *
Land	\$ 7,950,653	\$ 7,950,653	\$ 1,691,599	\$ 1,691,599	\$ 9,642,252	\$ 9,642,252
Work in progress	3,427,874	20,119,098	3,938,024	2,768,867	7,365,898	22,887,965
Buildings	20,052,880	11,595,057	1,717,235	1,789,917	21,770,115	13,384,974
Infrastructure	558,896	576,335	27,657,181	28,615,220	28,216,077	29,191,555
Improvements	17,754,342	8,015,111	14,294,406	16,245,971	32,048,748	24,261,082
Equipment	4,676,074	2,907,018	1,372,323	1,160,423	6,048,397	4,067,441
Right-to-use lease assets	74,549	111,824	-	-	74,549	111,824
Total net position	<u>\$ 54,495,268</u>	<u>\$ 51,275,096</u>	<u>\$ 50,670,768</u>	<u>\$ 52,271,997</u>	<u>\$ 105,166,036</u>	<u>\$ 103,547,093</u>

* as restated.

Major changes in governmental activities included a new fire tower truck, the residential dredging project, fleet vehicle replacements, paving projects, Information Technology (IT) upgrades and equipment, and country club improvements. For the business-type activities, the Tulip Well Repair/Rehabilitation project is in the improvements category. Additionally, for the business-type activities, the major acquisitions are the gravity sewer slip-lining (work in progress category), rehabilitation of the Golf Course outfall, and the lift station #7 forcemain upsize. These acquisitions were offset by disposals and depreciation of aging infrastructure, buildings, improvements, and equipment.

The City annually updates a five-year Capital Improvements Program (CIP) and forecasts the funding requirements for necessary equipment and facilities. These requirements, as well as projected costs of operations and maintenance, are compared and adjusted based on forecasted sources of funding over that timeframe. Additional information on the City's capital assets can be found in Note 3 to the financial statements.

City Cocoa Beach, Florida Management's Discussion and Analysis

DEBT ADMINISTRATION

Long-Term Debt

At the end of the current fiscal year, the City of Cocoa Beach had total long-term debt in the amount of \$39,272,189.

The City is participating in the State of Florida Revolving (SRF) Loan Program with twenty (20) year loans for utilities facility upgrades and sewer systems rehabilitation and stormwater improvements. The outstanding balance of the SRF loans is \$5,342,557; during the fiscal year 2021 SRF #050610 and #050620 were refinanced with revenue bonds, saving over \$1m in interest expense over the life of the debt. In Fiscal Year 2014, the 2004 SRF loan was refunded by a bank loan generating a savings of about \$20,000 per year for ten (10) years. The outstanding balance is \$320,000. A second bank loan was issued in Fiscal Year 2014 for the construction of the new fire station and has an outstanding balance of \$2,595,000. A lease/purchase agreement for new golf carts was initiated in FY 2022. The outstanding balance is \$467,197. In Fiscal Year 2021 the City entered into a Master Equipment Lease Agreement in the amount of \$1,200,000 for a new fire tower truck, and in Fiscal Year 2022 for \$440,737 for a new vac-con truck, the master equipment lease has an outstanding balance of \$1,640,737. In Fiscal Year 2017 debt was issued with Florida Municipal Loan Council (FMLC) Revenue Bond 2017B to fund the design and construction of the new parking garage in the Community Redevelopment Agency (CRA). The first payment on the principal of Revenue Bond 2017B was not made until FY 2019 and the outstanding balance is \$3,305,000. In Fiscal Year 2019 debt was issued with Special Obligation Revenue Note, Series 2019 for the construction of a new police station and municipal facilities improvements in the amount of \$9,751,000, and has an outstanding amount of \$8,726,000. See Note 3 to the financial statements for additional information and for subsequent year end debt information.

Schedule of Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Capital Imprvmt Note, Series 2014A, Fire Station	\$ 2,595,000	\$ 2,770,000	\$ -	\$ -	\$ 2,595,000	\$ 2,770,000
Spec Obligation Revenue Note Series 2019, Police Station	8,726,000	9,160,000	-	-	8,726,000	9,160,000
Fl Municipal Loan Council Refund Revenue Bonds, Series 2017B CRA Parking Garage	3,305,000	3,555,000	-	-	3,305,000	3,555,000
Financed purchases						
Golf Carts, Fire Tower Truck	1,638,895	1,238,965	-	-	1,638,895	1,238,965
Vac-Con	-	-	440,737	-	440,737	-
SRF #4 Loan #050621 Stormwater Improvements	-	-	932,080	990,821	932,080	990,821
SRF #5 Loan #050630 Utility System Improvements	-	-	4,410,477	4,633,245	4,410,477	4,633,245
Capital Imprvmt Refunding Revenue Note, Series 2014B	-	-	320,000	635,000	320,000	635,000
Wastewater Utility System Refunding Revenue Bond, Series 2020	-	-	16,904,000	18,233,000	16,904,000	18,233,000
Total Outstanding Debt	\$ 16,264,895	\$ 16,723,965	\$ 23,007,294	\$ 24,492,066	\$ 39,272,189	\$ 41,216,031

Total external debt decreased by \$1,943,842 (-4.7%) in Fiscal Year 2022. The decrease is attributed to the paydown of debt in FY 2022. Additional information on the City's long-term debt can be found in Note 3 to the financial statements.

City Cocoa Beach, Florida Management's Discussion and Analysis

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2022 budget, tax rates, and fees to be charged for the business-type activities. In the past few years, the City has obligated significant dollars on new facilities, street resurfacing and infrastructure upgrades. The City has also managed to accumulate an acceptable level of unassigned reserves. Resolution 2021 - 23 amends formalized reserve policies to be in line with GASB 54 definitions and criteria for classifying fund balances. Bordering the ocean, the City wishes to hold reserve balances sufficient for those immediate expenditures associated with hurricanes, as well as expenditures required to maintain normal operations. Although a substantial portion of hurricane expenditures are typically reimbursed, this practice is considered necessary to avoid disruptions in operations.

As FY 2022 progressed, the slow recovery from COVID-19 economic impacts began to continued to improve. For Service-related revenues, i.e., parking, and leisure services have increased now that travel restrictions have been lifted and we welcome tourists back into our area.

The City is effectively built-out, however, several redevelopment projects for new construction are progressing and could produce annual increases in property tax receipts in future years. Redevelopment projects such as a new municipal complex are being evaluated as new designs and engineering are discussed. It is important to the City's future that property tax revenues be maintained or increased from year-to-year because it is the largest component of the General Fund's annual revenues. Other revenues are not likely to increase significantly and since some of those sources (e. g. state shared revenues, grants) are beyond the City's control, property taxes are the most promising source of future funding. Developing new revenue sources and increasing existing ones are of increasing importance.

Although the City is challenged by increased costs for employee benefits (primarily health insurance, workers compensation), it does not face demands to add personnel to extend current levels of service into new areas. With staffing levels now equal to those of a decade ago, a review to determine appropriate handling of our workloads continues.

The five-year CIP always presumes that operations and capital replacements are expected to be sufficiently funded without having to increase the ad valorem tax rate. We will have a real opportunity to test this presumption in the coming years.

The City's golf course continues to be challenged to sustain its operations and cover necessary equipment replacements. The high salt content in the area is extremely damaging to the equipment used for maintenance and funding the maintenance expense and replacement costs is an ongoing burden. The City has constructed a garage for equipment storage to aid in mitigating the salt issue and selectively purchases used equipment to lower capital costs. The course has been re-greened with a salt-resistant grass and play is gradually recovering as the economy improves.

The twenty-seven-hole golf course is actively used, particularly in the busy winter season, so strategies to increase play are marginally helpful, not a solution. The improvements and purchasing practices mentioned in the preceding paragraph are also helpful, but do not produce immediate, dramatic results.

The Golf Course Fund was incorporated into the General Fund with the adoption of Resolution 2013 – 21, beginning in Fiscal Year 2014. Golf course activity is presented in the category of Recreation in the General Fund. Play has still not returned to historical levels, but the number of rounds played continues to rise as the economic recovery continues. A comprehensive study by the National Golf Foundation proposed a series of rate increases and restructuring (i.e. sun setting) of annual memberships to encourage revenue generation. The study was adopted by Resolution 2015 – 33 in November 2015 new rates were subsequently adopted. The current rates are set by Resolution 2018 – 05.

City Cocoa Beach, Florida Management's Discussion and Analysis

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (Continued)

The Utilities System enterprise fund is in a similar situation. Environmental standards for discharges into the Indian River Lagoon have become stricter. We commissioned an updated comprehensive study in Fiscal Year 2018 to address specific capital replacements and upgrades required to meet the new discharge requirements schedule. We adopted Resolution 2018-21 which enacted a rate schedule that adjusts each year through FY 2023 to fund the necessary debt service for capital items, as well as cover increased costs of operations and the new regulatory requirements. Utility rates increased by 5% in FY 2022.

Forecasts for the Stormwater Management enterprise fund show that large capital improvement projects will have to be funded using grants or loans. Revenues are not sufficient to fund both operations and capital projects of any size. In addition to the budgetary challenges facing the Stormwater Fund, federal Clean Water Act legislation concerning the TMDL and National Pollutant Discharge Elimination System programs are unfunded mandates upon local government and require extensive staff resource time and effort.

The City's current residential dredging program and schedule was developed through an interlocal agreement with Brevard County, Save Our Indian River Lagoon Program (SOIRLP) and Saint Johns River Water Management District (SJRWMD) as a part of the funding made available to clean the Indian River Lagoon. Dredging for thirty-six residential canals under this agreement continues into FY 2023. Additionally, the five-year Golf Muck Dredging/Capping Project funded by the SOIRLP was added as an Indian River Lagoon clean-up initiative in FY 2020.

All these factors were considered in preparing the City's budget for Fiscal Year 2022. The Fiscal Year 2022 millage rate is 5.9544, the rollback rate is 5.5431. The rollback rate produces the same ad valorem tax revenue as the previous year and therefore is not a tax increase. See the economic outlook section of the letter of transmittal for additional details regarding economic conditions.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Cocoa Beach's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Patrisha Draycott, CGFO, Chief Financial Officer, 2 South Orlando Avenue, Cocoa Beach, Florida, 32931 or pdraycott@cityofcocoabeach.com. The financial statements are included in the City's Annual Comprehensive Financial Report (ACFR) posted on the City's web site at www.cityofcocoabeach.com.



CITY OF COCOA BEACH, FLORIDA
Basic Financial Statements

City of Cocoa Beach, Florida
Statement of Net Position

<i>September 30, 2022</i>	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 7,783,318	\$ 856,644	\$ 8,639,962
Investments	15,355,389	8,480,012	23,835,401
Accounts receivable, net of allowance for uncollectible accounts	1,082,365	1,607,566	2,689,931
Due from other governments	1,161,291	3,950	1,165,241
Inventory	73,862	-	73,862
Prepays	43,518	-	43,518
Restricted assets:			
Cash and cash equivalents	567,579	-	567,579
Investments	-	2,261,727	2,261,727
Capital assets not being depreciated:			
Land	7,950,653	1,691,599	9,642,252
Construction-in-progress	3,427,874	3,938,024	7,365,898
Capital assets net of accumulated depreciation			
Buildings	20,052,880	1,717,235	21,770,115
Infrastructure	558,896	27,657,181	28,216,077
Improvements other than buildings	17,754,342	14,294,406	32,048,748
Equipment	4,676,074	1,372,323	6,048,397
Right-to-use lease assets	74,549	-	74,549
Total assets	80,562,590	63,880,667	144,443,257
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	10,733,729	1,113,577	11,847,306
Deferred outflows related to OPEB	799,241	111,575	910,816
Total deferred outflows of resources	11,532,970	1,225,152	12,758,122

The accompanying notes are an integral part of these financial statements.

<i>September 30, 2022</i>	Primary Government		Total
	Governmental Activities	Business-type Activities	
LIABILITIES			
Accounts and contracts payable	895,462	199,027	1,094,489
Due to other governments	15,607	-	15,607
Accrued liabilities	1,930,744	112,506	2,043,250
Accrued interest payable	158,128	104,015	262,143
Deposits	99,127	-	99,127
Unearned revenue	4,811,888	-	4,811,888
Non-current liabilities:			
Due within one year			
Bonds, notes, and financed purchases	989,169	2,038,274	3,027,443
Lease liabilities	56,390	-	56,390
Compensated absences	578,400	94,500	672,900
Due in more than one year			
Bonds, notes, and financed purchases	15,561,946	20,969,020	36,530,966
Lease liabilities	57,786	-	57,786
Compensated absences	381,591	78,913	460,504
Net pension liability	13,358,411	897,418	14,255,829
Net OPEB liability	2,728,368	373,852	3,102,220
Total liabilities	41,623,017	24,867,525	66,490,542
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	642,698	141,869	784,567
Deferred inflows related to OPEB	2,330,000	332,302	2,662,302
Deferred revenue - business-tax receipts	27,870	-	27,870
Total deferred inflows of resources	3,000,568	474,171	3,474,739
NET POSITION			
Net investment in capital assets	37,829,977	27,663,474	65,493,451
Restricted for:			
Law enforcement	153,329	-	153,329
Community redevelopment	1,517,036	-	1,517,036
Building code enforcement	410,286	-	410,286
Debt Service	228,558	2,261,727	2,490,285
Capital projects	914,563	-	914,563
Unrestricted	6,418,226	9,838,922	16,257,148
Total net position	\$ 47,471,975	\$ 39,764,123	\$ 87,236,098

City of Cocoa Beach, Florida
Statement of Activities

For the year ended September 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 5,448,092	\$ 4,247,113	\$ -	\$ -
Economic environment	294,937	-	-	-
Public safety	11,539,079	1,462,193	13,362	-
Physical environment	4,802,494	2,416,668	2,998,958	-
Transportation/public works	3,752,843	130,597	-	-
Recreation	3,744,787	3,524,362	-	-
Interest on long-term debt	444,719	-	-	-
Total governmental activities	30,026,951	11,780,933	3,012,320	-
Business-type activities				
Utility system	8,486,181	8,113,786	-	51,686
Stormwater	821,166	888,651	-	171,526
Total business-type activities	9,307,347	9,002,437	-	223,212
Total primary government	39,334,298	20,783,370	3,012,320	223,212

General revenues and transfers:

Taxes:

Property taxes

Local option gas tax

Franchise taxes

Utility service tax

Unrestricted intergovernmental

Unrestricted investment earnings

Miscellaneous revenues

Gain on sale of capital assets

Transfers, net

Total general revenues and transfers

Change in net position

Net position, beginning of year, as previously reported

Prior period adjustment (See Note 2)

Net position, beginning of year, as adjusted

Net position, end of year

The accompanying notes are an integral part of these financial statements.

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business-type Activities	Total
\$ (1,200,979)	\$ -	\$ (1,200,979)
(294,937)	-	(294,937)
(10,063,524)	-	(10,063,524)
613,132	-	613,132
(3,622,246)	-	(3,622,246)
(220,425)	-	(220,425)
(444,719)	-	(444,719)
<u>(15,233,698)</u>	<u>-</u>	<u>(15,233,698)</u>
-	(320,709)	(320,709)
-	239,011	239,011
-	(81,698)	(81,698)
<u>(15,233,698)</u>	<u>(81,698)</u>	<u>(15,315,396)</u>
13,709,399	-	13,709,399
362,644	-	362,644
1,552,105	-	1,552,105
2,043,236	-	2,043,236
2,082,298	-	2,082,298
8,233	5,049	13,282
103,946	58,647	162,593
821,367	-	821,367
801,400	(801,400)	-
<u>21,484,628</u>	<u>(737,704)</u>	<u>20,746,924</u>
6,250,930	(819,402)	5,431,528
41,278,769	41,460,609	82,739,378
(57,724)	(877,084)	(934,808)
<u>41,221,045</u>	<u>40,583,525</u>	<u>81,804,570</u>
<u>\$ 47,471,975</u>	<u>\$ 39,764,123</u>	<u>\$ 87,236,098</u>

City of Cocoa Beach, Florida
Balance Sheet – Governmental Funds

<i>September 30, 2022</i>	General Fund	Community Redevelopment Agency Fund	Non major Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 5,802,933	\$ 1,102,336	\$ 878,049
Investments	14,641,398	77,494	636,497
Accounts receivable	1,075,589	6,776	-
Due from other governments	1,161,291	-	-
Inventory	73,862	-	-
Prepays	43,518	-	-
Restricted cash and cash equivalents	228,558	339,021	-
Total assets	\$ 23,027,149	\$ 1,525,627	\$ 1,514,546
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts and contracts payable	\$ 862,999	\$ 8,591	\$ 25,380
Accrued liabilities	1,899,284	-	10,988
Due to other governments	15,607	-	-
Unearned revenue	4,811,888	-	-
Total liabilities	7,589,778	8,591	36,368
Deferred inflows of resources:			
Deferred revenues - unavailable revenue	102,652	-	-
Deferred revenues - business tax receipts	27,870	-	-
Total deferred inflows of resources	130,522	-	-
Fund balances:			
Nonspendable	117,380	-	-
Restricted for			
Law enforcement	-	-	153,329
Community redevelopment	-	1,517,036	-
Building code enforcement	-	-	410,286
Debt service	228,558	-	-
Capital projects	-	-	914,563
Committed	1,212,735	-	-
Unassigned	13,748,176	-	-
Total fund balances	15,306,849	1,517,036	1,478,178
Total liabilities, deferred inflows of resources, and fund balances	\$ 23,027,149	\$ 1,525,627	\$ 1,514,546

The accompanying notes are an integral part of these financial statements.

**Total
Governmental
Funds**

\$ 7,783,318
15,355,389
1,082,365
1,161,291
73,862
43,518
567,579

\$ 26,067,322

\$ 896,970
1,910,272
15,607
4,811,888

7,634,737

102,652
27,870

130,522

117,380

153,329
1,517,036
410,286
228,558
914,563
1,212,735
13,748,176

18,302,063

\$ 26,067,322



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City of Cocoa Beach, Florida
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position

September 30, 2022

Total fund balances - governmental funds		\$ 18,302,063
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 92,378,980	
Less accumulated depreciation and amortization	<u>(37,883,712)</u>	54,495,268
Receivables that are not available to pay for current period expenditures and, therefore, are not reported in the funds		102,652
Deferred outflows of resources related to pension and other post employment benefits are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		11,532,970
Deferred inflows of resources related to pension and other post employment benefits are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		(2,972,698)
Long-term liabilities, including net OPEB liability, net pension liability and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	(13,358,411)	
Notes, bonds, financed purchases and leases payable	(16,665,291)	
Compensated absences	(863,719)	
Insurance liability	(214,363)	
Other postemployment benefits	<u>(2,728,368)</u>	(33,830,152)
Interest on long-term debt is not accrued in governmental funds but rather is recognized as an expenditure when due.		(158,128)
Net position of governmental activities		\$ 47,471,975

The accompanying notes are an integral part of these financial statements.

City of Cocoa Beach, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds

<i>For the year ended September 30, 2022</i>	General Fund	Community Redevelopment Agency Fund	Non major Governmental Funds
Revenues			
Taxes	\$ 16,779,308	\$ 888,076	\$ -
Licenses and permits	141,056	-	-
Intergovernmental revenues	5,209,751	-	-
Charges for services	10,175,686	432,725	702,745
Fines and forfeitures	54,829	-	53,172
Investment earnings	(562)	35	8,760
Miscellaneous revenues	77,173	3,000	-
Total revenues	32,437,241	1,323,836	764,677
Expenditures			
Current:			
General government	5,026,146	-	54,831
Economic environment	-	169,446	-
Public safety	10,200,910	-	387,836
Physical environment	3,108,263	-	-
Transportation/public works	3,726,294	-	2,839
Recreation	3,443,196	-	-
Capital outlay	5,182,319	-	1,271,112
Debt service:			
Principal	731,639	250,000	-
Interest and other	329,904	149,660	-
Total expenditures	31,748,671	569,106	1,716,618
Excess (deficiency) of revenues over (under) expenditures	688,570	754,730	(951,941)
Other Financing Sources (Uses)			
Transfers in	1,034,261	-	1,013,604
Transfers out	(1,033,604)	(41,252)	(171,609)
Issuance of debt	467,197	-	-
Proceeds from sale of assets	828,473	-	-
Total other financing sources (uses)	1,296,327	(41,252)	841,995
Net change in fund balances	1,984,897	713,478	(109,946)
Fund balances, beginning of year	13,321,952	803,558	1,588,124
Fund balances, end of year	\$ 15,306,849	\$ 1,517,036	\$ 1,478,178

The accompanying notes are an integral part of these financial statements.

**Total
Governmental
Funds**

\$ 17,667,384
141,056
5,209,751
11,311,156
108,001
8,233
80,173

34,525,754

5,080,977
169,446
10,588,746
3,108,263
3,729,133
3,443,196
6,453,431

981,639
479,564

34,034,395

491,359

2,047,865
(1,246,465)
467,197
828,473

2,097,070

2,588,429

15,713,634

\$ 18,302,063



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City of Cocoa Beach, Florida

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

For the year ended September 30, 2022

Net change in fund balances - total governmental funds	\$	2,588,429
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceed depreciation in the current period.		
Capital outlay	\$	6,453,431
Depreciation expense	<u>(3,226,153)</u>	3,227,278
In the statement of activities, the gain or 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.		
		(7,106)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		102,652
Issuance of long-term debt is an other financing source in the governmental funds, but increases long-term liabilities in the statement of net position.		
		(467,197)
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		981,639
Compensated absences are reported in the statement of activities when earned As they do not require the use of current financial resources, they are not reported as expenditures on governmental funds until they have matured. This is the amount of compensated absences reported in the statement of activities in the prior year that has matured in the current year.		
		162,727
Cash OPEB contributions reported in the funds were greater than the calculated OPEB expense on the statement of activities and therefore increase net position.		
		486,932
Cash pensions contributions reported in the funds were greater than the calculated pension expense on the statement of activities and therefore increase net position.		
		(858,286)
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefor, are not reported as expenditures in the governmental funds		
Amortization of bond premium	28,619	
Interest expense	6,226	
Change in self insurance liability	<u>(983)</u>	33,862
Change in net position of governmental activities	\$	6,250,930

City of Cocoa Beach, Florida
Statement of Net Position - Proprietary Funds

<i>September 30, 2022</i>	Business-type Activities - Enterprise Funds		
	Utility System	Stormwater Management	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 831,837	\$ 24,807	\$ 856,644
Investments	7,354,684	1,125,328	8,480,012
Accounts receivable, net	1,429,420	178,146	1,607,566
Due from other governments	3,950	-	3,950
Total current assets	9,619,891	1,328,281	10,948,172
Noncurrent assets:			
Restricted noncurrent assets			
Investments	2,196,139	65,588	2,261,727
Total restricted assets	2,196,139	65,588	2,261,727
Capital assets			
Land	1,691,599	-	1,691,599
Building	3,491,671	490,920	3,982,591
Infrastructure	41,711,893	9,178,056	50,889,949
Improvements other than buildings	29,635,050	250,814	29,885,864
Machinery and equipment	5,445,105	110,729	5,555,834
Construction in progress	3,112,062	825,962	3,938,024
Total capital assets	85,087,380	10,856,481	95,943,861
Less accumulated depreciation	(43,461,107)	(1,811,986)	(45,273,093)
Total capital assets, net of accumulated depreciation	41,626,273	9,044,495	50,670,768
Total noncurrent assets	43,822,412	9,110,083	52,932,495
Total assets	53,442,303	10,438,364	63,880,667
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	929,996	183,581	1,113,577
Deferred outflows related to OPEB	94,361	17,214	111,575
Total deferred outflows of resources	1,024,357	200,795	1,225,152

The accompanying notes are an integral part of these financial statements.

<i>September 30, 2022</i>	Business-type Activities - Enterprise Funds		
	Utility System	Stormwater Management	Total
Liabilities			
Current liabilities:			
Accounts and contracts payable	174,931	24,096	199,027
Accrued liabilities	97,939	14,567	112,506
Compensated absences	82,800	11,700	94,500
Bonds, notes and financed purchases	1,979,124	59,150	2,038,274
Accrued interest payable	102,997	1,018	104,015
Total current liabilities	2,437,791	110,531	2,548,322
Noncurrent liabilities:			
Compensated absences	71,133	7,780	78,913
Net pension liabilities	749,473	147,945	897,418
Net OPEB liability	315,220	58,632	373,852
Bonds, notes and financed purchases	20,096,090	872,930	20,969,020
Total noncurrent liabilities	21,231,916	1,087,287	22,319,203
Total liabilities	23,669,707	1,197,818	24,867,525
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	118,481	23,388	141,869
Deferred inflows related to OPEB	281,984	50,318	332,302
Total deferred inflows of resources	400,465	73,706	474,171
NET POSITION			
Net investment in capital assets	19,551,059	8,112,415	27,663,474
Restricted for debt service	2,196,139	65,588	2,261,727
Unrestricted	8,649,290	1,189,632	9,838,922
Total net position	\$ 30,396,488	\$ 9,367,635	\$ 39,764,123

City of Cocoa Beach, Florida
Statement of Revenues, Expenses and Changes in Fund Net Position –
Proprietary Funds

<i>For the year ended September 30, 2022</i>	Business-type Activities - Enterprise Funds		Total
	Utility System	Stormwater Management	
Operating revenues:			
Charges for services	\$ 8,113,786	\$ 888,651	\$ 9,002,437
Other operating revenue	58,647	-	58,647
Total operating revenues	8,172,433	888,651	9,061,084
Operating expenses:			
Salaries, wages and employee benefits	2,105,737	348,315	2,454,052
Contractual services, materials, and supplies	2,743,672	249,135	2,992,807
Insurance	101,308	13,427	114,735
Depreciation	3,213,262	203,491	3,416,753
Total operating expenses	8,163,979	814,368	8,978,347
Operating income	8,454	74,283	82,737
Nonoperating revenues (expenses):			
Investment earnings	2,794	124	2,918
Interest on advance to other fund	2,131	-	2,131
Interest expense	(322,202)	(6,798)	(329,000)
Total nonoperating revenues (expenses)	(317,277)	(6,674)	(323,951)
Income (loss) before contributions and transfers			
	(308,823)	67,609	(241,214)
Capital contributions - connection fees	51,686	-	51,686
Capital grants	-	171,526	171,526
Transfers in	169,802	60,000	229,802
Transfers out	(943,177)	(88,025)	(1,031,202)
Change in net position	(1,030,512)	211,110	(819,402)
Net position, beginning of year, as	32,304,084	9,156,525	41,460,609
Prior period adjustment (see Note 2)	(877,084)	-	(877,084)
Net position, beginning of year, as restated	31,427,000	9,156,525	40,583,525
Net position, end of year	\$ 30,396,488	\$ 9,367,635	\$ 39,764,123

City of Cocoa Beach, Florida
Statement of Cash Flows – Proprietary Funds

	Business-type Activities - Enterprise Funds		
	Utility System	Stormwater Management	Total
<i>For the year ended September 30, 2022</i>			
Operating Activities			
Cash received from customers for sales and services	\$ 7,963,162	\$ 862,583	\$ 8,825,745
Cash payments to employees	(1,726,224)	(268,551)	(1,994,775)
Cash payments to suppliers for goods and services	(2,927,981)	(363,450)	(3,291,431)
Net cash provided by operating activities	3,308,957	230,582	3,539,539
Noncapital Financing Activities			
Interfund loans	173,448	(88,025)	85,423
Cash transfers in to other funds	169,802	60,000	229,802
Cash transfers out to other funds	(943,177)	(88,025)	(1,031,202)
Net cash used in noncapital financing activities	(599,927)	(116,050)	(715,977)
Capital and Related Financing Activities			
Acquisition of capital assets	(1,482,034)	(351,195)	(1,833,229)
Proceeds from disposal of capital assets	17,705	-	17,705
Proceeds from capital grants and contributions	51,686	171,526	223,212
Principal paid on long-term debt	(1,866,768)	(58,741)	(1,925,509)
Proceeds from issuance of debt	440,737	-	440,737
Interest paid on long-term debt and lease liabilities	(331,770)	(7,817)	(339,587)
Net cash used in capital and related financing activities	(3,170,444)	(246,227)	(3,416,671)
Investing Activities			
Investment income	4,925	124	5,049
Investment sales	1,243,864	-	1,243,864
Purchases of investments	(251,955)	84,677	(167,278)
Net cash provided by investing activities	996,834	84,801	1,081,635
Net increase (decrease) in cash and cash equivalents	535,420	(46,894)	488,526
Cash and cash equivalents, beginning of year	296,417	71,701	368,118
Cash and cash equivalents, end of year	\$ 831,837	\$ 24,807	\$ 856,644

City of Cocoa Beach, Florida
Statement of Cash Flows – Proprietary Funds (Continued)

<i>For the year ended September 30, 2022</i>	Business-type Activities - Enterprise Funds		
	Utility System	Stormwater Management	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 8,454	\$ 74,283	\$ 82,737
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	3,213,262	203,491	3,416,753
Change in assets, deferred outflows, liabilities and deferred inflows			
(Increase) decrease in assets and deferred outflows			
Accounts receivable	(208,521)	(26,068)	(234,589)
Due from other governments	(750)	-	(750)
Deferred outflows related to OPEB	(12,606)	(6,832)	(19,438)
Deferred outflows related to pensions	(615,051)	(134,283)	(749,334)
Increase (decrease) in liabilities and deferred inflows			
Accounts and contracts payable	(83,001)	(100,888)	(183,889)
Accrued liabilities	30,644	4,504	35,148
Compensated absences	21,210	4,367	25,577
Net pension liabilities	2,314,713	389,899	2,704,612
Net OPEB liability	185,785	51,974	237,759
Deferred inflows related to pensions	(1,324,981)	(200,574)	(1,525,555)
Deferred inflows related to OPEB	(220,201)	(29,291)	(249,492)
Total adjustments	3,300,503	156,299	3,456,802
Net cash provided by operating activities	\$ 3,308,957	\$ 230,582	\$ 3,539,539

City of Cocoa Beach, Florida
Statement of Fiduciary Net Position – Fiduciary Funds

	Employee Retirement Funds
<i>September 30, 2022</i>	
<hr/>	
Assets	
Contributions receivable	\$ 582
Investments, at fair value	60,959,770
<hr/>	
Total assets	60,960,352
Liabilities	
Accounts payable	43,946
<hr/>	
Total liabilities	43,946
Net Position	
Restricted for pensions	58,616,009
Restricted for OPEB benefits	2,300,397
<hr/>	
Total net position	\$ 60,916,406
<hr/> <hr/>	

City of Cocoa Beach, Florida
Statement of Changes in Fiduciary Net Position – Fiduciary Funds

	Employee Retirement Funds
<i>For the year ended September 30, 2022</i>	
<hr/>	
Additions	
Contributions:	
State	\$ 292,566
Employer	1,495,004
Employees	535,551
<hr/>	
Total contributions	2,323,121
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Investment income (loss):	
Net depreciation in the fair value of investments	(18,636,707)
Interest and dividends	4,905,535
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	(13,731,172)
Less: investment related expenses	(250,403)
<hr/>	
Net investment income (loss)	(13,981,575)
<hr/>	
Total additions	(11,658,454)
<hr/>	
Deductions	
Benefits paid	4,421,825
Refunds of contributions	48,837
Administrative expenses	154,461
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Total deductions	4,625,123
<hr/>	
Change in net position	(16,283,577)
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Net position, beginning of year	77,199,983
<hr/>	
Net position, end of year	\$ 60,916,406
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City of Cocoa Beach, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Cocoa Beach, Florida (the “City”) is a political subdivision of the State of Florida and is located in Brevard County.

Reporting Entity

The City was incorporated in 1925 and has a Commission/City Manager form of government. The City Commission consists of a Mayor and four (4) Commissioners responsible for establishing policies and enacting ordinances and resolutions. They are elected at large. The City Commission appoints the City Manager who is responsible for the daily administration of the City’s operations. The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. A blended component unit is, in substance, part of the primary government’s operations even though it is a legally separate entity. Thus, a blended component unit is appropriately presented as a fund 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 Community Redevelopment Agency (CRA) was established as an incremental tax district established with City Resolution number 2009-28 on November 19, 2009, pursuant to Florida Statutes Chapter 163. The CRA was organized to finance development within the geographic boundaries of the community redevelopment area. Although legally separate, the CRA is governed the City Commissioners and the services provided by the CRA create a financial benefit relationship with the City. The CRA financial statements are included in the City’s Annual Comprehensive Financial Report as a special revenue fund for the year ended September 30, 2022. Beginning in fiscal year 2020, the CRA also issues a standalone financial report as required by Florida Statutes.

Excluded from the Reporting Entity

The Cocoa Beach Public Library is funded through the Brevard County Free Public Library District, a separate taxing authority. The City Commissioners appoint an advisory Library Board that has authority to propose budget recommendations to the County and provide input in the selection of a library director. The Library’s actual budget is approved and funded by Brevard County and all its personnel are governed by the policies and procedures of Brevard County. The Cocoa Beach Public Library is therefore not a component unit of the City.

City of Cocoa Beach, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 unit. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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*. 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. 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 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.

City of Cocoa Beach, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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 60 days 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 60 days 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 fiduciary funds are reported using the *economic resources measurement* focus and the *accrual basis of accounting*.

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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 utilities and stormwater services functions 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.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component unit. 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 and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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 accounted for in another fund.

City of Cocoa Beach, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

The *Community Redevelopment Agency (CRA) Fund* is a special revenue fund that accounts for the provisions of carrying out redevelopment activities that include reducing or eliminating blight, improving the tax base, and encouraging public and private investments in the redevelopment area. Tax Increment Financing (TIF) and parking fees and fines provide the revenue sources for the fund.

The City reports the following major enterprise funds:

The *Utilities System Fund* accounts for the provision of sewer and water reuse services to City residents and some county areas.

The *Stormwater Management Fund* accounts for the provision of stormwater drainage services to the residents of the City.

Additionally, the City reports the following trust fund types:

The *Trust Funds* account for the three pension trust funds that account for the accumulation of resources to be used for pension payments to retired general employees, police officers, and firefighters of the City, as well as the Other Post-Employment Benefits (OPEB) Trust Fund, which accounts for the accumulation of resources that are used for payments of retirement benefits other than pensions.

The City's nonmajor governmental funds consist of a capital improvement fund, a law enforcement trust fund and a building permits and inspection utilization fund.

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 the 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.

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

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

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.

City of Cocoa Beach, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds except for the following:

The *Confiscated Property Special Revenue Fund* is not budgeted because its sole purpose is to account for property confiscated by law enforcement in accordance with State and Federal Law. The use of these funds is governed by Chapter 932, Florida Statutes. Accordingly, these funds are held in a separate, interest-bearing account.

The *Building Permit and Inspection Utilization fund* was not budgeted in fiscal year 2022. The *Pension and OPEB trust funds* are not budgeted because the funds held in these accounts are in trust for others; however, the City contributions to those funds are budgeted within the respective departments. See Note 3 for additional information.

Annual operating budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America. Annual budget appropriations lapse at the end of each fiscal year. 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 outstanding at year-end for unfulfilled obligations are canceled and appropriated in the succeeding year's budget. Such amounts, if material, are disclosed in the notes to financial statements under "Commitments."

The City Commission, pursuant to Article V of the City Charter and state statutes, using the following procedures, adopts annual operating budgets:

Each department, office or agency of the City submits a work program and budget request to the Chief Financial Officer during March of each year.

The City Manager reviews the departmental requests, conducts workshop sessions, and presents the proposed budget to the City Commission in July of each year.

The City Commission holds a series of budget workshops and public hearings on the proposed budget and adopts the official annual budget of the City by resolution.

The budgets, as adopted, may be amended through formal approval by the City Commission. Budgetary integration is established in the accounting records for control purposes at the object of expenditure level; however, the City Charter establishes the level at which expenditures may not legally exceed budgeted amounts at the department level. The City's general governmental appropriations are budgeted within the General Fund as if it were a separate department. Items making up this legal level of budgetary control include current other general government expenditures; debt service expenditures and other financing uses. Resolution 2021-17 adopted September 23, 2021 contains budgets for the General Fund and CRA (governmental funds) as well as the Utilities System Fund, and the Stormwater Management Fund (enterprise funds). The City Manager may transfer budgeted amounts within a department, office, or agency of the City without formal approval by the City Commission. The final budget amounts shown in the financial statements include all amendments as approved during the year by the City Commission.

City of Cocoa Beach, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Cash and cash equivalents

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

Investments

Investments for the City are reported at fair value (generally based on quoted market prices) except for external investments which comply with the criteria in Section 150: *Investments* 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 the pooled shares.

Receivables and payables

Trade receivables consist of account balances less than thirty days overdue. Account balances exceeding thirty days overdue are written off and sent to a collection agency. Therefore, all trade receivables reported are deemed collectible.

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 one fund incurs a cost, charges the appropriate benefitting fund, and reduces its related cost 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.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

City of Cocoa Beach, Florida
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Inventories and Prepaid Items (continued)

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

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:

Note and loan debt service accounts – These assets include certain proceeds from issuance of revenue notes and state revolving loans, as well as certain resources set aside for the repayment of notes and state revolving loans. The restrictions are for the following:

- Capital Improvement Revenue Note, Series 2014A
- Capital Improvement Refunding Revenue Note, Series 2014B
- Wastewater Utility System Revenue Bonds, Series 2020
- SRF Loan Repayment Reserve (Clean Water State Revolving Loans 050621, & 050630)

Capital Assets

Capital assets, which include land, buildings, infrastructure, improvements, and equipment are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year.

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

Classification	Service Life
Infrastructure	30 - 50 years
Buildings and building improvements	40 years
Improvements other than buildings	10 - 15 years
Machinery, furniture, and equipment	3 - 5 years
Right-to-use lease assets	3 - 5 years

City of Cocoa Beach, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized, as projects are commissioned. For individual proprietary funds, interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. The amount of interest to be capitalized is calculated using the weighted average of construction expenditures multiplied by the interest rate on the debt.

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*, represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

The City has two (2) items that qualify for reporting as deferred outflows of resources, the *deferred outflows related to OPEB* and the *deferred outflows related to pensions*, both reported in the government-wide and proprietary funds statements of net position. 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 change 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 a reduction to OPEB health insurance expense or a change in the 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*, represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has four (4) items that qualify for reporting as deferred inflows of resources.

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. The deferred inflows 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 inflows related to OPEB will be recognized as either OPEB health insurance expense or a change in the OPEB liability in future reporting years. The deferred revenue - business tax receipts (BTR) relate to a non-exchange transaction where the City has received funds, however it does not meet the requirement for recognition of revenue in the current period, and will be recognized in a future period.

City of Cocoa Beach, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources (Continued)

The deferred revenue – unavailable inflow of resources reported in the governmental fund balance sheet relate to receivables not collected within the period of availability.

Unearned Revenue

Unearned revenue recorded on the governmental fund balance sheet represents amounts received before eligibility requirements are met.

Compensated Absences

The City permits employees to accumulate earned but unused “paid-time-off” (PTO). PTO is accrued when incurred in the government-wide and proprietary fund financial statements. In governmental funds, a liability for these amounts is reported only if the PTO has matured, for example, as a result of employee resignations and retirements.

Upon termination, PTO is paid in full, but limited to 480 hours. Bargaining unit members are paid in accordance with their respective contracts. This amount is charged to the fund in which the employee was budgeted.

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 activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or 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 sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures. Losses incurred on refunding debt in proprietary funds is deferred and amortized over the shorter of the life of the new issue or the remaining life of the refunded issue. Only material amounts of accrued interest are recorded in the financial statements.

Leases

Lease contracts that provide the City with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service.

City of Cocoa Beach, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB) Liability

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Categories and Classifications 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. 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).

City of Cocoa Beach, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Categories and Classifications of Fund Equity (Continued)

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.

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 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. Decisions with regard to these purposes and amounts will be as determined by the City Commission by Resolution. The City Commission may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. 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.

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 as program revenues.

Property taxes – Property taxes are billed November 1st (discounts are available for early payment) for the calendar year beginning January 1st. Taxes are due March 1st and become delinquent on April 1st and tax certificates on all property on which taxes are delinquent are sold at the end of May of each year. Property taxes are considered fully collected (i.e. 95% of the levy) during and prior to the end of the fiscal year. Therefore, no material amounts of property taxes are receivable.

City of Cocoa Beach, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses (Continued)

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 adopted millage rate for the year ended September 30, 2022 was 5.9544.

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 Utility System Fund and the Stormwater Management Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditure of monies are recorded as reservations of budget, is employed as an extension of the statutory required budgetary process. At year-end, outstanding encumbrances represent material purchase commitments for goods and services which were ordered, budgeted, and appropriated, but had not been received or completed at date. Although encumbrances lapse at year-end, it is the intention to substantially honor these encumbrances under authority provided in the subsequent year's budget.

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.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 28, 2023, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

City of Cocoa Beach, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements

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 were previously 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. Additional information about the changes to the financial statements related to the implementation of this Statement can be found in Note 2.

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

GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements*, 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 reporting periods beginning after June 15, 2022.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

City of Cocoa Beach, Florida
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The City is evaluating the requirements of the above statements and the impact on reporting.

Note 2: PRIOR PERIOD RESTATEMENTS

Change in Accounting Principle

In fiscal year 2022, the City implemented GASB Statement No. 87, *Leases*. In accordance with generally accepted accounting principles, the implementation of this statement requires the restatement of the September 30, 2021 net position in the statement of activities to record the cumulative effect of recording the original basis of the leased assets less accumulated amortization net of the respective lease liabilities as of September 30, 2021.

Correction of an Error

In fiscal year 2022, the City restated opening net position in the Utility Fund to correct errors in prior years financial statements.

Adjustments to opening net position are enumerated below:

	Government-wide Statements		
	Governmental Activities	Business-type Activities	Total
Net position, September 30, 2021, as previously reported	\$ 41,278,769	\$ 41,460,609	\$ 82,739,378
Cumulative effect of restatement of capital assets ⁽¹⁾	-	(877,084)	(877,084)
Implementation of new accounting principle - GASB 87, <i>Leases</i> ⁽²⁾			
Right-of-use lease assets	111,824	-	111,824
Lease liabilities	(169,548)	-	(169,548)
Beginning net position, as restated	\$ 41,221,045	\$ 40,583,525	\$ 81,804,570

City of Cocoa Beach, Florida
Notes to Financial Statements

Note 2: PRIOR PERIOD RESTATEMENTS (Continued)

	Utility System Fund
Net position, September 30, 2021, as previously reported	\$ 32,304,084
Cumulative effect of restatement of capital assets ⁽¹⁾	(877,084)
Beginning net position, as restated	\$ 31,427,000

- (1) The opening balance of work in process in the Utility Fund as reported the prior year financial statements included the duplication of project costs that had been capitalized in the prior year.
- (2) The opening balances of the right-of-use lease assets and of the lease liabilities on the statement of net position of the governmental activities were updated to provide for the implementation of GASB Statement No., *Leases*.

Note 3: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of September 30, 2022, \$250,000 of the City’s bank balances are covered by federal depository insurance (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the City pursuant to Section 280.08, Florida Statutes. At September 30, 2022, the City held \$9,058,108 in excess of FDIC insurance limits in a financial institution that is not a qualified public depository.

The investment program is established in accordance with the City’s investment policy, outlined in resolution 2017-20, pertinent bond resolutions and Section 218.45, Florida Statutes, which allows the City to invest 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 City participates in Florida Public Assets for Liquidity Management, (Florida PALM), external investment pool. The Florida PALM is a common law trust established under the laws of the State of Florida and is designed to meet the cash management and short term needs of its participants. The Fund is sponsored by the Florida School Boards Association and the Florida Association of District School Superintendents and is directed by a board of trustees. The fair value of the City’s position in the pool is equal to the value of the pooled shares or net asset value.

The City participates in Florida Local Government Investment Trust fund, (Florida LGIT), external investment pool. The Florida LGIT is a common law trust established under the laws of the State of Florida and is designed to meet both short and medium term cash management needs of its participants.

City of Cocoa Beach, Florida Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (continued)

The Fund is sponsored by the Florida Court Clerks and Comptrollers and the Florida Association of Counties and is directed by a board of trustees. The fair value of the City's position in the pool is equal to the value of the pooled shares or net asset value.

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. The fair value of the City's position in the pool is equal to the value of the pooled shares or net asset value.

The City's OPEB trust fund participated in the Florida Municipal Investment Trust (FMIVT). The FMIVT is a Local Government Investment Pool (LGIP) and is considered an external investment pool for reporting purposes. The plans own shares in one or more FMIVT portfolios. The plans' investments are the FMIVT portfolios, not the individual securities held within each FMIVT portfolio. The Fund is sponsored by the Florida League of Cities and is directed by a board of trustees.

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.

Restricted cash in the Community Redevelopment Agency fund of \$339,021 represents cash transferred to the fiscal agent to service outstanding bonds.

Deposits available within various funds, except fiduciary trust funds, were consolidated for investment purposes. Interest earned was allocated to the various funds based on their average cash and investment balances.

The pension trust funds are authorized by their respective enabling ordinances to make various investments with the following items prohibited: futures; general obligations issued by a foreign government; hedge funds; bonds issued by a state or municipality; limited partnerships; private equities; options; private mortgages; margin accounts; insurance annuities; securities lending; and internally managed assets. Additionally, for each fund, no more than 5% of fund assets may be invested in the securities of any one issuing company (this excludes the U. S. Government and its agencies). No investment may exceed 5% of the outstanding capital stock of any one company. The aggregate investments in common and capital stock and convertible securities (at cost) may not exceed 65% of the assets of the Police and Fire funds, or 60% of the assets of the General Employees fund.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (continued)

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

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.

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.

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.

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 (L1): 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 (L2): 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 (L3): 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 Cocoa Beach, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

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, 2022:

	S&P Rating	Level	Fair Value	Maturities (in years)		
				Less than 1	1 - 5	More than 5
Investments by fair value level						
Primary government						
Cash			\$ 1,463	\$ 1,463	\$ -	\$ -
Debt securities - US						
government obligations	Aaa	L2	1,157,909	774,345	383,564	-
FL PALM	AAAm	-	12,578,482	12,578,482	-	-
FL LGIT Short term bond fund	AAAf	-	1,705,630	1,705,630	-	-
FL LGIT Day to day bond fund	AAAm	-	6,133,482	6,133,482	-	-
FL SAFE	AAAm	-	4,520,162	4,520,162	-	-
Total primary government			26,097,128	25,713,564	383,564	-
Fiduciary funds						
Cash or equivalents	-	-	1,411,929	1,411,929	-	-
Mutual funds	-	L1	50,036,909	50,036,909	-	-
Real estate funds	-	L3	6,777,363	6,777,363	-	-
Alternative investments	-	L2	433,171	433,171	-	-
Florida Municipal Investment Trust	-	-	2,300,398	1,844,920	-	455,478
Total fiduciary fund			60,959,770	60,504,292	-	455,478
Total investments			\$ 87,056,898	\$ 86,217,856	\$ 383,564	\$ 455,478

The following table summarizes the City's Level 3 financial instruments, the value technique used to measure the fair value of those financial instruments as of September 30, 2022, and the significant unobservable inputs and the ranges:

Instrument	Fair Value	Principal Valuation Techniques	Significant Unobservable Inputs	Range (Weighted Average)
Real estate funds	\$ 6,777,363	Discounted cash flow	Discount rate Terminal cap rate Market interest rate	5.25% - 7.50% 4.00% - 6.75% 0.70% - 7.34%

City of Cocoa Beach, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (continued)

The following table summarizes investments measured at fair value based on NAV per share as of September 30, 2022:

Instrument	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
FL PALM	\$ 12,578,482	\$ -	Daily	None
FL LGIT	7,839,112	-	Daily	None
FL SAFE	4,520,162	-	Daily	Up to 5 days
Real estate funds	6,777,363	-	Quarterly	30 days
Alternative investments	433,171	-	Daily	None

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, 2022.

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

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

Alternative Investments– valued at net asset value.

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

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.

Accounts Receivable

For the Wastewater Utility System and Stormwater Utility Funds, 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, 2022 (unbilled receivable), is estimated and accrued at year end. The City deems all amounts collectable therefore an allowance for doubtful accounts is not necessary. If payments are not received from customers, services are shut off and deposits are applied against negative balances.

City of Cocoa Beach, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Accounts Receivable (continued)

Property taxes are considered fully collected (95% of the levy) during and prior to the end of the fiscal year. Therefore, no material amounts of property taxes are receivable as of September 30, 2022. There are no other reserves for receivables recorded by the City as of September 30, 2022.

Capital Assets

The following is a summary of changes in capital assets during the year ended September 30, 2022:

	Beginning Balance *	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 7,950,653	\$ -	\$ -	\$ 7,950,653
Construction-in-progress	20,119,098	1,870,857	(18,562,081)	3,427,874
Capital assets, not being depreciated	28,069,751	1,870,857	(18,562,081)	11,378,527
Capital assets, being depreciated/amortized:				
Buildings	16,078,386	8,972,427	(723)	25,050,090
Improvements other than buildings	25,171,650	11,037,489	-	36,209,139
Equipment	16,760,373	3,134,739	(1,145,419)	18,749,693
Infrastructure	879,707	-	-	879,707
Right-of-use lease assets - equipment *	111,824	-	-	111,824
Capital assets, being depreciated/amortized	59,001,940	23,144,655	(1,146,142)	81,000,453
Less accumulated depreciation/ amortization for:				
Buildings	(4,483,329)	(514,317)	436	(4,997,210)
Improvements other than buildings	(17,156,539)	(1,298,258)	-	(18,454,797)
Equipment	(13,853,355)	(1,358,864)	1,138,600	(14,073,619)
Infrastructure	(303,372)	(17,439)	-	(320,811)
Right-of-use lease assets - equipment *	-	(37,275)	-	(37,275)
Total accumulated depreciation/amortization	(35,796,595)	(3,226,153)	1,139,036	(37,883,712)
Total capital assets being depreciated, net	23,205,345	19,918,502	-	43,116,741
Governmental activities capital assets, net	\$ 51,275,096	\$ 21,789,359	\$ (18,569,187)	\$ 54,495,268

* as restated

City of Cocoa Beach, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (continued)

	Beginning Balance *	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital assets, not being depreciated				
Land	\$ 1,691,599	\$ -	\$ -	\$ 1,691,599
Construction-in-progress *	2,768,867	1,169,157	-	3,938,024
Capital assets, not being depreciated	4,460,466	1,169,157	-	5,629,623
Capital assets, being depreciated				
Buildings	3,982,591	-	-	3,982,591
Infrastructure	50,870,624	19,325	-	50,889,949
Improvements other than buildings	29,885,864	-	-	29,885,864
Equipment	4,938,426	644,747	(27,339)	5,555,834
Capital assets, being depreciated	89,677,505	664,072	(27,339)	90,314,238
Less accumulated depreciation for				
Buildings	(2,192,674)	(72,682)	-	(2,265,356)
Infrastructure	(22,255,404)	(977,364)	-	(23,232,768)
Improvements other than buildings	(13,639,893)	(1,951,565)	-	(15,591,458)
Equipment	(3,778,003)	(415,142)	9,634	(4,183,511)
Total accumulated depreciation	(41,865,974)	(3,416,753)	9,634	(45,273,093)
Total capital assets being depreciated, net	47,811,531	(2,752,681)	(17,705)	45,041,145
Business-type activities capital assets, net	\$ 52,271,997	\$ (1,583,524)	\$ (17,705)	\$ 50,670,768

* as restated

Depreciation/amortization expense was allocated to the governmental functions in the statement of activities as follows:

<i>For the year ended September 30,</i>	<i>2022</i>
Governmental activities	
General government	\$ 391,607
Public safety	591,351
Public works	1,730,809
Economic environment	125,491
Recreation	386,895
Total depreciation expense - governmental activities	\$ 3,226,153

City of Cocoa Beach, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (continued)

Depreciation expense was allocated to the enterprise functions in the statement of revenues, expenses, and changes in fund net position as follows:

<i>For the year ended September 30,</i>	<i>2022</i>
Business-type activities	
Utility system	\$ 3,213,262
Stormwater management	203,491
Total depreciation and amortization expense - business-type activities	\$ 3,416,753

Long-Term Debt and Liabilities

Community Redevelopment Agency Bonds

Florida Municipal Loan Council Refunding and Revenue Bonds, Series 2017B, On September 1, 2017, the Downtown Cocoa Beach Community Redevelopment agency entered into a interlocal agreement with the Florida Municipal Loan Council for the issuance of bonds in an original amount of \$6,790,000 for which the CRA’s proportionate share was \$4,245,000 of serial bonds. The serial bonds are payable in semi-annual installments beginning April 2018 through October 2031 and bear interest from 3% to 5% per annum. The bonds were issued to finance construction of a public parking garage in the Downtown Community Redevelopment Area consisting of approximately 241 parking spaces, bathrooms, showers and an elevator.

Notes payable

Capital Improvement Revenue Note, Series 2014A, On April 23, 2014 the City entered into a loan agreement with a financial institution in an amount of \$3,790,000 and interest of 3.28% per annum for the purpose of a new fire station and other various capital improvements. The loan is secured by pledged revenues from utility franchise fees and contains a covenant whereby, no later than 1 month before the payment date, the City will fund a debt service account with the future payment amount. The loan is payable in semi-annual installments beginning November 1, 2014 through November 1, 2033 and contains prepayment penalties.

Capital Improvement Revenue Refunding Note, Series 2014B, On March 5, 2014, the City entered into a loan agreement with a bank in the amount of \$2,840,000 and interest of 1.88% per annum for the purpose of refunding the State Revolving Fund (SRF) Loan agreement CS12068506P. The loan is secured by pledged revenues from utility franchise fees and contains a covenant whereby, no later than 1 month before the payment date, the City will fund a debt service account with the future payment amount. The loan is payable in semi-annual installments beginning July 15, 2014 through July 15, 2023.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (continued)

Clean Water State Revolving Loan, #050621, On July 6, 2015, the City entered into a loan agreement with the State of Florida in an original amount of \$1,193,215 and interest of 1.48% per annum plus a service charge for the purpose of sewer treatment and rehabilitation projects. The loan is secured by revenues derived from the operation of the City's Utility System fund and payable in semi-annual installments beginning December 2017 through June 2037.

Clean Water State Revolving Loan, #050630, On August 26, 2019 the City entered into a loan agreement with the state in an original amount of \$5,089,289 and interest of 0.345% per annum plus a service charge purpose of sewer treatment and improvement projects. The loan is secured by revenues derived from the operation of the City's Utility System fund and payable in semi-annual installments beginning April 2021 through October 2040.

Special Obligation Revenue Note, Series 2019, On August 22, 2019 the City entered into a loan agreement with a financial institution in an original amount of \$9,751,000 and interest of 2.45% for the purpose of construction of a new police station and the cost of municipal facilities energy and equipment improvement to include; control enhancements, HVAC armor, LED lighting, tightening of building envelopes and roofs. The loan is payable in semi-annual installments beginning January 15, 2020 through July 15, 2039.

Utility Tax Revenue Refunding Note, Series 2020, on October 13, 2020 the City entered into an agreement with a bank in an amount of \$18,892,000 with a fixed interest rate of 1.61% per annum for the purpose of refunding the Clean Water State Revolving Loan #050610 and #050620. The note requires bi-annual payments of interest and principal beginning on December 1, 2020 through the maturity date on December 1, 2036.

The present value of the economic gain of the refunded debt is \$1,379,460.

City of Cocoa Beach, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (continued)

The following is a summary of governmental activities notes payable for the year ended September 30, 2022:

<i>Year ending</i> <i>September 30,</i>	Governmental Activities					
	Capital Improvement Note Series 2014a		CRA Revenue Bonds, Series 2017b		Special Obligation Revenue Note Series 2019	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 180,000	\$ 82,164	\$ 265,000	\$ 135,625	\$ 445,000	\$ 208,336
2024	185,000	76,178	280,000	122,000	456,000	197,299
2025	190,000	70,028	290,000	107,750	467,000	185,992
2026	200,000	63,632	305,000	92,875	478,000	174,416
2027	205,000	56,990	320,000	77,250	490,000	162,558
2028-2032	1,130,000	177,940	1,845,000	156,625	2,637,000	624,444
2033-2037	505,000	16,646	-	-	2,672,000	260,141
2038-2040	-	-	-	-	1,081,000	26,644
Total	2,595,000	543,578	3,305,000	692,125	8,726,000	1,839,830
Current portion	(185,000)	(82,164)	(265,000)	(135,625)	(445,000)	(208,336)
Non-current	\$ 2,410,000	\$ 461,414	\$ 3,040,000	\$ 556,500	\$ 8,281,000	\$ 1,631,494

<i>Year ending</i> <i>September 30,</i>	Governmental Activities	
	Total	
	Principal	Interest
2023	\$ 890,000	\$ 426,125
2024	921,000	395,477
2025	947,000	363,770
2026	983,000	330,923
2027	1,015,000	296,798
2028-2032	5,612,000	959,009
2033-2037	3,177,000	276,787
2038-2040	1,081,000	26,644
Total	14,626,000	3,075,533
Current portion	(890,000)	(426,125)
Non-current	\$ 13,736,000	\$ 2,649,408

City of Cocoa Beach, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (continued)

The following is a summary of business-type activities notes payable for the year ended September 30, 2022:

<i>Year ending</i> <i>September 30,</i>	Business-type Activities					
	SRF Loan #050621		SRF Loan #050630		Capital Improvement Refunding Revenue Note, Series 2014B	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 59,150	\$ 6,438	\$ 224,308	\$ 30,046	\$ 320,000	\$ 6,016
2024	59,561	6,027	225,859	28,496	-	-
2025	59,976	5,612	227,420	26,935	-	-
2026	60,394	5,194	228,992	25,363	-	-
2027	60,816	4,772	230,575	23,780	-	-
2028-2032	310,538	17,402	1,177,000	94,772	-	-
2033-2037	321,645	6,295	1,218,243	53,529	-	-
2038-2042	-	-	878,080	12,159	-	-
Total	932,080	51,740	4,410,477	295,080	320,000	6,016
Current portion	(59,150)	(6,438)	(224,308)	(30,046)	(320,000)	(6,016)
Non-current	\$ 872,930	\$ 45,302	\$ 4,186,169	\$ 265,034	\$ -	\$ -

<i>Year ending</i> <i>September 30,</i>	Business-type Activities			
	Wastewater Utility System Revenue Bond, Series 2020		Total	
	Principal	Interest	Principal	Interest
2023	\$ 1,349,000	\$ 266,769	\$ 1,952,458	\$ 309,269
2024	1,371,000	244,962	1,656,420	279,485
2025	1,394,000	222,800	1,681,396	255,347
2026	1,415,000	200,268	1,704,386	230,825
2027	1,440,000	177,390	1,731,391	205,942
2028-2032	7,552,000	530,358	9,039,538	642,532
2033-2037	2,383,000	38,471	3,922,888	98,295
2038-2042	-	-	878,080	12,159
Total	16,904,000	1,681,018	22,566,557	2,033,854
Current portion	(1,349,000)	(266,769)	(1,952,458)	(309,269)
Non-current	\$ 15,555,000	\$ 1,414,249	\$ 20,614,099	\$ 1,724,585

City of Cocoa Beach, Florida Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Financed purchases

In October 2020, through a Master Lease/Purchase Agreement with a Bank for the acquisition of a fire truck. The contract has a principal amount \$1,200,000 and accrues interest at 1.78% per annum. The purchase agreement requires regular payments beginning on October 15, 2021 through the end of the purchase on October 15, 2030.

In October, 2021, the City acquired golf carts through a Lease/Purchase agreement with a Bank. The contract has a principal amount of \$467,197 and accrues interest at 3.79% per annum. The purchase agreement requires regular quarterly payments beginning on January 15, 2022 through the end of the purchase on October 15, 2026.

In December, 2021, the City acquired a vehicle through a Lease/Purchase agreement with a Bank. The contract has a principal amount of \$440,737 and accrues interest at 1.34% per annum. The purchase agreement requires regular annual payments beginning on December 1, 2022 through the end of the purchase on December 1, 2026.

The following is a summary of minimum payments for financed purchases for the year ended September 30, 2022:

Year ending September 30,	Governmental Activities					
	Tower Truck		Golf Carts		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ -	\$ 21,360	\$ 99,169	\$ 12,432	\$ 99,169	\$ 33,792
2024	141,000	18,850	100,126	11,475	241,126	30,325
2025	143,000	16,305	103,979	7,622	246,979	23,927
2026	146,000	13,706	107,981	7,622	253,981	21,328
2027	149,000	11,054	27,640	262	176,640	11,316
2028-2032	621,000	8,455	-	-	621,000	8,455
Total	1,200,000	89,730	438,895	39,413	1,638,895	129,143
Current portion	-	(21,360)	(99,169)	(12,432)	(99,169)	(33,792)
Non-current	\$ 1,200,000	\$ 68,370	\$ 339,726	\$ 26,981	\$ 1,539,726	\$ 95,351

Year ending September 30,	Business-type Activities	
	Financed Purchase	
	Principal	Interest
2023	\$ 85,816	\$ 5,906
2024	86,966	4,756
2025	88,132	3,591
2026	89,313	2,410
2027	90,510	1,213
2028-2032	-	-
Total	440,737	17,876
Current portion	(85,816)	(5,906)
Non-current	\$ 354,921	\$ 11,970

City of Cocoa Beach, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Leases

The City has entered into lease agreements to obtain the right-to-use of office equipment. The total annual rent for the leases the City paid for the fiscal year ended September 30, 2022 was \$58,557. The lease agreement has monthly payments of \$4,880, with the agreement expiring in fiscal year 2024.

The following is a schedule of minimum future lease payments from lease agreements as of September 30:

<i>September 30,</i>	
2023	\$ 56,390
2024	57,786
<hr/>	
Total	\$ 114,176

Changes In Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2022, was as follows for governmental activities:

	Beginning Balance *	Additions	Reductions	Ending Balance	Due Within One Year
<hr/>					
Governmental activities					
Notes payable					
Capital Improvement Note, Series 2014A	\$ 2,770,000	\$ -	\$ (175,000)	\$ 2,595,000	\$ 180,000
Special Obligation Revenue Note, Series 2019	9,160,000	-	(434,000)	8,726,000	445,000
<hr/>					
Total notes from direct borrowings	11,930,000	-	(609,000)	11,321,000	625,000
<hr/>					
Bonds payable					
Florida Municipal Loan Council Refund and Revenue Bonds, Series 2017B	3,555,000	-	(250,000)	3,305,000	265,000
<hr/>					
Total bonds payable	3,555,000	-	(250,000)	3,305,000	265,000
<hr/>					
Bond premiums	314,839	-	(28,619)	286,220	-
Financed purchases	1,238,965	467,197	(67,267)	1,638,895	99,169
Lease liabilities	169,548	-	(55,372)	114,176	56,390
Compensated absences	1,123,601	491,808	(655,418)	959,991	578,400
<hr/>					
Governmental activity long-term liabilities	\$ 18,331,953	\$ 959,005	\$ (1,665,676)	\$ 17,625,282	\$ 1,623,959

* restated for lease liabilities

City of Cocoa Beach, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Changes In Long-Term Liabilities (continued)

The Capital improvement Note, Series 2014a, the Special Obligation Note Series 2019, and compensated absences will be liquidated in future periods primarily by the General Fund for governmental activities. The Florida Municipal Loan Council Refund and Revenue Bonds, Series 2017B will be liquidated by the Community Redevelopment Agency fund.

Long-term liability activity for the year ended September 30, 2022, was as follows for business-type activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
Notes payable					
SRF Loan #050621	\$ 990,821	\$ -	\$ (58,741)	\$ 932,080	\$ 59,150
SRF Loan #050630	4,633,245	-	(222,768)	4,410,477	224,308
Capital Improvement Refunding					
Revenue Note, Series 2014B	635,000	-	(315,000)	320,000	320,000
Wastewater Utility System					
Revenue Bond, Series 2020	18,233,000	-	(1,329,000)	16,904,000	1,349,000
Total notes from direct borrowings	24,492,066	-	(1,925,509)	22,566,557	1,952,458
Financed purchase	-	440,737	-	440,737	85,816
Compensated absences	147,836	120,062	(94,485)	173,413	94,500
Business-type activity					
long-term liabilities	\$ 24,639,902	\$ 560,799	\$ (2,019,994)	\$ 23,180,707	\$ 2,132,774

Business-type activities notes payable and compensated absences will be liquidated by their respective proprietary fund.

City of Cocoa Beach, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Pledged Revenues

The City has revenue notes outstanding at September 30, 2022, for which revenues of the City have been pledged for repayment. Revenues pledged to repay these obligations are as follows:

	Amount Issued	Future Principal and Interest	Current Pledged Revenue	Current Year Principal and Interest	Current Percentage of Revenue
Governmental Activities:					
Revenue Notes					
Capital Improvement Note, Series 2014A	\$ 3,790,000	\$ 3,138,578	\$ 1,552,105	\$ 262,986	17%
Special Obligation Revenue Note, Series 2019	\$ 9,751,000	\$ 10,565,830	\$ 15,699,715	\$ 653,104	4%
Florida Municipal Loan Council Refund and Revenue, Series 2017B	\$ 6,790,000	\$ 3,997,125	432,725	\$ 399,660	92%
Business-type Activities:					
SRF Loan #050621	\$ 1,193,215	\$ 983,820	\$ 888,651	\$ 65,588	7%
SRF Loan #050630	\$ 5,089,289	\$ 4,705,557	\$ 8,165,472	\$ 254,354	3%
Capital Improvement Refunding Revenue Note, Series 2014B	\$ 2,840,000	\$ 326,016	\$ 1,219,996	\$ 326,938	27%
Wastewater Utility System Revenue Bond, Series 2020	\$ 18,892,000	\$ 18,585,018	\$ 8,165,472	\$ 1,617,246	20%

Interfund Receivables, Payables And Transfers

Transfers	Transfers		Net
	In	Out	
Major Funds			
General Fund	\$ 1,034,261	\$ (1,033,604)	\$ 657
Community Redevelopment Agency	-	(41,252)	(41,252)
Non-major funds	1,013,604	(171,609)	841,995
Utility Fund	169,802	(943,177)	(773,375)
Stormwater Management Fund	60,000	(88,025)	(28,025)
Total	\$ 2,277,667	\$ (2,277,667)	\$ -

The transfer from the General Fund to the Community Redevelopment Fund provides incremental ad-valorem tax revenue in accordance with the CRA agreement. The transfers from the CRA and the General Fund to the Capital Improvement fund are for construction of a new building. Transfers from the Utility Fund and Stormwater Management fund to the General Fund are at amounts authorized by the City Commission and intended to reimburse for services rendered.

City of Cocoa Beach, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Net Investment In Capital Assets

The elements of this calculation are as follows:

	Governmental Activities	Business-type Activities	Total
Capital assets (net)	\$ 54,495,268	\$ 50,670,768	\$ 105,166,036
Outstanding debt related to capital assets	(16,665,291)	(23,007,294)	(39,672,585)
Net investment in capital assets	\$ 37,829,977	\$ 27,663,474	\$ 65,493,451

Note 4: RETIREMENT PLANS

Description of Plans

The City maintains three contributory single employer defined benefit pension plans (Plans) that provide for retirement, disability, and death benefits as described below. These Plans are:

- City of Cocoa Beach General Employees' Pension Trust Fund (General Employees)
- City of Cocoa Beach Police Officers' Retirement Trust Fund (Police Officers')
- City of Cocoa Beach Firefighters' Retirement Trust Fund (Firefighters')

Summary of significant accounting policies (all Plans)

Basis of accounting

The Plans' 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 each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits, refunds, and administrative costs are recognized when due and payable in accordance with the terms of each plan. On-behalf payments, made by the state totaling \$115,133 and \$177,433 for the Police Officers' and Firefighters' plans respectively, were recognized as revenues and expenditures in the General Fund during the year ended September 30, 2022.

Method used to value investments

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. 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.

Note 4: RETIREMENT PLANS (Continued)

Presentation of financial statements

The Plans do not issue stand-alone financial reports and are not included in the reports of any other entity.

Funding requirements

The City uses the entry age normal actuarial cost method (EAN) to determine required contributions. This method provides a stable pattern of minimum required contributions at a level dollar amount (for each plan) and allows a more transparent analysis of the changes experienced from one year to the next.

City contributions are actuarially determined sufficient to pay current costs and amortize unfunded past service costs, if any, as provided in Chapter 112, Florida Statutes.

Florida Statutes, Chapters 175 and 185, require members to contribute not less than .5% of their annual salary. The City is required to contribute at an actuarially determined rate, which includes the state's premium tax proceeds. Employer contributions for police officers and firefighters include on-behalf payments from the state of Florida related to state excise taxes collected on homeowners' insurance policies. Municipalities that have established pension plans complying with the provisions of Chapters 175 and 185, Florida Statutes, and that have enacted appropriate taxing legislation are eligible to receive revenues generated from excise taxes on gross receipts of certain insurance premiums from policyholders covering property within the City limits.

These state premium tax proceeds are the Firefighters' Pension Fund Excise Tax, which is imposed on the gross receipts of property insurance policy premiums, and the Police Officers' Pension Fund Excise Tax, which is imposed on the gross receipts of casualty insurance policy premiums.

Contributions

Active members of each Plan are required to contribute 5% of base wages to the Plan. For all plans, the City pays the amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

Plan administration

The General Employees Pension Plan is administered by a Board of Trustees comprised of:

- a. Two Trustees who are Plan participants, either a current employee or a retiree receiving benefits, elected by the employees in secret ballot elections;
- b. One resident of the City to be appointed by the City Commission;
- c. One member of the City Commission chosen by the City Commission;
- d. The City Chief Financial Officer who serves as Chairman of the Board of Trustees.

The Police Officers' Retirement Trust Fund is administered by a Board of Trustees comprised of:

- a. Two City Commission appointees who are City residents;
- b. Two elected Members of the Plan;
- c. Fifth Member elected by other four and appointed by Commission.

City of Cocoa Beach, Florida
Notes to Financial Statements

Note 4: RETIREMENT PLANS (Continued)

The Firefighters' Retirement Trust is administered by a Board of Trustees comprised of:

- a. Two City Commission appointees who are City residents;
- b. Two elected Members of the Plan;
- c. Fifth Member elected by other four and appointed by Commission.

Plan membership as of the valuation date of October 1, 2021 is as follows:

<i>Plan Membership</i>	General Employees	Police Officers'	Fire- fighters'
Inactive plan members or beneficiaries currently receiving benefits	111	38	27
Inactive plan members entitled to, but not yet receiving benefits	32	9	4
Active plan members	128	35	25
Total plan membership	271	82	56

Plan benefits

The three plans provide retirement, termination, disability, and death benefits. A summary of those benefits, by plan, is outlined below.

	General Employees	Police Officers'	Firefighters'
Normal Retirement:	Age 62 and 5 years of service.	Age 55 and 10 years of service, age 52 and 25 years of service, 30 years of service regardless of age.	Age 55 and 10 years of service, 25 years of service regardless of age.
	Benefits if employed on or after 11/18/1999, 2.50% of Average Final Compensation times Credited Service. If employed before 11/18/1999, 3.00% of Average Final Compensation times Credited Service. If the Member had 25 or more years of Credited Service on 12/31/1998, the maximum benefit payable is 90% of Average Final Compensation. Otherwise, the maximum benefit payable is 80% of Average Final Compensation.	Retirement benefits are calculated as 4.00% of Average Final Compensation (AFC) times Credited Service before 11/19/1998, plus 3.00% of AFC times Credited Service on or after 11/19/1998.	4% of Average Final Compensation (AFC) times Credited Service before 11/19/98, plus 3% of AFC times Credited Service on or after 11/19/98.

City of Cocoa Beach, Florida
Notes to Financial Statements

Note 4: RETIREMENT PLANS (Continued)

Plan Membership and Benefits (continued)

	General Employees	Police Officers'	Firefighters'
Early Retirement:	Age 52 and 5 years of Credited Service.	Age 50 and 10 Years of Credited Service. Deferred benefit payable at Normal Retirement or immediate benefit reduced 3% per year.	Age 45 and 10 years of Credited Service. Benefit Amount: Deferred benefit payable at Normal Retirement or immediate benefit reduced 3% per year.
Termination of Employment:	Vested employees receive full benefits upon retirement age. Nonvested are entitled to return of employee contributions.	Vested employees receive full benefits upon retirement age. Nonvested are entitled to return of employee contributions.	Vested employees receive full benefits upon retirement age. Nonvested are entitled to return of employee contributions.
Disability Benefits:	Disability benefit accrued to date of disability, reduced as for Early Retirement from date of disability to Normal Retirement Date.	Benefit accrued to date of disability but not less than 42% of Average Monthly Earnings (Service Incurred).	Benefit accrued to date of disability but not less than 42% of Average Monthly Earnings (Service Incurred).
Pre-retirement Death Benefits:	Survivor benefit is 10 year certain amount adjusted for vesting status at time of death of plan member. Nonvested are entitled to return of employee contributions.	Survivor benefit is 10 year certain amount adjusted for vesting status at time of death of plan member. Nonvested are entitled to return of employee contributions.	Survivor benefit is 10 year certain amount adjusted for vesting status at time of death of plan member. Nonvested are entitled to return of employee contributions.
Deferred Retirement Option (DROP):	Normal retirement date. Accrued benefit frozen but earns interest until DROP exit (no more than 5 years later).	Normal retirement date. Accrued benefit frozen but earns interest until DROP exit (no more than 5 years later).	Normal retirement date. Accrued benefit frozen but earns interest until DROP exit (no more than 5 years later).

City of Cocoa Beach, Florida
Notes to Financial Statements

Note 4: RETIREMENT PLANS (Continued)

Pension Plan Investments

Each plan's investment policy was adopted by the respective Pension Board of Trustees, which has the authority for establishing and amending investment policy decisions for each of the plans that they administer. The policy outlines suitable, authorized investments along with asset allocations.

For the year ended September 30, 2022, the annual money-weighted rate of return on the plans' investments, net of pension investment expense, was (18.96)% for General, (17.77)% for Police, and (18.09)% for Fire. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

	General Employees	Police Officers'	Fire- fighters'
Annual money-weighted rate of return net of investment expenses	-18.96%	-17.77%	-18.09%

Net Pension Liability, Significant Assumptions, And Discount Rate

The components of the net pension liability of the City as of September 30, 2022, were as follows:

	General Employees	Police Officers'	Fire- fighters'
General employees			
Total pension liability	\$ 31,753,038	\$ 21,288,852	\$ 19,829,948
Plan fiduciary net position	(27,323,538)	(15,659,800)	(15,632,671)
City's net pension liability	\$ 4,429,500	\$ 5,629,052	\$ 4,197,277
Plan fiduciary net position as a percentage of the total pension liability	86.05%	73.56%	78.83%

The total pension liability was determined by an actuarial valuation, using the following actuarial assumptions applied to all measurement periods for each plan.

	General Employees	Police Officers'	Fire- fighters'
Valuation date	October 1, 2021	October 1, 2021	October 1, 2021
Inflation	2.60%	2.50%	2.50%
Salary increases (including inflation)	Service based	Service based	Service based
Investment rate of return (net of investment expense, including inflation)	7.25%	7.40%	7.40%
Discount rate	7.25%	7.40%	7.40%

City of Cocoa Beach, Florida
Notes to Financial Statements

Note 4: RETIREMENT PLANS (Continued)

Net Pension Liability, Significant Assumptions, And Discount Rate (continued)

Mortality rates were based on the July 1, 2018 FRS special risk actuarial valuation for the Police and Fire Employees plans and the July 1, 2018 FRS no special risk actuarial valuation for the General Employees plan. Disabled tables were used for disabled lives.

For the Firefighters and Police Officers' plans, actuarial assumptions used in the October 1, 2021 valuation were based on the results of an actuarial experience study issued August 3, 2021 and July 29, 2021, respectively. The actuarial assumptions used for General Employees plan October 1, 2020 valuation were based upon an experience study dated November 16, 2021.

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 plans' target asset allocation as of September 30, 2022, are summarized in the following table:

Asset Class	General Employees		Police Officers'		Firefighters'	
	Target Allocation	Long-term Expected Rate of Return	Target Allocation	Long-term Expected Rate of Return	Target Allocation	Long-term Expected Rate of Return
Domestic equity	35.00%	7.10%	50.00%	7.50%	50.00%	7.50%
International equity	15.00%	3.10%	15.00%	8.50%	15.00%	8.50%
Broad market fixed income	-	-	15.00%	2.50%	15.00%	2.50%
Global fixed income	-	-	5.00%	3.50%	5.00%	3.50%
Real estate	-	-	15.00%	4.50%	15.00%	4.50%
Bonds	30.00%	2.00%	-	-	-	-
Convertibles	10.00%	6.40%	-	-	-	-
Infrastructure	5.00%	5.60%	-	-	-	-
Private Real Estate	5.00%	6.40%	-	-	-	-
	100.00%		100.00%		100.00%	

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each 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 net pension liability.

City of Cocoa Beach, Florida
Notes to Financial Statements

Note 4: RETIREMENT PLANS (Continued)

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

For the year ended September 30, 2022, the City recognized a pension expense of \$1,153,630 for the General Employees plan; \$841,728 for the Police Officers' plan; and \$980,219 for the Firefighters' plan.

On September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	General Employees		Police Officers'		FireFighters'	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 196,746	\$ 529,186	\$ 301,327	\$ -	\$ 453,973	\$ -
Changes of assumptions	571,176	171,054	303,444	49,137	290,502	35,190
Net difference between projected and actual earnings	4,728,508	-	2,440,281	-	2,561,349	-
Contributions made subsequent to the measurement date	-	-	-	-	-	-
Total	\$ 5,496,430	\$ 700,240	\$ 3,045,052	\$ 49,137	\$ 3,305,824	\$ 35,190

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>	General Employees	Police Officers'	Firefighters'
2023	\$ 1,039,723	\$ 778,485	\$ 863,713
2024	898,963	698,731	753,482
2025	1,084,301	539,375	651,219
2026	1,773,203	979,324	1,002,220
Total	\$ 4,796,190	\$ 2,995,915	\$ 3,270,634

City of Cocoa Beach, Florida
Notes to Financial Statements

Note 4: RETIREMENT PLANS (Continued)

Changes in Net Pension Liability and Sensitivity to Changes in Discount Rate

General Employees

	Pension Liability	Fiduciary Net Position	(Asset) Liability
Balances at September 30, 2021	\$ 30,822,283	\$ 34,985,330	\$ (4,163,047)
Changes for the year			
Service cost	686,541	-	686,541
Interest	2,219,660	-	2,219,660
Differences between expected and actual experience	(189,801)	-	(189,801)
Changes of assumptions	-	-	-
Contributions - employer	-	415,004	(415,004)
Contributions - employee	-	321,424	(321,424)
Net investment income	-	(6,559,342)	6,559,342
Benefit payments, including refunds of employee contributions	(1,785,645)	(1,785,645)	-
Administrative expense	-	(53,233)	53,233
Net changes	930,755	(7,661,792)	8,592,547
Balances at September 30, 2022	\$ 31,753,038	\$ 27,323,538	\$ 4,429,500

The sensitivity of the net pension liability to changes in the discount rate is shown below.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's net pension liability - General Employees	\$ 7,772,236	\$ 4,429,500	\$ 1,588,052

City of Cocoa Beach, Florida
Notes to Financial Statements

Note 4: RETIREMENT PLANS (Continued)

Changes in Net Pension Liability and Sensitivity to Changes in Discount Rate (continued)

Police Officers'

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2021	\$ 20,389,156	\$ 19,640,776	\$ 748,380
Changes for the year			
Service cost	322,205	-	322,205
Interest	1,485,780	-	1,485,780
Differences between expected and actual experience	358,225	-	358,225
Changes of assumptions	-	-	-
Contributions - employer	-	555,000	(555,000)
Contributions - state	-	115,133	(115,133)
Contributions - employee	-	117,421	(117,421)
Net investment income	-	(3,462,389)	3,462,389
Benefit payments, including refunds of employee contributions	(1,266,514)	(1,266,514)	-
Administrative expense	-	(39,627)	39,627
Net changes	899,696	(3,980,976)	4,880,672
Balances at September 30, 2022	\$ 21,288,852	\$ 15,659,800	\$ 5,629,052

The sensitivity of the net pension liability to changes in the discount rate is shown below.

	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
City's net pension liability - Police Officers'	\$ 8,060,824	\$ 5,629,052	\$ 3,597,895

City of Cocoa Beach, Florida
Notes to Financial Statements

Note 4: RETIREMENT PLANS (Continued)

Changes in Net Pension Liability and Sensitivity to Changes in Discount Rate (continued)

Firefighters'

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
Balances at September 30, 2021	\$ 19,101,565	\$ 19,899,141	\$ (797,576)
Changes for a year			
Service cost	353,308	-	353,308
Interest	1,389,162	-	1,389,162
Differences between expected and actual experience	350,747	-	350,747
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - employer	-	425,000	(425,000)
Contributions - state	-	177,433	(177,433)
Contributions - employee	-	96,706	(96,706)
Net investment income	-	(3,564,535)	3,564,535
Benefit payments, including refunds of employee contributions	(1,364,834)	(1,364,834)	-
Administrative expense	-	(36,240)	36,240
Net changes	728,383	(4,266,470)	4,994,853
Balances at September 30, 2022	\$ 19,829,948	\$ 15,632,671	\$ 4,197,277

The sensitivity of the net pension liability to changes in the discount rate is shown below.

	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
City's net pension liability - Firefighters'	\$ 6,373,756	\$ 4,197,277	\$ 2,371,826

Pension Plan Financial Statements

The City does not issue separate financial statements for the General Employees, Police Officers' or the Firefighters pension plans. The basic financial statements of the City include a statement of net position and a statement of changes in fiduciary net position that presents a single column for each fund type for all pension trust funds.

City of Cocoa Beach, Florida
Notes to Financial Statements

Note 4: RETIREMENT PLANS (Continued)

Pension Plan Financial Statements (continued)

Combining fiduciary fund information

The following tables present the combined fiduciary funds net position activity as of September 30, 2022:

<i>September 30, 2022</i>	Employee Benefit Fund				Total
	OPEB Trust Fund	General			
		Employees	Police Officers'	Firefighters'	
Assets					
Contribution receivable	\$ -	\$ -	\$ 36	\$ 546	\$ 582
Investments, at fair value	2,300,397	27,356,234	15,665,389	15,637,750	60,959,770
Total assets	2,300,397	27,356,234	15,665,425	15,638,296	60,960,352
Liabilities					
Accounts payable	-	32,696	5,625	5,625	43,946
Total liabilities	-	32,696	5,625	5,625	43,946
Net Position					
Restricted for pensions	-	27,323,538	15,659,800	15,632,671	58,616,009
Restricted for OPEB benefits	2,300,397	-	-	-	2,300,397
Total net position	\$ 2,300,397	\$ 27,323,538	\$ 15,659,800	\$ 15,632,671	\$ 60,916,406

The net OPEB liability is generally liquidated by the General Fund. The net pension liabilities of the Police Officers' and Firefighters' pension plans will be liquidated by the General Fund. The net pension liability of the General Employees' pension plan will be liquidated by the General Fund and the respective proprietary funds.

City of Cocoa Beach, Florida
Notes to Financial Statements

Note 4: RETIREMENT PLANS (Continued)

Pension Plan Financial Statements (continued)

The fiduciary funds change in fiduciary net position activity for the year ended September 30, 2022 was as follows:

<i>For the year ended September 30, 2022</i>	Pension Trust				Total
	OPEB Trust Fund	General Employees	Police Officers'	Firefighters'	
Additions					
Contributions					
State	\$ -	\$ -	\$ 115,133	\$ 177,433	\$ 292,566
Employer	100,000	415,004	555,000	425,000	1,495,004
Employees	-	321,424	117,421	96,706	535,551
Total contributions	100,000	736,428	787,554	699,139	\$ 2,323,121
Investment income (loss)					
Net depreciation in the fair value of investments	-	(8,933,466)	(4,692,117)	(5,011,124)	(18,636,707)
Interest and dividends	(392,180)	2,500,318	1,290,195	1,507,202	4,905,535
	(392,180)	(6,433,148)	(3,401,922)	(3,503,922)	(13,731,172)
Less: investment expense	(3,128)	(126,195)	(60,467)	(60,613)	(250,403)
Total investment income (loss)	(395,308)	(6,559,343)	(3,462,389)	(3,564,535)	(13,981,575)
Total additions	(295,308)	(5,822,915)	(2,674,835)	(2,865,396)	(11,658,454)
Deductions					
Benefits paid	53,671	1,736,808	1,266,514	1,364,832	4,421,825
Refunds of contributions	-	48,837	-	-	48,837
Administrative expenses	-	53,233	52,611	48,617	154,461
Total deductions	53,671	1,838,878	1,319,125	1,413,449	4,625,123
Change in net position	(348,979)	(7,661,793)	(3,993,960)	(4,278,845)	(16,283,577)
Net position, beginning of year	2,649,376	34,985,331	19,653,760	19,911,516	77,199,983
Net position, end of year	\$ 2,300,397	\$ 27,323,538	\$ 15,659,800	\$ 15,632,671	\$ 60,916,406

City of Cocoa Beach, Florida
Notes to Financial Statements

Note 5: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The City of Cocoa Beach’s Retiree Health Care Plan (Plan) is a single employer defined benefit postemployment health care plan that covers eligible retired employees. The Plan, which is administered by the City, allows employees who retire and meet retirement eligibility requirements under one of the City’s retirement plans to continue medical and life insurance coverage as a participant in the City’s plan.

Benefits Provided

Pre-Medicare retirees who retired prior to January 1, 2009 and retired from active service before January 1, 2014 (with a minimum of 10 years of service) and participate in the group insurance plan offered by the City of Cocoa Beach are required to contribute 50% of the active premium. Once these retirees are Medicare eligible, the City converts the health insurance to a Medicare supplement policy and pays 50% of the premium.

Retirees who retire after January 1, 2014, but were hired prior to January 1, 2009, must meet certain age and service requirements to be eligible for any City-paid premiums.

For retirees hired after January 1, 2009, at least 25 years of service is required before the City will contribute 33% of Pre-Medicare premiums. In addition, General employees must be at least age 62 and Police Officers and Firefighters must be at least age 55. Retirees are eligible for coverage in the Medicare supplement policy but pay 100% of the premium.

For employees who retired prior to October 1, 2006, life Insurance is offered in the amount of \$5,000 to retirees up to age 70, and then coverage drops to \$2,500. The retiree contributes 100% of the premium for this benefit.

Funding Policy

The contributions made to the program are no less than the benefits paid to retirees (both on an explicit and implicit basis) and administrative expenses. Additional funding is determined during the annual budget process and approved by the Commission.

Plan Membership

OPEB membership consisted of the following:

September 30, 2022

Inactive plan members or beneficiaries currently receiving benefits	55
Inactive plan members entitled to, but not yet receiving benefits	-
Active plan members	193
Total plan membership	248

City of Cocoa Beach, Florida
Notes to Financial Statements

Note 5: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Actuarial Assumptions and Other Inputs

In the September 30, 2022 measurement data, the actuarial assumptions and other inputs, applied include the following:

Inflation	2.50%
Salary increase rates(s)	Varies with Service
Discount rate	5.77%
Health care cost trend rates	Initially 7.5% trending to 4% over 53 years
Investment rate of return	6.50%

The Long-Term Expected Rate of Return on OPEB 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 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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Core bonds	10.00%	1.40%
Core plus	10.00%	1.70%
US large cap equity	30.00%	5.10%
US small cap equity	16.00%	5.60%
Non-US equity	24.00%	5.60%
Core real estate	10.00%	4.50%

All mortality rates were based on the Pub-2010 mortality tables. All mortality rates are those outlined in Milliman's July 1, 2021 Florida Retirement System (FRS) valuation report. All tables include fully generational adjustments for mortality improvements using gender-specific improvement scale MP-2018.

City of Cocoa Beach, Florida
Notes to Financial Statements

Note 5: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Changes in OPEB Liability and Sensitivity to Changes in Discount Rate

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Total OPEB Liability (a) - (b)
Balance as of September 30, 2021	\$ 6,034,485	\$ 2,595,704	\$ 3,438,781
Changes for the year			
Service cost	147,667	-	147,667
Interest	301,209	-	301,209
Changes of assumptions	(707,531)	-	(707,531)
Difference between expected and actual experience	(135,364)	-	(135,364)
Explicit contributions - employer	-	100,000	(100,000)
Implicit contributions - employer	-	237,849	(237,849)
Net investment income (loss)	-	(392,179)	392,179
Explicit benefit payments	(271,653)	(271,653)	-
Implicit benefit payments	33,804	33,804	-
Administrative expenses	-	(3,128)	3,128
Net changes	(631,868)	(295,307)	(336,561)
Balance as of September 30, 2022	\$ 5,402,617	\$ 2,300,397	\$ 3,102,220

Changes of assumptions reflect a change in the discount rate from 5.08% for the year ended September 30, 2021, to 5.77% for the year ended September 30, 2022. Also reflected are updated health care costs and premiums, updated health care cost trend rates, and updated retirement, termination and salary increase rates.

Sensitivity of the Net OPEB Liability

The following table represents the City's total and net OPEB liability calculated using the current discount rate, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (4.77%)	Current Discount Rate (5.77%)	1% Increase (6.77%)
Net OPEB Liability	\$ 3,749,459	\$ 3,102,220	\$ 2,566,435

City of Cocoa Beach, Florida
Notes to Financial Statements

Note 5: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Changes in OPEB Liability and Sensitivity to Changes in Discount Rate

The following table represents the City's total and net OPEB liability calculated using the current health care cost trend as well as what the City's net OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

	Healthcare Cost		
	1% Decrease (3.00% - 6.50%)	Trend Rates (4.00% - 7.50%)	1% Increase (5.00% - 8.50%)
Net OPEB Liability	\$ 2,500,455	\$ 3,102,220	\$ 3,831,950

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

For the fiscal year ended September 30, 2022, the City of Cocoa Beach recognized an OPEB expense (benefit) of \$(180,256). In addition the City reported deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 272,447	\$ 751,271
Change of assumptions	483,485	1,911,031
Net difference between projected and actual earnings on OPEB plan investments	154,884	-
Total	\$ 910,816	\$ 2,662,302

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in the expense as follows:

Year ending September 30,

2023	\$ (453,935)
2024	(211,546)
2025	(209,125)
2026	(127,060)
2027	(374,913)
Thereafter	(374,907)
Total	\$ (1,751,486)

Note 6: 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; injuries to employees; and natural disasters.

The City purchases separate commercial insurance coverage for workers' compensation, liability, and property damage. Coverage for workers' compensation and automobile claims are limited to the maximum liability exposure the City faces under Florida statutes. Coverage for general liability claims is a maximum of \$1,000,000 combined single limit.

The commercial insurance carried is a claims incurred policy for which the City is covered for claims originating against the City during the policy period. The amount of coverage is dependent on the date of the liability-imposing event. The City has maintained continuous coverage and does not believe it has any exposure to events which occurred prior to the year ended September 30, 2022.

The employee medical insurance is a shared cost policy for which the City pays a recurring administrative fee and claims as asserted. The City's health insurance expenditure is based upon a carryforward experience level, whereby each month the City pays the benefit payments net of the specific stop loss, plus the in-month change in experience deficit, plus adjustments. As of September 30, 2022, the City has an estimated \$253,325 in outstanding claims incurred but not reported. Consequently, the City does not believe it has any future exposure for medical claims by its employees beyond this estimate.

Note 7: COMMITMENTS AND CONTINGENCIES

Litigation

During the ordinary course of its operation, the City is party to various claims, legal actions, and complaints. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the City, the liabilities which may arise from such actions would not result in losses which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the City or results of activities.

Grants and Financial Assistance

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

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



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City of Cocoa Beach, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual – General Fund

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 16,218,219	\$ 16,218,219	\$ 16,779,308	\$ 561,089
Licenses and permits	2,101,768	2,101,768	141,056	(1,960,712)
Intergovernmental revenues	17,782,053	17,782,053	5,209,751	(12,572,302)
Charges for services	9,514,427	9,514,427	10,175,686	661,259
Fines and forfeitures	51,300	92,858	54,829	(38,029)
Investment earnings	20,000	20,000	(562)	(20,562)
Miscellaneous revenues	86,000	86,000	77,173	(8,827)
Total revenues	45,773,767	45,815,325	32,437,241	(13,378,084)
Expenditures				
Current:				
General government:				
Mayor and City Commission	113,265	113,265	81,786	31,479
City Attorney - legal services	252,000	252,000	247,243	4,757
City Manager	428,879	491,709	544,213	(52,504)
Personnel	345,179	367,764	338,649	29,115
City Clerk	255,173	262,655	215,458	47,197
Finance	874,659	918,668	872,773	45,895
Metered parking program	449,472	466,179	482,193	(16,014)
Information technology	1,249,216	1,285,201	922,455	362,746
Other general government	1,895,292	1,895,292	1,321,376	573,916
Public safety:				
Police department	4,781,307	4,854,991	4,881,239	(26,248)
Communications	810,011	816,676	790,500	26,176
Fire department	4,093,664	4,168,830	4,199,201	(30,371)
Building department:				
Planning, zoning and	356,873	344,968	300,432	44,536
Inspections and permits	633,796	680,872	29,538	651,334
Transportation/public works:				
Field operations	1,417,632	1,398,344	1,303,136	95,208
Building maintenance	899,266	921,160	886,824	34,336
Grounds maintenance	673,543	697,020	737,229	(40,209)
Fleet management	874,790	889,330	799,105	90,225
Physical environment	2,784,800	2,784,800	3,108,263	(323,463)

City of Cocoa Beach, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual – General Fund (Continued)

Recreation:				
Administration and community	455,841	475,635	460,547	15,088
Golf	2,163,360	2,245,778	2,357,017	(111,239)
Parks	229,080	153,168	138,101	15,067
Swimming pool	511,711	528,346	399,858	128,488
Beach rangers	75,136	81,050	86,899	(5,849)
Tennis courts	2,200	2,200	774	1,426
Capital outlay	17,555,881	20,121,395	5,182,319	14,939,076
Debt service:				
Principal	647,965	647,965	731,639	(83,674)
Interest	329,182	329,182	329,904	(722)
Total expenditures	45,159,173	48,194,443	31,748,671	16,445,772
Excess of (deficiency) of revenues	614,594	(2,379,118)	688,570	3,067,688
Other Financing Sources (Uses)				
Transfers in	862,652	862,652	1,034,261	171,609
Transfers out	(820,000)	(820,000)	(1,033,604)	213,604
Issuance of debt	-	-	467,197	(467,197)
Proceeds from sale of assets	5,000	5,000	828,473	823,473
Total other financing sources (uses)	47,652	47,652	1,296,327	741,489
Net change in fund balance	662,246	(2,331,466)	1,984,897	3,809,177
Fund balance, beginning of the year,	13,321,952	13,321,952	13,321,952	-
Fund balance, end of year	\$ 13,984,198	\$ 10,990,486	\$ 15,306,849	\$ 3,809,177

Note that this schedule is prepared on a budgetary basis, but is not different from Generally Accepted Accounting Principles (GAAP) in the presentation.

City of Cocoa Beach, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual – Community Redevelopment Agency

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 888,440	\$ 888,440	\$ 888,076	\$ (364)
Charges for services	245,200	245,200	432,725	187,525
Interest	500	500	35	(465)
Miscellaneous revenue	-	-	3,000	3,000
Total revenues	1,134,140	1,134,140	1,323,836	189,696
Expenditures				
Economic development	168,372	169,386	169,446	(60)
Debt service	335,423	335,423	250,000	85,423
Interest expense	149,661	149,661	149,660	1
Total expenditures	653,456	654,470	569,106	85,364
Excess (Deficiency) of Revenues Over (Under) Expenditures	480,684	479,670	754,730	275,060
Other Financing Sources				
Transfers out	(41,252)	(41,252)	(41,252)	-
Total other financing sources	(41,252)	(41,252)	(41,252)	-
Net change in fund balance	439,432	438,418	713,478	275,060
Fund balance, beginning of year	803,558	803,558	803,558	-
Fund balance, end of year	\$ 1,242,990	\$ 1,241,976	\$ 1,517,036	\$ 275,060

Note that this schedule is prepared on a budgetary basis, but is not different from Generally Accepted Accounting (GAAP) in the presentation.

City of Cocoa Beach, Florida
Schedule of Changes in Net Pension Liability and Related Ratios
General Employees' Retirement Fund
Last Ten Fiscal Years

<i>As of and for the year ended September 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability										
Service cost	\$ 686,541	\$ 639,073	\$ 622,293	\$ 619,034	\$ 625,201	\$ 584,519	\$ 545,829	\$ 533,313	\$ 539,287	\$ 500,499
Interest	2,219,660	2,244,412	2,145,833	2,077,332	1,988,818	1,853,234	1,732,753	1,651,759	1,564,938	1,476,982
Difference between expected and actual experience	(189,801)	(515,553)	491,865	(340,064)	(107,227)	469,323	(316,930)	(113,781)	-	-
Changes of assumptions	-	951,960	(427,634)	-	-	40,962	688,895	-	-	-
Contributions - buy back	-	-	-	-	-	6,585	-	-	-	-
Benefit payments, including refunds of member contributions	(1,785,645)	(1,637,369)	(1,516,932)	(1,434,443)	(1,282,573)	(1,209,098)	(1,060,176)	(1,017,261)	(938,707)	(824,004)
Net change in total pension liability	930,755	1,682,523	1,315,425	921,859	1,224,219	1,745,525	1,590,371	1,054,030	1,165,518	1,153,477
Total pension liability - beginning	30,822,283	29,139,760	27,824,335	26,902,476	25,678,257	23,932,732	22,342,361	21,288,331	20,122,813	18,969,336
Total pension liability - ending (a)	31,753,038	30,822,283	29,139,760	27,824,335	26,902,476	25,678,257	23,932,732	22,342,361	21,288,331	20,122,813
Plan Fiduciary Net Position										
Contribution - employer	415,004	605,000	560,000	525,000	510,000	425,001	559,031	786,715	898,200	850,280
Contribution - employee	321,424	294,853	293,346	283,369	279,093	284,664	279,795	248,332	235,872	231,937
Contributions - buy back	-	-	-	-	-	6,585	-	-	-	-
Net investment income	(6,559,342)	6,146,104	3,075,647	1,015,118	1,981,691	2,639,271	2,007,647	(669,085)	1,955,398	2,302,167
Benefit payments, including refunds of member contributions	(1,785,645)	(1,637,369)	(1,516,932)	(1,434,443)	(1,282,573)	(1,209,098)	(1,060,176)	(1,017,261)	(938,707)	(824,004)
Administrative expense	(53,233)	(40,466)	(52,696)	(23,527)	(27,732)	(22,069)	(23,056)	(20,811)	(21,453)	(14,705)
Net change in plan fiduciary net position	(7,661,792)	5,368,122	2,359,365	365,517	1,460,479	2,124,354	1,763,241	(672,110)	2,129,310	2,545,675
Plan fiduciary net position - beginning	34,985,330	29,617,208	27,257,843	26,892,326	25,431,847	23,307,493	21,544,252	22,216,362	20,087,052	17,541,377
Plan fiduciary net position - ending (b)	27,323,538	34,985,330	29,617,208	27,257,843	26,892,326	25,431,847	23,307,493	21,544,252	22,216,362	20,087,052
Net pension liability - ending (a) - (b)	\$ 4,429,500	\$ (4,163,047)	\$ (477,448)	\$ 566,492	\$ 10,150	\$ 246,410	\$ 625,239	\$ 798,109	\$ (928,031)	\$ 35,761
Plan fiduciary net position as a percentage of the total pension liability	86.05%	113.51%	101.64%	97.96%	99.96%	99.04%	97.39%	96.43%	104.36%	99.82%
Covered payroll	\$ 6,428,490	\$ 5,897,070	\$ 5,866,914	\$ 5,667,922	\$ 5,581,312	\$ 5,693,277	\$ 5,595,907	\$ 4,966,634	\$ 4,717,435	\$ 4,638,735
Net pension liability as a percentage of covered payroll	68.90%	-70.60%	-8.14%	9.99%	0.18%	4.33%	11.17%	16.07%	-19.67%	0.77%

City of Cocoa Beach, Florida
Schedule of City Contributions
General Employees' Retirement Fund
Last Ten Fiscal Years

<i>As of and for the year ended September 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 472,494	\$ 548,427	\$ 502,795	\$ 520,882	\$ 488,923	\$ 409,916	\$ 559,031	\$ 786,715	\$ 898,200	\$ 850,280
Contributions in relation to the actuarially determined contributions	415,004	605,000	560,000	525,000	510,000	425,001	559,031	786,715	898,200	850,280
Contribution deficiency (excess)	\$ 57,490	\$ (56,573)	\$ (57,205)	\$ (4,118)	\$ (21,077)	\$ (15,085)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 6,428,490	\$ 5,897,070	\$ 5,866,914	\$ 5,667,922	\$ 5,581,312	\$ 5,693,277	\$ 5,595,907	\$ 4,966,634	\$ 4,717,435	\$ 4,638,735
Contributions as a percentage of covered payroll	6.46%	10.26%	9.55%	9.26%	9.14%	7.46%	9.99%	15.84%	19.04%	18.33%

Notes to Schedule

Valuation Date: 10/1/20

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

City of Cocoa Beach, Florida
Schedule of Changes in Net Pension Liability and Related Ratios
Police Officers' Pension Plan
Last Ten Fiscal Years

<i>As of and for the year ended September 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability										
Service cost	\$ 322,204	\$ 329,623	\$ 297,678	\$ 280,676	\$ 312,449	\$ 266,442	\$ 264,410	\$ 268,905	\$ 278,445	\$ 257,819
Interest	1,485,780	1,464,679	1,443,169	1,447,501	1,365,029	1,282,422	1,248,592	1,215,095	1,166,413	1,118,532
Change in excess state money	-	-	-	-	-	-	(25,826)	-	-	-
Difference between expected and actual experience	358,226	85,833	78,378	(496,372)	460,321	386,258	(205,356)	(159,029)	-	-
Changes of assumptions	-	606,886	(196,549)	-	-	36,994	636,451	-	-	-
Contributions - buy back	-	-	47,992	-	-	22,500	-	52,320	-	-
Benefit payments, including refunds of member contributions	(1,266,514)	(1,334,647)	(1,515,490)	(1,093,911)	(989,830)	(959,625)	(1,052,685)	(855,473)	(798,118)	(798,796)
Net change in total pension liability	899,696	1,152,374	155,178	137,894	1,147,969	1,034,991	865,586	521,818	646,740	577,555
Total pension liability - beginning	20,389,156	19,236,782	19,081,604	18,943,710	17,795,741	16,760,750	15,895,164	15,373,346	14,726,606	14,149,051
Total pension liability - ending (a)	21,288,852	20,389,156	19,236,782	19,081,604	18,943,710	17,795,741	16,760,750	15,895,164	15,373,346	14,726,606
Plan Fiduciary Net Position										
Contribution - employer	555,000	650,000	865,000	865,000	860,000	782,512	822,359	625,885	751,980	719,322
Contribution - state	115,133	108,304	110,273	109,736	107,105	101,389	104,215	97,977	99,477	97,465
Contribution - employee	117,421	117,425	105,737	100,003	89,780	95,018	91,834	80,429	91,260	87,375
Contributions - buy back	-	-	47,992	-	-	22,500	-	52,320	-	-
Net investment income	(3,462,389)	3,472,317	1,833,038	593,406	1,562,850	1,529,239	1,085,149	(150,618)	1,089,153	1,174,778
Benefit payments, including refunds of member contributions	(1,266,514)	(1,334,647)	(1,515,490)	(1,093,911)	(989,830)	(959,625)	(1,052,685)	(855,473)	(798,118)	(798,796)
Administrative expense	(39,627)	(44,795)	(48,249)	(36,318)	(36,507)	(41,061)	(41,054)	(37,661)	(32,708)	(37,849)
Net change in plan fiduciary net position	(3,980,976)	2,968,604	1,398,301	537,916	1,593,398	1,529,972	1,009,818	(187,141)	1,201,044	1,242,295
Plan fiduciary net position - beginning	19,640,776	16,672,172	15,273,871	14,735,955	13,142,557	11,612,585	10,602,767	10,789,908	9,588,864	8,346,569
Plan fiduciary net position - ending (b)	15,659,800	19,640,776	16,672,172	15,273,871	14,735,955	13,142,557	11,612,585	10,602,767	10,789,908	9,588,864
Net pension liability - ending (a) - (b)	\$ 5,629,052	\$ 748,380	\$ 2,564,610	\$ 3,807,733	\$ 4,207,755	\$ 4,653,184	\$ 5,148,165	\$ 5,292,397	\$ 4,583,438	\$ 5,137,742
Plan fiduciary net position as a percentage of the total pension liability	73.56%	96.33%	86.67%	80.05%	77.79%	73.85%	69.28%	66.70%	70.19%	65.11%
Covered payroll	\$ 2,348,425	\$ 2,348,495	\$ 2,114,730	\$ 2,000,053	\$ 1,795,611	\$ 1,900,351	\$ 1,836,685	\$ 1,697,629	\$ 1,825,203	\$ 1,747,510
Net pension liability as a percentage of covered payroll	239.69%	31.87%	121.27%	190.38%	234.34%	244.86%	280.30%	311.75%	251.12%	294.00%

City of Cocoa Beach, Florida
Schedule of City Contributions
Police Officers' Pension Plan
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 659,438	\$ 783,458	\$ 966,431	\$ 987,426	\$ 932,461	\$ 933,642	\$ 876,833	\$ 723,862	\$ 851,457	\$ 716,786
Contributions in relation to the actuarially determined contributions	670,133	758,304	975,273	974,736	967,105	883,901	926,574	723,862	851,457	716,786
Contribution deficiency (excess)	\$ (10,695)	\$ 25,154	\$ (8,842)	\$ 12,690	\$ (34,644)	\$ 49,741	\$ (49,741)	\$ -	\$ -	\$ -
Covered payroll	\$ 2,348,425	\$ 2,348,495	\$ 2,114,730	\$ 2,000,053	\$ 1,795,611	\$ 1,900,351	\$ 1,836,685	\$ 1,697,629	\$ 1,825,203	\$ 1,747,510
Contributions as a percentage of covered payroll	28.54%	32.29%	46.12%	48.74%	53.86%	46.51%	50.45%	42.64%	46.65%	41.02%

Notes to Schedule

Valuation Date: 10/1/20

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

City of Cocoa Beach, Florida
Schedule of Changes in Net Pension Liability and Related Ratios
Firefighters' Pension Plan
Last Ten Fiscal Years

<i>As of and for the year ended September 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability										
Service cost	\$ 353,306	\$ 289,719	\$ 275,256	\$ 263,330	\$ 252,306	\$ 223,453	\$ 238,463	\$ 226,817	\$ 231,534	\$ 214,383
Interest	1,389,162	1,343,271	1,288,768	1,252,370	1,193,937	1,106,270	1,084,188	1,054,408	1,020,957	971,801
Change in excess state money	-	-	-	-	-	-	(654,119)	77,735	85,864	-
Changes of benefit terms	-	-	-	(1,726)	-	-	-	-	-	-
Difference between expected and actual experience	350,749	304,361	154,929	(24,340)	281,198	483,038	(88,821)	(17,490)	-	-
Changes of assumptions	-	581,004	(140,761)	-	-	26,411	229,105	-	-	-
Benefit payments, including refunds of member contributions	(1,364,834)	(919,194)	(859,597)	(1,207,655)	(757,898)	(715,766)	(735,874)	(1,070,390)	(588,887)	(588,887)
Net change in total pension liability	728,383	1,599,161	718,595	281,979	969,543	1,123,406	72,942	271,080	749,468	597,297
Total pension liability - beginning	19,101,565	17,502,404	16,783,809	16,501,830	15,532,287	14,408,881	14,335,939	14,064,859	13,315,391	12,718,094
Total pension liability - ending (a)	19,829,948	19,101,565	17,502,404	16,783,809	16,501,830	15,532,287	14,408,881	14,335,939	14,064,859	13,315,391
Plan Fiduciary Net Position										
Contribution - employer	425,000	420,006	570,000	675,000	609,433	475,026	655,200	561,835	581,513	564,182
Contribution - state	177,433	119,284	113,250	108,999	111,216	132,166	144,452	162,542	170,671	153,173
Contribution - employee	96,706	89,175	84,052	78,566	77,874	80,832	80,412	68,646	76,167	66,823
Net investment income	(3,564,535)	3,479,143	1,763,334	607,901	1,596,550	1,540,888	1,104,852	(147,286)	1,080,437	1,190,873
Benefit payments, including refunds of member contributions	(1,364,834)	(919,194)	(859,597)	(1,207,655)	(757,898)	(715,766)	(735,874)	(1,070,390)	(588,887)	(588,887)
Administrative expense	(36,240)	(48,691)	(55,981)	(36,084)	(38,992)	(29,789)	(32,055)	(29,141)	(18,863)	(24,007)
Net change in plan fiduciary net position	(4,266,470)	3,139,723	1,615,058	226,727	1,598,183	1,483,357	1,216,987	(453,794)	1,301,038	1,362,157
Plan fiduciary net position - beginning	19,899,141	16,759,418	15,144,360	14,917,633	13,319,450	11,836,093	10,619,106	11,072,900	9,771,862	8,409,705
Plan fiduciary net position - ending (b)	15,632,671	19,899,141	16,759,418	15,144,360	14,917,633	13,319,450	11,836,093	10,619,106	11,072,900	9,771,862
Net pension liability - ending (a) - (b)	\$ 4,197,277	\$ (797,576)	\$ 742,986	\$ 1,639,449	\$ 1,584,197	\$ 2,212,837	\$ 2,572,788	\$ 3,716,833	\$ 2,991,959	\$ 3,543,529
Plan fiduciary net position as a percentage of the total pension liability	78.83%	104.18%	95.75%	90.23%	90.40%	85.75%	82.14%	74.07%	78.73%	73.39%
Covered payroll	\$ 1,934,123	\$ 1,783,500	\$ 1,681,035	\$ 1,571,321	\$ 1,557,486	\$ 1,616,637	\$ 1,608,236	\$ 1,441,819	\$ 1,386,146	\$ 1,336,468
Net pension liability as a percentage of covered payroll	217.01%	-44.72%	44.20%	104.34%	101.72%	136.88%	159.98%	257.79%	215.85%	265.14%

City of Cocoa Beach, Florida
Schedule of City Contributions
Firefighters' Pension Plan
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 566,698	\$ 479,284	\$ 650,393	\$ 694,681	\$ 720,649	\$ 673,167	\$ 733,677	\$ 646,642	\$ 666,321	\$ 648,989
Contributions in relation to the actuarially determined contributions	602,433	539,290	683,250	783,999	720,649	607,192	799,652	646,642	666,321	648,989
Contribution deficiency (excess)	\$ (35,735)	\$ (60,006)	\$ (32,857)	\$ (89,318)	\$ -	\$ 65,975	\$ (65,975)	\$ -	\$ -	\$ -
Covered payroll	\$ 1,934,123	\$ 1,668,674	\$ 1,681,035	\$ 1,571,321	\$ 1,557,486	\$ 1,616,637	\$ 1,608,236	\$ 1,441,819	\$ 1,386,146	\$ 1,336,468
Contributions as a percentage of covered payroll	31.1%	32.3%	40.6%	49.9%	46.3%	37.6%	49.7%	44.8%	48.1%	48.6%

Notes to Schedule

Valuation Date: 10/1/20

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

City of Cocoa Beach, Florida
Notes to Pension Required Supplementary Information
All Pension Plans

NOTES TO REQUIRED PENSION SUPPLEMENTARY INFORMATION:

Note 1: PLAN CHANGES IN BENEFIT TERMS

There have been no changes in benefits since the prior valuation of all three pension plans.

Note 2: CHANGES OF ASSUMPTIONS

Firefighters' Pension Plan

For measurement date September 30, 2022, as a result of an Experience Study prepared July 29, 2021, the Board has approved the following changes:

1. The investment return assumption was reduced from 7.75% to 7.40%, net of investment related expenses.
2. The salary increase rates were adjusted to reflect an increase in the rates for members with less than 10 years of service, and a slight decrease for those with 10 or more years of service.
3. The assumed rates of Early Retirement were adjusted slightly based on experience observed during the period.
4. The withdrawal rates were adjusted to reflect an overall increase in the assumed rates of turnover for members with less than 16 years of service, in addition to a 0% assumption for those with 16 or more years of service.
5. The disability rates were increased at all ages by a factor of three.

Police Officers' Pension Plan

For measurement date September 30, 2022 amounts reported as changes of assumptions resulted from an Experience Study dated July 29, 2021. The following changes were made:

1. The investment return assumption was reduced from 7.75% to 7.40%, net of investment related expenses.
2. The salary increase rates were generally adjusted downward based on experience observed during the period.
3. The assumed rates of Early Retirement and withdrawal were adjusted slightly based on experience observed during the period.
4. The disability rates were increased at all ages by a factor of three.

City of Cocoa Beach, Florida
Notes to Pension Required Supplementary Information
All Pension Plans

Note 2: CHANGES OF ASSUMPTIONS (Continued)

General Employees' Pension Plan

For measurement date September 30, 2022, the Board approved the following assumption changes based on the November 16, 2021 actuarial experience study:

1. Interest Rate – assumed rate was reduced from 7.75% to 7.25% per year, net of investment-related expenses.
2. Salary Increases – assumed rates were adjusted at most levels of service, reflecting actual experience over the last 10 years.
3. Retirement Rates – assumed rates for Normal Retirement were reduced between ages 65 and 69.
4. Termination Rates – assumed rates were reduced for members with less than 5 years of Credited Service, and increased for those with 5 or more years of Credited Service.

Note 3: METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

	General Employees	Police Employees	Fire Employees
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	New UAAL amortization bases are amortized over 15 years. Bases established prior to the valuation date are adjusted proportionally to match the Expected Unfunded Actuarial Accrued Liability as of the valuation date, in order to align prior year bases with the portion of the current year UAAL associated with prior year sources.	New UAAL amortization bases are amortized over 15 Years. Bases established prior to the valuation date are adjusted proportionally to match the Expected Unfunded Actuarial Accrued Liability as of the valuation date, in order to align prior year bases with the portion of the current year UAAL associated with prior year sources.	New UAAL amortization bases are amortized over 15 Years. Bases established prior to the valuation date are adjusted proportionally to match the Expected Unfunded Actuarial Accrued Liability as of the valuation date, in order to align prior year bases with the portion of the current year UAAL associated with prior year sources.
Remaining amortization period	14 years	14 years	14 years
Asset valuation method	Historical geometric four-year average fair value return	Historical geometric four-year average fair value return	Historical geometric four-year average fair value return
Inflation	2.6%	2.5%	2.5%
Payroll increases	0%	0%	0%

City of Cocoa Beach, Florida
Notes to Pension Required Supplementary Information
All Pension Plans

Note 3: METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES (Continued)

	General Employees	Police Employees	Fire Employees
Salary increases	Service based	Service based	Service based
*Interest rate	7.25%	7.40%	7.40%
Retirement age	Age 62 and 5 years of Credited Service.	Earlier of: 1) Age 55 and the completion of 10 years of Credited Service, 2) Age 52 and the completion of 25 years of Credited Service, or 3) the completion of 30 years of Credited Service, regardless of age	Earlier of: 1) Age 55 and 10 years of Credited Service, or 2) 25 years of Credited Service, regardless of age
Early retirement	Age 52 and 5 years of Credited Service.	Age 50 and 10 years of Credited Service	Attained Age 45 with 10 Years of Credited Service
Mortality	Healthy Active Lives: Female: PubG.H-2010 for Employees. Male: PubG.H-2010 (Below Median) for Employees, set back one year.	Healthy Active Lives: Female: PubG.H-2010 for Employees. Male: PubG.H-2010 (Below Median) for Employees, set back one year.	Healthy Active Lives: Female: PubG.H-2010 for Employees. Male: PubG.H-2010 (Below Median) for Employees, set back one year.
	Healthy Retiree Lives: Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.	Healthy Retiree Lives: Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.	Healthy Retiree Lives: Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.

City of Cocoa Beach, Florida
Notes to Pension Required Supplementary Information
All Pension Plans

Note 3: METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES (Continued)

	General Employees	Police Employees	Fire Employees
Mortality	Beneficiary Lives: Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year. Disabled Lives: PubG.H-2010 for Disabled Retirees, set forward three years. All rates are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.	Beneficiary Lives: Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year. Disabled Lives: PubG.H-2010 for Disabled Retirees, set forward three years. All rates are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.	Beneficiary Lives: Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year. Disabled Lives: PubG.H-2010 for Disabled Retirees, set forward three years. All rates are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.

*Interest rate is compounded annually, net of investment-related expenses, including inflation.

Note 4: MONEY-WEIGHTED RATE OF RETURN

This schedule is intended to provide information about the actual performance of the pension plan's investment portfolio because it takes into account the effects of transactions that increase the amount of pension plan investments (such as contributions from employers, non-employer contributing entities, and plan members) and those that decrease the amount of pension plan investments (such as benefit payments).

General Employees									
2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
-18.96%	20.86%	11.35%	3.79%	7.82%	11.38%	9.31%	-2.98%	9.55%	13.01%
Police Officers'									
2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
-17.77%	20.92%	12.05%	3.98%	11.71%	13.01%	10.02%	-1.37%	11.11%	13.90%
Firefighters'									
2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
-18.09%	20.86%	11.6%	4.0%	11.9%	13.0%	10.2%	-1.3%	10.8%	13.8%

City of Cocoa Beach, Florida
Schedule of Changes in the City's Net OPEB Liability and Related Ratios
Last Six Fiscal Years

<i>As of and for the year ended September 30,</i>	2022	2021
Total OPEB Liability		
Service cost	\$ 147,667	\$ 234,008
Interest	301,209	258,371
Difference between expected and actual experience	(135,364)	(644,697)
Changes of assumptions or other inputs	(707,531)	(1,391,292)
Explicit benefit payments	(271,653)	(171,328)
Implicit benefit payments	33,804	(48,064)
Net change in total OPEB liability	(631,868)	(1,763,002)
Total OPEB liability - beginning	6,034,485	7,797,487
Total OPEB liability - ending	5,402,617	6,034,485
Plan Fiduciary Net Position		
Explicit contributions - employer	100,000	108,105
Implicit contributions - employer	237,849	219,392
Net investment income	(392,179)	621,128
Explicit benefit payments	(271,653)	(171,328)
Implicit benefit payments	33,804	(48,064)
Administrative expense	(3,128)	(176,591)
Net change in plan fiduciary net position	(295,307)	552,642
Plan fiduciary net position - beginning	2,595,704	2,043,062
Plan fiduciary net position - ending	2,300,397	2,595,704
Total OPEB liability	\$ 3,102,220	\$ 3,438,781
Plan fiduciary net position as a percentage of total OPEB liability	42.58%	43.01%
Covered payroll	\$ 10,381,583	\$ 9,639,094
Total OPEB liability as a percentage of covered payroll	29.88%	35.68%
* The following discount rate was used in each period:	5.77%	5.08%

* GASB Codification P52 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.

City of Cocoa Beach, Florida
Schedule of Changes in the City's Net OPEB Liability and Related Ratios
Last Six Fiscal Years (Continued)

2020	2019	2018	2017
\$ 189,883	\$ 157,858	\$ 212,520	\$ 227,237
276,127	263,064	288,588	254,072
448,963	(354,014)	95,393	-
496,376	466,294	(1,566,653)	(678,077)
(264,865)	(252,087)	(150,000)	(130,101)
46,732	46,686	(89,140)	(78,541)
1,193,216	327,801	(1,209,292)	(405,410)
6,604,271	6,276,470	7,485,762	7,891,172
7,797,487	6,604,271	6,276,470	7,485,762
100,000	352,087	250,000	230,101
218,133	(46,686)	89,140	78,541
133,073	94,389	126,209	178,426
(264,865)	(252,087)	(150,000)	(130,101)
46,732	46,686	(89,140)	(78,541)
(2,354)	(2,177)	(2,015)	(1,753)
230,719	192,212	224,194	276,673
1,812,343	1,620,131	1,395,937	1,119,264
2,043,062	1,812,343	1,620,131	1,395,937
\$ 5,754,425	\$ 4,791,928	\$ 4,656,339	\$ 6,089,825
26.20%	27.44%	25.81%	18.65%
\$ 9,866,485	\$ 9,940,598	\$ 9,889,192	\$ 8,816,274
58.32%	48.21%	47.09%	69.07%
3.55%	3.87%	4.40%	3.76%

City of Cocoa Beach, Florida
Schedule of City OPEB Contributions
Last Six Fiscal Years

	2022	2021
Actuarially determined contribution	\$ 249,214	\$ 303,521
Contributions in relation to the actuarially determined contributions	100,000	108,105
Contribution deficiency (excess)	\$ 149,214	\$ 195,416
Covered payroll	\$ 10,381,583	\$ 9,639,094
Contributions as a percentage of covered payroll	0.96%	1.12%

Notes to Schedule

Valuation Date: 10/1/21

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

Note 2: GASB Codification P20 requires information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for only the years for which information is available.

City of Cocoa Beach, Florida
Schedule of City OPEB Contributions
Last Six Fiscal Years (Continued)

2020	2019	2018	2017
\$ 480,901	\$ 450,296	\$ 453,999	\$ 576,881
100,000	352,087	250,000	230,101
\$ 380,901	\$ 98,209	\$ 203,999	\$ 346,780
\$ 9,866,485	\$ 9,940,598	\$ 9,889,192	\$ 8,816,274
1.01%	3.54%	2.53%	2.61%

City of Cocoa Beach, Florida
Money-Weighted Rate of Return (OPEB Plan)
Last Six Fiscal Years

The annual money-weighted rate of return, net of investment expense was as follows:

As of and for the year ended September 30,

2022	2021	2020	2019	2018	2017
-14.69%	37.72%	6.47%	4.90%	7.83%	8.72%

OTHER SUPPLEMENTARY INFORMATION

City of Cocoa Beach, Florida
Combining Balance Sheet – Nonmajor Governmental Funds

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	Confiscated Property	Building Permit & Inspection Utilization	Capital Projects Improvement Fund	
<i>September 30, 2022</i>				
ASSETS				
Cash and cash equivalents	\$ 153,329	\$ 421,274	\$ 303,446	\$ 878,049
Investments	-	-	636,497	636,497
Total assets	\$ 153,329	\$ 421,274	\$ 939,943	\$ 1,514,546
LIABILITIES				
Accounts payable	-	\$ 10,988	\$ 25,380	\$ 36,368
Total liabilities	-	10,988	25,380	36,368
FUND BALANCES				
Restricted	153,329	410,286	914,563	1,478,178
Total fund balances	153,329	410,286	914,563	1,478,178
Total liabilities and fund balances	\$ 153,329	\$ 421,274	\$ 939,943	\$ 1,514,546

City of Cocoa Beach, Florida

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
– Nonmajor Governmental Funds

	Special Revenue Funds			Capital Projects Improvement Fund	Total Nonmajor Governmental Funds
	Confiscated Property	Building & Inspection Permit Utilization			
<i>For the Year Ended September 30, 2022</i>					
Revenues					
Charges for services	\$ -	\$ 702,745	\$ -	\$ 702,745	
Fines and forfeitures	-	53,172	-	53,172	
Investment and other income	-	3,049	5,711	8,760	
Total revenues	-	758,966	5,711	764,677	
Expenditures					
Current:					
General government	-	-	54,831	54,831	
Public safety	-	387,836	-	387,836	
Transportation/public works	-	2,839	-	2,839	
Capital outlay	56,795	-	1,214,317	1,271,112	
Total expenditures	56,795	390,675	1,269,148	1,716,618	
Excess of revenues over expenditures	(56,795)	368,291	(1,263,437)	(951,941)	
Other financing uses					
Transfers in	-	213,604	800,000	1,013,604	
Transfers out	-	(171,609)	-	(171,609)	
Total other financing uses	-	41,995	800,000	841,995	
Net change in fund balances	(56,795)	410,286	(463,437)	(109,946)	
Fund balances, beginning of year	210,124	-	1,378,000	1,588,124	
Fund balances, end of year	\$ 153,329	\$ 410,286	\$ 914,563	\$ 1,478,178	

City of Cocoa Beach, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Capital Improvements Project Revenue Fund

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Interest	\$ -	\$ -	\$ 5,711	\$ 5,711
Total revenues	-	-	5,711	5,711
Expenditures				
General government	-	-	54,831	(54,831)
Capital outlay	819,083	2,315,718	1,214,317	1,101,401
Total expenditures	819,083	2,315,718	1,269,148	1,046,570
Excess (Deficiency) of Revenues Over (Under) Expenditures	(819,083)	(2,315,718)	(1,263,437)	1,052,281
Other Financing Sources				
Transfers in	800,000	800,000	800,000	-
Total other financing sources	800,000	800,000	800,000	-
Net change in fund balance	(19,083)	(1,515,718)	(463,437)	1,052,281
Fund balance, beginning of year	1,378,000	1,378,000	1,378,000	-
Fund balance, end of year	\$ 1,358,917	\$ (137,718)	\$ 914,563	\$ 1,052,281

Note that this schedule is prepared on a budgetary basis, but is not different from Generally Accepted Accounting (GAAP) in the presentation.

City of Cocoa Beach, Florida
Combining Statement of Fiduciary Net Position –
Pension (and Other Employee Benefit) Trust Funds

<i>September 30, 2022</i>	Employee Benefit Fund				Total
	OPEB Trust Fund	General Employees	Police Officers'	Firefighters'	
Assets					
Contribution receivable	\$ -	\$ -	\$ 36	\$ 546	\$ 582
Investments, at fair value	2,300,397	27,356,234	15,665,389	15,637,750	60,959,770
Total assets	2,300,397	27,356,234	15,665,425	15,638,296	60,960,352
Liabilities					
Accounts payable	-	32,696	5,625	5,625	43,946
Total liabilities	-	32,696	5,625	5,625	43,946
Net Position					
Restricted for pensions	-	27,323,538	15,659,800	15,632,671	58,616,009
Restricted for OPEB benefits	2,300,397	-	-	-	2,300,397
Total net position	\$ 2,300,397	\$ 27,323,538	\$ 15,659,800	\$ 15,632,671	\$ 60,916,406

City of Cocoa Beach, Florida
Combining Statement of Changes in Fiduciary Net Position –
Pension (and Other Employee Benefit) Trust Funds

<i>For the year ended September 30, 2022</i>	Pension Trust				Total
	OPEB Trust Fund	General Employees	Police Officers'	Firefighters'	
Additions					
Contributions					
State	\$ -	\$ -	\$ 115,133	\$ 177,433	\$ 292,566
Employer	100,000	415,004	555,000	425,000	1,495,004
Employees	-	321,424	117,421	96,706	535,551
Total contributions	100,000	736,428	787,554	699,139	\$ 2,323,121
Investment income (loss)					
Net depreciation in the fair value of investments	-	(8,933,466)	(4,692,117)	(5,011,124)	(18,636,707)
Interest and dividends	(392,180)	2,500,318	1,290,195	1,507,202	4,905,535
	(392,180)	(6,433,148)	(3,401,922)	(3,503,922)	(13,731,172)
Less: investment expense	(3,128)	(126,195)	(60,467)	(60,613)	(250,403)
Total investment income (loss)	(395,308)	(6,559,343)	(3,462,389)	(3,564,535)	(13,981,575)
Total additions	(295,308)	(5,822,915)	(2,674,835)	(2,865,396)	(11,658,454)
Deductions					
Benefits paid	53,671	1,736,808	1,266,514	1,364,832	4,421,825
Refunds of contributions	-	48,837	-	-	48,837
Administrative expenses	-	53,233	52,611	48,617	154,461
Total deductions	53,671	1,838,878	1,319,125	1,413,449	4,625,123
Change in net position	(348,979)	(7,661,793)	(3,993,960)	(4,278,845)	(16,283,577)
Net position, beginning of year	2,649,376	34,985,331	19,653,760	19,911,516	77,199,983
Net position, end of year	\$ 2,300,397	\$ 27,323,538	\$ 15,659,800	\$ 15,632,671	\$ 60,916,406

STATISTICAL SECTION

This part of the City of Cocoa Beach, Florida's Annual Comprehensive 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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A. Financial Trends

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

Schedule A1 Net Position by Component

Schedule A2 Changes in Net Position

Schedule A3 Fund Balances – Governmental Funds

Schedule A4 Changes in Fund Balances – Governmental Funds

B. Revenue Capacity

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

Schedule B1 Assessed Value and Estimated Actual Value of Taxable Property

Schedule B2 Direct and Overlapping Property Tax Rates

Schedule B3 Principal Property Taxpayers

Schedule B4 Property Tax Levies and Collections

C. Debt Capacity

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

Schedule C1 Ratio of Outstanding Debt by Type

Schedule C2 Direct and Overlapping Governmental Activities Debt

Schedule C3 Pledged Revenue Coverage

Schedule C4 Ratios of General Bonded Debt Outstanding, See notes

Schedule C5 Legal Debt Margin Information, See notes

D. Demographic and Economic Information Financial Trends

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

Schedule D1 Demographic and Economic Statistics

Schedule D2 Principal Employers

E. Operating Information

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

Schedule E1 Employees by Function/Program

Schedule E2 Operating Indicators by Function/Program

Schedule E3 Capital Asset Statistics by Function/Program

Additional Notes

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



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City of Cocoa Beach, Florida
Net Position by Component
Last Ten Fiscal Years

	2013	2014	2015	2016
Governmental activities				
Net investment in capital assets	\$ 18,080,949	\$ 23,650,099	\$ 22,249,281	\$ 24,182,508
Restricted	206,541	594,503	864,117	456,923
Unrestricted	5,609,847	2,278,071	(3,923,940)	(3,432,120)
Total governmental activities net position	\$ 23,897,337	\$ 26,522,673	\$ 19,189,458	\$ 21,207,311
Business-type activities				
Net investment in capital assets	\$ 29,003,772	\$ 25,003,758	\$ 24,343,465	\$ 25,427,503
Restricted	824,865	824,865	1,029,297	1,029,297
Unrestricted	8,318,197	8,376,696	8,857,119	7,625,604
Total business-type activities net position	\$ 38,146,834	\$ 34,205,319	\$ 34,229,881	\$ 34,082,404
Primary government				
Net investment in capital assets	\$ 47,084,721	\$ 48,653,857	\$ 46,592,746	\$ 49,610,011
Restricted	1,031,406	1,419,368	1,893,414	1,486,220
Unrestricted	13,928,044	10,654,767	4,933,179	4,193,484
Total primary government net position	\$ 62,044,171	\$ 60,727,992	\$ 53,419,339	\$ 55,289,715

Schedule A1

	2017	2018	2019	2020	2021	2022
\$	26,290,568	\$ 27,578,331	\$ 29,172,420	\$ 33,219,144	\$ 33,431,778	\$ 37,829,977
	445,157	180,521	196,391	196,391	2,825,714	3,223,772
	(3,184,461)	(5,055,455)	(2,902,763)	(400,467)	5,298,494	6,418,226
\$	23,551,264	\$ 22,703,397	\$ 26,466,048	\$ 33,015,068	\$ 41,555,986	\$ 47,471,975
\$	27,971,940	\$ 26,666,412	\$ 26,320,292	\$ 28,662,592	\$ 28,518,871	\$ 27,663,474
	637,235	-	-	-	2,009,772	2,261,727
	8,315,120	9,471,689	10,137,033	10,697,941	10,931,966	9,838,922
\$	36,924,295	\$ 36,138,101	\$ 36,457,325	\$ 39,360,533	\$ 41,460,609	\$ 39,764,123
\$	54,262,508	\$ 54,244,743	\$ 55,492,712	\$ 61,881,736	\$ 61,950,649	\$ 65,493,451
	1,082,392	180,521	196,391	196,391	4,835,486	5,485,499
	5,130,659	4,416,234	7,234,270	10,297,474	16,230,460	16,257,148
\$	60,475,559	\$ 58,841,498	\$ 62,923,373	\$ 72,375,601	\$ 83,016,595	\$ 87,236,098

City of Cocoa Beach, Florida
Changes in Net Position
Last Ten Fiscal Years

	2013	2014	2015	2016
Program expenses				
Governmental activities:				
General government	\$ 2,919,124	\$ 1,285,245	\$ 3,487,514	\$ 4,819,444
Economic environment	-	-	-	-
Public Safety	8,648,071	9,289,985	8,632,350	7,726,733
Physical Environment	1,480,466	1,491,654	1,441,963	1,468,270
Transportation/Public Works	2,970,897	5,199,935	3,744,760	3,368,439
Recreation	1,085,135	3,874,112	3,346,596	3,539,718
Interest on long-term debt	2,736	-	125,844	124,169
Total governmental activities program expenses	\$ 17,106,429	\$ 21,140,931	\$ 20,779,027	\$ 21,046,773
Business-type activities:				
Utilities system	\$ 4,802,654	\$ 6,428,259	\$ 6,180,828	\$ 6,491,931
Golf	2,636,838	-	-	-
Stormwater	507,130	512,869	472,371	471,907
Total business-type activities program expenses	\$ 7,946,622	\$ 6,941,128	\$ 6,653,199	\$ 6,963,838
Total primary government program expenses	\$ 25,053,051	\$ 28,082,059	\$ 27,432,226	\$ 28,010,611
Program revenues				
Governmental activities:				
General government	\$ 2,073,020	\$ 2,395,990	\$ 2,044,829	\$ 1,161,342
Public Safety	725,412	665,589	626,835	981,899
Physical Environment	1,593,151	1,662,458	1,663,153	1,763,280
Transportation/Public Works	1,021,125	1,140,466	1,267,992	1,874,144
Recreation	274,497	2,496,625	2,436,776	2,340,083
Operating grants and contributions	-	-	-	283,861
Capital grants and contributions	328,225	478,810	660,802	1,844,670
Total governmental activities program revenues	\$ 6,015,430	\$ 8,839,938	\$ 8,700,387	\$ 10,249,279
Business-type activities:				
Charges for services:				
Utilities system	\$ 5,633,604	\$ 5,830,201	\$ 5,799,532	\$ 6,268,290
Golf	2,311,096	-	-	-
Stormwater	585,947	592,638	595,644	800,882
Operating grants and contributions	-	-	-	-
Capital grants and contributions	54,314	159,540	558,212	208,794
Total business-type activities program revenues	\$ 8,584,961	\$ 6,582,379	\$ 6,953,388	\$ 7,277,966
Total primary government program revenues	\$ 14,600,391	\$ 15,422,317	\$ 15,653,775	\$ 17,527,245

Schedule A2

	2017	2018	2019	2020	2021	2022
\$	4,935,118	\$ 4,968,022	\$ 5,721,658	\$ 5,110,091	\$ 4,985,659	\$ 5,448,092
	-	-	-	-	242,761	294,937
	8,782,659	8,730,028	9,260,591	8,920,204	8,272,119	11,539,079
	1,510,816	1,670,732	1,725,572	1,758,727	3,119,546	4,802,494
	3,526,815	4,300,002	4,311,053	4,488,918	3,343,321	3,752,843
	3,432,942	3,486,931	3,556,167	3,305,469	3,449,028	3,744,787
	307,420	328,326	242,703	511,713	453,724	444,719
\$	22,495,770	\$ 23,484,041	\$ 24,817,744	\$ 24,095,122	\$ 23,866,158	\$ 30,026,951
\$	6,828,930	\$ 7,122,007	\$ 6,791,714	\$ 7,162,431	\$ 6,517,273	\$ 8,486,181
	-	-	-	-	-	-
	500,555	726,342	809,824	618,028	721,473	821,166
\$	7,329,485	\$ 7,848,349	\$ 7,601,538	\$ 7,780,459	\$ 7,238,746	\$ 9,307,347
\$	29,825,255	\$ 31,332,390	\$ 32,419,282	\$ 31,875,581	\$ 31,104,904	\$ 39,334,298
\$	1,134,935	\$ 2,946,376	\$ 3,266,840	\$ 3,173,940	\$ 3,575,438	\$ 4,247,113
	1,105,118	1,188,367	1,231,927	1,325,274	1,380,193	1,462,193
	1,801,744	1,854,899	1,949,517	1,922,149	1,997,134	2,416,668
	2,652,362	165,065	180,710	179,109	178,697	130,597
	2,161,586	2,161,540	2,103,825	1,898,983	3,033,626	3,524,362
	746,727	499,643	1,102,563	772,574	16,926	3,012,320
	1,015,000	1,021,221	1,756,900	3,732,094	3,232,138	-
\$	10,617,472	\$ 9,837,111	\$ 11,592,282	\$ 13,004,123	\$ 13,414,152	\$ 14,793,253
\$	6,628,578	\$ 7,005,833	\$ 7,330,994	\$ 7,599,442	\$ 7,907,539	\$ 8,113,786
	-	-	-	-	-	-
	815,368	841,390	864,848	885,950	890,501	888,651
	-	-	9,317	-	158,560	-
	3,221,488	400,350	297,200	2,813,348	473,030	223,212
\$	10,665,434	\$ 8,247,573	\$ 8,502,359	\$ 11,298,740	\$ 9,429,630	\$ 9,225,649
\$	21,282,906	\$ 18,084,684	\$ 20,094,641	\$ 24,302,863	\$ 22,843,782	\$ 24,018,902

City of Cocoa Beach, Florida
Changes in Net Position (Continued)
Last Ten Fiscal Years

	2013	2014	2015	2016
Net (expense) revenue				
Governmental activities	\$ (11,090,999)	\$ (12,300,993)	\$ (12,078,640)	\$ (10,797,494)
Business-type activities	638,339	(358,749)	300,189	314,128
Total primary government net expense	\$ (10,452,660)	\$ (12,659,743)	\$ (11,778,451)	\$ (10,483,366)
General revenues and other changes in net position				
Governmental activities:				
General revenues:				
Property taxes	\$ 6,352,123	\$ 6,680,713	\$ 7,102,087	\$ 7,657,945
Local option gas tax	408,959	393,454	417,978	461,652
Franchise taxes	1,231,315	1,290,918	1,294,985	1,272,155
Utility service tax	1,964,827	1,991,139	1,976,393	1,989,682
Intergovernmental	668,540	699,504	722,933	737,261
Unrestricted investment earnings	(1,692)	58,705	79,118	42,569
Miscellaneous revenues	97,773	165,712	156,703	145,083
Transfers	(3,184,420)	3,646,185	509,000	509,000
Total governmental activities	\$ 7,537,425	\$ 14,926,330	\$ 12,259,197	\$ 12,815,347
Business-type activities:				
Unrestricted investment earnings	\$ 37,554	\$ 63,419	\$ 73,088	\$ 47,395
Miscellaneous revenues	-	-	-	-
Transfers	3,184,420	(3,646,185)	(509,000)	(509,000)
Total business-type activities	\$ 3,221,974	\$ (3,582,766)	\$ (435,912)	\$ (461,605)
Total primary government	\$ 10,759,399	\$ 11,343,564	\$ 11,823,285	\$ 12,353,742
Changes in net position				
Governmental activities	\$ (3,553,574)	\$ 2,625,337	\$ 180,557	\$ 2,017,853
Business-type activities	3,860,313	(3,941,515)	(135,723)	(147,477)
Total primary government	\$ 306,739	\$ (1,316,178)	\$ 44,834	\$ 1,870,376

Schedule A2 (Continued)

2017	2018	2019	2020	2021	2022
\$ (11,878,298)	\$ (13,646,930)	\$ (13,225,462)	\$ (11,090,999)	\$ (10,174,789)	\$ (15,233,698)
3,335,949	399,224	900,821	3,518,281	2,190,884	(81,698)
\$ (8,542,349)	\$ (13,247,706)	\$ (12,324,641)	\$ (7,572,718)	\$ (7,983,905)	\$ (15,315,396)
\$ 9,126,174	\$ 10,375,705	\$ 11,215,262	\$ 12,110,760	\$ 12,681,566	\$ 13,709,399
333,671	327,312	354,872	330,750	343,779	362,644
1,247,130	1,274,531	1,294,054	1,257,463	1,305,915	1,552,105
1,901,602	2,006,144	1,981,511	1,933,915	1,917,975	2,043,236
779,801	822,000	826,724	786,077	1,845,660	2,082,298
10,575	76,363	229,480	263,740	21,323	8,233
264,298	469,223	227,210	135,914	131,369	925,313
559,000	859,000	859,000	821,400	821,400	801,400
\$ 14,222,251	\$ 16,210,278	\$ 16,988,113	\$ 17,640,019	\$ 19,068,987	\$ 21,484,628
\$ 64,942	\$ 92,510	\$ 277,403	\$ 206,327	\$ 19,631	\$ 5,049
-	-	-	-	126,268	58,647
(559,000)	(859,000)	(859,000)	(821,400)	(821,400)	(801,400)
\$ (494,058)	\$ (766,490)	\$ (581,597)	\$ (615,073)	\$ (675,501)	\$ (737,704)
\$ 13,728,193	\$ 15,443,788	\$ 16,406,516	\$ 17,024,946	\$ 18,393,486	\$ 20,746,924
\$ 2,343,953	\$ 2,563,348	\$ 3,762,651	\$ 6,549,020	\$ 8,616,981	\$ 6,250,930
2,841,891	(367,266)	319,224	2,903,208	1,515,383	(819,402)
\$ 5,185,844	\$ 2,196,082	\$ 4,081,875	\$ 9,452,228	\$ 10,132,364	\$ 5,431,528

City of Cocoa Beach, Florida
Fund Balances – Governmental Funds
Last Ten Fiscal Years

	2013	2014	2015	2016	2017
General Fund					
Nonspendable	\$ 140,544	\$ 374,973	\$ 222,504	\$ 246,919	\$ 239,286
Restricted	16,200	402,375	672,125	264,636	264,636
Committed	328,918	3,031,960	422,975	1,018,716	1,435,818
Assigned	-	-	-	-	-
Unassigned	6,396,738	5,007,909	4,530,258	3,714,213	2,976,927
Total general fund	\$ 6,882,400	\$ 8,817,217	\$ 5,847,862	\$ 5,244,484	\$ 4,916,667
All other governmental funds					
Nonspendable	\$ -	\$ 4,649.00	\$ 4,983.00	\$ 5,082.00	\$ 5,346.00
Restricted	190,341	192,128	191,992	192,287	4,680,521
Committed (Metered Parking)	1,144,536	1,045,024	1,115,763	1,126,273	1,928,182
Assigned	-	-	-	-	-
Unassigned	-	(261,230)	(191,818)	(77,030)	151,595
Total all other governmental funds	\$ 1,334,877	\$ 980,571	\$ 1,120,920	\$ 1,246,612	\$ 6,765,644

Schedule A3

	2018	2019	2020	2021	2022
\$	280,372	\$ 264,291	\$ 271,343	\$ 84,703	\$ 117,380
	264,636	264,636	264,636	434,032	228,558
	1,629,521	1,476,337	2,161,632	2,161,632	1,212,735
	-	-	-	-	-
	5,039,536	7,424,653	7,852,255	10,641,585	13,748,176
\$	7,214,065	\$ 9,429,917	\$ 10,549,866	\$ 13,321,952	\$ 15,306,849
\$	5,543.00	\$ 15,170.00	\$ 16,297.00	\$ -	\$ -
	4,675,443	9,922,252	8,452,923	2,391,682	2,995,214
	-	-	-	-	-
	-	-	-	-	-
	-	(70,875)	-	-	-
\$	4,680,986	\$ 9,866,547	\$ 8,469,220	\$ 2,391,682	\$ 2,995,214

City of Cocoa Beach, Florida
Changes in Fund Balances – Governmental Funds
Last Ten Fiscal Years

	2013	2014	2015	2016
Revenues				
Taxes	\$ 9,957,224	\$ 10,356,221	\$ 10,791,445	\$ 11,381,434
Licenses and permits	433,729	449,991	441,606	482,642
Intergovernmental revenues	996,765	1,178,314	1,383,735	2,865,792
Charges for services	4,311,489	6,567,717	6,585,380	7,331,896
Fines & forfeitures	971,569	1,396,075	1,067,909	306,210
Investment earnings	(1,692)	54,907	79,118	42,569
Miscellaneous revenues	68,191	116,854	101,393	145,083
Total revenues	\$ 16,737,275	\$ 20,120,079	\$ 20,450,586	\$ 22,555,626
Expenditures				
General government	\$ 3,160,833	\$ 3,749,095	\$ 4,399,772	\$ 4,733,699
Economic environment	-	-	-	-
Public Safety	8,402,158	9,174,689	9,252,083	8,593,542
Physical Environment	1,480,466	1,491,654	1,441,963	1,468,270
Transportation/Public Works	2,712,413	5,156,369	5,244,532	5,954,177
Recreation	1,018,472	3,605,523	3,249,398	3,320,906
Capital Outlay - Small Dollar Items	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	185,000	69,401	75,000	226,252
Interest	2,736	-	125,844	124,169
Total expenditures	\$ 16,962,078	\$ 23,246,731	\$ 23,788,592	\$ 24,421,015
Excess of revenues over (under) expenditures				
	\$ (224,803)	\$ (3,126,652)	\$ (3,338,006)	\$ (1,865,389)
Other financing sources (uses)				
Transfers in	1,112,184	1,575,341	1,218,930	1,265,170
Transfers out	(4,296,604)	(658,178)	(709,930)	(756,170)
Sale of Capital Assets	-	-	-	-
Capital lease	-	-	-	878,703
Issuance of debt	-	3,790,000	-	-
Premium on debt	-	-	-	-
Total other financing sources	\$ (3,184,420)	\$ 4,707,163	\$ 509,000	\$ 1,387,703
Net change in fund balances				
	\$ (3,409,223)	\$ 1,580,511	\$ (2,829,006)	\$ (477,686)
Debt service as a percentage of non-capital expenditures				
	1.16%	0.43%	1.42%	1.75%

Notes:

Modified accrual basis of accounting

Rise of debt service percentage in Fiscal Year 2017 is attributed to Equipment Master Lease payments

Schedule A4

	2017	2018	2019	2020	2021	2022
\$	12,608,577	\$ 13,983,692	\$ 14,845,699	\$ 15,632,888	\$ 16,249,235	\$ 17,667,384
	586,788	736,536	645,339	741,709	867,932	141,056
	2,541,528	2,342,864	3,686,187	5,290,745	5,094,724	5,209,751
	7,818,769	7,523,826	8,019,542	7,692,153	9,206,681	11,311,156
	450,188	55,885	67,938	65,593	90,475	108,001
	10,575	76,363	229,480	263,740	21,323	8,233
	264,298	290,457	201,897	110,387	108,799	80,173
\$	24,280,723	\$ 25,009,623	\$ 27,696,082	\$ 29,797,215	\$ 31,639,169	\$ 34,525,754
\$	5,038,902	\$ 6,102,703	\$ 4,919,563	\$ 4,820,807	\$ 4,948,627	\$ 5,080,977
	-	-	-	-	117,270	169,446
	8,845,792	9,017,098	9,816,003	10,357,771	9,819,754	10,588,746
	1,510,816	1,670,732	1,725,572	1,758,727	1,708,847	3,108,263
	4,886,276	4,866,390	5,291,411	7,892,109	3,343,321	3,729,133
	3,265,936	3,798,436	3,327,465	3,044,346	3,102,319	3,443,196
	-	-	-	-	120,428	-
	-	-	-	-	13,136,051	6,453,431
	467,657	454,566	663,948	733,294	984,846	981,639
	307,420	219,948	280,164	496,014	490,462	479,564
\$	24,322,799	\$ 26,129,873	\$ 26,024,126	\$ 29,103,068	\$ 37,771,925	\$ 34,034,395
\$	(42,076)	\$ (1,120,250)	\$ 1,671,956	\$ 694,147	\$ (6,132,756)	\$ 491,359
	1,277,099	3,032,557	1,188,850	1,264,347	1,368,715	2,047,865
	(718,099)	(2,173,557)	(329,850)	(442,947)	(547,315)	(1,246,465)
	-	178,766	25,313	25,527	22,570	828,473
	-	295,224	-	-	-	-
	4,245,000	-	9,751,000	-	1,200,000	467,197
	429,291	-	-	-	-	-
\$	5,233,291	\$ 1,332,990	\$ 10,635,313	\$ 846,927	\$ 2,043,970	\$ 2,097,070
\$	5,191,215	\$ 212,740	\$ 12,307,269	\$ 1,541,074	\$ (4,088,786)	\$ 2,588,429
	2.95%	3.07%	5.27%	5.74%	5.99%	5.30%

City of Cocoa Beach, Florida
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Schedule B1

Fiscal Year	Taxable Value Real Property for Operating Purposes	Personal Property for Operating Purposes	Gross Taxable Value	New Construction Taxable Value	Adjusted Taxable Value	Final Taxable Value*	Millage Rate **
2013	1,336,061,370	39,768,882	1,375,830,252	1,068,490	1,374,761,762	1,317,345,221	4.9798
2014	1,420,415,260	42,997,287	1,463,412,547	2,768,970	1,460,643,577	1,375,437,743	4.9798
2015	1,528,428,150	44,389,202	1,572,817,352	3,875,580	1,568,941,772	1,462,050,879	4.9798
2016	1,651,383,595	44,356,979	1,695,740,574	7,726,440	1,688,014,134	1,570,025,655	4.9798
2017	1,790,137,425	45,689,227	1,835,826,652	3,666,242	1,832,160,410	1,689,173,910	5.4798
2018	1,926,013,887	47,699,982	1,973,713,869	2,355,548	1,971,358,321	1,834,321,456	5.7298
2019	2,046,878,881	50,724,415	2,097,603,296	11,191,720	2,086,411,576	2,018,543,186	5.7298
2020	2,141,432,855	55,389,524	2,196,822,379	8,596,439	2,188,225,940	2,107,856,272	5.8294
2021	2,268,681,405	56,692,892	2,325,374,297	3,521,533	2,321,852,764	2,199,480,742	5.9544
2022	2,578,000,669	64,058,126	2,642,058,795	15,102,070	2,626,956,725	2,327,019,290	6.1644

Source: Brevard County Property Appraiser (Form DR-420)

- Notes:**
1. Final taxable value determined after Valuation Board rulings.
 2. The rate used in the calculation for property taxes. One mil equals \$1 per \$1,000 of taxable value. A millage of 6.1644, which is the current (Fiscal Year 2022) rate in effect for the City of Cocoa Beach is equal to \$5.84 for each \$1,000 of taxable value on real property.
 3. Property is assessed at actual value and therefore a separate table for assessed and actual data is not presented.

City of Cocoa Beach, Florida
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
Schedule B2

City Direct Rates		Overlapping Rates				
Fiscal Year	Basic Rate *	Brevard County	Brevard County Schools		Other **	Total Millage
			Operating	Capital Outlay		
2013	4.9798	5.7979	6.1060	1.5000	0.3628	18.7465
2014	4.9798	5.4589	5.8390	1.5000	0.5230	18.3007
2015	4.9798	5.3047	5.7750	1.5000	0.4988	18.0583
2016	4.9798	5.3590	5.7750	1.5000	0.4445	18.0583
2017	5.4798	5.1512	5.4160	1.5000	0.4241	17.9711
2018	5.4798	4.9117	5.0680	1.5000	0.3952	17.3547
2019	5.7298	4.6700	4.8000	1.5000	0.3700	17.0698
2020	5.8294	4.5100	4.5900	1.5000	0.3500	16.7794
2021	5.9544	4.3500	4.4400	1.5000	0.3100	16.5100
2022	6.1644	4.2100	5.8500	1.5000	0.3000	18.0300

Source: Brevard County Property Appraiser website.

Notes: * The rate used in the calculation for property taxes. One mil equals \$1 per \$1,000 of taxable value. The tax rate on real property is based on \$1 per \$1,000 of assessed property value.

** "Other" includes Florida Inland Navigation District and St. John's River Water Management District.

Overlapping rates are those of local and county governments that apply to property owners within the City of Cocoa Beach.

The total millage column applies to all property owners within the City limits.

**City of Cocoa Beach, Florida
Principal Property Taxpayers
Current Year and Nine Years Prior
Schedule B3**

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Hilton (1550 North Atlantic)	\$ 33,539,230	1	1.66%	\$ 8,675,000	4	0.66%
Doubletree Hotel (2080 N. Atlantic)	32,424,810	2	1.61%	-	-	-
Cocoa Beach Development , Inc (Cocoa Beach Resort)	21,935,780	3	1.09%	20,632,860	1	1.57%
DAD Inc. (International Palms)	20,340,660	4	1.01%	7,800,000	6	0.59%
Ocean Partners Hospitality LLC 5500 North Group (Days Inn/Best Western)	16,245,360	5	0.80%	8,275,000	5	0.63%
Westgate Resorts Ltd & Pier (Walkula)	14,875,820	6	0.74%	-	-	-
Jeffrey Wells	14,408,830	7	0.71%	-	-	-
Northport Inc Et Al (Ocean Landings)	12,063,980	8	0.60%	11,498,870	2	0.87%
Cocoa Beach Hospitality LLC (Quality Inn)	11,572,030	9	0.57%	-	-	-
Discovery Resort Inc.	11,453,760	10	0.57%	10,852,170	3	0.82%
Ron Jon Surf Shop of Florida Inc.	9,795,670	11	0.49%	6,296,360	7	0.48%
Cocoa Beach Surf Company	8,584,830	12	0.43%	4,610,000	8	0.35%
Branch Cornerstone Plaza Assoc. LP	8,003,560	13	-	-	-	-
Las Olas Beach Club	5,281,200	14	-	-	-	-
TOTALS	\$ 220,525,520		10.27%	\$ 78,640,260		5.31%
Total City final taxable value	\$ 2,018,543,186			\$ 1,317,345,221		

Source: Brevard County Property Appraiser
Multiple properties may be included in some taxable assessed values

City of Cocoa Beach, Florida
Property Tax Levies and Collections
Last Ten Fiscal Years
Schedule B4

Fiscal Year	Gross Tax Levy (1)	Collected Within the Fiscal Year of the Levy		Current Year Collections for Prior Years	Total Collections	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	6,560,116	6,302,734	96.08%	49,388	6,352,122	96.83%
2014	6,849,405	6,599,358	96.35%	55,240	6,654,598	97.16%
2015	7,281,531	6,974,913	95.79%	13,075	6,987,988	95.97%
2016	7,832,316	7,445,190	95.06%	12,070	7,457,259	95.21%
2017	9,256,330	8,773,566	94.78%	10,390	8,783,956	94.90%
2018	10,510,295	9,743,132	92.70%	175,935	9,919,067	94.37%
2019	11,326,775	10,390,175	91.73%	216,957	10,607,132	93.65%
2020	12,242,466	11,204,780	91.52%	223,187	11,427,967	93.35%
2021	12,821,653	11,737,095	91.54%	161,897	11,898,992	92.80%
2022	13,856,004	12,623,147	91.10%	183,390	12,806,537	92.36%

Source: Form 420 Final Taxable Value Line 7, multiplied by millage rate, less allowance for adjustments and discounts.

Notes: Reference the Financial Statements, Note A, Paragraph 14.

Current Year Collections includes prior year taxes and penalties collected.

City of Cocoa Beach, Florida
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Schedule C1

Fiscal Year	Governmental Activities					Business-type Activities					Total Debt of Primary Government	Debt as of Personal Income	Debt Per Capita
	Capital Improvement Revenue Note, 2014 A	Special Obligation Revenue Note Series, 2019	CRA Improvement Revenue Bond Series 2017B	Capital Lease(s)/Financed Purchases	Utility System Improvement Revenue Bonds/Note	Clean Water State Revolving Loan 050610	Clean Water State Revolving Loan 050620	Clean Water State Revolving Loan 050621	Clean Water State Revolving Loan 050630	Financed Purchases			
2013	-	-	-	310,647	-	22,924,791	-	-	-	-	23,235,438	5.19%	2,064
2014	3,790,000	-	-	241,246	2,695,000	20,433,179	-	-	-	-	27,159,425	6.21%	2,442
2015	3,715,000	-	-	169,625	2,420,000	19,607,982	1,714,186	-	-	-	27,626,793	6.91%	2,482
2016	3,570,000	-	-	967,076	2,135,000	18,759,001	4,170,162	-	-	-	29,601,239	5.33%	2,647
2017	3,420,000	-	4,245,000	649,419	1,845,000	17,885,846	4,180,624	-	-	-	32,225,889	9.51%	2,858
2018	3,265,000	-	4,645,672	645,077	1,550,000	16,987,829	4,010,056	1,141,177	-	-	32,244,811	6.43%	2,856
2019	3,105,000	9,751,000	4,397,053	361,129	1,250,000	16,064,240	3,835,387	1,107,094	508,580	-	40,379,483	7.48%	3,565
2020	2,940,000	9,584,000	4,138,434	189,835	945,000	15,114,351	3,656,519	1,049,158	4,647,775	-	42,265,072	7.72%	3,715
2021	2,770,000	9,160,000	3,869,814	1,238,965	18,868,000	-	-	990,821	4,633,245	-	41,530,845	7.47%	3,646
2022	2,595,000	8,726,000	3,591,220	1,638,895	16,904,000	-	-	932,080	4,410,977	440,737	39,238,909	7.51%	3,439

Notes:

- Percentage of personal income and per capita amounts calculated from information in Table D-1.
- Revenue Note 2014 A for fire station construction issued in Fiscal Year 2014 (Governmental Activities).
- See Note 3 for a detailed discussion of the Financed Purchases (Governmental Activities).
- See Note 3 for a detailed discussion of the Clean Water State Revolving Loans (SRF).
- The 2004 SRF loan was refunded by a bank loan in Fiscal Year 2014 - Capital Improvement Revenue Refunding Note, Series 2014B (Business-type Activities).
- CRA Improvement Revenue Bonds, Series 2017B were issued in September of 2017. Note 3 details the payment schedule
- Special Obligation Revenue Note, Series 2019 were issued in August of 2019. Note 3 details the payment schedule
- Details regarding all of the City's outstanding debt can be found in Note 3 to the Financial Statements.

City of Cocoa Beach, Florida
Direct and Overlapping Governmental Activities Debt
As of September 30, 2022
Schedule C2

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
City Direct Debt (Governmental Activities) (a)	\$ 16,551,115	100.00%	\$ 16,551,115
Overlapping Debt			
Brevard County:			
Governmental Activities Debt (b)	\$11,848,225	4.79%	567,530
Total Direct and Overlapping Debt	<u>\$ 28,399,340</u>		<u>\$ 17,118,645</u>

Source: (a) City of Cocoa Beach ACFR Fiscal Year 2022 Statistical table C-1
(b) Brevard County Finance Department ACFR fiscal year 2021. Table 7 and table 11.

Notes: Percentage based on the 2022 final taxable assessed City and County valuation

City of Cocoa Beach, Florida
Pledged Revenue Coverage
Last Ten Fiscal Years
Schedule C3

Fiscal Year	Tax Increment Revenue	Debt Service			Coverage
		Principal	Interest	Total	
2019	\$ 556,988	\$ 220,000	\$ 161,610	\$ 381,610	1.46
2020	\$ 654,862	\$ 230,000	\$ 171,350	\$ 401,350	1.63
2021	\$ 765,304	\$240,000	\$163,986	\$ 403,986	1.91
2022	\$ 888,076	\$250,000	\$148,500	\$ 398,500	2.23

Notes: Fiscal Year 2019 was the first full year of the CRA Improvement Revenue Bonds.

Tax Increment Revenue Bonds are backed by the property tax revenue produced by the property tax rate of the City of Cocoa Beach and Brevard County applied to the increase in taxable assessed values above the base year taxable assessed values multiplied by 95%.

City of Cocoa Beach, Florida
Demographic and Economic Statistics
Last Ten Fiscal Years
Schedule D1

	(1)	(2)	(3)	(4)	(5)	(6)
Year	Population	Personal Income	Per Capita Personal Income	Median Age	Unemployment Rate	School Enrollment
2013	11,259	447,770,430	39,770	56.2	3.9%	1,977
2014	11,121	437,044,179	39,299	56.8	6.3%	1,914
2015	11,131	399,814,389	35,919	58.3	6.1%	1,876
2016	11,182	555,633,580	49,690	47.1	5.2%	1,811
2017	11,276	338,821,248	30,048	59.4	4.6%	1,785
2018	11,292	501,184,128	44,384	59.4	3.7%	1,782
2019	11,328	539,597,952	47,634	57.0	3.5%	N/A
2020	11,378	547,293,178	48,101	56.5	8.5%	1,755
2021	11,391	556,028,883	48,813	59.2	4.3%	1,810
2022	11,385	593,283,735	52,111	56.9	2.7%	1,622

Sources:

- (1) Economic Development Commission (EDC) of Florida's Space Coast
- (2) Estimate (1) x (3)
- (3) Economic Development Commission of Florida's Space Coast
- (4) Economic Development Commission of Florida's Space Coast
- (5) U.S. Department of Labor
- (6) Brevard County Public Schools Include: Cocoa Beach Junior/Senior High School,
Roosevelt Elementary School
Freedom 7 Elementary School

For 2019, enrollment numbers were not available.

**City of Cocoa Beach, Florida
Principal Employers
Current Year and Nine Years Prior
Schedule D2**

Employer	2022			2013		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
School Board of Brevard County	8,000 - 8,999	1	4.01% - 4.46%	10,855	1	4.58%
Health First Medical Group	8,000 - 8,999	2	3.57% - 4.01%	7,800	2	3.29%
L3Harris Technologies Inc.	8,000 - 8,999	3	2.68% - 3.12%	6,240	3	2.63%
Publix Super Market Inc.	3,000 - 3,999	4	1.34% - 1.78%			
Wal-Mart Associates Inc.	3,000 - 3,999	5	.89% - 1.34%			
Northrop Grumman Corporation	3,000 - 3,999	6	.89% - 1.34%	1,325	8	0.56%
Brevard County Board of County Commissioners	2,000 - 2,999	7	.89% - 1.34%	2,373	4	1.00%
National Aeronautics Administration	2,000 - 2,999	8	.89% - 1.34%	2,060	6	0.87%
Teletech Services Corporation	1,000 - 1,999	9	.45% - .89%			
Blue Orgin Florida LLC.	1,000 - 1,999	10	.45% - .89%			
SPC Command	1,000 - 1,999	11	.45% - .89%	2,190	5	0.92%
New Rockwell Collins	1,000 - 1,999	12	.45% - .89%	1,390	7	0.59%
Lockheed Martin Corporation	1,000 - 1,999	13	.45% - .89%	-	-	
SpaceX	1,000 - 1,999	14	.45% - .89%	-	-	
Florida Institute of Technology Inc.	1,000 - 1,999	15	.45% - .89%	1,250	9	0.53%
TOTALS	N/A		18.31% - 24.96%	34,490		14.96%

Source: Economic Development Commission of Florida's Space Coast Bureau of Labor Statistics

- Notes:**
1. Employers include retail operations.
 2. Employment figures are for Brevard County.
 3. Exact employment numbers are no longer available as of 2016 for security reasons per the EDC.
 4. Total average employment for Brevard County in fiscal year 2013 was 237,228.
 5. Total average employment for Brevard County in fiscal year 2022 was 290,243.

City of Cocoa Beach, Florida
Employees by Function/Program
Last Ten Fiscal Years
Schedule E1

Full-time Equivalent Employees as of September 30

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government	32.20	31.20	31.90	37.20	36.20	36.20	36.20	36.20	37.20	37.7
Police	54.00	54.45	55.45	55.50	55.45	56.45	58.45	59.05	59.05	64.55
Fire	28.00	28.00	28.00	28.00	28.00	28.00	28.00	28.20	29.80	30.8
Public Works	30.48	30.63	31.00	32.80	34.80	34.80	35.20	36.70	38.90	39.4
Parks and Recreation	29.45	23.27	23.29	29.35	29.35	30.35	30.35	30.35	30.35	30.35
Utilities	24.00	24.00	25.00	25.00	25.00	25.00	25.40	25.40	25.40	25.4
Stormwater	4.00	4.00	4.00	4.00	4.00	4.00	4.20	4.20	5.20	5.2
Golf Course	40.95	45.05	40.70	40.70	39.70	39.70	39.70	40.20	40.20	40.2
Metered Parking	6.25	5.25	5.90	5.90	5.90	5.90	5.90	5.90	5.90	5.5
Totals	249.33	245.85	245.24	258.45	258.40	260.40	263.40	266.20	272.00	279.5

City of Cocoa Beach, Florida
Operating Indicators by Function/Program
Last Ten Fiscal Years
Schedule E2

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police										
Physical arrests	616	681	685	581	785	675	589	508	630	624
Parking violations	8,527	6,084	5,841	7,770	10,831	13,983	14,993	11,504	13,976	10,937
Traffic violations	3,696	4,163	1,984	2,941	2,904	2,668	2,641	3,779	4,637	3,871
Fire										
Emergency responses (incidents)	2,467	2,235	2,565	2,646	2,803	2,745	2,749	2,690	3,226	3,676
Fires extinguished	62	47	46	48	55	57	33	30	12	40
Inspections	582	410	178	196	214	228	453	515	561	449
Public Works***										
Street resurfacing (miles)	-	-	-	0.1	0.32	-	0.54	1	0	2
Pothole repair/patching (square yards)	-	269	2,311	184	226	458	201	136	279	121
Asphalt rejuvenation (square yards)	-	-	283,558	263,112	-	-	-	-	-	-
Parks and Recreation										
Attendees at gymnasium	2,149	2,385	2,192	2,026	3,265	3,836	4,377	3,547	3,575	3,963
Pool attendees	19,564	21,392	25,083	23,021	21,154	19,839	19,858	12,314	22,044	9,034
Water										
Total metered connections*	4,501	4,523	4,368	4,570	4,589	4,603	4,615	4,636	4,626	4,634
Average daily consumption (thousands of gallons)	1,780	1,808	1,652	1,784	1,768	1,709	1,735	1,633	1,670	1,699
Wastewater										
Average daily sewage treatment ** (thousands of gallons)	3,933	4,148	4,260	3,857	3,852	4,094	3,688	3,599	3,329	3,156

Notes: Refuse collection - Contracted out.
Library - County provided.
Transit - County provided.

* Excludes Patrick AFB.

** Includes Patrick AFB.

*** Limited road work was recorded in the Public Works categories in multiple fiscal years - City-wide asphalt rejuvenation budgeted in FY 2015 and FY 2016.

Sources: Data provided by City of Cocoa Water Sewer Distribution Report.
Water data provided by City of Cocoa.
Wastewater data provided by City of Cocoa Beach.

City of Cocoa Beach, Florida
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
Schedule E3

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Schools (1)										
Elementary	2	2	2	2	2	2	2	2	2	2
Junior/Senior High	1	1	1	1	1	1	1	1	1	1
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Police Officers (2)	34	32	35	35	35	37	39	39	39	41
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Firefighters (3)	27	27	27	27	27	27	27	28	28	28
Other Public Works										
Streets (linear miles)	35	35	35	35	35	35	35	35	35	35
Streetlights	1,265	1,265	1,265	1,265	1,265	1,265	1,265	1,393	1,393	1,393
Parks and Recreation										
Parks and playgrounds (4)	12	12	12	12	12	12	12	12	12	12
Golf course (27 holes)	1	1	1	1	1	1	1	1	1	1
Tennis courts (2 clay)	12	12	12	12	12	12	12	12	12	12
Swimming pools (1 adult; 1 children)	2	2	2	2	2	2	2	2	2	2
Maritime Hammock Preserve (5)	1	1	1	1	1	1	1	1	1	1
Skateboard park	1	1	1	1	1	1	1	1	1	1
Utilities										
Wastewater										
Sanitary sewers (miles)	64	64	64	64	64	64	64	64	64	64
Storm sewers (miles)	22	22	22	22	22	22	22	23	23	23
Electricity										
Meter connections (5)	10,155	10,201	10,235	10,269	10,280	10,129	10,124	10,142	10,420	9,932

Notes:

- (1) Schools owned and operated by Brevard County School Board
- (2) Sworn officers
- (3) Firefighters and 2 chiefs
- (4) City and County parks in City limits
- (5) Sorted by FPL Franchise Code



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

Honorable Mayor and City Commissioners
City of Cocoa Beach, 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 Cocoa Beach, Florida, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Cocoa Beach, Florida's basic financial statements and have issued our report thereon dated April 28, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Cocoa Beach, Florida's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Cocoa Beach, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Cocoa Beach, 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. We consider the deficiencies described in the schedule of findings as items MW 2022-001 and MW 2022-002 to be material weaknesses.

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. We consider the deficiencies described in the schedule of findings as items SD 2022-003 and SD 2022-004 to be significant deficiencies.

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.

Report on Compliance and Other Matters

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

The City of Cocoa Beach, Florida's Response to Findings

The City of Cocoa Beach, Florida's response to the findings identified in our audit is described in the accompanying schedule of findings and the Independent Auditors' Management Letter. The City of Cocoa Beach, Florida's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

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

Melbourne, Florida
April 23, 2023

MW 2022-001 CAPITAL ASSET INVENTORY

Criteria: Best practices for capital asset management state that local governments should establish a system of tracking capital assets to provide records that allow for accurate planning, budgeting and financial reporting. Further, financial reporting in compliance with professional standards relies on the completeness and accuracy of these records. This finding was previously reported in the 2021 audit and has been updated/revised in the current year.

Condition: The total cost basis of the City's capital assets for governmental activities in the subledger of the City's accounting system is not in agreement with the general ledger as of September 30, 2022. Beginning accumulated depreciation in the subledger for governmental activities did not agree to the general ledger. Current year capital assets additions did not agree to the detail in the subsidiary ledger. The cost basis of capital assets in the Asset Balance Report (used for reconciliation purposes) generated by the capital asset subledger did not agree with the depreciation detail report. Descriptions entered into the subsidiary ledger of construction-in-progress projects were not sufficient and led to reconciliation errors. The subsidiary ledger for property (land) owned by the City was incomplete.

Cause: Reconciliations performed in response to the finding in the fiscal year 2021 audit led to the discovery of additional errors in the subsidiary ledger. At September 30, 2022, this review, reconciliation and clean-up process is on-going.

Effect: The total cost basis of the City's capital assets for governmental activities in the subledger of the City's accounting system is not in agreement with the general ledger as of September 30, 2022 by \$117,758. Accumulated depreciation in the subledger at the beginning of the year for governmental activities did not agree with the general ledger by \$101,350 and was corrected through current year depreciation expense. Capital asset additions for the current year did not agree to the detail in the subsidiary ledger by \$38,606. The cost basis of capital assets in the Asset Balance Report generated by the capital asset subledger did not agree with the depreciation detail report by \$183,250 (governmental activities) and \$293,254 (business-type activities). The beginning balance in construction-in-progress in the Utility Fund was overstated by \$877,084. The City sold land in the current fiscal year that was not included in the City's inventory of properties owned.

Recommendation: Reconciliations to the financial statements – including the governmental activities – should be performed and the documentation should include evidence of the work performed as well as review of the reconciliation by someone other than the preparer. Reconciliations of the capital outlay accounts for all funds to the amount capitalized should be performed at a level of detail to detect and correct a material error. The City should investigate and work to resolve differences between internal reports, i.e., the Asset Balance Report and the Depreciation Detail Report. Further, the capital asset listing should be reconciled to asset listings being used for other purposes – such as budgeting and insurance – to verify each listing is complete and accurate.

Management's Response: *Staff is currently revising the reconciliation process to be performed at a level of detail to detect and correct a material error, to refine and improve the tie-out between the financial statements, subsidiary ledgers, and the general ledger. This reconciliation, along with supporting documentation, will be performed and reviewed by someone other than the preparer.*

The City intends to replace the existing fixed asset software with a more reliable and versatile product.

MW 2022-002 REVENUE RECOGNITION

Criteria: GASB Codification (GASBC) 1600, *Basis of Accounting* requires governmental funds use the modified accrual basis of accounting when recognizing revenue and enterprise funds to use the full accrual basis of accounting. This finding was previously reported in the 2021 audit and has been updated/revised in the current year.

Condition: The City did not report revenue and receivables consistent with GAAP and the City's revenue recognition criteria related to the period of availability resulting in an overstatement of revenue in the General Fund. Receivables for unbilled garbage and utility services were not accrued at year end. Additionally, in their Grants Schedule, the City double-counted payroll for raises provided to police and fire employees and the payroll amount on the Grants Schedule included payroll for employees that had retired or otherwise separated from service resulting in the City recognizing grant revenue in the wrong amount.

Cause of condition: The City did not perform a review of receivables accrued at year end sufficient to identify receivables not collected within the period of availability. The City's year-end close procedures did not include the evaluation and accrual of unbilled receivables for billing cycles that were completed but not yet billed at year-end. Further, the Grants Schedule, which is a manual spreadsheet, was not reconciled to amounts in the City's general ledger.

Potential effect of condition: Revenue in the General Fund in the fund financial statements was overstated by \$102,652. An audit adjustment was proposed to record \$27,179 in unbilled receivables for garbage services in the General Fund and unbilled utility receivables were recorded in the amount of \$87,852 and \$9,290 in the Utility Fund and the Stormwater Fund, respectively. The expenditures reported on the Grants Schedule were overstated by \$645,838; as a result, an audit adjustment was made to correct grant revenue recognized in fiscal year 2022.

Recommendation: We recommend the City review accounts receivable and amounts due from other governments at year-end to identify any amounts that were not collected within the period of availability, as defined in the City's accounting policies. Year-end close procedures should include the evaluation and accrual of unbilled receivables for billing cycles that "cross" the City's fiscal year-end. Further, the City should maintain information in manual spreadsheets in sufficient detail to be able to readily recognize any errors in recording. Manual spreadsheets should be routinely reconciled to the general ledger and reviewed by someone other than the preparer.

Management's Response: *At year-end the city will refine and expand the review process of accounts receivable, amounts due from other governmental agencies to identify any receivables that were not collected within the period of availability. Re-defining the City's accounting policies, including an evaluation and accrual of unbilled receivables for billing cycles that "cross" the City's fiscal year-end. The city will review the G/L against additional work papers during the month-end closing process. This reconciliation, along with supporting documentation, will be performed and reviewed by someone other than the preparer.*

SD 2022-003 SELECTION OF BASIS FOR ALLOCATED EXPENSES

Criteria: GASB Codification 2200, *Annual Comprehensive Financial Report*, describes indirect expenses (expenditures) and the use of a consistent and reasonable method for allocation of those expenses (expenditures) between functions, activities and funds. This finding was previously reported in the 2021 audit and has been updated/revised in the current year.

Condition: The City used an allocation basis for OPEB expenses (expenditures) which was based on the budget for total salaries and wages, a basis not related to the health insurance component of OPEB. Additionally, contributions from the enterprise funds to the General Fund are based on budgeted amounts for which the City did not have a consistent methodology supported by an analysis of actual costs.

Cause of condition: The City used an allocation basis being utilized for other expenses (expenditures); however, this approach was not appropriate for the allocation of OPEB costs to the user departments. For transfers from the enterprise funds to the governmental funds, the City describes the transfer as being adjusted based on the needs of the City rather than a consistent and reasonable method based on direct or indirect expenses (expenditures) incurred.

Potential effect of condition: Using an underlying allocation base unrelated to the direct expense (expenditure) being allocated may lead to a misstatement of expenses (expenditures) in the funds. Transfers from the enterprise funds to the governmental funds without a consistent and reasonable method may result in payment that are significantly in excess or deficient of actual costs.

Recommendation: The City should review the basis of allocation to determine it is consistent with the nature of the expense being allocated. Transfers from the enterprise funds to the General Fund should be based on actual costs, and the factors used should be considered during future rate studies.

Management's Response: *In FY2023, a full allocation analysis was performed and has been budgeted as part of the FY2023 budget. During the month-end review of the budget to actual expenses a detailed analysis will be performed. Transfers from the enterprise and special revenue funds to the General Fund should be based on estimated costs, and a true-up at year end will be performed. This reconciliation, along with supporting documentation, will be performed and reviewed by someone other than the preparer.*

SD 2022-004 ACCOUNTING FOR FINANCED PURCHASES

Criteria: GASB Codification L20, *Leases*, provides that lease contracts that meet certain criteria be accounted for as a financed purchase.

Condition: In fiscal year 2022, the City acquired golf carts through an agreement meeting the criteria to be recorded as a financed purchase. The City did not record the proceeds or the related capital outlay related to the financed purchase.

Cause of condition: The City did not properly identify the agreement as a financed purchase.

Potential effect of condition: Capital outlay – and related debt proceeds – were understated by \$467,197.

City of Cocoa Beach, Florida Schedule of Findings

Recommendation: The City should implement a system in which new debt, e.g. notes, financed purchases, lease liabilities, etc. are recorded upon execution of the contract/agreement.

Management's Response: *At the end of FY2022, the City purchased new software to track debt, including financed purchases and lease liabilities. This software is currently being implemented and will be fully utilized in FY2023. Going forward all new debt will be entered into the software upon execution of the contract/agreement. This will provide the details for journal entries to record the debt, and year-end entries. A reconciliation between the software, the general ledger, and the financial statements will be developed and prepared. This reconciliation, along with supporting documentation, will be performed and reviewed by someone other than the preparer.*



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Independent Auditors’ Management Letter

Honorable Mayor and City Commissioners
 City of Cocoa Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Cocoa Beach, Florida (the “City”) as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated April 28, 2023

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 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*; Schedule of Findings; 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 and schedule, which are dated April 28, 2023, 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:

2021 No.	Description	Status	2022 No.
2021-001	Revenue Recognition	Revised / Repeated	2022-002
2021-002	Capital Assets	Revised / Repeated	2022-001
2021-003	Compensated Absences	Resolved	
2021-004	Health Insurance Liabilities	Resolved	
2021-005	Reconciliation Controls and Expenditure Recognition	Resolved	
2021-006	Segregation of Duties	Resolved	
2021-007	Investment Disclosures	Resolved	
2021-008	Selection of Basis for Allocated Expenses	Revised / Repeated	2022-003
2021-009	Cash Concentrations	Resolved	
2021-010	Review of Utility Rates and Charges for Services	Repeated	2022-005
2021-011	Payroll Review Control	Resolved	

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 Cocoa Beach, Florida and its component unit are disclosed in the footnotes.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City of Cocoa Beach, Florida 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 Cocoa Beach, 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 Cocoa Beach, Florida. It is management's responsibility to monitor the City of Cocoa Beach, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

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

IC 2022-005 REVIEW OF UTILITY RATES AND CHARGES FOR SERVICES

Criteria: The U.S. Government Accountability Office (GAO) and the Committee of Sponsoring Organizations (COSO) describe internal control as a process implemented by management that is designed to provide reasonable assurance regarding the achievement of objectives. This finding was previously reported in the 2021 audit and has been repeated in the current year.

Condition: The City did not maintain evidence of the review of utility rates entered into the billing system.

Cause of condition: The City did not implement a control to include documentation of the review of utility rates that are being entered into the billing system by its third party billing service provider.

Potential effect of condition: Without documentation of the review of utility rate changes in the billing system, the City cannot provide evidence that such review occurred. Further, the lack of documentation of review of utility rate changes will make it more difficult to assess the effectiveness of the internal control.

Recommendation: We recommend that the City document its review of utility rate changes entered in the billing system by its billing service provider. This control should be extended to all revenue streams where users are charged a fee based on a set rate, including rates entered in to the City's internal systems.

Management's Response: *This process has been developed and is being implemented. Each utility account type will be "spot-checked" monthly for billing accuracy. This reconciliation, along with supporting documentation, will be performed and reviewed by someone other than the preparer.*

IC 2022-006 ACCOUNTS PAYABLE SUBSIDIARY LEDGERS

Criteria: Subsidiary ledgers are to be used to provide for detailed review of transactions comprising an account balance and should be routinely reconciled to the general ledger.

Condition: Accounts payable aging reports (subsidiary ledgers) were not in agreement with the City's general ledger.

Cause of condition: The cause of the discrepancies between the subsidiary ledger and the general ledger could not be determined.

Potential effect of condition: Differences between the subsidiary ledger and the general ledger existed as of September 30, 2022 in the amount of \$45,943 (General Ledger), \$3,088 (Community Redevelopment Agency), \$45,535 (Utility Fund) and \$6,612 (Stormwater Fund).

Recommendation: We recommend that the City reconcile the accounts payable subsidiary ledger to the general ledger each month, documenting their review and evaluation of any variances.

Management's Response: *City will develop a reconciliation process that will complete a full reconciliation of the accounts payable subsidiary ledger to the general ledger each month. This reconciliation process will include documentation of the review, evaluation and correction of any variances. This reconciliation, along with supporting documentation, will be performed and reviewed by someone other than the preparer.*

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 have not noted any such findings.

Purpose of this Letter

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

Carr, Rigg & Ingram, L.L.C.

Melbourne, Florida
April 28, 2023



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

Honorable Mayor and City Commissioners
City of Cocoa Beach, Florida

We have examined the City of Cocoa Beach, Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2022. Management is responsible for the City of Cocoa Beach, Florida's compliance with the specified requirements. Our responsibility is to express an opinion on the City of Cocoa Beach, Florida'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 of Cocoa Beach, Florida's complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City of Cocoa Beach, Florida's complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including as assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City of Cocoa Beach, Florida's compliance with specified requirements.

In our opinion, the City of Cocoa Beach, Florida complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2022.

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

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

Melbourne, Florida
April 28, 2023