

City of Melbourne, Florida



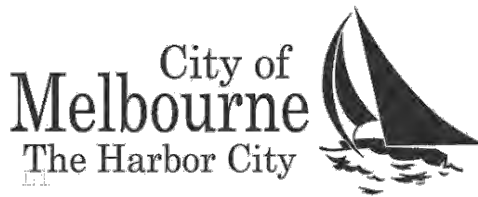
2023

Annual Comprehensive Financial Report

For the Fiscal Year Ended September 30, 2023

City of Melbourne, Florida
Annual Comprehensive
Financial Report

For The Fiscal Year Ended September 30, 2023



CITY COUNCIL

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

CITY OFFICIALS

Jenni Lamb City Manager
Kevin McKeown City Clerk
Manny Anon City Attorney
Ross McGinn Director of Finance
Keely Carroll Assistant Finance Director

Prepared by: Financial Services Department



INTRODUCTORY SECTION

This section contains the following subsections:

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



**CITY OF MELBOURNE, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023
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City of Melbourne



Financial Services Department

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

March 14, 2024

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

We are submitting the Annual Comprehensive Financial Report of the City of Melbourne, Florida (the "City") for the fiscal year ended September 30, 2023, as prepared by the City's Financial Services department. The report fulfills the requirements set forth in the City Charter, Section 3.20, Florida Statutes, Chapter 166.241; Chapter 218.39 and the Rules of the Auditor General, Chapter 10.550; and Rule 15c2-12 promulgated by the Securities and Exchange Commission.

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

The City's financial statements have been audited by the City's independent Certified Public Accountants, Carr, Riggs & Ingram, LLC. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City, for the year ended September 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2023, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

Profile of the Government

The City is located on the central east coast of Florida in Brevard County. The City currently occupies a land area of 51.5 square miles and serves a population of 87,662. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

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

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

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

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

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

Factors Affecting Financial Condition

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

Local Economy. Despite challenging economic conditions, the City of Melbourne's current fiscal condition remains stable. The City continues to be proactive in managing expenditures, avoiding the use of cash reserves for ongoing operational needs, and by evaluating ways to achieve long-term cost savings. The City also continues to pursue grants to fund special projects and equipment and was awarded several millions of dollars in grant funding in 2023.

The City of Melbourne issued 8,737 permits for projects valued at more than \$303 million in 2023. A variety of office/commercial, hotel and residential projects were completed or were underway by the end of 2023, including Parasol Senior-Living Apartments; Hyatt Place hotel at Melbourne Orlando International Airport; Element Melbourne Oceanfront Hotel; Fairfield Inn Hotel and the Preserve at Melbourne apartment complex.

The overall number of permits issued in 2023 was similar to permits issued in 2022. New commercial permits were up 70% with an increase in value of 46% from 2022. There was a decrease of new residential permits of 68% with a decreased value of 56% from the previous year. The population increased 0.8% in

fiscal year 2023, and the local unemployment rate increased from a rate of 2.6% to 3.2% at the end of fiscal year 2023.

Long-term financial planning. On April 25, 2023, City Council adopted Resolution No. 4166, which updated the City's Fund Balance, Reserves, and Utility Rate of Return policy.

The updated policy establishes two reserves for the General Fund: an operating reserve target equal to 25% of the operating budget, and a reserve target for other post-employment benefits (OPEB) at 75% of the OPEB liability for the City's Governmental Activities. Thereafter, any unassigned fund balance in excess of the two target reserve minimums shall be identified by the City Manager as available to fund one-time, non-reoccurring costs, including, but not limited to: the funding of capital replacement programs, general maintenance of capital assets, and the reduction or avoidance of debt. As of September 30, 2023, there is \$11,161,270 in excess funds available for assignment. On December 13, 2023, City Council approved Resolution No. 4221, appropriating \$4,800,000 of these excess funds for deferred capital equipment replacements and additional funding for the replacement of Fire Station #72.

The Water and Sewer System fund's updated reserve policy requires an operating reserve target equal to 25% of the system's operating revenues. Thereafter, excess funds shall be deposited to a capital construction reserve used to meet future capital needs or mitigate the use of debt. As of September 30, 2023, the Water and Sewer System's operating reserve was \$16,398,500, and the capital construction reserve available was \$25,202,184. \$3,050,000 of the capital construction reserve was appropriated as part of the fiscal year 2024 adopted budget.

During fiscal year 2023, \$3,743,403 was transferred from the Water and Sewer Fund to the General Fund, representing 6.5% of water, sewer, and reclaimed water sales, as defined in the updated policy.

Major Initiatives. The City issued \$35 million in general obligation bonds in February 2022 for the Melbourne Police Departments new headquarters building, the Joseph Pellicano Law Enforcement Center. Construction began in September 2022 for the new 76,390 square-foot, two-story building. The new headquarters will bring all MPD divisions together under one roof to help make emergency response more efficient and to streamline information sharing. Construction on the new police facility progressed significantly in 2023. The facility is on schedule to be completed and occupied in 2024.

Two major mast arms projects were completed in fiscal year 2022-2023. "Mast arms" are sturdier and easier to maintain and repair than wire traffic signals, especially during strong storms and hurricanes. There are only two remaining city-maintained intersections that need to be converted.

The Nasa & Grumman Mast Arms improvement was made in an effort to mitigate maintenance required post storm events, and improve pedestrian access at the intersection.

The Sunlake & Babcock Mast Arms improvement was made due to the construction of the new Trillium at Sunlake apartment community, which has increased the traffic at the intersection of Sunlake & Babcock. This new traffic signal allows for a protected left turn, which reduces the likelihood of traffic accidents in this intersection.

The City began a project in 2022-2023 to modernize, upgrade, and harden cybersecurity hardware and software for the protection of the City's critical infrastructure. The project is expected to be completed in 24-30 months. The City is utilizing available ARPA funds for this project.

The ongoing golf course improvements project continued in 2022-2023 for Crane Creek and Harbor City Golf Courses. The improvements include greens, netting, and irrigation replacement and repairs. The greens have been completed at Harbor City Golf Course and Crane Creek will be started in 2023-2024.

\$18 million in improvements to the water production facilities will enhance and refurbish the actiflo process, filtration system and disinfection system. Improvements will allow the continuation of water production operations in compliance with all regulatory requirements and the maintenance of the level of service currently provided.

A concentrate disposal well installation for \$15.8 million is required to expand the Reverse Osmosis Water Treatment Facility. The expansion will improve water quality and reduce demand on the Surface Water Treatment Facility.

Grant Street Water Reclamation Facility improvements of \$15.3 million include rehabilitating and upgrading many of the systems. Some of which include grit handling, influent station, headworks, mechanical aerator systems and biological nutrient removal treatment train to accommodate the increasing flow demands, State and Federal regulations.

The biosolids process system at both water reclamation facilities is being updated for \$11.1 million to improve reliability and meet current standards of the biosolid processes. The updates include a rehabilitation of the dewatering systems, converting sledge hold tanks to aerobic digestion stabilization systems, updating the electrical control systems, piping, and demolition of the current system equipment.

The Melbourne Orlando International Airport has expanded and updated its terminal facility to provide the infrastructure needed to accommodate scheduled service from four domestic and one international carrier along with other carriers who operate non-scheduled or charter service. These carriers provide nonstop service to twelve destinations, both domestic and international, accommodating over 747,000 passengers per year. The Airport has three runways, the longest is 10,181 feet. The 246,000 square foot terminal includes eight gates and a 40,000 square foot fully outfitted customs facility. The Airport also has been successful in attracting new aerospace tenants and as well as working with existing tenants to accommodate expansion plans.

Relevant Financial Policies. The City of Melbourne has adopted a comprehensive set of financial policies, including a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to or in excess of appropriations.). The original budget estimated revenues were \$102,255,077 while estimated appropriations were \$102,955,077 as a result \$700,000 of fund balance was expected to be used this fiscal year. By fiscal year end, City Council voted to reappropriate excess unreserved fund balance of \$2,909,513, to fund one-time capital appropriations as required by the City's fund balance retention policy. The City of Melbourne's General Fund ultimately experienced a \$7,080,067 increase for the year, as a result of higher than anticipated revenues and measures taken during the year to control expenditures.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Melbourne for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2023. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized ACFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Melbourne has received a Certificate of Achievement for 36 years. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Ross McGinn
Director of Finance



Jenni Lamb
City Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

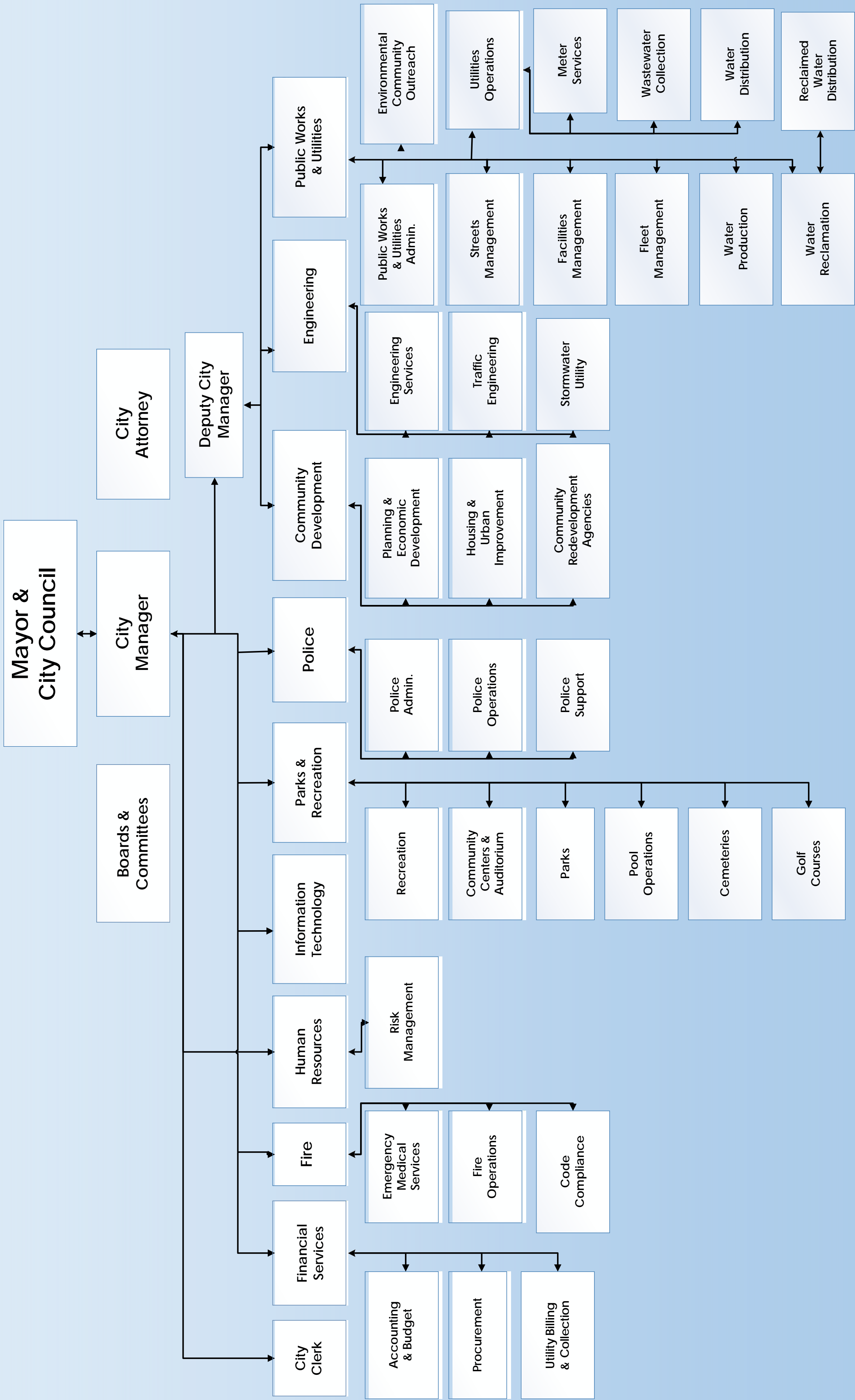
**City of Melbourne
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION

This section contains the following subsections:

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





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INDEPENDENT AUDITOR’S REPORT

To the City Council
City of Melbourne, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Melbourne, Florida (the “City”), as of and for the year ended September 30, 2023, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2023, 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 3(A) to the financial statements, in fiscal year 2023, the City adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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, budgetary comparison information, pension schedules, and OPEB schedules on pages 8 – 17 and 106 – 127 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's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards and State of Florida financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.550, *Rules of the Auditor General*, 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 and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and State of Florida financial assistance 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, statistical section, and secondary market disclosure section, 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 March 14, 2024 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, Riggs & Ingram, L.L.C.

Melbourne, Florida

March 14, 2024



**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

As management of the City of Melbourne (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages ix-xii of this report.

Financial Highlights

- The assets and deferred outflows of the City of Melbourne exceeded its liabilities and deferred inflows at September 30, 2023 by \$369,640,041. Of this amount, \$80,190,756 may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$31,858,413; \$22,596,245 in governmental activities and \$9,262,168 in business-type activities.
- As of September 30, 2023, the City's governmental funds reported combined ending fund balances of \$141,082,138 an increase of \$4,324,037 in comparison with the prior year. Approximately 33% of this amount (\$47,039,514) is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of assigned and unassigned components of fund balance) in the General fund was \$51,925,265 or 54% of total General fund expenditures for fiscal year 2023.
- The City's total debt increased by \$2,946,725 during the current fiscal year. This reflects increases of \$7,090,297 disbursement from the State Revolving Fund loan, \$3,248,253 in new leases and \$265,898 in subscriptions, offset by normal reductions resulting from annual debt service and lease payments of \$6,292,525 and \$1,365,198 for net accretion on the Water and Sewer Refunding Revenue Bonds, Series 2002B.

Overview of the Financial Statements

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

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

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

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

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

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

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

The government-wide financial statements can be found on pages 20-23 of this report.

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

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

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

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

The basic governmental fund financial statements can be found on pages 24-30 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 32-36 of this report.

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

**CITY OF MELBOURNE, FLORIDA
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The basic fiduciary fund financial statements can be found on pages 37-38 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39-103 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information (RSI) can be found on pages 106-127 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 131-139 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Melbourne, assets and deferred outflows exceeded liabilities and deferred inflows by \$369,640,041. By far, the largest portion (\$212,798,032) of the City's net position (58%) reflects its investment in capital assets (i.e., land, buildings, improvements other than buildings, machinery, equipment, intangibles, and general government infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to its citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Melbourne's Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 179,005,055	\$ 176,779,406	\$ 122,948,250	\$ 119,872,970	\$ 301,953,305	\$ 296,652,376
Capital assets	141,805,260	116,855,912 *	185,891,790	177,834,607	327,697,050	294,690,519
Total assets	<u>320,810,315</u>	<u>293,635,318</u>	<u>308,840,040</u>	<u>297,707,577</u>	<u>629,650,355</u>	<u>591,342,895</u>
Total deferred outflows of resources	<u>43,275,893</u>	<u>21,620,881</u>	<u>5,688,011</u>	<u>5,866,415</u>	<u>48,963,904</u>	<u>27,487,296</u>
Liabilities						
Long-term liabilities outstanding	143,406,638	104,437,135 *	104,009,888	101,799,558	247,416,526	206,236,693
Other liabilities	25,581,840	25,887,198	19,780,129	20,422,767	45,361,969	46,309,965
Total liabilities	<u>168,988,478</u>	<u>130,324,333</u>	<u>123,790,017</u>	<u>122,222,325</u>	<u>292,778,495</u>	<u>252,546,658</u>
Total deferred inflows of resources	<u>15,113,105</u>	<u>27,543,486</u>	<u>1,082,618</u>	<u>958,419</u>	<u>16,195,723</u>	<u>28,501,905</u>
Net position						
Net investment in capital assets	106,774,231	70,228,641	106,023,801	98,978,735	212,798,032	169,207,376
Restricted	64,961,710	78,094,300	11,689,543	10,773,519	76,651,253	88,867,819
Unrestricted	8,248,684	9,065,439	71,942,072	70,640,994	80,190,756	79,706,433
Total net position	<u>\$ 179,984,625</u>	<u>\$ 157,388,380</u>	<u>\$ 189,655,416</u>	<u>\$ 180,393,248</u>	<u>\$ 369,640,041</u>	<u>\$ 337,781,628</u>

* Balance is restated due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

An additional portion (\$76,651,253) of the City's net position (21%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$80,190,756 may be used to meet the City's ongoing obligations to citizens and creditors.

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On September 30, 2023, the City is able to report positive balances in all three categories of net position for its business-type activities. The City's net position, excluding the Melbourne Orlando International Airport, a discretely presented component unit, increased by \$31,858,413 (9.4%) during the current fiscal year. Key elements of the increase in net position are as follows:

City of Melbourne's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenue:						
Program revenue:						
Charges for services	\$ 17,795,188	\$ 16,694,799	\$ 62,590,103	\$ 58,663,706	\$ 80,385,291	\$ 75,358,505
Operating grants and contributions	12,278,981	8,744,838	163,152	-	12,442,133	8,744,838
Capital grants and contributions	921,684	2,535,289	3,825,689	2,820,322	4,747,373	5,355,611
General revenue:						
Property taxes	47,477,898	41,618,002	-	-	47,477,898	41,618,002
Other taxes	24,428,205	21,750,914	-	-	24,428,205	21,750,914
Grants and contributions not restricted to specific programs	12,716,809	12,864,496	-	-	12,716,809	12,864,496
Unrestricted investment earnings	4,546,344	(4,543,690)	4,077,041	(3,850,087)	8,623,385	(8,393,777)
Other	159,218	266,946	47,883	119,012	207,101	385,958
Total revenues	120,324,327	99,931,594	70,703,868	57,752,953	191,028,195	157,684,547
Expenses:						
General government	21,723,251	17,155,253	-	-	21,723,251	17,155,253
Public safety	55,792,892	45,636,915	-	-	55,792,892	45,636,915
Public works	8,120,488	8,622,125	-	-	8,120,488	8,622,125
Parks and recreation	11,195,688	10,959,259	-	-	11,195,688	10,959,259
Housing and urban improvement	1,636,269	1,710,946	-	-	1,636,269	1,710,946
Interest on long-term debt	723,811	1,153,639	-	-	723,811	1,153,639
Unallocated depreciation	3,615,250	4,316,328	-	-	3,615,250	4,316,328
Water and sewer	-	-	53,763,304	49,257,922	53,763,304	49,257,922
Stormwater utility	-	-	2,601,629	2,324,917	2,601,629	2,324,917
Total expenses	102,807,649	89,554,465	56,364,933	51,582,839	159,172,582	141,137,304
Increase in net position before contributions to permanent fund and transfers						
	17,516,678	10,377,129	14,338,935	6,170,114	31,855,613	16,547,243
Contributions to permanent fund	2,800	9,650	-	-	2,800	9,650
Transfers	5,076,767	5,310,818	(5,076,767)	(5,310,818)	-	-
Increase in net position	22,596,245	15,697,597	9,262,168	859,296	31,858,413	16,556,893
Net position - October 1	157,388,380	141,690,783	180,393,248	179,533,952	337,781,628	321,224,735
Net position - September 30	\$ 179,984,625	\$ 157,388,380	\$ 189,655,416	\$ 180,393,248	\$ 369,640,041	\$ 337,781,628

Governmental Activities. Governmental activities increased the City's net position by \$22,596,245. Operating grants and contributions increased by \$3,534,143 mainly due to an increased use of American Rescue Plan Act (ARPA) funding. Capital grants decreased by (\$1,613,605) as a result of federal awards for multiple joint participation transportation projects in the previous fiscal year. Property taxes increased by \$5,859,896 generated by new growth and an adopted millage rate of 6.7490, an increase of 5.21% above the rolled-back rate. Other taxes increased by \$2,677,291 reflective of utilities and communication services taxes. Investment earnings increased by \$9,090,034 due to adjustments in fair market value.

Total governmental activities expenses increased by \$13,253,184. General government expenses increased by \$4,567,998, primarily due to increases in salaries, benefits, and operating expenses. Public safety expenses increased by \$10,155,977, primarily due to increases in salary, benefits, medical services, auto parts, training/travel, and risk management. Public works decreased by (\$501,637) primarily due to a decrease in expenditures for resurfacing projects and railroad crossing improvements. Parks and recreation expenses increased by \$236,429 due to increases in salary and benefits in addition to increases in building repairs, utilities, and risk management costs.

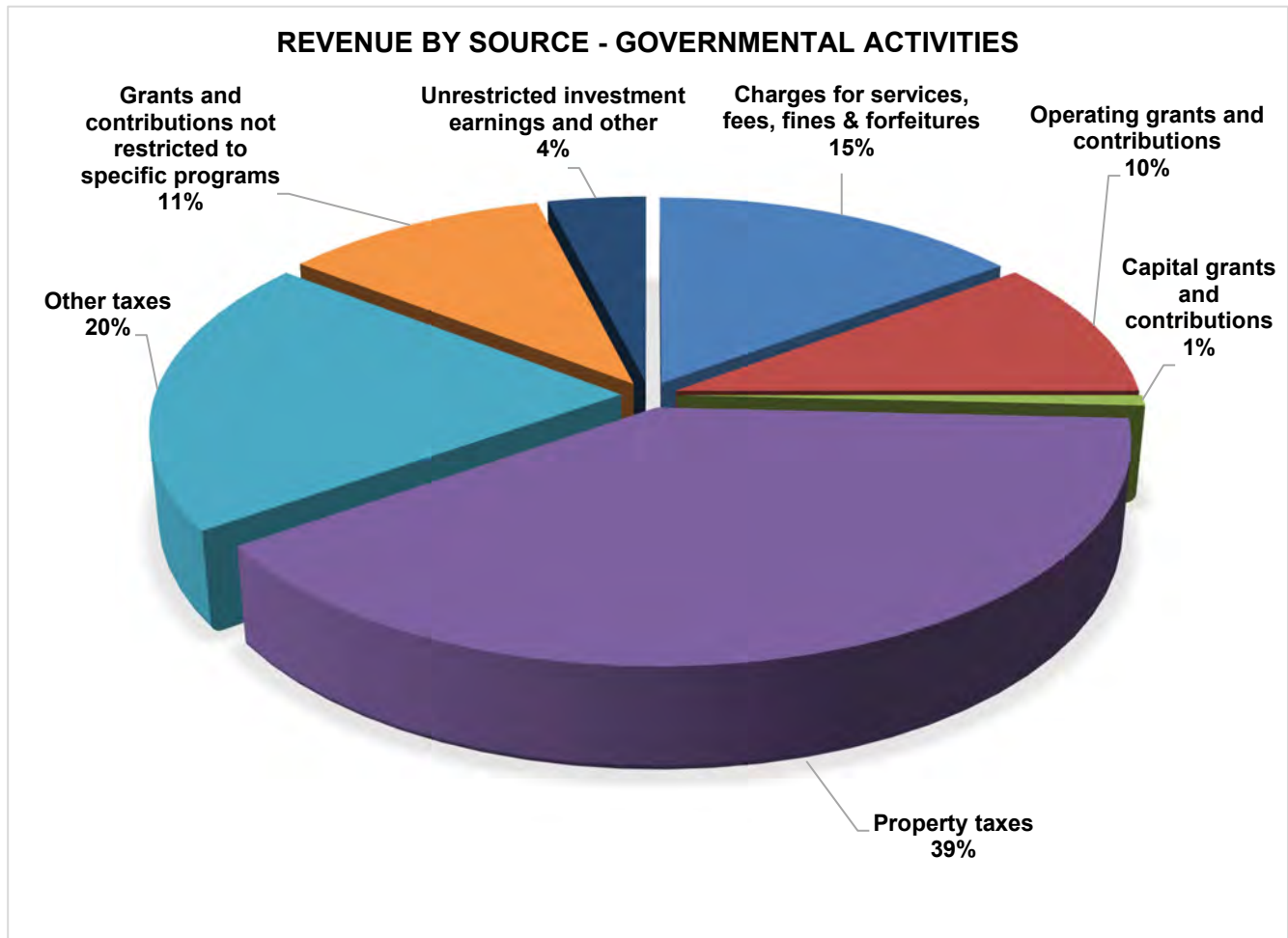
**CITY OF MELBOURNE, FLORIDA
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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Transfers decreased by (\$234,051) reflecting funding for general construction projects and normal transfers from business-type activities to governmental activities for the Water and Sewer fund's rate of return.

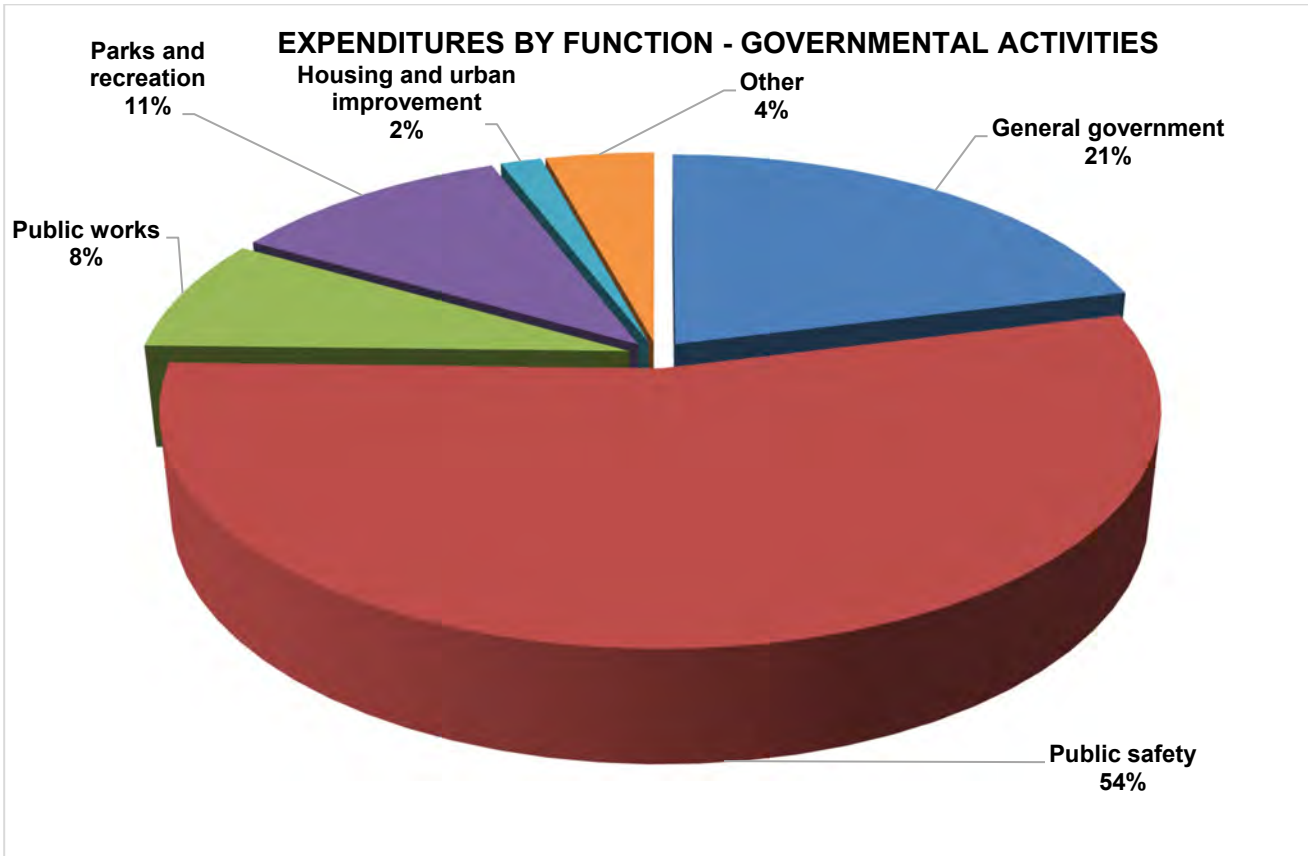
Business-type Activities. Business-type activities increased the City's net position by \$9,262,168. Charges for services increased \$3,926,397, which correlates with an increase in average daily consumption of water by utility customers and an increase in water and wastewater rates that went into effect on July 1, 2023. Operating grants and contributions increased by \$163,152 due to funding received from the Federal Emergency Management Agency (FEMA) for Hurricane Dorian. Capital grants and contributions increased by \$1,005,367 primarily due to an increase in funding from the Florida Department of Environmental Protection and additional payments received from the City of West Melbourne, Florida to exercise its option to terminate the interlocal agreement for the sale and purchase of water. Investment earnings increased \$7,927,128 due to adjustments in fair market value, and the same aforementioned economic environment conditions related to higher interest rates.

Water and Sewer expenses increased \$4,505,382 primarily due to an increase in pension expense, salaries, and overtime, as well as an increase in chemicals and fertilizer expenses, repairs and maintenance to meters and waterlines, and professional services for leak detection services and the rates study. Transfers decreased (\$234,051) mainly due to a decrease in contributions to Water and Sewer funded projects in the General Construction fund.

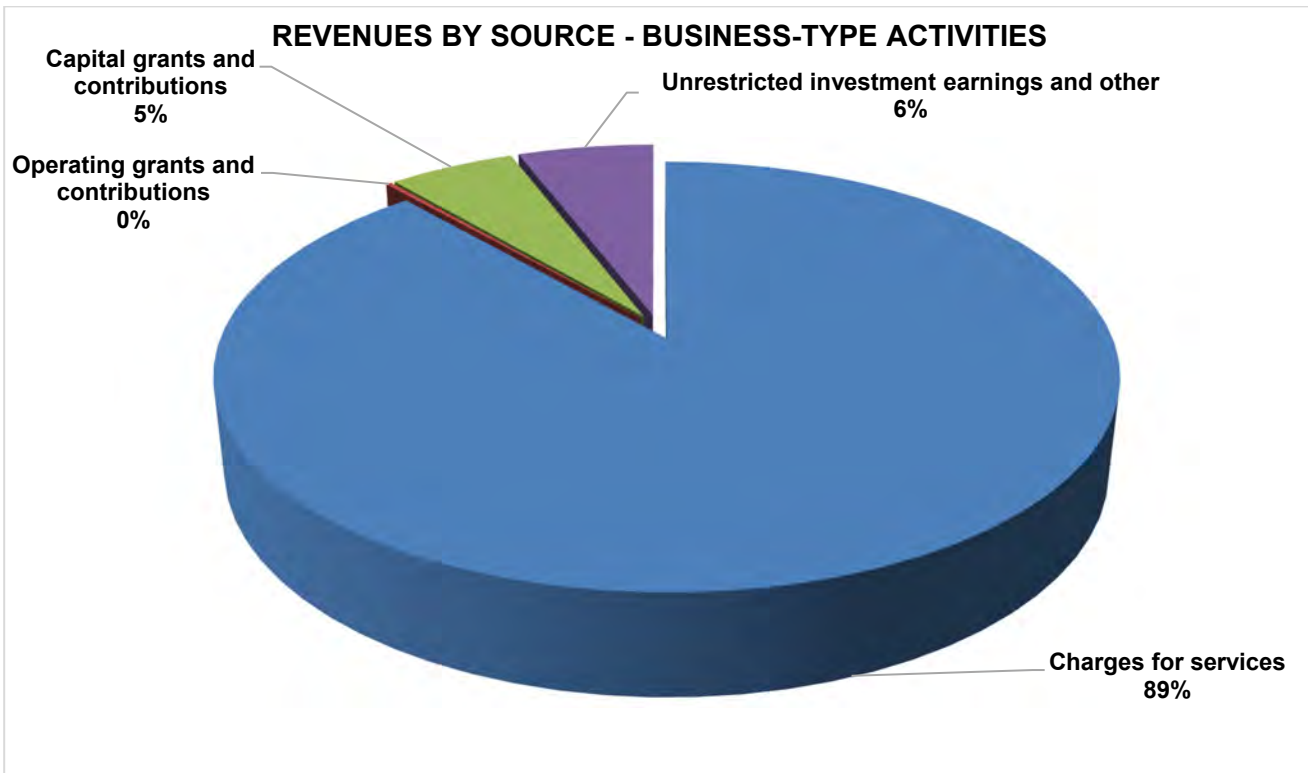
The revenues by source and expenses by function for governmental activities are displayed in the following graphs:



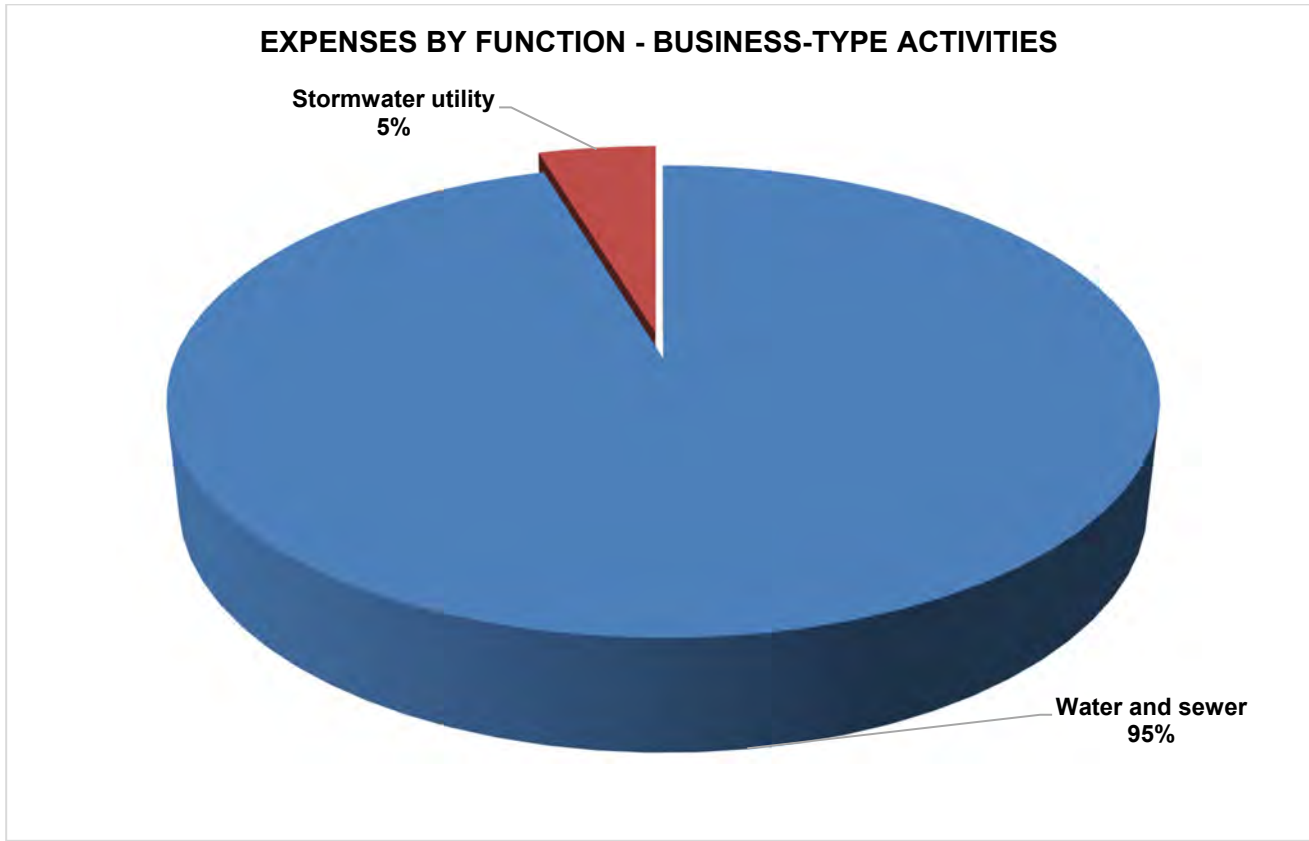
CITY OF MELBOURNE, FLORIDA
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The revenues by source and expenses by function for all business-type activities are demonstrated in the following graphs:



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

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

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

As of the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$141,082,138, an increase of \$4,324,037 in comparison with the prior year. Approximately 33% (\$47,039,514) of this amount constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *non-spendable, restricted, committed, or assigned* to indicate that it is not available for new spending because it is 1) obligated for long term advances to other funds; inventory; prepaids; land held for resale; and perpetual care (\$895,779), 2) restricted for specific purposes (\$63,320,529), 3) restricted for debt service (\$903,142), or 4) assigned to pay for obligations previously authorized by the City (\$28,923,174).

The General fund is the chief operating fund of the City. At the end of the current fiscal year, the total assigned and unassigned fund balance of the General fund was \$51,925,265 while total fund balance was \$53,534,698. As a measure of the General fund's liquidity, it may be useful to compare both total assigned and unassigned fund balance and total fund balance to total fund expenditures. Total assigned and unassigned fund balance represents 54% of total fiscal year 2023 General fund expenditures and 47% of fiscal year 2024 appropriations. Total fund balance represents 56% of total fiscal year 2023 General fund expenditures and 49% of fiscal year 2024 appropriations.

The fund balance of the City's General fund increased by \$9,825,818 during the current fiscal year, primarily a result of increases in property taxes, intergovernmental revenues, and investment earnings. All other

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governmental funds decreased by (\$5,501,781), a result of increased capital outlay expenditures for the new police headquarters building in the general construction fund.

The Transportation Capital Improvement fund, a major fund, had an increase in fund balance during the current year of \$4,498,674 to bring the year end fund balance to \$39,534,261. Assigned fund balance increased \$1,587,919 due to additional funding from the General Fund for roads and streets. Fund balance restricted for transportation increased \$2,910,755 as restricted transportation impact fees and Local Option Gas Tax transfers in exceeded spending on road improvement projects funded from those restricted sources.

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

Unrestricted net position of the Water and Sewer System at the end of the year amounted to \$61,272,248 and the Stormwater Utility was \$10,507,877. The net position in the Water and Sewer System and Stormwater Utility increased by \$8,394,343 and \$857,143, respectively, due to normal growth and operating activities. The net position for total business-type activities increased \$10,682 to reflect the consolidation of the Internal Service fund activity in the Enterprise funds.

General Fund Budgetary Highlights

The following is a brief review of the budget changes from the original to the final amended budget, and a review of the final amended budget and actual amounts (presented on a budgetary basis). A detailed budgetary comparison schedule for the General fund is included on page 106 of the RSI section of the ACFR.

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

The variance between the final budget and the actual results in the General fund reflects actual exceeding total revenues and other financing sources by \$10,963,828 and total expenditures and transfers out \$274,248 more than appropriated. This is primarily a result of actual revenues and other financing sources exceeding appropriations across the board. Since expenditures were less than budgetary estimates, the change in fund balance in the General fund was \$10,689,580 higher than budgeted.

Capital Asset and Debt Administration

Capital assets. The City's capital assets for its governmental and business-type activities as of September 30, 2023 total \$327,697,050 (net of accumulated depreciation). Capital assets include land, buildings, improvements other than buildings, machinery and equipment, intangibles, and general governmental infrastructure. The total increase in the City's capital assets for the current fiscal year was 11.2% (a 21.4% increase in governmental activities and a 4.5% increase for business-type activities).

City of Melbourne's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 39,084,841	\$ 39,084,841	\$ 4,186,161	\$ 4,179,011	\$ 43,271,002	\$ 43,263,852
Buildings	16,110,983	16,782,351	21,764,944	22,966,748	37,875,927	39,749,099
Improvements other than buildings	2,597,165	3,157,796	118,127,271	119,382,266	120,724,436	122,540,062
Machinery and equipment	13,030,667	9,468,261	5,668,888	5,312,204	18,699,555	14,780,465
Intangibles, computer software	462,616	536,969	-	-	462,616	536,969
Infrastructure	31,996,522	34,070,781	-	-	31,996,522	34,070,781
Right-to-use leases equipment	3,020,716	524,466	-	-	3,020,716	524,466
Right-to-use subscriptions	891,122	102,894 *	-	-	891,122	102,894
Construction in progress	34,610,628	13,127,553	36,144,526	25,994,378	70,755,154	39,121,931
Total capital assets, net of depreciation/amortization	<u>\$ 141,805,260</u>	<u>\$ 116,855,912</u>	<u>\$ 185,891,790</u>	<u>\$ 177,834,607</u>	<u>\$ 327,697,050</u>	<u>\$ 294,690,519</u>

* Balance is restated due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

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

- \$20,712,092 for The Joseph Pellicano Law Enforcement Center;
- \$3,248,253 for police vehicle and body cameras, tasers and drone;
- \$1,384,634 for a computer aided dispatch system;
- \$706,203 to modernize cybersecurity infrastructure.

Additional information on the City of Melbourne's capital assets can be found in Note (4) E on pages 59-61 of this report.

Long-term debt. At the end of the current fiscal year, the City of Melbourne had total debt outstanding of \$133,814,091. Of this amount, \$39,175,000 represents Public Improvement Bonds secured solely by specified revenue sources in the Governmental funds, \$66,633,618 for Water and Sewer Revenue Bonds, and \$18,649,606 for State Revolving Fund loans, secured solely by revenues of the Water and Sewer fund.

City of Melbourne's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Public improvement bonds	\$ 39,175,000	\$ 40,825,000	\$ -	\$ -	\$ 39,175,000	\$ 40,825,000
Revenue bonds	-	-	66,633,618	71,273,094	66,633,618	71,273,094
Unamortized issuance premium	3,335,841	4,069,396	2,841,900	3,325,896	6,177,741	7,395,292
Lease liabilities	2,919,279	339,194	-	-	2,919,279	339,194
Subscription liabilities	258,847	102,894 *	-	-	258,847	102,894
State Revolving Fund loans	-	-	18,649,606	12,149,442	18,649,606	12,149,442
Total	\$ 45,688,967	\$ 45,336,484	\$ 88,125,124	\$ 86,748,432	\$ 133,814,091	\$ 132,084,916

* Balance is restated due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

The City of Melbourne's total debt increased 1.31%. The primary factor was a result of additional disbursements from the State Revolving Fund loan offset by normal principal payments of outstanding debts.

Governmental activities debt increased by \$352,483. The increase reflects new leases and subscription-based arrangements amounting to \$3,248,253 and \$265,898, respectively, offset by normal principal payments of outstanding debts.

Business-type activities increased by \$1,376,692. The increase reflects \$7,090,297 in disbursements from the State Revolving Fund loan offset by \$3,864,411 in normal bonds principal payments, net accretion of \$1,365,198 in the Water and Sewer Refunding Revenue Bonds Series 2002B, and State Revolving Fund loan repayment of \$590,133.

The City has issued General Obligation Revenue Bonds, Series 2022 for \$35,000,000 for the sole purpose of constructing the new police headquarters. The City received a rating of AA+ from Fitch and a rating of AA from Standard and Poors for the General Obligation Bonds. Bond rating have a significant influence in establishing the rate of interest expense the City must pay when bonds are sold. The City previously received an underlying rating of AA from Fitch and an underlying rating of Aa2 from Moody's.

Additional information on the City of Melbourne's long-term debt can be found in Note (4) L on pages 69-71 of this report.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Economic Factors and Next Year's Budgets and Rates

- The unemployment rate as of September 30, 2023 for the City of Melbourne was 3.2%, which is an increase from a rate of 2.6% last year. This is lower than the national average unemployment rate of 3.8% and higher than the state average rate of 3.0%.
- The City adopted ordinance no. 2023-14 increasing water and sewer service rates. The new rates went into effect on July 1, 2023.

Requests for Information

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

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

Or visit our website at: www.melbourneflorida.org



BASIC FINANCIAL STATEMENTS

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

The following statements and schedules are reported in this subsection:

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

CITY OF MELBOURNE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	International Airport
ASSETS				
Cash and cash equivalents	\$ 1,556,674	\$ 1,600	\$ 1,558,274	\$ 23,652,771
Equity in pooled investments	143,071,088	91,641,244	234,712,332	-
Investments, at fair value	-	-	-	6,317,771
Receivables, net	4,170,172	10,954,347	15,124,519	228,693
Lease receivable	4,993,961	-	4,993,961	1,628,160
Other receivables	-	3,622	3,622	423,253
Interest receivable	653,143	420,331	1,073,474	39,856
Internal balances	(161,947)	161,947	-	-
Due from fiduciary funds	8,575	-	8,575	-
Due from primary government	-	-	-	7,883
Due from other governments	2,715,346	888,694	3,604,040	5,934,893
Inventory	428,534	2,282,049	2,710,583	26,359
Prepaid items	1,868,863	-	1,868,863	351,962
Land held for resale	215,000	-	215,000	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-	10,151,090	10,151,090	328,564
Equity in pooled investments	-	1,724,649	1,724,649	-
Investments, at fair value	18,711,745	4,599,433	23,311,178	-
Interest receivable	31,914	14,035	45,949	-
Due from other governments	4,934	-	4,934	853,757
Permanently restricted:				
Equity in pooled investments	211,178	-	211,178	-
Noncurrent lease receivable	-	-	-	343,785,941
Net pension asset, city pensions	525,875	105,209	631,084	51,766
Capital assets:				
Nondepreciable:				
Land	39,084,841	4,186,161	43,271,002	7,985,935
Construction in progress	34,610,628	36,144,526	70,755,154	61,191,788
Depreciable:				
Buildings	36,472,119	77,868,612	114,340,731	135,213,483
Improvements other than buildings	18,794,882	331,422,206	350,217,088	127,523,545
Machinery and equipment	37,926,340	21,212,536	59,138,876	14,588,706
Intangibles, computer software	2,245,770	66,073	2,311,843	277,928
Infrastructure	162,322,107	-	162,322,107	-
Right to use subscriptions	992,151	-	992,151	344,089
Right to use leased equipment	4,898,376	-	4,898,376	489,452
Less accumulated depreciation/ amortization	(195,541,954)	(285,008,324)	(480,550,278)	(127,680,348)
Total assets	<u>320,810,315</u>	<u>308,840,040</u>	<u>629,650,355</u>	<u>603,566,207</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows, city pensions	34,219,537	189,162	34,408,699	384,463
Deferred outflows, FRS pension	5,602,356	2,983,349	8,585,705	854,852
Deferred outflows, OPEB	3,426,261	1,033,099	4,459,360	219,318
Deferred outflows, asset retirement	27,739	-	27,739	-
Deferred amount on advance refunding	-	1,482,401	1,482,401	-
Total deferred outflows of resources	<u>43,275,893</u>	<u>5,688,011</u>	<u>48,963,904</u>	<u>1,458,633</u>

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	International Airport
LIABILITIES				
Accounts payable	4,105,155	9,213,451	13,318,606	4,401,471
Accrued payroll expenses	2,687,476	516,033	3,203,509	187,769
Accrued interest payable	340,469	-	340,469	121,875
Due to fiduciary funds	249,243	-	249,243	-
Due to component unit	7,883	-	7,883	-
Due to other governments	195,662	2,311,133	2,506,795	1,671,675
Deposits	1,434,891	-	1,434,891	-
Unearned revenue	12,145,332	-	12,145,332	4,778,436
Current liabilities payable from restricted assets	4,415,729	7,739,512	12,155,241	2,687,555
Noncurrent liabilities:				
Due within one year:				
Accrued claims	850,242	-	850,242	-
Compensated absences	1,935,784	435,452	2,371,236	187,990
State Revolving Fund loan payable	-	883,614	883,614	-
Other postemployment benefits	475,668	121,991	597,659	27,306
Leases payable	793,442	-	793,442	63,758
Subscriptions payable	123,352	-	123,352	80,039
Bonds payable	2,180,000	-	2,180,000	-
Due in more than one year:				
Liabilities payable from restricted assets	-	4,045,075	4,045,075	294,766
Accrued claims	1,863,304	-	1,863,304	-
Compensated absences	2,208,920	475,491	2,684,411	371,172
Leases payable	2,125,837	-	2,125,837	90,113
Subscriptions payable	135,495	-	135,495	188,247
State Revolving Fund loan payable	-	17,681,935	17,681,935	-
Other postemployment benefits	12,625,076	2,789,463	15,414,539	789,665
Net pension liability, city pensions	50,207,785	-	50,207,785	152,294
Net pension liability, FRS pension	27,481,811	14,881,349	42,363,160	4,516,634
Asset retirement obligation	69,081	-	69,081	-
Bonds payable, net of unamortized premium and discount	40,330,841	62,695,518	103,026,359	13,200,000
Total liabilities	168,988,478	123,790,017	292,778,495	33,810,765
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows, city pensions	3,686,273	-	3,686,273	-
Deferred inflows, FRS pension	1,640,352	608,457	2,248,809	65,568
Deferred inflows, OPEB	4,128,283	474,161	4,602,444	98,015
Deferred inflows, lease	4,993,961	-	4,993,961	343,746,700
Deferred revenue, business tax receipts	664,236	-	664,236	-
Total deferred inflows of resources	15,113,105	1,082,618	16,195,723	343,910,283
NET POSITION				
Net investment in capital assets	106,774,231	106,023,801	212,798,032	201,969,590
Restricted - nonexpendable	212,164	-	212,164	-
Restricted for:				
Debt service	903,142	11,334,334	12,237,476	-
Renewal and replacement	-	250,000	250,000	-
Capital improvements	37,657,898	-	37,657,898	887,555
Housing and urban improvement	1,080,756	-	1,080,756	-
Human services	83,045	-	83,045	-
Economic development	9,569,625	-	9,569,625	-
Public safety	14,929,205	-	14,929,205	-
Pension benefits	525,875	105,209	631,084	-
Unrestricted	8,248,684	71,942,072	80,190,756	24,446,647
Total net position	\$ 179,984,625	\$ 189,655,416	\$ 369,640,041	\$ 227,303,792

CITY OF MELBOURNE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services, Fees Fines, and Forfeitures	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 21,723,251	\$ 10,956,207	\$ 2,941,901	\$ -
Public safety - fire and police	55,792,892	2,019,392	2,960,437	766,321
Public works	8,120,488	1,046,731	4,813,405	155,363
Parks and recreation	11,195,688	3,685,732	127,972	-
Housing and urban improvement	1,636,269	85,845	1,353,503	-
Human Services	-	1,281	81,763	-
Interest on long-term debt	723,811	-	-	-
Unallocated depreciation	3,615,250	-	-	-
Total governmental activities	<u>102,807,649</u>	<u>17,795,188</u>	<u>12,278,981</u>	<u>921,684</u>
Business-type activities:				
Water and sewer	53,763,304	59,711,977	163,152	3,010,796
Stormwater utility	2,601,629	2,878,126	-	814,893
Total business-type activities	<u>56,364,933</u>	<u>62,590,103</u>	<u>163,152</u>	<u>3,825,689</u>
Total primary government	<u>\$ 159,172,582</u>	<u>\$ 80,385,291</u>	<u>\$ 12,442,133</u>	<u>\$ 4,747,373</u>
Component unit - Airport	<u>\$ 33,764,073</u>	<u>\$ 20,910,458</u>	<u>\$ 6,076,634</u>	<u>\$ 6,882,387</u>

General Revenues:

Taxes:

Property

Utility and telecommunication

Franchise fees

Grants and contributions not restricted to specific programs

Unrestricted investment earnings (loss)

Gain on sale of capital assets

Contributions to permanent funds

Transfers, net

Total general revenues and transfers

Change in net position

Net position, October 1

Net position, September 30

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	International Airport
\$ (7,825,143)	\$ -	\$ (7,825,143)	\$ -
(50,046,742)	-	(50,046,742)	-
(2,104,989)	-	(2,104,989)	-
(7,381,984)	-	(7,381,984)	-
(196,921)	-	(196,921)	-
83,044	-	83,044	-
(723,811)	-	(723,811)	-
(3,615,250)	-	(3,615,250)	-
<u>(71,811,796)</u>	<u>-</u>	<u>(71,811,796)</u>	<u>-</u>
-	9,122,621	9,122,621	-
-	1,091,390	1,091,390	-
<u>-</u>	<u>10,214,011</u>	<u>10,214,011</u>	<u>-</u>
<u>(71,811,796)</u>	<u>10,214,011</u>	<u>(61,597,785)</u>	<u>-</u>
			<u>105,406</u>
47,477,898	-	47,477,898	-
14,932,527	-	14,932,527	-
9,495,678	-	9,495,678	-
12,716,809	-	12,716,809	-
4,546,344	4,077,041	8,623,385	1,113,794
159,218	47,883	207,101	3,724
2,800	-	2,800	-
5,076,767	(5,076,767)	-	-
<u>94,408,041</u>	<u>(951,843)</u>	<u>93,456,198</u>	<u>1,117,518</u>
22,596,245	9,262,168	31,858,413	1,222,924
<u>157,388,380</u>	<u>180,393,248</u>	<u>337,781,628</u>	<u>226,080,868</u>
<u>\$ 179,984,625</u>	<u>\$ 189,655,416</u>	<u>\$ 369,640,041</u>	<u>\$ 227,303,792</u>

CITY OF MELBOURNE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	General Fund	Downtown Redevelopment Fund	Babcock Street Redevelopment Fund
ASSETS			
Cash and cash equivalents	\$ 22,995	\$ -	\$ -
Equity in pooled investments	65,101,222	3,487,177	2,834,085
Investments, at fair value, restricted	-	-	-
Receivables (net of allowance of \$1,174)	4,115,552	-	-
Lease receivable	4,993,961	-	-
Interest receivable	457,514	9,607	8,973
Interest receivable, restricted	-	-	-
Due from other funds	329,989	-	-
Due from fiduciary funds	8,575	-	-
Due from other governments	2,546,993	-	-
Due from other governments, restricted	4,934	-	-
Inventory	428,534	-	-
Prepaid items	40,080	-	-
Land held for resale	215,000	-	-
Total assets	\$ 78,265,349	\$ 3,496,784	\$ 2,843,058
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,674,757	\$ 105,211	\$ 4,013
Accrued payroll expenditures	2,664,000	9,101	6,648
Due to other funds	-	-	303,714
Due to fiduciary funds	249,243	-	-
Due to component unit	7,883	-	-
Due to other governments	179,332	-	-
Deposits	1,410,106	-	-
Unearned revenue	11,887,133	-	-
Liabilities payable from restricted assets	-	-	-
Total liabilities	19,072,454	114,312	314,375
Deferred inflows of resources:			
Deferred inflows, lease related	4,993,961	-	-
Deferred revenues - business tax receipts	664,236	-	-
Total deferred inflows of resources	5,658,197	-	-
Fund balances:			
Non-spendable:			
Inventory	428,534	-	-
Prepays	40,081	-	-
Land held for resale	215,000	-	-
Perpetual care	-	-	-
Restricted:			
Public safety, law enforcement	80,505	-	-
Human services	-	-	-
Housing and urban improvement	-	-	-
Debt service	845,313	-	-
Economic development	-	3,382,472	2,528,683
Capital improvements	-	-	-
Transportation improvement	-	-	-
Recreation improvement	-	-	-
Assigned:			
General government	504,943	-	-
Public safety, law enforcement	511,348	-	-
Public safety, fire protection	594,190	-	-
Public works	468,007	-	-
Parks and recreation	667,258	-	-
Housing and community development	5	-	-
Capital improvements	1,440,000	-	-
Subsequent years budget	700,000	-	-
Unassigned	47,039,514	-	-
Total fund balances (deficits)	53,534,698	3,382,472	2,528,683
Total liabilities, deferred inflows of resources, and fund balances	\$ 78,265,349	\$ 3,496,784	\$ 2,843,058

The accompanying notes are an integral part of this statement.

Olde Eau Gallie Redevelopment Fund	Transportation Capital Improvement Fund	General Construction Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,532,154	\$ -	\$ 1,525	\$ -	\$ 1,556,674
1,869,469	39,541,823	16,366,731	8,807,200	138,007,707
-	-	18,711,745	-	18,711,745
-	-	-	-	4,115,552
-	-	-	-	4,993,961
10,775	98,821	391	39,922	626,003
-	-	31,914	-	31,914
-	-	-	-	329,989
-	-	-	-	8,575
-	-	46,846	121,507	2,715,346
-	-	-	-	4,934
-	-	-	-	428,534
-	-	460,077	-	500,157
-	-	-	-	215,000
<u>\$ 3,412,398</u>	<u>\$ 39,640,644</u>	<u>\$ 35,619,229</u>	<u>\$ 8,968,629</u>	<u>\$ 172,246,091</u>
\$ -	\$ 103,383	\$ 907,242	\$ 252,672	\$ 4,047,278
-	-	-	-	2,679,749
-	-	-	26,275	329,989
-	-	-	-	249,243
-	-	-	-	7,883
-	-	-	16,330	195,662
-	3,000	12,179	9,606	1,434,891
-	-	-	258,199	12,145,332
-	-	4,415,729	-	4,415,729
-	106,383	5,335,150	563,082	25,505,756
-	-	-	-	4,993,961
-	-	-	-	664,236
-	-	-	-	5,658,197
-	-	-	-	428,534
-	-	-	-	40,081
-	-	-	-	215,000
-	-	-	212,164	212,164
-	-	14,788,894	59,806	14,929,205
-	-	-	83,045	83,045
-	-	-	1,080,756	1,080,756
-	-	-	57,829	903,142
3,412,398	-	246,072	-	9,569,625
-	-	2,004,480	2,021,335	4,025,815
-	28,658,436	83,035	2,717,218	31,458,689
-	-	-	2,173,394	2,173,394
-	-	-	-	504,943
-	-	-	-	511,348
-	-	-	-	594,190
-	-	-	-	468,007
-	-	-	-	667,258
-	-	-	-	5
-	10,875,825	13,161,598	-	25,477,423
-	-	-	-	700,000
-	-	-	-	47,039,514
<u>3,412,398</u>	<u>39,534,261</u>	<u>30,284,079</u>	<u>8,405,547</u>	<u>141,082,138</u>
<u>\$ 3,412,398</u>	<u>\$ 39,640,644</u>	<u>\$ 35,619,229</u>	<u>\$ 8,968,629</u>	<u>\$ 172,246,091</u>

**CITY OF MELBOURNE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

Total *fund balances* for governmental funds \$ 141,082,138

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

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

	Balance	Accumulated Depreciation/ Amortization	
Land	\$ 39,084,841	\$ -	
Construction in progress	34,610,628	-	
Buildings	36,472,119	(20,361,136)	
Improvements	18,794,882	(16,197,717)	
Machinery and equipment	37,926,340	(24,895,673)	
Intangibles, computer software	2,245,770	(1,783,154)	
Infrastructure	162,322,107	(130,325,585)	
Right to use subscriptions	992,151	(101,029)	
Right to use leased equipment	4,898,376	(1,877,660)	
Total capital assets	\$ 337,347,214	\$ (195,541,954)	141,805,260

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

Net pension asset	506,897	
Net pension liability	(77,482,980)	
Deferred outflows - pensions	39,733,339	
Deferred inflows - pensions	(5,289,942)	(42,532,686)

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

Other postemployment benefits liability	(13,065,012)	
Deferred outflows - other postemployment benefits	3,401,906	
Deferred inflows - other postemployment benefits	(4,109,172)	(13,772,278)

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

Total internal service funds net position	3,777,429	
Less amounts attributable to business-type activities	(161,947)	3,615,482

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

Accrued interest on bonds and notes	(340,469)	
Bonds and notes payable	(42,510,841)	
Leases payable	(2,919,279)	
Subscription liability	(258,847)	
Compensated absences	(4,142,513)	(50,171,949)
Total long-term liabilities and associated accrued interest		

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

Asset retirement obligation liability	(69,081)	
Deferred outflows - asset retirement obligation	27,739	(41,342)

Net position of governmental activities \$ 179,984,625

The accompanying notes are an integral part of this statement.



CITY OF MELBOURNE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Downtown Redevelopment Fund	Babcock Street Redevelopment Fund
REVENUES			
Taxes:			
Property	\$ 44,910,822	\$ -	\$ -
Utility and telecommunications	14,932,527	-	-
Franchise fees	9,495,678	-	-
Intergovernmental	20,987,648	2,059,225	1,267,492
Charges for services	11,247,333	-	-
Impact fees	-	-	-
Licenses and permits	4,306,483	-	-
Confiscated property	-	-	-
Fines, forfeitures, penalties and fees	176,143	-	-
Investment earnings (loss)	3,674,340	37,254	36,135
Perpetual care endowment additions	-	-	-
Settlements	-	-	-
Other revenues	1,360,961	-	-
Total revenues	<u>111,091,935</u>	<u>2,096,479</u>	<u>1,303,627</u>
EXPENDITURES			
Current:			
General government	18,477,480	784,310	250,125
Public safety	55,954,030	-	-
Public works	8,365,085	-	-
Parks and recreation	10,495,158	-	-
Housing and urban improvement	654,143	-	-
Debt service:			
Principal	1,548,113	115,000	-
Interest and fiscal agent fees	100,827	46,487	19,175
Capital outlay	-	683,970	48,271
Total expenditures	<u>95,594,836</u>	<u>1,629,767</u>	<u>317,571</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,497,099</u>	<u>466,712</u>	<u>986,056</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	4,041,931	2,537,305	1,516,002
Transfers out	(13,386,581)	(1,114)	-
Leases (as lessee)	3,248,253	-	-
Subscriptions	265,898	-	-
Sale of capital assets	159,218	-	-
Total other financing sources (uses)	<u>(5,671,281)</u>	<u>2,536,191</u>	<u>1,516,002</u>
Net change in fund balances	9,825,818	3,002,903	2,502,058
Fund balances (deficits), October 1	<u>43,708,880</u>	<u>379,569</u>	<u>26,625</u>
Fund balances (deficits), September 30	<u>\$ 53,534,698</u>	<u>\$ 3,382,472</u>	<u>\$ 2,528,683</u>

The accompanying notes are an integral part of this statement.

Olde Eau Gallie Redevelopment Fund	Transportation Capital Improvement Fund	General Construction Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 2,567,076	\$ 47,477,898
-	-	-	-	14,932,527
-	-	-	-	9,495,678
798,941	-	73,601	1,350,018	26,536,925
-	-	-	-	11,247,333
-	652,778	-	610,308	1,263,086
-	-	-	-	4,306,483
-	-	-	24,856	24,856
-	-	-	-	176,143
52,950	396,515	1,211,748	175,094	5,584,036
-	-	-	2,800	2,800
-	-	-	81,763	81,763
-	4,092	16,000	17,019	1,398,072
<u>851,891</u>	<u>1,053,385</u>	<u>1,301,349</u>	<u>4,828,934</u>	<u>122,527,600</u>
-	-	19,556	-	19,531,471
-	-	129,018	-	56,083,048
-	25,115	17,777	-	8,407,977
-	-	62,566	-	10,557,724
-	-	-	951,926	1,606,069
-	-	-	765,000	2,428,113
-	-	500	1,761,971	1,928,960
-	1,620,540	23,772,951	284,605	26,410,337
-	1,645,655	24,002,368	3,763,502	126,953,699
<u>851,891</u>	<u>(592,270)</u>	<u>(22,701,019)</u>	<u>1,065,432</u>	<u>(4,426,099)</u>
3,452	5,173,628	10,073,619	3,461	23,349,398
-	(82,684)	(4,145,023)	(657,229)	(18,272,631)
-	-	-	-	3,248,253
-	-	-	-	265,898
-	-	-	-	159,218
<u>3,452</u>	<u>5,090,944</u>	<u>5,928,596</u>	<u>(653,768)</u>	<u>8,750,136</u>
855,343	4,498,674	(16,772,423)	411,664	4,324,037
2,557,055	35,035,587	47,056,502	7,993,883	136,758,101
<u>\$ 3,412,398</u>	<u>\$ 39,534,261</u>	<u>\$ 30,284,079</u>	<u>\$ 8,405,547</u>	<u>\$ 141,082,138</u>

**CITY OF MELBOURNE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Net change in *fund balances* - total governmental funds \$ 4,324,037

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

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

Cost of capital assets	33,398,681	
Depreciation and amortization expense	<u>(8,509,735)</u>	24,888,946

Pension contributions are reported as expenditures in the fund financial statements and the change in net pension asset (liability) and related outflows (inflows) are reported on the statement of activities. (7,247,833)

Other postemployment benefits are reported as expenditures in the fund financial statements and the change in other post employment benefit liability and related outflows (inflows) are reported on the statement of activities. 85,774

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

Issuance of leases	(3,248,253)	
Issuance of subscription contracts	(265,898)	
Principal repayment, bonds and notes	1,650,000	
Principal repayment, subscription contracts	109,945	
Principal repayment, leases	<u>668,168</u>	(1,086,038)

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

Amortization of bond premiums and discounts	733,555	
Accrued interest on bonds and notes	(340,469)	
Asset retirement obligations	<u>(2,816)</u>	390,270

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

Accrued interest on bonds and notes	798,471	
Compensated absences	<u>37,095</u>	835,566

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

Street infrastructure contributions	<u>60,402</u>	60,402
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Internal service funds are used by management to charge the costs of workers compensation and insurance to individual funds. The net revenue of certain activities of the internal service funds are reported with governmental activities.

		<u>345,121</u>
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Change in net position of governmental activities		<u>\$ 22,596,245</u>
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The accompanying notes are an integral part of this statement.



CITY OF MELBOURNE, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer System	Stormwater Utility (Non-Major)	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,600	\$ -	\$ 1,600	\$ -
Cash and cash equivalents, restricted	6,179,031	-	6,179,031	-
Equity in pooled investments	81,620,658	10,020,586	91,641,244	5,274,559
Equity in pooled investments, restricted	1,400,854	-	1,400,854	-
Receivables, trade				
Billed (net of allowance of \$ 285,000)	6,587,760	-	6,587,760	-
Unbilled	4,366,587	-	4,366,587	54,620
Other receivables	3,622	-	3,622	-
Interest receivable	372,084	48,247	420,331	27,140
Interest receivable, restricted	14,035	-	14,035	-
Due from other governments	66,633	822,061	888,694	-
Inventory	2,282,049	-	2,282,049	-
Prepaid items	-	-	-	1,368,706
Total current assets	<u>102,894,913</u>	<u>10,890,894</u>	<u>113,785,807</u>	<u>6,725,025</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	3,972,059	-	3,972,059	-
Equity in pooled investments	323,795	-	323,795	-
Investments, at fair value	4,599,433	-	4,599,433	-
Net pension asset, city general pension	105,209	-	105,209	18,978
Total noncurrent restricted assets	<u>9,000,496</u>	<u>-</u>	<u>9,000,496</u>	<u>18,978</u>
Capital assets:				
Nondepreciable:				
Land	3,196,662	989,499	4,186,161	-
Construction in progress	32,781,708	3,362,818	36,144,526	-
Depreciable:				
Buildings	77,868,612	-	77,868,612	-
Improvements other than buildings	311,051,659	20,370,547	331,422,206	-
Machinery and equipment	18,450,223	2,762,313	21,212,536	2,625
Intangibles, computer software	57,910	8,163	66,073	-
Less accumulated depreciation/amortization	<u>(276,311,010)</u>	<u>(8,697,314)</u>	<u>(285,008,324)</u>	<u>(2,625)</u>
Total capital assets, net of accumulated depreciation/amortization	<u>167,095,764</u>	<u>18,796,026</u>	<u>185,891,790</u>	<u>-</u>
Total noncurrent assets	<u>176,096,260</u>	<u>18,796,026</u>	<u>194,892,286</u>	<u>18,978</u>
Total assets	<u>278,991,173</u>	<u>29,686,920</u>	<u>308,678,093</u>	<u>6,744,003</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows, city general pension	189,162	-	189,162	42,843
Deferred outflows, FRS pension	2,909,790	73,559	2,983,349	45,711
Deferred outflows, other postemployment benefits	1,033,099	-	1,033,099	24,355
Deferred amount on advance refunding	1,482,401	-	1,482,401	-
Total deferred outflows	<u>5,614,452</u>	<u>73,559</u>	<u>5,688,011</u>	<u>112,909</u>

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

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer System	Stormwater Utility (Non-Major)	Total	Internal Service Funds
LIABILITIES				
Current liabilities:				
Accounts payable	8,541,966	671,485	9,213,451	57,877
Accrued payroll expenses	505,037	10,996	516,033	7,727
Accrued claims	-	-	-	850,242
Due to other governments	2,311,133	-	2,311,133	-
Compensated absences	433,698	1,754	435,452	1,645
State Revolving Fund loan payable	883,614	-	883,614	-
Other postemployment benefits	121,991	-	121,991	133
Current liabilities payable from restricted assets:				
Accrued interest payable	859,638	-	859,638	-
Unearned revenue	15,817	-	15,817	-
State Revolving Fund loan payable	84,057	-	84,057	-
Revenue bonds payable	6,780,000	-	6,780,000	-
Total current liabilities	20,536,951	684,235	21,221,186	917,624
Noncurrent liabilities:				
Customer deposits payable from restricted assets	4,045,075	-	4,045,075	-
Accrued claims	-	-	-	1,863,304
Compensated absences	474,760	731	475,491	546
State Revolving Fund loan payable	17,681,935	-	17,681,935	-
Other postemployment benefits	2,767,705	21,758	2,789,463	35,599
Net pension liability, FRS pension	14,600,335	281,014	14,881,349	206,616
Revenue bonds payable, net of unamortized premium and discount	62,695,518	-	62,695,518	-
Total noncurrent liabilities	102,265,328	303,503	102,568,831	2,106,065
Total liabilities	122,802,279	987,738	123,790,017	3,023,689
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows, FRS pension	601,761	6,696	608,457	36,683
Deferred inflows, other postemployment benefits	474,161	-	474,161	19,111
Total deferred inflows of resources	1,075,922	6,696	1,082,618	55,794
NET POSITION				
Net investment in capital assets	87,765,633	18,258,168	106,023,801	-
Restricted for:				
Debt service	11,334,334	-	11,334,334	-
Renewal and replacement	250,000	-	250,000	-
Pension benefits	105,209	-	105,209	18,978
Unrestricted	61,272,248	10,507,877	71,780,125	3,758,451
Total net position	\$ 160,727,424	\$ 28,766,045	189,493,469	\$ 3,777,429
Adjustment to reflect the consolidation of internal service fund activities				
Related to enterprise funds for the current year			10,682	
Related to enterprise funds for prior years			151,265	
Net position of business-type activities			\$ 189,655,416	

CITY OF MELBOURNE, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer System	Stormwater Utility (Non-Major)	Total	Internal Service Funds
OPERATING REVENUES				
Water sales (net of bad debt of \$70,084)	\$ 34,460,258	\$ -	\$ 34,460,258	\$ -
Sewer charges (net of bad debt of \$46,722)	22,834,844	-	22,834,844	-
Stormwater fees	-	2,877,859	2,877,859	-
Charges to other funds	-	-	-	4,477,143
Charges to component unit	-	-	-	549,176
Other revenues	2,416,875	267	2,417,142	109
Total operating revenues	59,711,977	2,878,126	62,590,103	5,026,428
OPERATING EXPENSES				
Salaries, wages and employee benefits	17,154,914	359,118	17,514,032	235,643
Contractual services, materials and supplies	21,353,727	1,365,375	22,719,102	3,374,604
Claims	-	-	-	1,278,013
Depreciation and amortization	12,623,060	877,726	13,500,786	-
Total operating expenses	51,131,701	2,602,219	53,733,920	4,888,260
Operating income (loss)	8,580,276	275,907	8,856,183	138,168
NONOPERATING REVENUES (EXPENSES)				
Federal and State grants	163,152	-	163,152	-
Investment earnings (loss)	3,623,985	453,056	4,077,041	217,635
Interest expense	(2,641,695)	-	(2,641,695)	-
Gain on sale/disposal of capital assets	27,002	20,881	47,883	-
Total nonoperating revenues (expenses)	1,172,444	473,937	1,646,381	217,635
Income before contributions and transfers	9,752,720	749,844	10,502,564	355,803
Capital contributions	3,010,796	814,893	3,825,689	-
Transfers in	217,310	91,716	309,026	-
Transfers out	(4,586,483)	(799,310)	(5,385,793)	-
Change in net position	8,394,343	857,143	9,251,486	355,803
Total net position, October 1,	152,333,081	27,908,902		3,421,626
Total net position, September 30	\$ 160,727,424	\$ 28,766,045		\$ 3,777,429
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds for the current year			10,682	
Change in net position of business-type activities			<u>\$ 9,262,168</u>	

The accompanying notes are an integral part of this statement.

CITY OF MELBOURNE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023
(CONTINUED)

1 of 2

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer System	Stormwater Utility (Non-Major)	Total	Internal Service Funds
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 57,684,207	\$ 2,878,100	\$ 60,562,307	\$ -
Cash received from other funds	-	-	-	4,477,143
Cash received from component unit	-	-	-	549,176
Cash payments to suppliers for goods and services	(24,399,786)	(1,345,508)	(25,745,294)	(5,753,875)
Cash payments for employee services	(14,870,453)	(298,637)	(15,169,090)	(215,391)
Deposits received	812,407	-	812,407	12,806
Deposits returned	(882,831)	-	(882,831)	(12,806)
Other operating revenues	8,240	267	8,507	109
Net cash provided (used) by operating activities	<u>18,351,784</u>	<u>1,234,222</u>	<u>19,586,006</u>	<u>(942,838)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
FEMA Federal/State proceeds	163,152	-	163,152	-
Transfers out	(4,586,483)	(799,310)	(5,385,793)	-
Net cash provided (used) by noncapital financing activities	<u>(4,423,331)</u>	<u>(799,310)</u>	<u>(5,222,641)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(18,444,650)	(2,480,443)	(20,925,093)	-
Principal paid on revenue bond maturities and lease obligations	(3,274,278)	-	(3,274,278)	-
Principal paid on State Revolving Fund loan	(588,944)	-	(588,944)	-
Proceeds from State Revolving Fund loan	7,090,297	-	7,090,297	-
Interest paid on revenue bonds and lease obligations	(4,189,430)	-	(4,189,430)	-
Cash received from impact fees	2,217,256	-	2,217,256	-
Proceeds from sale of capital assets	120,591	36,600	157,191	-
Transfers in	217,310	91,716	309,026	-
Capital grants and contributions	664,084	82,481	746,565	-
Net cash provided (used) by capital and related financing activities	<u>(16,187,764)</u>	<u>(2,269,646)</u>	<u>(18,457,410)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	(17,558,777)	-	(17,558,777)	-
Proceeds from sale and maturities of investment securities	17,559,299	-	17,559,299	-
Interest on investments	3,414,238	428,066	3,842,304	202,692
Net cash provided (used) by investing activities	<u>3,414,760</u>	<u>428,066</u>	<u>3,842,826</u>	<u>202,692</u>
Net increase (decrease) in cash and cash equivalents	1,155,449	(1,406,668)	(251,219)	(740,146)
Cash and cash equivalents at October 1	<u>92,342,548</u>	<u>11,427,254</u>	<u>103,769,802</u>	<u>6,014,705</u>
Cash and cash equivalents at September 30	<u>\$ 93,497,997</u>	<u>\$ 10,020,586</u>	<u>\$ 103,518,583</u>	<u>\$ 5,274,559</u>

The accompanying notes are an integral part of this statement.

CITY OF MELBOURNE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023
(CONCLUDED)

	Business-type Activities - Enterprise Funds			Governmental
	Water and Sewer System	Stormwater Utility (Non-Major)	Total	Internal Service Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 8,580,276	\$ 275,907	\$ 8,856,183	\$ 138,168
Adjustments not affecting cash:				
Depreciation and amortization	12,623,060	877,726	13,500,786	-
Deferred outflows, pensions and OPEB	(116,953)	11,983	(104,970)	(46,704)
Deferred inflows, pensions and OPEB	128,366	(4,167)	124,199	(16,895)
Changes in assets and liabilities:				
Receivables, trade	(2,019,530)	-	(2,019,530)	(54,620)
Due from other governments	-	241	241	-
Inventory	(797,377)	-	(797,377)	-
Prepaid items	-	-	-	(968,706)
Net pension asset	290,431	-	290,431	64,314
Net pension liability	2,031,516	53,918	2,085,434	22,756
Accounts payable	(2,231,364)	19,867	(2,211,497)	(60,720)
Accrued payroll expenses	(53,671)	(1,253)	(54,924)	(3,352)
Accrued claims	-	-	-	(17,212)
Due to other governments	(17,318)	-	(17,318)	-
Deposits	(70,424)	-	(70,424)	-
Other postemployment benefits	4,772	-	4,772	133
Net cash provided (used) by operating activities	<u>\$ 18,351,784</u>	<u>\$ 1,234,222</u>	<u>\$ 19,586,006</u>	<u>\$ (942,838)</u>
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Contributions from developers	<u>\$ 306,501</u>	<u>\$ -</u>	<u>\$ 306,501</u>	<u>\$ -</u>
Total non-cash capital and related financing activities	<u>\$ 306,501</u>	<u>\$ -</u>	<u>\$ 306,501</u>	<u>\$ -</u>
NON-CASH INVESTING ACTIVITIES				
Increase (decrease) in fair value of investments	<u>\$ 1,759,239</u>	<u>\$ 229,714</u>	<u>\$ 1,988,953</u>	<u>\$ 115,555</u>
Cash and cash equivalents reconciliation:				
Current assets:				
Cash and cash equivalents	\$ 1,600	\$ -	\$ 1,600	\$ -
Cash and cash equivalents, restricted	6,179,031	-	6,179,031	-
Equity in pooled investments	81,620,658	10,020,586	91,641,244	5,274,559
Equity in pooled investments, restricted	1,400,854	-	1,400,854	-
Noncurrent assets:				
Cash and cash equivalents, restricted	3,972,059	-	3,972,059	-
Equity in pooled investments, restricted	323,795	-	323,795	-
Cash and cash equivalents at September 30	<u>\$ 93,497,997</u>	<u>\$ 10,020,586</u>	<u>\$ 103,518,583</u>	<u>\$ 5,274,559</u>

The accompanying notes are an integral part of this statement.

CITY OF MELBOURNE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2023

	Employee Pension Trust Funds	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 4,962,881	\$ 1,058,427
Equity in pooled investments	-	198,021
Investments, at fair value:		
U.S. government obligations	36,467,990	-
Corporate bonds	7,353,269	-
Common stocks	90,572,187	-
Real estate funds	14,973,696	-
Foreign bond funds	2,887,258	-
Private debt	8,228,436	-
Foreign equity funds	17,218,262	-
Accounts receivable	171,694	-
Interest receivable	321,540	-
Due from other funds	249,243	-
Total assets	183,406,456	1,256,448
LIABILITIES		
Accounts payable and accrued expenses	173,147	364,890
Due to other funds	8,575	-
Overfunded contributions	666,850	-
Retainage payable	-	225,970
Total liabilities	848,572	590,860
NET POSITION		
Restricted for:		
Pension benefits	182,557,884	-
Public safety, law enforcement	-	198,021
Capital improvements	-	467,567
Total net position	\$ 182,557,884	\$ 665,588

The accompanying notes are an integral part of this statement.

CITY OF MELBOURNE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Employee Pension <u>Trust Funds</u>	Custodial Funds <u>Funds</u>
ADDITIONS		
Contributions:		
Asset seizures	\$ -	\$ 34,185
Contributions from City of Cocoa	-	196,877
Employer contributions	5,267,816	-
Employee contributions	1,567,681	-
State contributions	<u>1,886,259</u>	<u>-</u>
Total contributions	<u>8,721,756</u>	<u>231,062</u>
Investment income		
Net appreciation (depreciation) in fair value of investments	12,529,918	-
Interest, dividends, and other income	<u>5,207,632</u>	<u>145,830</u>
Total investment gains (losses)	17,737,550	145,830
Less investment expense	<u>(724,999)</u>	<u>-</u>
Net investment gains (losses)	<u>17,012,551</u>	<u>145,830</u>
Total additions (reductions)	<u>25,734,307</u>	<u>376,892</u>
DEDUCTIONS		
Refunds of seized assets	-	5,115
Forfeitures of seized assets	-	32,755
Payments on behalf of City of Cocoa	-	5,402,816
Benefits paid	13,218,602	-
Refunded contributions	193,854	-
Administrative expenses	<u>449,313</u>	<u>-</u>
Total deductions	<u>13,861,769</u>	<u>5,440,686</u>
Change in net position	11,872,538	(5,063,794)
Net position, October 1	<u>170,685,346</u>	<u>5,729,382</u>
Net position, September 30	<u>\$ 182,557,884</u>	<u>\$ 665,588</u>

The accompanying notes are an integral part of this statement.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Melbourne (the "City"), a Florida Municipal Corporation, was formed in 1969 as a result of the unification of the former cities of Melbourne and Eau Gallie. The City was established under Chapter 69-879, Law of Florida, Special Acts 1969. The City has a population of 87,662 living within an area of approximately 51.52 square miles. The governing body is a seven member elected City Council comprised of a Mayor and six Council members. The City Council appoints the City Manager who is responsible for the administration of all City services.

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

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

A. REPORTING ENTITY

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

Blended Component Units

The following component units are blended with the primary government for financial statement purposes. Although they are legally separate from the City, the component unit's governing body either is substantively the same as the City Council and the City manages their operations or the component unit exclusively serves the City. The Community Redevelopment funds issue separate financial statements. These statements may be obtained from the Director of Finance, City of Melbourne, 900 E. Strawbridge Ave, Melbourne, FL 32901. The pension funds do not issue separate financial statements. Their financial statements are included in the City's Annual Comprehensive Financial Report for the year ended September 30, 2023.

Downtown Community Redevelopment Agency -- The governing body of the Downtown Community Redevelopment Agency is the Melbourne City Council and the City manages their operations. The Downtown Community Redevelopment Agency is accounted for as a Special Revenue fund entitled "Downtown Redevelopment fund". Melbourne Downtown Community Redevelopment Agency was created under Ordinance No. 1982-38 on August 24, 1982.

Babcock Street Community Redevelopment Agency -- The governing body of the Babcock Street Community Redevelopment Agency is the Melbourne City Council and the City manages their operations. The Babcock Street Community Redevelopment Agency is accounted for as a Special Revenue fund entitled "Babcock Street Redevelopment fund". Babcock Community Redevelopment Agency was created under Resolution No. 1529 on December 2, 1997.

Olde Eau Gallie Riverfront Community Redevelopment Agency -- The governing body of the Olde Eau Gallie Riverfront Community Redevelopment Agency is the Melbourne City Council and the City manages their operations. The Olde Eau Gallie Riverfront Community Redevelopment Agency is accounted for as a Special Revenue fund entitled "Olde Eau Gallie Redevelopment fund." Eau Gallie Community Redevelopment Agency was created under Resolution No. 1627 on September 12, 2000.

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

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

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

Discretely Presented Component Unit

The Melbourne Orlando International Airport (the "Airport"), governed by the Melbourne Airport Authority, is a financially self-sustaining enterprise. The Airport was created by Ordinance No. 67-7. Its main purpose is to provide and maintain scheduled air passenger and cargo service to residents of Brevard County and surrounding counties. The Airport Authority consists of three City Council members appointed by the City Council and four members from the business community. Although the City does not appoint a majority of the Airport Authority and the Airport does not provide a financial benefit or impose a financial burden on the City, the Airport Authority is fiscally dependent on the City and it would be misleading to exclude. The City must approve the Airport Authority's budget and its bonded debt issuances. The Discretely Presented Component Unit column in the government-wide financial statements presents the financial data of the Airport. It is reported in a separate column of the Government-wide Financial Statements to emphasize that it is legally separate from the City. Financial statements for the Melbourne Orlando International Airport may be obtained from the Executive Director, Melbourne Orlando International Airport, One Air Terminal Parkway, Suite 220, Melbourne, FL 32901.

Related Organizations

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund types:

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

The City reports the following discretely presented component unit:

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

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

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

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

1. Cash and Cash Equivalents/Investments

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

2. Pooled Cash

Equity in pooled cash consists primarily of investments in debt instruments of the federal government and corporate holdings. Investment earnings of the pool are allocated to the participating funds at the end of each month based on the ratio of each participant fund's investment to the total pooled investment. As of September 30, 2023, the funds participating in pooled cash investments are the General fund; all Special Revenue funds; all Capital Projects funds; all Enterprise funds; all Internal Service funds, and the Permanent fund. The Airport participates in the equity in pooled cash system on a limited basis to expedite disbursements. Its funds are primarily invested in debt instruments of the federal government.

3. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”. Long-term advances between funds are offset by a nonspendable fund balance account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

All trade receivables are shown net of an allowance for uncollectibles.

Lease receivables – The City’s lease receivables are measured at the present value of lease payments expected to be received during the least term. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee’s revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. The City is the lessor of various properties. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. The lease term includes the noncancellable period of the lease.

The City’s lease receivables are measured at the present value of lease payments expected to be received during the lease term at a discount of 2%, which is the City’s estimated incremental borrowing rate. Subsequently, the lease receivable is reduced by the principal portion of lease payments received and the deferred inflow of resources is recognized as revenue over the life of the lease term. Most leases include increases of a minimum percentage or escalate with CPI or fair value adjustments. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee’s revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

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

4. Inventories and Prepaids

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

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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.

5. Restricted Assets

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

- Revenue Bonds/State Revolving Fund (SRF) Current Debt Service – used to segregate resources accumulated for debt service payments over the next twelve months.
- Revenue Bonds Future Debt Service – used to report resources set aside to make up potential future deficiencies in the revenue bonds current debt service account.
- Revenue Bonds Renewal and Replacement – used to report resources set aside to fund asset renewals and replacements or to meet unexpected contingencies.
- Water/Sewer Impact Fees – used to segregate resources set aside for water and sewer improvements.
- Due from Other Governments – used to segregate revenues due from other governments for General fund police and firefighters pension contributions, fines restricted for police education, and FEMA and grant restricted revenues for City and Airport projects.
- Customer/Tenant Deposits – used to segregate deposits collected from water customers and Airport tenants.
- Interest Receivable – used to report interest receivable on restricted revenue and reserve accounts.
- Cash and Cash Equivalents – used to report resources set aside to meet grant requirements for Airport projects.
- Pension Benefits – used to report the amount in excess of the amount owed to the plan based on the actuarial present value of protected benefit payments for plan members and their beneficiaries less the plan's net position.

6. Capital Assets

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

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

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

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Classification	Range of Lives
Buildings	20-40 years
Improvements other than buildings	10-25 years
Machinery, equipment and other	2-20 years
Right-to-use leased equipment	2-20 years
Intangibles, computer software, and right-to-use subscription arrangements	2-10 years
Airport runways	25 years
Bridges	50 years
Roads, asphalt, sidewalks	20 years
Streetlights, traffic signals	15 years
Docks, piers	15 years
Seawalls, boat ramps	30 years

7. Deferred Outflows of Resources

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

The City has three (3) items that qualify for reporting as deferred outflows of resources, the *deferred amount for advance refunding* of debt in the Water and Sewer fund, the *deferred outflows related to asset retirement obligations*, and the *deferred outflows related to certain pensions and other post-employment benefits*, these reported in the government-wide and proprietary funds statements of net position. These are classified as deferred outflows of resources due to GASB Codification D20, “Debt Extinguishments”, A10, “Certain Asset Retirement Obligations”, P20, “Pension Activities” and P52, “Postemployment Benefits Other than Pensions”. The deferred amount on refunding results from debt refinancing, whereby the reacquisition price of the funding debt instruments exceeds their net carrying amount. The deferred amount on refunding is amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification (GASBC) Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years.

8. Compensated Absences

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

The General fund and Internal Service funds obligations for accumulated, vested vacation, reimbursable sick leave, and applicable benefits of \$4,144,704 are recorded as a liability in the governmental activities column of the Government-wide Statement of Net Position. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability for accumulated, vested vacation, reimbursable sick leave, and applicable benefits of the Proprietary funds and the Airport was recorded in the applicable funds as compensated absences.

9. Long-Term Liabilities

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

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over

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the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred. Net pension liabilities and other postemployment benefits are determined based on actuarial valuations, see Note (6) B and (6) C for additional information.

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

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, 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.

11. 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. The City's proportionate share of OPEB amounts were further allocated to each participating employer based on the contributions paid by each employer. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

12. Leases

The City accounts for leases in accordance with GASB Statement No. 87, *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 right-to-use lease 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 right-to-use lease 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. Right-to-use lease 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.

The City is the lessee of noncancellable lease of equipment. The City recognizes a lease liability and right-to-use leased equipment in the government-wide financial statements. The lease term includes the noncancellable period of the lease.

The City's lease liabilities are measured at the present value of payments expected to be made during the lease term. The City uses the interest rate charged by the lessor as the discount rate. When an interest rate is not provided, the City uses a discount of 2% or 4.57%, which is the City's incremental borrowing rate. Subsequently, the lease liability is reduced by the principal portion of lease payments made and the lease asset is amortized over the shorter of the useful life of the asset or the lease term.

13. Deferred Inflows of Resources

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three (3) 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 GASBC Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified*

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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 leases are associated with amounts owed to the City, as lessor, by entities leasing the City's capital assets.

14. Categories and Classification of Fund Equity

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

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents unspent funds appropriated by City Council for specific capital projects. Per City Resolution No. 4166, the authority to assign fund balances lies with the City Manager.

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

City Resolution No. 4166 requires excess funds to be transferred to unassigned fund balance until the total of assigned plus unassigned fund balance equals 25% of the General fund operating budget, excluding operating transfers. Thereafter, any remaining excess funds shall be identified by the City Manager as available to fund capital purchases, capital construction, non-recurring expenditures, or to establish additional assignments of fund balance.

The government-wide statement of net position reports \$76,439,089 of restricted net position, of which \$28,845,736 is restricted by enabling legislation.

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

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15. 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 – The City is permitted by State law to levy taxes up to 10 mills on assessed valuation. However, Chapter 74-430 Laws of Florida, a special act applicable only to governmental units in Brevard County, limits increases to 10% of the prior year's revenue. Pursuant to Florida Statutes, Chapter 200.065(5)(a), the maximum millage rate that the City may levy is a rolled-back rate based on the amount of taxes which would have been levied in the prior year if the maximum millage rate had been applied, adjusted for the change in per capita Florida personal income, unless a higher rate is adopted, in which case the maximum is the adopted rate. The Melbourne City Council levy for the fiscal year ended September 30, 2023 was 6.7490 mills, which is the greater than the rolled-back rate of 6.4146.

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

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

E. USE OF ESTIMATES

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

(2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

(3) ACCOUNTING CHANGES

A. IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and

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a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

In fiscal year 2023, the City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. In accordance with generally accepted accounting principles, the implementation of this Statement for the City requires the restatement of the September 30, 2022, net position to record the cumulative effect of recording right-to-use subscription assets less accumulated amortization, net of the respective subscription liabilities as of September 30, 2022.

	Change in Accounting Principle			Total
	Governmental Activities	Component Unit		
		International Airport		
Net position, September 30, 2022 as previously reported	\$ 157,388,380	\$ 226,080,868	\$ 383,469,248	
Right-to-use subscription assets	102,894	308,616	411,510	
Subscription liabilities	(102,894)	(308,616)	(411,510)	
Net position, September 30, 2022, restated	\$ 157,388,380	\$ 226,080,868	\$ 383,469,248	

In May 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this Statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments. As of July 1, 2023, derivative instruments that hedge the interest rate risk of taxable debt and use an IBOR as a reference rate are no longer eligible for hedge accounting. There were no significant impacts of implementing this Statement.

B. FUTURE ADOPTION OF GASB PRONOUNCEMENTS

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

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

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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.

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

(4) DETAILED NOTES – ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Deposits –Banks and savings and loans must meet the criteria to be a qualified public depository as described in the Florida Security for Public Deposits Act in accordance with Chapter 280, Florida Statutes before any investment of public funds can be made with them. At September 30, 2023, the carrying amount of the City of Melbourne's deposits with banks was \$9,239,186 and the bank balance was \$9,852,470. For the Airport, the carrying amount of deposits with banks was \$3,889,037 and the bank balance was \$3,967,018.

For the Fiduciary funds, the carrying amount was \$543,137 and the bank balance was \$576,076. As of September 30, 2023, all of the City's non-interest bearing bank balances are covered by the Federal Depository Insurance Corporation (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the City pursuant to Section 280.08, Florida Statutes.

The City maintains a pool of cash and investments in which each fund participates on a daily transaction basis. Investment earnings are distributed monthly based on average daily balances. The City's pooled portfolio excludes the International Airport fund and the Firefighters, Police and General Employees' Pension Trust funds, City of Cocoa Escrow, and the Capital Projects funded by the Series 2022 Bond.

City and Airport daily deposits are deposited in Earnings Credit Rate (ECR) earning accounts. These accounts are fully collateralized in accordance with Florida state law. Cash also includes Primary Government petty cash of \$6,595 and Component Unit petty cash of \$200.

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

	Concentration of Credit Risk	Credit Rating (S & P)	Fair Value Level ⁽¹⁾	Fair Value	Investment Maturities (in Years)			
					Less Than 1	1-5	6-10	More Than 10
Primary Government								
<u>Cash Equivalents</u>								
Money Market Funds	22.66%	AAA	L1	\$ 59,472,619	\$ 59,472,619	\$ -	\$ -	\$ -
<u>Investments</u>								
U.S. Treasury & Agency Bonds:								
U.S. Treasury Bills	1.75%	-	L2	4,599,433	4,599,433	-	-	-
U.S. Treasury Notes	28.14%	AA	L2	73,842,538	8,079,911	65,762,627	-	-
Federal National Mortgage Association	1.77%	AA	L2	4,654,409	-	3,160,487	1,493,922	-
Federal Home Loan Mortgage Corporation	4.56%	AA	L2	11,968,267	11,844,813	-	123,454	-
Federal Home Loan Bank	1.16%	AA	L2	3,039,498	3,039,498	-	-	-
Supra-National Agency Bond/Note	0.62%	AAA	L2	1,627,506	1,627,506	-	-	-
Municipal Bond/Note								
Municipal Bond/Note	0.09%	A	L2	231,907	-	231,907	-	-
Municipal Bond/Note	0.34%	AA	L2	891,003	355,705	535,298	-	-
Corporate Notes ⁽²⁾								
Corporate Note	14.58%	A	L2	38,266,673	8,614,119	29,652,554	-	-
Corporate Note	7.98%	AA	L2	20,940,506	2,257,468	18,683,038	-	-
Corporate Note	2.09%	BBB	L2	5,473,445	1,074,237	4,399,208	-	-
Corporate Note - Asset Backed Security	10.16%	AAA	L2	26,662,001	-	26,662,001	-	-
Corporate Note - Asset Backed Security	4.10%	Unrated	L2	10,753,115	-	10,753,115	-	-
Subtotal Investments				202,950,301	41,492,690	159,840,235	1,617,376	-
Total Primary Government Cash Equivalents and Investments				\$ 262,422,920	\$ 100,965,309	\$ 159,840,235	\$ 1,617,376	\$ -
Fiduciary and Agency Funds								
<u>Custodial Fund Investment</u>								
<u>Cash Equivalents</u>								
Custodial Fund Money Market	0.69%	AAA	L1	\$ 1,256,448	\$ 1,256,448	\$ -	\$ -	\$ -
<u>Fiduciary Fund Investment</u>								
<u>Cash Equivalents</u>								
Money Market Funds	2.41%	AAA	L1	4,419,744	4,419,744	-	-	-
<u>Investments</u>								
Corporate Bonds ⁽²⁾	4.01%	-	L2	7,353,269	178,341	6,864,719	203,049	107,160
U.S. Treasury & Agency Bonds:								
U.S. Treasury Bonds/Notes	9.65%	-	L2	17,697,163	-	628,513	11,535,122	5,533,528
Federal National Mortgage Association	4.75%	AA	L2	8,718,111	-	6,813,447	1,904,664	-
Federal Home Loan Mortgage Corporation	5.48%	AA	L2	10,052,716	-	6,116,172	3,936,544	-
Foreign Bonds	0.89%	BBB	L2	1,623,792	-	1,623,792	-	-
Private Debt	2.21%	BBB	L3	4,051,585	-	4,051,585	-	-
Common Stock	49.39%	Unrated	L2	90,572,187	90,572,187	-	-	-
Foreign Equity	9.39%	Unrated	L2	17,218,262	17,218,262	-	-	-
Real Estate	7.54%	Unrated	L3	13,832,667	13,832,667	-	-	-
Limited Partnerships	0.69%	Unrated	L2	1,263,466	1,263,466	-	-	-
Limited Partnerships	2.90%	Unrated	L3	5,317,880	5,317,880	-	-	-
Subtotal Investments				177,701,098	128,382,803	26,098,228	17,579,379	5,640,688
Fiduciary Fund Cash Equivalents and Investments				182,120,842	132,802,547	26,098,228	17,579,379	5,640,688
Total Fiduciary/Custodial Fund Cash Equivalents and Investments				\$ 183,377,290	\$ 134,058,995	\$ 26,098,228	\$17,579,379	\$5,640,688

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Component Unit - Airport

Cash Equivalents

Money Market Funds	76.08%	AAA	L1	\$ 20,092,098	\$ 20,092,098	\$ -	\$ -	\$ -
<u>Investments</u>								
U.S. Treasury & Agency Bonds:								
U.S. Treasury Notes	9.59%	-	L2	2,532,761	466,848	2,065,913	-	-
Federal National Mortgage Association	0.78%	AA	L2	207,135	-	159,463	47,672	-
Federal Home Loan Mortgage Corporation	1.98%	AA	L2	523,310	523,310	-	-	-
Supra-National Agency Bond/Note	0.22%	AAA	L2	57,105	57,105	-	-	-
Corporate Notes ⁽²⁾								
Corporate Note	4.70%	A	L2	1,241,316	268,922	972,394	-	-
Corporate Note	1.20%	AA	L2	316,571	90,031	226,540	-	-
Corporate Note	0.59%	BBB	L2	156,098	98,338	57,760	-	-
Corporate Note								
- Asset Backed Security	3.77%	AAA	L2	995,593	3,260	992,333	-	-
Corporate Note								
- Asset Backed Security	0.89%	Unrated	L2	235,272	703	234,569	-	-
Municipal Bond/Note								
Municipal Bond/Note	0.05%	A	L2	14,494	-	14,494	-	-
Municipal Bond/Note	0.14%	AA	L2	38,116	14,821	23,295	-	-
Subtotal Investments				6,317,771	1,523,338	4,746,761	47,672	-
Total Component Unit Cash Equivalents and Investments				\$ 26,409,869	\$ 21,615,436	\$ 4,746,761	\$ 47,672	\$ -

Total Reporting Entity Cash Equivalents and Investments

\$ 472,210,079

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

The City has the following recurring fair value measurements as of September 30, 2023:

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

The above table summarizes the assets of the City for which fair values are determined on a recurring basis as of September 30, 2023. In accordance with GASB Codification, I50, "Investments", money market funds have not been classified in the fair value hierarchy as they can be redeemed daily with no redemption notice period.

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(2) Corporate Notes/Bonds	Credit Rating (S & P)	Fire Pension	Police Pension	General Pension	Primary Government	Component Unit
	N/A *	-	-	12.65%	10.53%	7.99%
	AAA	-	-	0.93%	26.11%	33.81%
	AA	-	-	3.72%	20.51%	10.75%
	A	46.36%	46.67%	33.50%	37.48%	42.15%
	BBB	53.64%	53.33%	49.20%	5.36%	5.30%
		<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

* N/A=Not rated by S&P

Level 3 Financial Instruments

The following table summarizes the City's Level 3 financial instruments, the value technique used to measure the fair value of those financial instruments as of September 30, 2023, and the significant unobservable inputs and the ranges:

Instrument	Fair Value 9/30/23	Principal Valuation Technique	Significant Unobservable Inputs	Range of Significant Input Values	Weighted Average
AEW Partners	\$ 124,399	Discounted Cash Flow	Discount Rate	6.5% - 12.0%	9.26%
			Exit Cap Rate	5.5% - 8.0%	6.88%
			Loan-to-Value	61.0% - 107.0%	90.00%
			Market Interest Rates	6.10% - 7.64%	7.01%
Angelo Gordon	\$ 1,141,028	Discounted Cash Flow	Discount Rate - levered	16.8% - 18.2%	17.66%
			Discount Rate - unlevered	19.0%	19.00%
			Capitalization Rate	6.5% - 8.9%	7.53%
Bain Middle Market Credit 2014	\$ 401,202	Market Comparable Companies	Discount Rate	10.0% - 19.0%	14.05%
			Revenue Multiple	2.9%	2.90%
			EBITDA Multiple	4.5% - 11.8%	5.77%
Barings Core Property Fund LP	\$ 4,062,474	Discounted Cash Flow	Discount Rate	5.74% - 9.08%	6.94%
			Terminal Cap Rate	4.5% - 7.5%	5.41%
			DCF Term (years)	10 - 11 (years)	10.02 (years)
			Price per Floor Area Ratio	19.37% - 59.17%	41.38%
			Loan to Value Ratio	3.33% - 14.38%	5.39%
			Market Interest Rate		
Prime Property Fund	\$ 9,645,794	Discounted Cash Flow	Discount Rate	6.32% - 8.09%	6.90%
			Exit Cap rate	4.74% - 6.13%	5.44%
			Revenue Growth Rate	2.75% - 3.82%	3.16%
			Market Interest Rate	2.73% - 7.20%	5.19%
			Loan-to-Value	.95% - 87.92%	45.51%
Serenitas Credit Gamma Fund	\$ 1,062,838	Discounted Cash Flow	Discount Margin	.0% - 20%	N/A
			Loss Severity	.0% - 255%	N/A
			Prepay Rate	.0% - 50%	N/A
			Default Rate	.0% - 20%	N/A
			Pool Delinquency	.0% - 60%	N/A

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

The following table summarizes investment measured at fair value based on NAV per share as of September 30, 2023:

Entity	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
PIMCO Distressed Senior Credit Opportunities Fund II Offshore Feeder, L.P.	\$ 1,263,466	N/A	Quarterly	60 days
Winslow Large Cap Growth	\$ 8,808,889	N/A	Daily	1 day
PIMCO Bravo Fund IV	\$ 2,712,812	\$ 350,000	Manager's Discretion	Manager's Discretion

City of Melbourne Investment Policy – Pursuant to the requirements of Section 218.415, Florida Statutes, the City of Melbourne adopted Resolution No. 4088 on April 12, 2022, establishing the City’s present investment policy. Such investment policy applies to the investment of surplus funds, which include cash and investment balances of the following funds of the City: General, Capital Projects, Special Revenue, Enterprise, Internal Service, Fiduciary and Custodial, and Airport. The investment policy does not apply to the investment of principal, interest, reserve, construction, capitalized interest, and redemption or escrow accounts created by ordinance or resolution pursuant to the issuance of bonds where the investments are held by an authorized depository. This policy does not apply to funds not under control of the City; such as, the Police Officers’ Retirement System, the Firefighters’ Retirement System, and the General Employees’ and Special Risk Class Employees’ Pension Plan.

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

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

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

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

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

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

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

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

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

Performance of the total Fund is measured for rolling three and five year periods to accommodate the market cycles experienced with investments. The Fund performance is compared to the return of a blended index of 45% Russell 3000, 15% MSCI All Country World Index ex U.S., 20% Barclays Capital U.S. Aggregate Bond Index, 5% Barclays Global Aggregate Index, 5% Consumer Price Index + 5%, and 10% NFI Open End Diversified Core Equity (ODCE). On a relative basis, the total return of combined equity, fixed income, and cash portfolio is expected to be in the top 40% of the appropriate peer universe. On an absolute basis, the total return of the combined equity, fixed income, and cash portfolio is expected to equal or exceed the actuarial earnings assumption of 7.125%.

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

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

Limitations include investments in corporate common stock and convertible bonds not to exceed 70% of the Fund assets at market value, and foreign securities not to exceed 25% of the value of the Fund at market. All securities

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must be competitively bid and the most economically advantageous bid selected. Commissions paid for the purchase of securities must meet the prevailing best-execution rates.

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

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

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

Performance of the total Fund is measured for rolling three and five year periods to accommodate the market cycles experienced with investments. The Fund performance is compared to the return of a blended index of 45% Russell 3000, 15% MSCI All Country World Index ex U.S., 27% Bloomberg Barclays Aggregate Bond Index, 3% Bloomberg Barclays Global Aggregate Index, 5% NFI Open End Diversified Core Equity (ODCE), and 5% Consumer Price Index plus 5%. On a relative basis, the total return of combined equity, fixed income, and cash portfolio is expected to be in the top 40% of the appropriate peer universe. A further goal is to achieve an average annual rate of return greater than the absolute return of 7.25%, over the long term.

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

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

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

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

**CITY OF MELBOURNE, FLORIDA
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of Trustees shall comply with the fiduciary standards set forth in the Employee Retirement Income Security Act of 1974 (ERISA).

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

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

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

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

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

B. ALLOWANCE FOR DOUBTFUL ACCOUNTS

The City provides an allowance for water and sewer accounts receivable that may become uncollectible. At September 30, 2023 this allowance was \$285,000. In the General fund, the City provides an allowance for miscellaneous uncollectible accounts of \$1,174. The component unit reported \$66,438 in allowances. No other allowances for doubtful accounts are maintained since all other accounts receivable are considered collectible at September 30, 2023.

C. RECEIVABLES

Receivables in the General fund of \$4,115,552 net of uncollectible balances of \$1,174, mainly include \$3,928,981 of utility taxes and franchise fees due to the City from Florida Power and Light for taxes and fees billed as of September 30, 2023.

**CITY OF MELBOURNE, FLORIDA
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Receivables in the Water and Sewer Fund consisted of billed receivables of \$6,587,760, net of \$285,000 in uncollectible balances, and unbilled receivables of 4,366,587.

Receivables in the component unit amounted to \$100,659 in rent receivable and \$194,472 in parking fees, less \$66,438 in uncollectible balances.

D. RETAINAGE PAYABLES

Retainage payable balances by fund as of September 30, 2023, included in accounts payable and current liabilities payable from restricted assets, are as follows:

Governmental Activities:		
General Construction	\$	978,901
Transportation Capital Improvement		28,830
 Business-type Activities:		
Water and Sewer System		747,095
Stormwater Utility		123,492
Total Primary Government		1,878,318
 Component Unit:		
Airport		2,106,107
Total Reporting Entity	\$	3,984,425

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

E. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023 was as follows:

Primary Government:	Balance October 1, 2022	Additions	Deletions	Balance September 30, 2023
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land and intangible land rights	\$ 39,084,841	\$ -	\$ -	\$ 39,084,841
Construction-in-progress	13,127,553	26,380,557	4,897,482	34,610,628
Total capital assets, not being depreciated/amortized	52,212,394	26,380,557	4,897,482	73,695,469
Capital assets, being depreciated/amortized:				
Buildings	36,355,758	116,361	-	36,472,119
Improvements other than buildings	18,764,159	30,723	-	18,794,882
Machinery and equipment	33,242,484	6,144,702	1,460,846	37,926,340
Intangibles	2,245,770	-	-	2,245,770
Intrastructure	160,775,395	1,546,712	-	162,322,107
Right-to-use leased equipment	1,650,123	3,248,253	-	4,898,376
Right-to-use subscription assets	102,894 ⁽¹⁾	889,257	-	992,151
Total capital assets, being depreciated/amortized	253,136,583	11,976,008	1,460,846	263,651,745
Less accumulated depreciation/amortization:				
Buildings	19,573,407	787,729	-	20,361,136
Improvements other than buildings	15,606,363	591,354	-	16,197,717
Machinery and equipment	23,774,223	2,582,296	1,460,846	24,895,673
Intangibles	1,708,801	74,353	-	1,783,154
Intrastructure	126,704,614	3,620,971	-	130,325,585
Right-to-use leased equipment	1,125,657	752,003	-	1,877,660
Right-to-use subscription assets	-	101,029	-	101,029
Total accumulated depreciation/amortization	188,493,065	8,509,735	1,460,846	195,541,954
Total capital assets being depreciated/amortized, net	64,643,518	3,466,273	-	68,109,791
Governmental activities capital assets, net	\$ 116,855,912	\$ 29,846,830	\$ 4,897,482	\$ 141,805,260

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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	Balance October 1, 2022	Additions	Deletions	Balance September 30, 2023
Business-type Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 4,179,011	\$ 7,150	\$ -	\$ 4,186,161
Construction-in-progress	25,994,378	19,315,431	9,165,283	36,144,526
Total capital assets, not being depreciated/amortized	<u>30,173,389</u>	<u>19,322,581</u>	<u>9,165,283</u>	<u>40,330,687</u>
Capital assets, being depreciated/amortized:				
Buildings	77,821,056	47,556	-	77,868,612
Improvements other than buildings	323,066,848	9,575,272 ⁽²⁾	1,219,914	331,422,206
Machinery and equipment	20,725,695	1,823,994	1,337,153	21,212,536
Intangibles, computer software	66,073	-	-	66,073
Total capital assets, being depreciated/amortized	<u>421,679,672</u>	<u>11,446,822</u>	<u>2,557,067</u>	<u>430,569,427</u>
Less accumulated depreciation/amortization:				
Buildings	54,854,308	1,249,360	-	56,103,668
Improvements other than buildings	203,684,582	10,821,786	1,211,433	213,294,935
Machinery and equipment	15,413,491	1,429,640	1,299,483	15,543,648
Intangibles, computer software	66,073	-	-	66,073
Total accumulated depreciation/amortization	<u>274,018,454</u>	<u>13,500,786</u>	<u>2,510,916</u>	<u>285,008,324</u>
Total capital assets being depreciated/amortized, net	<u>147,661,218</u>	<u>(2,053,964)</u>	<u>46,151</u>	<u>145,561,103</u>
Business-type activities capital assets, net	<u>\$ 177,834,607</u>	<u>\$ 17,268,617</u>	<u>\$ 9,211,434</u>	<u>\$ 185,891,790</u>

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Component Unit:	Balance October 1, 2022	Additions	Deletions	Balance September 30, 2023
Capital assets, not being depreciated/amortized:				
Land	\$ 7,985,935	\$ -	\$ -	\$ 7,985,935
Construction-in-progress	61,452,310	8,226,746	8,487,268	61,191,788
Total capital assets, not being depreciated/amortized	69,438,245	8,226,746	8,487,268	69,177,723
Capital assets, being depreciated/amortized:				
Buildings	134,982,460	231,023	-	135,213,483
Improvements other than buildings	119,988,165	7,535,380	-	127,523,545
Machinery and equipment	12,674,310	2,298,044	383,648	14,588,706
Intangibles, computer software	293,723	-	15,795	277,928
Right-to-use leased equipment	489,452	-	-	489,452
Right-to-use subscription assets	308,616 ⁽¹⁾	35,473	-	344,089
Total capital assets, being depreciated/amortized	268,736,726	10,099,920	399,443	278,437,203
Less accumulated depreciation/amortization:				
Buildings	52,728,140	3,607,952	-	56,336,092
Improvements other than buildings	55,838,132	5,324,888	-	61,163,020
Machinery and equipment	8,727,945	1,111,637	354,647	9,484,935
Intangibles, computer software	293,723	-	15,795	277,928
Right-to-use leased equipment	339,446	-	-	339,446
Right-to-use subscription assets	-	78,927	-	78,927
Total accumulated depreciation/amortization	117,927,386	10,123,404	370,442	127,680,348
Total capital assets being depreciated/amortized, net	150,809,340	(23,484)	29,001	150,756,855
Component unit capital assets, net	\$ 220,247,585	\$ 8,203,262	\$ 8,516,269	\$ 219,934,578

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

Governmental activities:	
General government	\$ 1,030,370
Housing and urban improvement	21,583
Public safety:	
Fire protection	771,976
Police protection	1,584,017
Highways and streets, including depreciation of general infrastructure assets	3,615,250
Public works	355,797
Parks and recreation	1,130,742
Total depreciation/amortization expense - governmental activities	\$ 8,509,735
Business-type activities:	
Water and Sewer System	\$ 12,623,060
Stormwater Utility	877,726
Total depreciation/amortization expense - business-type activities	\$ 13,500,786

(1) October 1, 2022 balance is restated due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

(2) The City has a non-recurring fair value measurement as of September 30, 2023 for donations from developers to the Water and Sewer fund for various hydrants, pipes and manholes. The water and sewer contributions are valued at \$306,501 based on the actual price the developers paid. (Level 2 input).

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

F. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

Construction Commitments

As of September 30, 2023, major outstanding construction and other commitments (in excess of \$100,000) are summarized below by fund:

Governmental Activities:

General Construction		
Police Headquarters Building	\$	14,659,080
Golf Course Improvements		257,497
Heavy Rescue Truck		912,669
Fire Engines/Trucks		2,386,500
Computer Aided Dispatch System - CAD		228,703
Apollo/Hickory Area Drainage Improvements		418,810
Transportation Improvement		
FY21 Resurfacing Program		2,834,526

Business-type Activities:

Water and Sewer System		
Relocate 20" Water Main - Melbourne Airport		7,019,142
Cast Iron Water Main Replacements		125,803
US192 & Campbell Median 20" Watermain Isolation Valve Replacement		358,764
Pineda 16-inch Water Mains Crossing Project		491,094
Satellite Beach Water Main Replacement		827,478
Surface Water Treatment Plant Belt Filter Press Building Motor Control Center Replacement		653,264
ROWP Replace Odor Control System		787,188
Surface Water Treatment Facility Backwash Filter		176,411
Canova Beach Booster Pump Station Improvements		4,704,089
Reverse Osmosis Concentrate Disposal Well		17,256,064
Lift Station No. 38 Replacement		663,371
Lift Station No. 40 Replacement		1,155,715
Rehabilitation of Sanitary Sewer Lines		179,669
Pine Lakes Mobile Home Park Water System Replacement		192,040
Desoto Parkway 12-inch Water Main Replacement		108,277
Pineda Causeway Booster Pump Station Chemical Storage and Feed System Project		184,583
Lift Station No. 17 Replacement		894,381
M-1 Canal Force Main Improvements		293,333
Western Force Main to the D.B. Lee Water Reclamation Facility		2,923,452
Deep Injection Well at the Grant Street Water Reclamation Facility		305,087
Stormwater Utility		
South Harbor City Blvd Stormwater Treatment Train		478,386
Avocado Ave Storm Pipe		272,718
Eau Gallie Dam Removal Feasibility Study		117,732
Total Primary Government		<u>61,865,826</u>

Component Unit:

Airport		
Terminal Upgrade-Fire Sprinklers/Plumbing		948,407
Vista Infrastructure Improvements		276,713
Terminal Expansion-Phase 2		350,338
Terminal Expansion-Public Space		1,964,294
Terminal Expansion-VIP Lounge		119,001
Total Component Unit		<u>3,658,753</u>

Total Reporting Entity	\$	<u>65,524,579</u>
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**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Encumbrance Commitments

At September 30, 2023, the City had encumbrance commitments in the Governmental funds as follows:

Major funds:	
General fund	\$ 2,745,751
General Construction fund	20,161,438
Downtown Redevelopment fund	260,884
Babcock Redevelopment fund	661,628
Olde Eau Gallie Redevelopment fund	1,100
Transportation Improvement fund	3,512,985
Total Major funds	27,343,786
Other funds:	
Community Development Block Grant	3,523
HOME Investment Partnership Program	28,490
Mobility Improvement fund	196,020
Recreation Improvement fund	32,024
Public Facility Improvement fund	11,117
Total Other funds	271,174
Total Encumbrances	\$ 27,614,960

G. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables of the Reporting Entity at September 30, 2023, are summarized below:

Primary Government Transactions	Due From	Due To
By Major fund:		
General fund	\$ 338,564	\$ 249,243
Babcock Redevelopment fund	-	303,714 *
By Other government funds:		
Home Investment Partnership Program	-	26,275 *
By Fiduciary funds:		
Firefighters Pension	249,243	-
Police Pension	-	6,344
General Employees Pension	-	2,231
Totals	\$ 587,807	\$ 587,807
Transactions between Primary Government and Component Unit	Due From	Due To
General fund	\$ -	\$ 7,883
Component Unit - Airport	7,883	-
Totals	\$ 7,883	\$ 7,883

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

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

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

H. INTERFUND TRANSACTIONS

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

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

All other transfers are included in the results of operations for both Governmental and Proprietary fund statements. Interfund transfers at September 30, 2023 are summarized as follows:

Transfer in:	Transfer out:							Total Transfers in
	General Fund	General Construction	Transportation Improvement	Downtown Redevelopment	Water and Sewer System	Nonmajor Governmental	Nonmajor Business-type	
General Fund	\$ -	\$ -	\$ -	\$ 1,114	\$ 3,743,403	\$ 297,414	\$ -	\$ 4,041,931
General Construction	9,043,689	-	79,223	-	814,000	136,707	-	10,073,619
Transportation Improvement	4,339,440	-	-	-	29,080	223,108	582,000	5,173,628
Downtown Redevelopment	-	2,537,305	-	-	-	-	-	2,537,305
Babcock Street Redevelopment	-	1,516,002	-	-	-	-	-	1,516,002
Olde Eau Gallie Redevelopment	3,452	-	-	-	-	-	-	3,452
Nonmajor Governmental	-	-	3,461	-	-	-	-	3,461
Water and Sewer System	-	-	-	-	-	-	217,310	217,310
Nonmajor Business-type	-	91,716	-	-	-	-	-	91,716
Total Transfers out	<u>\$ 13,386,581</u>	<u>\$ 4,145,023</u>	<u>\$ 82,684</u>	<u>\$ 1,114</u>	<u>\$ 4,586,483</u>	<u>\$ 657,229</u>	<u>\$ 799,310</u>	<u>\$ 23,658,424</u>

Significant transfers included \$4,339,440 from General Fund to the Transportation Improvement fund to fund various projects; \$9,043,689 from the General Fund to the General Construction fund for capital improvements; \$2,537,305 and \$1,516,002 from the General Construction fund to Downtown Redevelopment and Babcock Street Redevelopment, respectively, to move capital expenditures to their own funds; \$3,743,403 from the Water and Sewer fund to the General fund for the rate of return per Resolution No. 4166 and \$700,000 to the General Construction fund for golf course irrigation improvements.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

I. LEASES

Governmental Activities:

(1) Lease receivable

The City is the lessor of various properties, including land and multiple cell tower leases with telecommunication companies. The City recognized \$72,580 in lease principal revenue and \$100,673 in lease interest revenue during the current fiscal year. The City received \$45,766 from variable payments not included in the lease receivable. As of September 30, 2023, the City's receivable for lease payments was \$4,993,961. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2023, the balance of the deferred inflow of resources was \$4,993,961.

(2) Lease payable

The City is the lessee of noncancellable police equipment, a fire truck, and golf carts. Ownership of the equipment will transfer to the City at the end of the lease term.

The City has entered into lease agreements to obtain the right-to-use vehicle cameras, body worn cameras, tasers, and drones including software and licenses for its police department. The total annual amount for the equipment that the City paid for the fiscal year ended September 30, 2023 was \$479,288. The leases have a 5 year initial term; annual payment amounts are \$183,600 for the vehicle cameras and \$533,099 for the first year and \$523,867 for each year subsequently thereafter for the body worn cameras, tasers and drone.

As of September 30, 2023, the value of the lease liability was \$2,919,279. The equipment is being amortized over the life of the lease term. The value of the right-to-use assets as of the end of the current fiscal year was \$4,898,376 and had accumulated amortization of \$1,877,660. The following is a schedule of minimum future lease payments from lease agreements as of September 30:

<i>For the years ending September 30,</i>	Principal	Interest	Total Future Minimum Lease Payments
2024	\$ 823,493	\$ 90,257	\$ 913,750
2025	611,690	95,777	707,467
2026	639,644	67,823	707,467
2027	668,876	38,591	707,467
2028	175,576	8,024	183,600
Total	\$ 2,919,279	\$ 300,472	\$ 3,219,751

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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Component Unit:

(1) Lease receivable

The Airport accounts for leases in accordance with GASB Statement No. 87, *Leases*. The Airport's operations consist of agreements for use of land, buildings, and terminal space. The agreements are made up of various noncancellable agreements for land, buildings, terminal space, which expire between the years 2024 and 2077. The Airport recognized \$1,449,697 of lease revenue principal and \$6,892,602 of lease interest for the year ended September 30, 2023.

The following is a schedule by years of minimum future revenues from noncancellable agreements:

<i>For the years ending September 30,</i>	Principal	Interest	Total Future Minimum Lease Payments
2024	\$ 1,628,160	\$ 7,076,443	\$ 8,704,603
2025	2,448,879	6,823,097	9,271,976
2026	2,597,042	6,773,138	9,370,180
2027	2,713,348	6,720,919	9,434,267
2028	2,906,247	6,666,297	9,572,544
2029-2033	19,686,121	32,283,532	51,969,653
2034-2038	26,914,240	29,909,481	56,823,721
2039-2043	32,863,032	27,003,517	59,866,549
2044-2048	39,226,485	23,401,970	62,628,455
2049-2053	50,444,127	18,982,952	69,427,079
2054-2058	58,459,726	13,445,414	71,905,140
2059-2063	64,023,176	7,388,148	71,411,324
2064-2068	28,758,687	2,432,051	31,190,738
2069-2073	9,624,705	602,278	10,226,983
2074-2077	3,120,126	117,709	3,237,835
Total minimum future revenues	\$ 345,414,101	\$ 189,626,946	\$ 535,041,047

(2) Regulated Leases

The Airport's operations include certain lease agreements that are classified as regulated leases under paragraph 42 of GASB Statement No. 87, *Leases*. These agreements consist of aeronautical lease agreements, as defined by the Federal Aviation Administration, which are made up of air carrier agreements, facility agreements that directly or substantially relate to the movement of passengers, ticketing, baggage, mail and cargo, and aircraft storage and maintenance service agreements. Leases under the Airfield and Hangar Area and the Commercial Business center provide for the exclusive use of the premises for the term of the agreement. Upon the conclusion of the lease and options, or upon default, ownership of the premises reverts to the airport. Leases under the Terminal Building cost center are all preferential and the airport has the ability to assign and reallocate space as needed to maximize the use of the facility. For these agreements, leases rates cannot exceed a reasonable amount and the Airport cannot deny potential lessees the right to enter into leases if facilities are available, provided that the potential lessee's use of the facilities complies with use restrictions. The Airport recognizes the revenues from these lease agreements as inflows each year based on the payment provisions of each lease contract. The Airport recognized \$3,643,219 of regulated lease revenue principal and \$845,809 of regulated lease interest for the years ended September 30, 2023.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

The following is a schedule by years of minimum future revenues from regulated lease agreements:

<i>For the years ending September 30,</i>	Principal	Interest	Total Future Minimum Lease Payments
2024	\$ 730,512	\$ 960,020	\$ 1,690,532
2025	897,437	921,012	1,818,449
2026	929,009	882,178	1,811,187
2027	1,009,068	840,819	1,849,887
2028	906,991	813,705	1,720,696
2029-2033	5,852,393	4,011,468	9,863,861
2034-2038	9,205,872	3,854,758	13,060,630
2039-2043	11,115,690	3,590,634	14,706,324
2044-2048	4,869,425	3,204,926	8,074,351
2049-2053	5,919,524	2,740,458	8,659,982
2054-2058	6,528,408	2,140,072	8,668,480
2059-2063	7,624,967	1,451,180	9,076,147
2064-2068	7,233,850	690,170	7,924,020
2069-2073	3,608,522	143,945	3,752,467
Total minimum future revenues	\$ 66,431,668	\$ 26,245,345	\$ 92,677,013

J. CONCESSION AGREEMENTS

The Airport provides space for concessionaires, such as car rental companies, food and beverage, and retail concessionaires, to operate in the terminal facility. Concessionaires are responsible for the initial build-out of the space as well as the on-going maintenance of their concession space. In exchange for operating in the terminal facility, the concessionaires have contracts with the Airport whereby they pay a percentage of their gross revenues to the Airport, these fees are considered privilege or concession fees. Some of the agreements require a minimum annual guarantee (MAG) that the concessionaire must pay to the Airport, so the concessionaire pays the greater of the MAG or the percentage of gross revenues. The term of these agreements range from month-to-month up to 12 years. The facilities being utilized are a small part of the entire terminal asset, which is included in capital assets. The value of the space being utilized is indeterminable. There are no liabilities or deferred inflows recorded associated with these arrangements.

K. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

Governmental Activities:

The City has four software arrangements that require recognition under GASBC Section S:80, *Subscription-Based Information Technology Arrangements* (SBITAs). The City now recognizes a subscription liability and an intangible right-to-use subscription asset for its automated agenda management software, the VoIP flex phone enterprise agreement, criminal management and analysis system, and geographic information system (GIS) software.

The agenda management software is a five-year agreement, effective from December 12, 2022 through December 14, 2027 with annual payments starting at \$15,829; payments increase annually by 3%. The City has an option to extend this arrangement for 12 additional months, which is cancellable by either party with 60 days' notice. There is no option to purchase the software. There are no residual value guarantees in the agreement.

The VoIP flex calling enterprise licenses is also a five-year agreement, initiated in fiscal year 2023 with annual payments of \$16,200. There are no options to extend the arrangement or purchase the software. There are no residual value guarantees in the agreement.

**CITY OF MELBOURNE, FLORIDA
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The criminal management and analysis system arrangement is a three-year agreement, initiated in fiscal year 2023 with an annual payment of \$53,318 for the first year and \$46,460 for the remaining two years. There are no options to extend the arrangement or purchase the software. There are no residual value guarantees in the agreement.

The GIS software arrangement is a three-year agreement, effective from November 1, 2021 through October 31, 2024 with annual payments of \$55,000. There are no options to extend the arrangement or purchase the software. There are no residual value guarantees in the agreement.

The City has used a 4.57% discount rate for these arrangements to determine the present value of the intangible right-to-use asset and subscription liability. The following is a schedule of minimum future payments from SBITAs as of September 30:

<i>For the years ending September 30,</i>	Principal		Interest		Total
2024	\$	123,352	\$	11,831	\$ 135,183
2025		72,355		6,239	78,594
2026		30,611		2,885	33,496
2027		32,529		1,487	34,016
Total	\$	258,847	\$	22,442	\$ 281,289

There are prepayments of SBITAs in the implementation phase amounting to \$623,359.

Component Unit:

The Airport has two software arrangements that require recognition under GASBC Section S:80, *Subscription-Based Information Technology Arrangements* (SBITAs). The Airport now recognizes a subscription liability and an intangible right-to-use subscription asset for body worn camera software used by the police department and their common use passenger processing and flight information display system.

The body camera software arrangement is a five-year agreement, effective from July 12, 2023 through July 11, 2028 with an annual payment of \$8,121 for the first year and \$7,272 for each year subsequently thereafter.

The common use passenger processing and flight information display system arrangement is a four-year agreement. The initial term of the subscription is a three-year period commencing on the effective date of January 31, 2022 through January 31, 2025. After the initial term, the Airport has an option to extend this arrangement for an additional two years through January 31, 2027; the Airport is likely to exercise that option. Initial implementation and hardware costs total \$232,234. The first year subscription fee was \$91,737 and the remaining annual payments amount to \$72,767. There is no option to purchase the software. There are no residual value guarantees in the agreement.

The Airport has used a 2% discount rate for these arrangements to determine the present value of the intangible right-to-use asset and subscription liability. The following is a schedule of minimum future payments from SBITAs as of September 30:

<i>For the years ending September 30,</i>	Principal		Interest		Total
2024	\$	80,039	\$	4,099	\$ 84,138
2025		80,039		2,566	82,605
2026		80,039		1,003	81,042
2027		28,169		78	28,247
Total	\$	268,286	\$	7,746	\$ 276,032

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

L. LONG-TERM LIABILITIES

1. Debt Service Requirements to Maturity

The annual requirements to amortize all bonded debt outstanding as of September 30, 2023 including interest requirements are described on pages 69 through 71.

MATURITIES		Amount Issued	Amount Outstanding
PRIMARY GOVERNMENT:	Purpose of Issue		
Governmental Activities			
General Obligation Bonds			
Series 2022 - 2.35% - 5.00%*	Construction of the Police Headquarters Facility	\$ 35,000,000	\$ 34,235,000
Interest		-	11,286,520
Total Revenue Bonds and interest		35,000,000	45,521,520
Notes from direct borrowings			
Non-Ad Valorem Refunding Revenue Note Series 2018 - 2.75%	Refunding Series 2003 Public Service bonds, 2005 and 2006 Subordinate Electric Utility Tax bonds	6,490,000	2,765,000
Downtown CRA Revenue Note, Series 2020 - 2.03%	Finance loan for the redevelopment incentive to the Highline apartments	2,400,000	2,175,000
Total Notes from direct borrowings		8,890,000	4,940,000
Interest		-	530,413
Total Bonds from direct borrowings and interest		8,890,000	5,470,413
Total governmental activities		43,890,000	50,991,933
Business-type Activities			
Water and Sewer Refunding Revenue Bonds,			
Series 2002B - 5.59% - 5.61% *	Partial refunding of Series 2000 bonds	21,495,333	16,968,618
Series 2016A - 3.00% - 5.00% *	Partial refunding of Series 2007B	19,160,000	15,910,000
Series 2016B - 5.00% *	Refunding Series 2007A	14,465,000	14,465,000
Total Revenue Bonds		55,120,333	47,343,618
Interest		-	11,830,082
Total Revenue Bonds and interest		55,120,333	59,173,700
Bonds from direct borrowings			
Water and Sewer Improvement Revenue Bonds, Series 2021 - .97%	Construction of additions, expansions and improvements to various components of the water and sewer system	1,650,000	1,325,000
Water and Sewer Refunding Revenue Bonds, Series 2022 - 1.38%*	Refunding of Series 2020 bonds	18,145,000	17,965,000
Total Bonds from direct borrowings		19,795,000	19,290,000
Interest		-	1,673,353
Total Bonds from direct borrowings and interest		19,795,000	20,963,353
Total business-type activities		74,915,333	80,137,053
COMPONENT UNIT:			
Component Unit Activities			
Bonds from direct borrowings			
Airport Bonds,			
Series 2021 - 1.95%	Airport Terminal Expansion	9,000,000	9,000,000
Series 2021B - 1.95%	Airport Terminal Expansion	6,000,000	6,000,000
Total Revenue Bonds		15,000,000	15,000,000
Interest		-	1,275,554
Total component unit activities		15,000,000	16,275,554
TOTAL REPORTING ENTITY DEBT SERVICE		\$ 133,805,333	\$ 147,404,540

CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

MATURITIES (CONTINUED)

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
PRIMARY GOVERNMENT:				
Governmental Activities				
General Obligation Bonds				
Series 2022 - 2.35% - 5.00%*	\$ 1,285,000	\$ 1,350,000	\$ 1,415,000	\$ 1,485,000
Interest	1,245,777	1,181,528	1,114,028	1,043,278
Total Revenue Bonds and interest	<u>2,530,777</u>	<u>2,531,528</u>	<u>2,529,028</u>	<u>2,528,278</u>
Notes from direct borrowings				
Non-Ad Valorem Refunding Revenue Note				
Series 2018 - 2.75%	780,000	795,000	810,000	380,000
Downtown CRA Revenue Note,				
Series 2020 - 2.03%	115,000	120,000	120,000	125,000
Total Notes from direct borrowings	<u>895,000</u>	<u>915,000</u>	<u>930,000</u>	<u>505,000</u>
Interest	109,466	85,474	60,969	42,171
Total Bonds from direct borrowings and interest	<u>1,004,466</u>	<u>1,000,474</u>	<u>990,969</u>	<u>547,171</u>
Total governmental activities	<u>3,535,243</u>	<u>3,532,002</u>	<u>3,519,997</u>	<u>3,075,449</u>
Business-type Activities				
Water and Sewer Refunding Revenue Bonds,				
Series 2002B - 5.59% - 5.61% *	4,600,000	4,600,000	4,600,000	3,168,618
Series 2016A - 3.00% - 5.00% *	750,000	785,000	825,000	860,000
Series 2016B - 5.00% *	-	-	-	-
Total Revenue Bonds	<u>5,350,000</u>	<u>5,385,000</u>	<u>5,425,000</u>	<u>4,028,618</u>
Interest	1,440,750	1,402,375	1,366,250	2,759,632
Total Revenue Bonds and interest	<u>6,790,750</u>	<u>6,787,375</u>	<u>6,791,250</u>	<u>6,788,250</u>
Bonds from direct borrowings				
Water and Sewer Improvement Revenue Bonds,				
Series 2021 - .97%	325,000	330,000	335,000	335,000
Water and Sewer Refunding Revenue Bonds,				
Series 2022 - 1.38%*	1,105,000	1,120,000	1,140,000	1,155,000
Total Bonds from direct borrowings	<u>1,430,000</u>	<u>1,450,000</u>	<u>1,475,000</u>	<u>1,490,000</u>
Interest	251,569	233,039	214,220	195,136
Total Bonds from direct borrowings and interest	<u>1,681,569</u>	<u>1,683,039</u>	<u>1,689,220</u>	<u>1,685,136</u>
Total business-type activities	<u>8,472,319</u>	<u>8,470,414</u>	<u>8,480,470</u>	<u>8,473,386</u>
COMPONENT UNIT:				
Component Unit Activities				
Bonds from direct borrowings				
Airport Bonds,				
Series 2021 - 1.95%	1,050,000	1,071,000	1,092,000	1,113,000
Series 2021B - 1.95%	750,000	750,000	750,000	750,000
Total Revenue Bonds	<u>1,800,000</u>	<u>1,821,000</u>	<u>1,842,000</u>	<u>1,863,000</u>
Interest	292,500	257,400	221,891	185,972
Total component unit activities	<u>2,092,500</u>	<u>2,078,400</u>	<u>2,063,891</u>	<u>2,048,972</u>
TOTAL REPORTING ENTITY				
DEBT SERVICE	<u>\$ 14,100,062</u>	<u>\$ 14,080,816</u>	<u>\$ 14,064,358</u>	<u>\$ 13,597,807</u>

CITY OF MELBOURNE, FLORIDA
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	MATURITIES (CONTINUED)			
	<u>2028</u>	<u>2029- 2033</u>	<u>2034- 2038</u>	<u>2039- 2042</u>
PRIMARY GOVERNMENT:				
Governmental Activities				
General Obligation Bonds				
Series 2022 - 2.35% - 5.00%*	\$ 1,560,000	\$ 9,050,000	\$ 10,870,000	\$ 7,220,000
Interest	969,027	3,593,887	1,772,597	366,398
Total Revenue Bonds and interest	<u>2,529,027</u>	<u>12,643,887</u>	<u>12,642,597</u>	<u>7,586,398</u>
Notes from direct borrowings				
Non-Ad Valorem Refunding Revenue Note				
Series 2018 - 2.75%	-	-	-	-
Downtown CRA Revenue Note,				
Series 2020 - 2.03%	125,000	670,000	740,000	160,000
Total Notes from direct borrowings	<u>125,000</u>	<u>670,000</u>	<u>740,000</u>	<u>160,000</u>
Interest	34,409	132,660	62,016	3,248
Total Bonds from direct borrowings and interest	<u>159,409</u>	<u>802,660</u>	<u>802,016</u>	<u>163,248</u>
Total governmental activities	<u>2,688,436</u>	<u>13,446,547</u>	<u>13,444,613</u>	<u>7,749,646</u>
Business-type Activities				
Water and Sewer Refunding Revenue Bonds,				
Series 2002B - 5.59% - 5.61% *	-	-	-	-
Series 2016A - 3.00% - 5.00% *	905,000	5,235,000	6,550,000	-
Series 2016B - 5.00% *	3,360,000	11,105,000	-	-
Total Revenue Bonds	<u>4,265,000</u>	<u>16,340,000</u>	<u>6,550,000</u>	-
Interest	1,200,125	2,924,500	736,450	-
Total Revenue Bonds and interest	<u>5,465,125</u>	<u>19,264,500</u>	<u>7,286,450</u>	-
Bonds from direct borrowings				
Water and Sewer Improvement Revenue Bonds,				
Series 2021 - .97%	-	-	-	-
Water and Sewer Refunding Revenue Bonds,				
Series 2022 - 1.38%*	1,175,000	10,475,000	1,795,000	-
Total Bonds from direct borrowings	<u>1,175,000</u>	<u>10,475,000</u>	<u>1,795,000</u>	-
Interest	177,433	577,081	24,875	-
Total Bonds from direct borrowings and interest	<u>1,352,433</u>	<u>11,052,081</u>	<u>1,819,875</u>	-
Total business-type activities	<u>6,817,558</u>	<u>30,316,581</u>	<u>9,106,325</u>	<u>-</u>
COMPONENT UNIT:				
Component Unit Activities				
Bonds from direct borrowings				
Airport Bonds,				
Series 2021 - 1.95%	1,135,000	3,539,000	-	-
Series 2021B - 1.95%	1,500,000	1,500,000	-	-
Total Revenue Bonds	<u>2,635,000</u>	<u>5,039,000</u>	<u>-</u>	<u>-</u>
Interest	149,643	168,148	-	-
Total component unit activities	<u>2,784,643</u>	<u>5,207,148</u>	<u>-</u>	<u>-</u>
TOTAL REPORTING ENTITY				
DEBT SERVICE	<u>\$ 12,290,637</u>	<u>\$ 48,970,276</u>	<u>\$ 22,550,938</u>	<u>\$ 7,749,646</u>

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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2. Revenue Bonds

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

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

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

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

These requirements have been met for the City as of September 30, 2023.

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

3. Pledged Revenues

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

Pledged Revenue	Term	Future Principal and Interest	Current Pledged Revenue	Current Principal and Interest Paid	Current Percentage of Revenue
Governmental Activities:					
Downtown CRA-Highline	2039	\$ 2,569,632	\$ 2,096,479	\$ 161,487	7.70%
Non Ad-Valorem	2027	2,900,781	36,660,425	856,625	2.34%
General Obligation Bond	2041	45,521,520	2,584,800	2,526,971	97.76%
Total governmental activities		<u>\$ 50,991,933</u>	<u>\$ 41,341,704</u>	<u>\$ 3,545,083</u>	
Business-type Activities:					
Water and Sewer net revenues	2038	\$ 80,137,053	\$ 26,078,878	\$ 8,285,743	31.77%
Total business-type activities		<u>\$ 80,137,053</u>	<u>\$ 26,078,878</u>	<u>\$ 8,285,743</u>	
Component Unit:					
Airport net revenues	2031	\$ 16,275,554	\$ 24,883,340	\$ 292,500	1.18%
Total component unit		<u>\$ 16,275,554</u>	<u>\$ 24,883,340</u>	<u>\$ 292,500</u>	

4. New Bond Issues

No new bond issues in the current fiscal year.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

5. Accretion on Capital Appreciation Bonds

A portion of the Water and Sewer Refunding Revenue Bonds, Series 2002B was issued in the form of capital appreciation bonds. These bonds were sold at a deep discount and increase in value each year as they approach their various maturity dates. This increase in value, or accretion, from August 15, 2002 to September 30, 2023 amounted to \$11,676,686 and is reported as bonds payable.

6. State Revolving Fund Loan

On October, 20, 2009, the City was awarded financial assistance from the Florida Department of Environmental Protection, in the form of a Clean Water State Revolving Fund loan (WW513030), for the purpose of financing the planning, design, and construction of the reclaimed water reuse facility project. The amount of the loan payable at September 30, 2023 is \$2,906,898. The loan bears interest at fixed rates ranging from 2.65% to 2.81% per annum, with principal and interest payments of \$182,839 due in March and September of each year until the loan is repaid in full in fiscal year 2032.

On February 27, 2013, the City was awarded financial assistance from the Florida Department of Environmental Protection, in the form of a Clean Water State Revolving Fund loan (WW050900), for the purpose of financing the planning and design of the transmission, treatment, and reclaimed water system improvements project. The amount of the loan payable at September 30, 2023 is \$4,704,498. The loan bears interest at fixed rates ranging from 1.74% to 2.37% per annum, with principal and interest payments of \$210,589 due in February and August of each year until the loan is repaid in full in fiscal year 2036.

On September 10, 2021, the City was awarded additional financial assistance from the Florida Department of Environmental Protection, in the form of a Drinking Water State Revolving Fund loan (DW050950), for the purpose of financing the City's portion of the joint project with the City of Cocoa to construct two 16" water transmission mains along the Pineda Causeway, crossing the Indian River. The maximum amount of the loan is \$14,702,119. The amount of loan payable as of September 30, 2023 is \$11,038,210. Debt service maturity schedules have not yet been calculated by the grantor, however, the loan bears interest at .16% per annum. Principal and interest payments of \$363,973 will be due in February and August of each year beginning August 15, 2024 until the loan is repaid in fiscal year 2045.

On May 16, 2022, the City was awarded financial assistance from the Florida Department of Environmental Protection, in the form of a Clean Water State Revolving Fund loan (WW050910), for the purpose of financing the furnishing, labor, materials, and equipment to construct the treatment plant improvements for the Grant Street Water Reclamation Facility and the Biosolids Improvement Project. The maximum amount of the loan is \$12,000,000. On April 14, 2023, the City was awarded additional financial assistance of \$10,711,500 (WW050910-1) for an amended maximum amount of \$22,711,500. The amount of loan payable as of September 30, 2023 is \$0. Debt service maturity schedules have not yet been calculated by the grantor, however, the loan bears interest at .21% per annum. Principal and interest payments of \$591,955 will be due in February and August of each year beginning February 15, 2025 until the loan is repaid in fiscal year 2044.

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

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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Future minimum payments on state revolving fund loans:

Year Ending September 30,	Business-type Activities	
	Principal	Interest
2024	\$ 967,671	\$ 168,771
2025	1,163,551	150,970
2026	1,179,932	138,603
2027	1,196,708	125,954
2028	1,213,886	113,008
2029 - 2033	5,973,827	361,368
2034 - 2038	3,985,829	86,522
2039 - 2043	2,794,255	14,560
2044 - 2045	173,947	224
Total	<u>\$ 18,649,606</u>	<u>\$ 1,159,980</u>

7. Conduit Debt Obligation

In September 2009, the City issued \$6,000,000 tax-exempt revenue bonds that provided funds to the non-profit organization Circles of Care Inc., for construction of a thirty-bed health care facility, equipping some of their existing facilities, and refinancing an outstanding loan. The bonds mature in September 2030 and are payable solely from the revenues and proceeds derived from payments made by Circles of Care Inc., and will not constitute a debt, liability or obligation of the City. No tax revenues or other revenues of the City will be used to repay the bonds. Circles of Care Inc. has indemnified the City against any loss or damage arising out of the Circles of Care Inc. project or the issuance of the bonds. Rents and property secure the mortgage and in the event of default, the City could foreclose and sell the property to recover all costs incurred. At September 30, 2023, the bonds have an aggregate outstanding principal amount payable of \$0.

In 2019, the City issued a Section 108 Housing and Urban Development (“HUD”) guaranteed non-recourse \$2,000,000 Note to 801 Strawbridge Hotel LLC (the “Developer”), for construction of a 156-room boutique hotel with structured parking and other offsite public improvements. As of August 19, 2022, all payments of principal and interest due under this Note have been received by the U.S. Department of Housing and Urban Development. Accordingly, the Note is deemed to have been paid in full, and the City of Melbourne, FL is no longer subject to the requirements of the Contract for Loan Guarantee Assistance dated June 7, 2019.

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

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

8. Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2023 was as follows:

	Balance October 1, 2022	Additions	Reductions	Balance September 30, 2023	Amounts Due Within One Year
Governmental Activities:					
Compensated absences	\$ 4,184,515	\$ 3,854,842	\$ 3,894,653	\$ 4,144,704	\$ 1,935,784
Leases payable	339,194	3,248,253	668,168	2,919,279	793,442
Subscription liabilities	102,894 ⁽¹⁾	265,898	109,945	258,847	123,352
General obligation revenue bonds, series 2022	35,000,000	-	765,000	34,235,000	1,285,000
Unamortized issuance premium on general obligation bond	4,069,396	-	733,555	3,335,841	-
Notes from direct borrowings	5,825,000	-	885,000	4,940,000	895,000
Total governmental activities	\$ 49,520,999	\$ 7,368,993	\$ 7,056,321	\$ 49,833,671	\$ 5,032,578

(1) October 1, 2022 balance is restated due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

On February 17, 2022, the City issued General Obligation Revenue Bonds, Series 2022 in the principal amount of \$35,000,000, which will be payable from ad valorem taxation and used for the property acquisition, design, and construction and equipping of a new police headquarters facility.

The City's outstanding notes from direct borrowings related to governmental activities of \$2,765,000 and \$2,175,000 are from the 2018 Non-Ad Valorem Refunding Revenue Note and the 2020 Downtown CRA Revenue Note, respectively. The 2018 Non-Ad Valorem Refunding Note contains a provision that in an event of default, outstanding amounts become immediately due if the City is unable to make a payment. The 2020 Downtown CRA Note contains a provision that in the event of default, the bank is entitled to sue for payment and increase the interest rate by 3%.

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above total for governmental activities. At year-end, \$2,190 of internal service funds compensated absences are included in the above amounts.

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

CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Balance October 1, 2022	Additions	Reductions	Balance September 30, 2023	Amounts Due Within One Year
Business-type Activities:					
Bonds payable:					
Water and sewer revenue bonds	\$ 38,436,210	\$ -	\$ 2,769,278	\$ 35,666,932	\$ 2,190,950
Accretion on water and sewer bonds	13,041,884	-	1,365,198	11,676,686	3,159,050
Unamortized issuance premium	3,325,896	-	483,996	2,841,900	-
Total bonds payable	54,803,990	-	4,618,472	50,185,518	5,350,000
Bonds and loans from direct borrowings:					
2021 W&S revenue bond	1,650,000	-	325,000	1,325,000	325,000
2022 W&S revenue bond	18,145,000	-	180,000	17,965,000	1,105,000
State revolving fund loans payable	12,149,442	7,090,297	590,133	18,649,606	967,671
Total bonds and loans from direct borrowings	31,944,442	7,090,297	1,095,133	37,939,606	2,397,671
Compensated absences	865,840	847,238	802,135	910,943	435,452
Total business-type activities	\$ 87,614,272	\$ 7,937,535	\$ 6,515,740	\$ 89,036,067	\$ 8,183,123

The City's outstanding bonds from direct borrowings relate to business-type activities of \$1,325,000, \$17,965,000, and \$18,649,606 from the 2021 Water and Sewer Improvement Revenue Bond, 2022 Water and Sewer Refunding Revenue Bond, and the State Revolving Fund Loan, respectively. The 2021 and 2022 Water and Sewer Refunding and Improvement Revenue Bonds are secured equally and ratably by an irrevocable lien on pledged revenues and the State Revolving Fund Loans are junior, inferior, and subordinate in all respects in right of payment and security to the senior revenue obligations. The outstanding notes from direct borrowings related to business-type activities contain a provision that in the event of default, the bank and bond holders are entitled to sue for and enforce payment of all amounts due including interest on overdue payments if pledged revenues during the year are less than the gross revenues of 100% of the sum of the cost of operation and maintenance, 115% of the bond service requirement, or if the City is unable to make payment.

The outstanding loans from the State Revolving Fund for business-type activities of \$18,649,606 contain a provision that in the event of default, the Florida Department of Environmental Protection is entitled to establish rates and charges for use of the Water and Sewer Systems, intercept delinquent amounts plus penalty from unobligated funds due to the City under any revenue or tax sharing fund established by the State, send notification to financial market credit rating agencies, sue for payment, accelerate the repayment schedule, or increase the financial rate on the unpaid principal to as much as 1.667 times the financing rate.

Long-term liability activity for the Airport for year ended September 30, 2023 was as follows:

	Balance October 1, 2022	Additions	Reductions	Balance September 30, 2023	Amounts Due Within One Year
Component Unit:					
Compensated absences	\$ 560,722	\$ 296,756	\$ 298,316	\$ 559,162	\$ 187,990
Leases payable	214,525	-	60,654	153,871	63,758
Subscription liabilities	308,616 ⁽¹⁾	35,473	75,803	268,286	80,039
Notes from direct borrowings	15,000,000	-	-	15,000,000	1,800,000
Total component unit	\$ 16,083,863	\$ 332,229	\$ 434,773	\$ 15,981,319	\$ 2,131,787

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(1) October 1, 2022 balance is restated due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

On April 21, 2021, the City issued taxable Airport Revenue Note, Series 2021A with a principal amount of \$9,000,000 for the purpose of financing terminal renovations, expansion, and other capital projects. The note bears interest fixed commencing at 1.95% per annum and matures on May 1, 2031. Interest is payable semi-annually due May 1 and November 1, beginning November 1, 2021. Principal is payable annually based on level debt service payments, commencing May 1, 2024. The note is secured solely by a lien upon and pledge of general revenues, passenger facility charges, customer facility charges and any amounts on deposit in the escrow account.

On November 10, 2021, the City issued taxable Airport Revenue Note, Series 2021B with a principal amount of \$6,000,000, to fund expanding and rehabilitating the existing terminal facility. The note bears interest fixed at 1.95% per annum and matures on May 1, 2029. Interest is payable semi-annually due May 1 and November 1, beginning May 1, 2022. Principal is payable annually based on level debt service payments, commencing May 1, 2024. The note is secured by and payable solely from the legally available net revenues of the Airport.

(5) RESTRICTED ASSETS

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

Customer deposits	\$	4,045,075
Interest receivable		14,035
Pension benefits		105,209
Due from other Governments		15,817
State Revolving Fund current debt service		98,753
Revenue bonds current debt service		7,465,315
Revenue bonds future debt service		4,600,212
Revenue bonds renewal and replacement		250,000
Total restricted assets	<u>\$</u>	<u>16,594,416</u>

(6) OTHER INFORMATION

A. RISK MANAGEMENT

Insurance - The City is exposed to various risks of loss related to torts; theft of or damage to and destruction of assets; errors and omissions; and natural disasters. The City purchases commercial insurance with various deductibles for different types of losses. The costs for this insurance program are accounted for in the Insurance Internal Service fund. Settled claims have not exceeded this commercial coverage in the past three fiscal years. All applicable funds and component units participate in the general property and liability insurance program and make payments to the Insurance fund based on estimates of the amounts needed to pay insurance premiums and claims and to accumulate funds for financial stability. The excess accumulated funds over claims liability was \$768,645 at September 30, 2023. The Airport also purchased additional insurance not covered by these programs, which is accounted for in the Airport fund.

The General Property and Liability claims liability at September 30, 2023 is \$954,246 and is based on the requirements of GASB Codification, C50, "Claims and Judgements", which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. To estimate this liability the incurred but not reported (IBNR) factors are applied to trended claims history.

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General Property and Liability claims at September 30, 2022 and 2023 are summarized below:

Fiscal Year	Claims Liability October 1,	Current Year Claims and Changes in Estimates	Payments	Claims Liability September 30,	Due Within One Year
2021 - 2022	\$ 964,682	\$ 213,341	\$ 269,864	\$ 908,159	\$ 244,483
2022 - 2023	908,159	282,873	236,786	954,246	362,896

Workers Compensation - The City is exposed to risk of loss related to injuries to employees. The City established a self-insured workers compensation program, accounted for in the Workers Compensation Internal Service fund to finance its uninsured risk of loss. The Workers Compensation fund provides coverage for up to a maximum of \$200,000 for each worker's compensation claim. The City purchases commercial insurance for claims in excess of coverage provided by the self-insurance program. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. All applicable funds and component units participate in the workers compensation self-insurance program and make payments to the Workers Compensation fund based on estimates of the amounts needed to pay prior and current year claims and to accumulate funds for financial stability. Excess accumulated funds over claims liability was \$3,008,784 at September 30, 2023.

The workers compensation claims liability at September 30, 2023 is \$1,759,300 and is based on the requirements of GASB Codification, C50, "Claims and Judgements", which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. To estimate this liability the incurred but not reported (IBNR) factors are applied to trended claims history. Workers compensation claims at September 30, 2022 and 2023 are summarized below:

Fiscal Year	Claims Liability October 1,	Current Year Claims and Changes in Estimates	Payments	Claims Liability September 30,	Due Within One Year
2021 - 2022	\$ 2,225,954	\$ 754,508	\$ 1,157,863	\$ 1,822,599	\$ 340,103
2022 - 2023	1,822,599	964,182	1,027,481	1,759,300	487,346

B. PENSION PLANS

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

The total pension expense as of September 30, 2023 are as follows:

Governmental Activities	\$ 17,664,695
Business-type Activities	4,055,235
Total Primary Government	<u>21,719,930</u>
Component Unit	1,563,720
Total Reporting Entity	<u><u>\$ 23,283,650</u></u>

The City has three defined benefit single employer pension plans:

- Firefighters Pension Plan
- Police Officers Pension Plan

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- General Employee Pension Plan

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

Firefighters, Police and General Employee Pension Plans

Summary of Significant Accounting Policies

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

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

The Pension trust funds fiduciary net position activity as of September 30, 2023 was as follows:

	Firefighters Pension	Police Pension	General Employees Pension	Total Pension Trust Funds
ASSETS				
Cash and cash equivalents	\$ 2,186,339	\$ 2,395,661	\$ 380,881	\$ 4,962,881
Investments, at fair value:				
U.S. government securities	10,880,003	24,251,720	1,336,267	36,467,990
Corporate bonds	1,640,508	4,350,188	1,362,573	7,353,269
Common stocks	41,679,276	44,219,147	4,673,764	90,572,187
Real estate funds	10,911,221	4,062,475	-	14,973,696
Foreign bond funds	2,440,481	-	446,777	2,887,258
Private debt	5,646,544	2,581,892	-	8,228,436
Foreign equity funds	3,879,779	12,348,151	990,332	17,218,262
Accounts receivable	171,694	-	-	171,694
Interest receivable	110,311	187,476	23,753	321,540
Due from other funds	249,243	-	-	249,243
Total assets	\$ 79,795,399	\$ 94,396,710	\$ 9,214,347	\$ 183,406,456
LIABILITIES				
Accounts payable and accrued expenses	\$ 73,944	\$ 81,947	\$ 17,256	\$ 173,147
Due to other funds	-	6,344	2,231	8,575
Overfunded contributions	517,790	89,319	59,741	666,850
Total liabilities	591,734	177,610	79,228	848,572
NET POSITION				
Held in trust for pension benefits	\$ 79,203,665	\$ 94,219,100	\$ 9,135,119	\$ 182,557,884

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The Pension trust funds change in fiduciary net position activity as of September 30, 2023 was as follows:

	Firefighters Pension	Police Pension	General Employees Pension	Total Pension Trust Funds
ADDITIONS				
Contributions				
Employer contributions	\$ 3,109,878	\$ 2,071,980	\$ 85,958	\$ 5,267,816
Employee contributions	856,373	711,308	-	1,567,681
State contributions	903,694	982,565	-	1,886,259
Total contributions	<u>4,869,945</u>	<u>3,765,853</u>	<u>85,958</u>	<u>8,721,756</u>
Investment income				
Net appreciation (depreciation) in fair value of investments	5,214,597	6,459,427	855,894	12,529,918
Interest, dividends, and other income	2,236,779	2,681,707	289,146	5,207,632
Total investment gains (losses)	7,451,376	9,141,134	1,145,040	17,737,550
Less investment expense	(400,279)	(290,778)	(33,942)	(724,999)
Net investment gains (losses)	<u>7,051,097</u>	<u>8,850,356</u>	<u>1,111,098</u>	<u>17,012,551</u>
Total additions (reductions)	<u>11,921,042</u>	<u>12,616,209</u>	<u>1,197,056</u>	<u>25,734,307</u>
DEDUCTIONS				
Benefits paid	5,761,386	6,896,838	560,378	13,218,602
Refunded contributions	25,835	168,019	-	193,854
Administrative expense	164,819	212,798	71,696	449,313
Total deductions	<u>5,952,040</u>	<u>7,277,655</u>	<u>632,074</u>	<u>13,861,769</u>
Net change in net position	5,969,002	5,338,554	564,982	11,872,538
Net position held in trust for pension benefits October 1	<u>73,234,663</u>	<u>88,880,546</u>	<u>8,570,137</u>	<u>170,685,346</u>
Net position held in trust for pension benefits September 30	<u>\$ 79,203,665</u>	<u>\$ 94,219,100</u>	<u>\$ 9,135,119</u>	<u>\$ 182,557,884</u>

Plan Description

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

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

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

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Plan membership. At October 1, 2022, pension plan membership consisted of the following:

	Firefighters Pension Plan	Police Pension Plan	General Employees Pension Plan	
			Primary Government	Component Unit
Inactive plan members or beneficiaries currently receiving benefits	125	181	27	7
Inactive plan members entitled to but not yet receiving benefits	5	59	24	2
Active plan members	132	134	2	-
Total	<u>262</u>	<u>374</u>	<u>53</u>	<u>9</u>

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

Firefighters Pension Plan:

Normal Retirement:

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

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

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

Early Retirement:

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

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

Vesting:

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

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

Disability Retirement:

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

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

Pre-Retirement Death:

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

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

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

Enhanced Benefit Account (EBA):

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

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

- (a) 50% of positive or negative net investment income compared to fund's investment objective of 7.125% for the preceding fiscal year, and
- (b) 50% of the amount by which the premium taxes collected and distributed by the state exceed 5.6% of covered payroll during the preceding fiscal year.

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

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

Police Officers Pension Plan:

Normal Retirement:

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

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

Early Retirement:

Date: Age 45 and 10 years of Credited Service.

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

Vesting:

Less than 10 years: Return of Member Contributions.

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

Disability Retirement:

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

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

Pre-Retirement Death:

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

Non-Vested: Refund of Member Contributions.

Cost of Living Adjustment (COLA):

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

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

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

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

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General Employees Pension Plan:

Normal Retirement:

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

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

Early Retirement:

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

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

Vesting:

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

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

Disability Retirement:

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

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

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

Pre-Retirement Death:

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

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

Cost of Living Adjustment (COLA):

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

Supplement:

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

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

Contributions. The employer, employee, and State contribution requirements are applicable to each Plan and actuarially determined on an annual basis. Administrative costs of each of the pension plans are financed by the respective plans. The employee contribution rates, expressed as a percentage of salary, for the Firefighters Pension Plan and the Police Pension Plan were 7.5% and 6.5%, respectively for the 2022-2023 fiscal year. Police officers hired after November 27, 2012 contribute 8.0%. No employee contributions are required for the General Employee Pension Plan. The employer contribution rates, expressed as a percentage of salary for the Firefighters and Police Pension Plans were 38.72% and 22.85%, respectively, for the 2022-2023 fiscal year. The employer contributions for the General Employee Pension Plan were \$45,983 for general employees and \$39,975 for Airport police personnel for the 2022-2023 fiscal year. The City recognized as revenues and expenditures on-behalf payments relating to pension contributions for its public safety employees that the State paid to the Firefighters and Police Pension Plans in the amounts of \$903,694 and \$982,565 respectively. These

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contributions are funded by an excise tax upon certain casualty and property insurance companies on their gross receipts of premiums from policy holders. If the remittance from the State is less than estimated by the actuary, the City pays the balance required to fund the total actuarial requirements.

The City's and Airport's annual contributions exceeded the annual pension cost for each of the local pension plans for the year ended September 30, 2023. The City's contributions to the Firefighters and Police Pension Plans were \$3,109,878 and \$2,071,980, which includes prepaids of \$517,790 and \$89,319 in the Firefighters and Police Pension Plan, respectively. The Airport's contribution to the General Employees Special Risk Class was \$39,975. The General Employees Regular Class used \$45,983 in prepaids.

Investments

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

The following was the Board's adopted asset allocation policy as of September 30, 2023:

Asset Class	Target Allocation		
	Firefighters Pension Plan	Police Pension Plan	General Employees Pension Plan
Domestic Equity	45.00%	45.00%	50.00%
International Equity	15.00%	15.00%	10.00%
Domestic Fixed Income	20.00%	32.00%	35.00%
Global Fixed Income	5.00%	3.00%	5.00%
Real Estate	10.00%	5.00%	0.00%
Alternative Assets	5.00%	0.00%	0.00%

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

Rate of Return. For the year end September 30, 2023, the annual money-weighted rate of return on the Firefighters' Pension Plan, the Police Pension Plan, and the General Employee Pension Plan investments, net of pension plan investment expense, was 9.46%, 10.08% and 12.94% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

DEFERRED RETIREMENT OPTION PLAN (DROP)

Firefighters Pension Plan:

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

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

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A Member's final DROP account value for distribution is the value of the account at the end of the quarter immediately preceding termination of participation in the DROP, plus any monthly periodic additions made to the DROP account subsequent to the end of the previous quarter and prior to distribution. The Supplemental Benefit is payable once the member actually terminates from employment and begins to receive monthly pension payments after the end of the DROP. The DROP balance at September 30, 2023 was \$6,190,738.

Police Officers Pension Plan:

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

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

A Member's final DROP account value for distribution is the value of the account at the end of the quarter immediately preceding termination of participation in the DROP, plus any monthly periodic additions made to the DROP account subsequent to the end of the previous quarter and prior to distribution. The DROP balance at September 30, 2023 was \$2,270,341.

General Employees Pension Plan:

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

A Member's final DROP account value for distribution is the value of the account at the end of the quarter immediately preceding termination of participation in the DROP, plus any monthly periodic additions made to the DROP account subsequent to the end of the previous quarter and prior to distribution. The DROP balance at September 30, 2023 was \$0 for Regular Class and \$0 for Special Risk Class.

Net Pension Liability of the City of Melbourne

The components of the net pension liability of the City at September 30, 2023, as follows, is presented in accordance with GASB Statement No. 67, while the net pension liability recognized by the city in the current financial statements represents the net pension liability measured as of September 30, 2022, which is allowed by GASB Statement No. 68.

	Firefighters Pension Plan	Police Pension Plan	General Employees	
			Regular Class	Airport Special Risk Class
Total pension liability	\$ 104,884,047	\$ 114,770,645	\$ 6,197,005	\$ 1,646,514
Plan fiduciary net position	(79,203,666)	(94,219,100)	(7,570,159)	(1,564,961)
Sponsor's net pension liability (asset)	<u>\$ 25,680,381</u>	<u>\$ 20,551,545</u>	<u>\$ (1,373,154)</u>	<u>\$ 81,553</u>

Plan fiduciary net position as a percentage of total pension liability	75.52%	82.09%	122.16%	95.05%
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* The Airport's portion of the Regular Class net pension asset is 9.363% or (\$128,568).

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2022 for the Firefighters' Pension Plan, Police Pension and General Employee's Pension Plan using the following actuarial assumptions applied to all measurement periods:

	Firefighters Pension Plan	Police Pension Plan	General Employees Pension Plan
Inflation	2.50%	2.50%	2.50%
Salary increases	6.00%	Service Based	6.00%
Investment rate of return	7.125%	7.25%	7.00%

The actuarial assumptions used in the October 1, 2022 valuation were carried forward from the prior actuary. No recent actuarial experience study has been performed. The mortality table has been revised to that used in the valuation of FRS as of July 1, 2022 and 2023, as required by state statutes.

The long term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return		
	Firefighters Pension Plan	Police Pension Plan	General Employees Pension Plan
Domestic Equity	7.50%	7.50%	7.50%
International Equity	8.50%	8.50%	8.50%
Domestic Fixed Income	2.50%	2.50%	2.50%
Global Fixed Income	3.50%	3.50%	3.50%
Real Estate	4.50%	4.50%	0.00%
Alternative Assets	6.08%	0.00%	0.00%

Discount rate. The discount rate used to measure the total pension liability for the Firefighters, Police, and General Employee Pension Plans were 7.125%, 7.25%, and 7.00% percent, respectively. The projection of cash flows used to determine the discount rate assumes that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
Firefighters Pension Plan	\$ 36,494,017	\$ 25,680,381	\$ 16,588,690
Police Pension Plan	33,103,923	20,551,545	10,043,341
General Employee Regular Class	(719,082)	(1,373,154)	(1,925,743)
General Employee Airport Special Risk Class	298,534	81,553	(95,864)

CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Net Pension Liability

The City's net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2023 for the Firefighters Pension Plan, and October 1, 2023 for the Police and General Employee Pension Plans, which will be recorded in the fiscal year ending September 30, 2023.

Changes in Net Pension Liability

FIREFIGHTERS PENSION PLAN

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Reporting Period Ending 9/30/2022	\$ 98,103,702	\$ 85,459,049	\$ 12,644,653
Changes for the year:			
Service cost	2,209,338	-	2,209,338
Interest	6,908,754	-	6,908,754
Changes of benefit terms	546	-	546
Difference between expected and actual experience	(803,951)	-	(803,951)
Changes of assumptions	1,166,660	-	1,166,660
Contributions - employer	-	3,338,795	(3,338,795)
Contributions - state	-	588,936	(588,936)
Contributions - employee	-	773,346	(773,346)
Net investment income	-	(9,970,863)	9,970,863
Benefit paymnts, including refunds of employee contributions	(6,801,401)	(6,801,401)	-
Administrative expenses	-	(153,199)	153,199
Net changes	<u>2,679,946</u>	<u>(12,224,386)</u>	<u>14,904,332</u>
Reporting Period Ending 9/30/2023	<u>\$ 100,783,648</u>	<u>\$ 73,234,663</u>	<u>\$ 27,548,985</u>

POLICE OFFICERS PENSION PLAN

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Reporting Period Ending 9/30/2022	\$ 108,856,777	\$ 109,958,278	\$ (1,101,501)
Changes for the year:			
Service cost	1,633,513	-	1,633,513
Interest	7,788,801	-	7,788,801
Share Plan Allocation	166,432	-	166,432
Differences between expected and actual experience	(837,582)	-	(837,582)
Contributions - employer	-	2,670,035	(2,670,035)
Contributions - state	-	853,145	(853,145)
Contributions - employee	-	663,736	(663,736)
Contributions - buy back	48,510	48,510	-
Net investment income	-	(19,113,692)	19,113,692
Benefit payments, including refunds of employee contributions	(6,117,105)	(6,117,105)	-
Administrative expenses	-	(82,361)	82,361
Net changes	<u>2,682,569</u>	<u>(21,077,732)</u>	<u>23,760,301</u>
Reporting Period Ending 9/30/2023	<u>\$ 111,539,346</u>	<u>\$ 88,880,546</u>	<u>\$ 22,658,800</u>

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

GENERAL EMPLOYEES REGULAR CLASS PENSION PLAN*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Reporting Period Ending 9/30/2022	\$ 6,423,501	\$ 8,959,773	\$ (2,536,272)
Changes for the year:			
Service cost	16,645	-	16,645
Interest	438,469	-	438,469
Difference between expected and actual experience	(172,731)	-	(172,731)
Contributions - employer	-	48,752	(48,752)
Net investment income	-	(1,581,993)	1,581,993
Benefit payments, including refunds of employee contributions	(352,604)	(352,604)	-
Administrative expenses	-	(37,798)	37,798
Net changes	<u>(70,221)</u>	<u>(1,923,643)</u>	<u>1,853,422</u>
Reporting Period Ending 9/30/2023	<u>\$ 6,353,280</u>	<u>\$ 7,036,130</u>	<u>\$ (682,850)</u>

* The Airport's portion of the Regular Class net pension liability is 7.6% or \$51,776.

GENERAL EMPLOYEES SPECIAL RISK CLASS PENSION PLAN (AIRPORT)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Reporting Period Ending 9/30/2022	\$ 1,465,219	\$ 1,894,698	\$ (429,479)
Changes for the year:			
Interest	99,915	-	99,915
Difference between expected and actual experience	196,904	-	196,904
Contributions - employer	-	56,835	(56,835)
Net investment income	-	(333,670)	333,670
Benefit payments, including refunds of employee contributions	(75,736)	(75,736)	-
Administrative expenses	-	(8,119)	8,119
Net changes	<u>221,083</u>	<u>(360,690)</u>	<u>581,773</u>
Reporting Period Ending 9/30/2023	<u>\$ 1,686,302</u>	<u>\$ 1,534,008</u>	<u>\$ 152,294</u>

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

	1% Decrease	Current Discount Rate	1% Increase
Firefighters Pension Plan	\$ 38,072,515	\$ 27,548,985	\$ 18,707,112
Police Pension Plan	35,031,913	22,658,800	12,313,473
General Employee Regular Class*	(3,141)	(682,850)	(1,255,696)
General Employee Airport Special Risk Class	369,638	152,294	(24,808)

* The Airport's portion of the Regular Class sensitivity of the net pension asset is 7.6%.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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

For the year ended September 30, 2023, the City will recognize a pension expense of \$6,100,777 for the Firefighters Pension Plan. On September 30, 2023 the City reported for the **Firefighters Pension Plan** deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,929	\$ 1,135,250
Changes of assumptions	2,630,306	1,397,909
Net difference between projected and actual earnings on pension plan investments	10,405,144	-
Contributions subsequent to the measurement date	3,855,648	-
Total	<u>\$ 16,907,027</u>	<u>\$ 2,533,159</u>

Deferred outflows of \$3,855,648, resulting from City and State contributions subsequent to the measurement date of September 30, 2022, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2023	\$	3,447,155
2024		2,643,830
2025		1,407,212
2026		2,999,494
2027		20,529

For the year ended September 30, 2023, the City will recognize a pension expense of \$3,553,465 for the Police Officers Pension Plan. On September 30, 2023 the City reported for the **Police Officers Pension Plan** deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,153,114
Net difference between projected and actual earnings on pension plan investments	13,265,531	-
Contributions subsequent to the measurement date	3,054,546	-
Total	<u>\$ 16,320,077</u>	<u>\$ 1,153,114</u>

Deferred outflows of \$3,054,546, resulting from City and State contributions subsequent to the measurement date of September 30, 2022, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2024	\$	2,201,466
2025		1,766,175
2026		2,741,882
2027		5,402,894

CITY OF MELBOURNE, FLORIDA
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For the year ended September 30, 2023, the City will recognize a pension expense of (\$56,081) for the General Employees Regular Class Pension Plan. On September 30, 2023 the City reported for the **General Employees Regular Class Pension Plan** deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 1,214,835	\$ -
Contributions subsequent to the measurement date	45,983	-
Total	\$ 1,260,818	\$ -

The Airport's portion of the deferred outflows is 6.3% or \$79,225.

Deferred outflows of \$45,983, resulting from City contributions subsequent to the measurement date of September 30, 2022, will be recognized as an adjustment to the net pension asset (liability) in the fiscal year ending September 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2024	\$	266,648
2025		234,868
2026		273,875
2027		439,444

For the year ended September 30, 2023, the Airport will recognize a pension expense of \$228,189 for the General Employees Special Risk Class Pension Plan. On September 30, 2023 the City reported for the Airport's **General Employees Special Risk Class Pension Plan** deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 265,263	\$ -
Contributions subsequent to the measurement date	39,975	-
Total	\$ 305,238	\$ -

Deferred outflows of \$39,975, resulting from Airport contributions subsequent to the measurement date of September 30, 2022, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2024	\$	59,234
2025		53,056
2026		59,902
2027		93,071

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

FLORIDA RETIREMENT SYSTEM

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

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

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

Pension Plan

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

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

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

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

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

Contributions – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates, which include the HIS plan of 1.66%, are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2022 through June 30, 2023 and from July 1, 2023 through September 30, 2023, respectively, were as follows: Regular 11.91% and 13.57%; Special Risk Airport Police 27.83% and 32.67%; Senior Management Service 31.57% and 34.52%; Elected Officers' 57.00% and 58.68%; DROP participants 18.60% and 21.13%; Re-employed General 5.89% and 6.78%, and Re-employed Airport Police 11.33% and 13.95%.

City's contributions, including employee contributions, to the Pension Plan totaled \$4,616,111 for the fiscal year ended September 30, 2023, which include Airport contributions of \$509,539.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2023, the City reported a liability of \$32,595,015 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The City's proportionate share of the net pension liability was based on the City's 2021-22 fiscal year contributions relative to the 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the City's proportionate share was .081801%, which was a decrease of .000467% from its proportionate share measured as of June 30, 2022.

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

For the fiscal year ended September 30, 2023, the City recognized pension expense of \$6,896,696, including the component unit's share of \$591,737. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Primary Government:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,797,809	\$ -
Change of assumptions	1,920,505	-
Net difference between projected and actual earnings on FRS plan investments	1,244,460	-
Changes in proportion and differences between City FRS plan contributions and proportionate share of contributions	695,049	572,746
City FRS plan contributions subsequent to the measurement date	847,186	-
Total	\$ 7,505,009	\$ 572,746

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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Component Unit:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 262,582	\$ -
Change of assumptions	204,309	-
Net difference between projected and actual earnings on FRS plan investments	116,796	-
Changes in proportion and differences between City FRS plan contributions and proportionate share of contributions	65,232	10,000
City FRS plan contributions subsequent to the measurement date	79,511	-
Total	<u>\$ 728,430</u>	<u>\$ 10,000</u>

The deferred outflows of resources related to the FRS Pension Plan, totaling \$926,697 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the FRS Pension Plan will be recognized in pension expense as follows:

Year Ending September 30,	Primary Government	Component Unit	Total
2024	\$ 829,318	\$ 87,078	\$ 916,396
2025	(328,572)	(34,500)	(363,072)
2026	4,976,289	522,507	5,498,796
2027	472,706	49,634	522,340
2028	135,336	14,200	149,536

Actuarial Assumptions – The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation. The reduced investment return assumption of 6.70 percent, which was adopted by the Florida Retirement System Actuarial Assumption Conference, conflicts with the consulting actuary's judgement of a reasonable assumption as defined by Actuarial Standards of Practice No. 27.

**CITY OF MELBOURNE, FLORIDA
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Asset Class	Target Allocation	Annual Arithmetic Return	Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.9%	2.9%	1.1%
Fixed income	19.8%	4.5%	4.4%	3.4%
Global equity	54.0%	8.7%	7.1%	18.1%
Real estate	10.3%	7.6%	6.6%	14.8%
Private equity	11.1%	11.9%	8.8%	26.3%
Strategic investments	3.8%	6.3%	6.1%	7.7%
Total	<u>100.0%</u>			
Assumed Inflation - Mean			2.4%	1.4%

* As outlined in the Plan's investment policy

Discount Rate - The discount rate used to measure the total pension liability was 6.70%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the City and Airport proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the City and Airport proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.70%) or one percentage point higher (7.70%) than the current rate:

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
City's proportionate share of the net pension liability	\$ 50,274,821	\$ 29,431,398	\$ 11,993,381
Airport's proportionate share of the net pension liability	5,404,102	3,163,617	1,289,183
Total net pension liability	<u>\$ 55,678,923</u>	<u>\$ 32,595,015</u>	<u>\$ 13,282,564</u>

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

Payables to the Pension Plan - At September 30, 2023, the primary government reported a payable in the amount of \$446,725, including the component unit's share of \$38,329, for outstanding contributions to the FRS Pension Plan required for the fiscal year ended September 30, 2023.

Health Insurance Subsidy (HIS) Plan

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

Benefits Provided – For the fiscal year ended September 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2023, the HIS contribution was 1.66%. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

City's contributions to the HIS Plan totaled \$576,587 for the fiscal year ended September 30, 2023, which includes Airport's contribution of \$58,899.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2023, the City reported a liability of \$14,284,779 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The City's proportionate share of the net pension liability was based on the City's 2021-22 fiscal year contributions relative to the 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the City's proportionate share was .089947%, which was an increase of .000205% from its proportionate share measured as of June 30, 2022.

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

For the fiscal year ended September 30, 2023, the City recognized pension expense of \$5,354,205, including the component unit's share of \$547,000. In addition, the City reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Primary Government:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 187,747	\$ 30,102
Change of assumptions	334,108	1,232,723
Net difference between projected and actual earnings on HIS Plan investments	6,623	-
Changes in proportion and differences between City HIS Plan contributions and proportionate share of contributions	413,315	413,238
City HIS Plan contributions subsequent to the measurement date	138,903	-
Total	\$ 1,080,696	\$ 1,676,063

**CITY OF MELBOURNE, FLORIDA
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Component Unit:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,372	\$ 3,427
Change of assumptions	41,435	5,101
Net difference between projected and actual earnings on HIS Plan investments	754	-
Changes in proportion and differences between City HIS Plan contributions and proportionate share of contributions	47,049	47,040
City HIS Plan contributions subsequent to the measurement date	15,812	-
Total	<u>\$ 126,422</u>	<u>\$ 55,568</u>

The deferred outflows of resources related to the HIS Plan, totaling \$154,715 resulting from City contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Year Ending September 30,	Primary Government	Component Unit	Total
2024	\$ (128,297)	\$ 9,623	\$ (118,674)
2025	(77,786)	5,834	(71,952)
2026	(129,420)	9,707	(119,713)
2027	(253,849)	19,039	(234,810)
2028	(134,466)	10,085	(124,381)
Thereafter	(10,452)	754	(9,698)

Actuarial Assumptions – The total pension liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 %
Salary increases	3.25%, average, including inflation
Municipal bond rate	3.65 %

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

The actuarial assumptions used in the July 1, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate - The discount rate used to measure the total pension liability was 3.65%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 3.65%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current rate:

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	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
City's proportionate share of the net pension liability	\$ 14,753,123	\$ 12,931,762	\$ 11,421,977
Airport's proportionate share of the net pension liability	1,543,581	1,353,017	1,195,052
Total net pension liability	<u>\$ 16,296,704</u>	<u>\$ 14,284,779</u>	<u>\$ 12,617,029</u>

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

Payables to the Pension Plan - At September 30, 2023, the City reported a payable in the amount of \$43,113, including the component unit's share of \$4,406, for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2023.

Investment Plan

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

The FRS Investment Plan has 991 participating employers. The City has 179 participating employees, including 19 Airport employees.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2022-23 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 10.19%, Special Risk class 26.11%, Senior Management Service class 29.85% and County Elected Officers class 55.28%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2023, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

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

City's contributions, including employee contributions, to the Investment Plan totaled \$1,444,707 for the fiscal year ended September 30, 2022, including Airport contributions of \$237,616.

C. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

Funding Policy - The City is funding the postemployee benefits on a pay-as-you-go basis. Contribution rates for the Plan are established by City Council annually. For non-union and Police Union employees hired prior to January 1, 2011, the City provides 50% of the health insurance premium for retirees who opt for coverage through the City's insurance program or the Florida Retired Public Employees Group Medicare Supplemental Insurance Program as an explicit subsidy. IAFF employees hired prior to October 14, 2014, receive a subsidy at the rate of 2% per year of service up to a maximum of 50% of published rates, until the retiree reaches normal Medicare age. LIU Union employees hired prior to January 1, 2011, and who retire from the City with at least 8 years of service (current FRS vesting requirement) with the City, receive a 50% contribution toward retiree (single) group health insurance or toward the group Medicare supplemental plan. For the fiscal year ended September 30, 2023 the City contributed \$599,120 to cover 266 retired employees and \$24,598 for the Airport to cover 14 retired employees. Blended premium rates for active and retired employees combined provide an implicit subsidy for retirees because on an actual basis, their current and future claims are expected to result in higher costs to the Plan than those of active employees. The current year contribution represents an estimate of this implied subsidy.

Plan Membership – At August 1, 2023, OPEB membership consisted of the following:

	Firefighters	Police	General Employees	
			Primary Government	Component Unit
Inactive members currently receiving benefits	46	63	168	14
Active members	123	117	445	43
Total	<u>169</u>	<u>180</u>	<u>613</u>	<u>57</u>

Actuarial Assumptions and Other Inputs – The total OPEB liability in the September 30, 2023 actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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Inflation	2.50 percent
*Salary Increases	0.9 to 5.3 percent projected annual salary increase
Discount rate	4.40 percent investment rate of return
Health care cost trend rates	7.50 percent using Society of Actuaries Long-Term Model
Retirees' share of benefit-related costs	50 percent of projected health insurance premiums
*Salary scale used by FRS depends on gender and service.	

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

Mortality rates were based on the PUB-2010 base table which varies by member category and sex, projected generationally with scale MP-2021.

The actuarial assumption used for September 30, 2023 are based on the results of a full valuation as of September 30, 2021, which was completed on the measurement date. The City recognized \$624,965 as the current portion for payments expected in the next fiscal year.

At September 30, 2023, the City of Melbourne reported a net OPEB liability of \$16,829,169. The GASB 75 information has been provided as of the October 1, 2022 measurement date.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of October 1, 2021 for FYE 2022	\$ 19,733,527	\$ -	\$ 19,733,527
Changes for the year:			
Service cost	753,899	-	753,899
Interest	420,980	-	420,980
Experience losses/(gains)	1,127,861		1,127,861
Trust Contribution - Employer	-	1,021,419	(1,021,419)
Changes of assumptions	(4,185,679)		(4,185,679)
Changes in benefit terms	-	-	-
Benefit Payments (net of retiree contributions)	(1,021,419)	(1,021,419)	-
Net changes	(2,904,358)	-	(2,904,358)
Balance as of October 1, 2022 for FYE 2023	<u>\$ 16,829,169</u>	<u>\$ -</u>	<u>\$ 16,829,169</u>

The Airport's share of the net OPEB liability is 4.85% or \$816,971.

Changes in assumptions and other inputs reflect a change in the discount rate from 2.19% as of September 30, 2021 to 4.40% as of September 30, 2022. The healthcare cost trend was based on the 2022 model released by the Society of Actuaries (SOA). The mortality improvement scale was updated to MP 2021 from MP 2018. The per capita claims cost assumption was updated to reflect recent claims and premium experience. The methods, assumptions, and participant data used are detailed in the actuarial valuation report dated September 30, 2023 with the exception of the actuarial cost method. These calculations are based in the Entry Age Normal cost method required by GASB 75.

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

Sensitivity of the Net OPEB Liability - The following table represents the City's net OPEB liability calculated using the discount rate of 4.40%, as well as what the City's net OPEB liability would be if it were calculated

**CITY OF MELBOURNE, FLORIDA
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using a discount rate that is one percentage point lower (3.40%) or one percentage point higher (5.40%) than the current rate:

Discount Rate	1% Decrease (3.40%)	Current Discount Rate (4.40%)	1% Increase (5.40%)
Net OPEB Liability	\$ 18,634,435	\$ 16,829,169	\$ 15,278,729

The following table represents the City's net OPEB liability calculated using the health care cost trend rate of 3.94%, as well as what the City's net OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower (2.94%) or one percentage point higher (4.94%) than the current rate:

Ultimate Trend	1% Decrease (2.94%)	Current Medical Trend (3.94%)	1% Increase (4.94%)
Net OPEB Liability	\$ 15,423,696	\$ 16,829,169	\$ 18,533,175

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

For the fiscal year ended September 30, 2023, the City of Melbourne recognized an OPEB expense of \$996,942. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,607,645	\$ 1,146,853
Change of assumptions	1,447,315	3,553,606
City contributions subsequent to the measurement date	623,718	-
Total	\$ 4,678,678	\$ 4,700,459

The Airport's portion of the deferred outflows is 4.7% or \$219,318 and deferred inflows of resources is 2.1% or \$98,015.

The deferred outflows of resources related to OPEB, totaling \$623,718 resulting from City contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the fiscal year ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in the expense as follows:

Year Ending September 30:

2024	\$ (177,937)
2025	(177,935)
2026	227,449
2027	(517,076)

D. OTHER EMPLOYEE BENEFIT PLANS

1. 457 Deferred Compensation Plans

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

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

The 457 Governmental Deferred Compensation Plan and Trust is administered by MissionSquare Retirement, formerly the International City Managers' Association Retirement Corporation, was established by Resolution No. 823 on July 12, 1983. Benefit terms for the 457 plan are established and may be amended by the City Manager as authorized by City Council, most recently restated by Resolution No. 3884, on October 10, 2019.

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The plan is fully funded by participants, operating on a pre-tax basis in the tax-deferred 457 plan, and operating on an after-tax basis in the Roth 457 plan, with contributions vesting immediately. The City does not contribute to the plan.

2. Melbourne Airport Authority 401(a) Plan

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

Benefit terms are established and may be amended by the Melbourne Airport Authority. The Executive Director has the authority to determine the amount of discretionary contributions received by other participants of the plan, while the Melbourne Airport Authority determines the discretionary amount of contributions the Executive Director receives. For all participants, contributions vest immediately. For the year ended September 30, 2023, the plan had 3 active participants and the airport made \$147,386 in contributions.

E. CONTINGENCIES

1. Litigation

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

2. Asset Retirement Obligations

The City has a liability of \$69,081 in governmental activities for two 12,000-gallon underground fiberglass-clad steel storage tanks at the City fleet fuel facility.

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

3. Grants

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

F. TAX ABATEMENTS

The City enters into property tax abatement agreements with new or expanding businesses under the Economic Development Ad Valorem Tax Exemption Program authorized by Melbourne City Code, Chapter 54, Article VI, and Section 196.1995 Florida Statutes. Under the program, the City grants 100% property tax abatements from one to 10 years to attract or retain businesses, which contribute to the economy of the City with new jobs and improvements to real and personal property. The program criteria scores applications on the number of employees, average payroll, capital investment, and additional high economic impact factors such as significant capital investment over \$15 million, over 150 new employees, or targeted industries. Benefitting businesses are required to file an annual report detailing their year-end investment and employment levels and verifying their new or expansion status as outlined in Florida Statutes Section 196.012. For the fiscal year ended September 30, 2023, the City abated 2022 property taxes to two businesses totaling \$170,887. Compliance review of the benefitting businesses annual reports determined that one exemption will expire leaving two businesses qualified for 2023 property tax abatements.

**CITY OF MELBOURNE, FLORIDA
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G. SUBSEQUENT EVENTS

On October 24, 2023, the Melbourne Downtown Community Redevelopment Agency approved a reimbursement grant for façade improvements at 802 E New Haven Avenue for \$18,409.

On November 14, 2023, the City approved resolution no. 4213, a resolution approving the Providence Place Affordable Housing Project Development Agreement. Providence Place at Sarno, LLC for a land donation and financial assistance in the amount of \$3,000,000 for the Providence Place Affordable Housing project

On November 14, 2023, the Melbourne Downtown Community Redevelopment Agency approved the application from DTM Apartments Joint Venture, LLC for the redevelopment of 2100 Melbourne Court.

On November 14, 2023, the Babcock Street Community Redevelopment Agency approved work order no. 3 with Shenandoah General Construction, LLC for the storm drain cleaning, repairs and maintenance contract for the Babcock Street Phase 3B improvements.

On November 28, 2023, the Melbourne Downtown Community Redevelopment Agency approved a grant funding agreement for FY 2023-2024 with Melbourne Main Street for \$156,550.

On January 9, 2024, the Babcock Street Community Redevelopment Agency approved a reimbursement grant for façade improvements at 165 N Babcock Street for \$20,000.

On January 23, 2024, the Melbourne Downtown Community Redevelopment Agency approved resolution no. 4235 adjusting the appropriation of the fund balance.

On January 23, 2024, the Babcock Street Community Redevelopment Agency approved resolution no. 4236 adjusting the appropriation of the fund balance.



REQUIRED SUPPLEMENTARY INFORMATION

The following schedules are reported in this subsection:

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

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REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
GENERAL FUND**

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note A)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 44,940,090	\$ 45,180,090	\$ 44,910,822	\$ (269,268)
Utility and communications	12,780,000	14,480,000	14,932,527	452,527
Franchise fees	7,325,000	8,425,000	9,495,678	1,070,678
Intergovernmental	17,990,167	19,268,883	20,987,648	1,718,765
Charges for services	10,256,099	10,943,675	11,247,333	303,658
Licenses and permits	3,762,220	3,762,220	4,306,483	544,263
Fines, forfeitures, penalties and fees	221,500	176,500	176,143	(357)
Investment earnings	535,901	1,035,901	3,674,340	2,638,439
Other revenues	754,259	779,804	1,360,961	581,157
Total revenues	<u>98,565,236</u>	<u>104,052,073</u>	<u>111,091,935</u>	<u>7,039,862</u>
EXPENDITURES				
Current:				
General government:				
Mayor and council	199,267	199,267	188,095	11,172
City manager	1,105,388	1,105,388	1,028,051	77,337
City attorney	941,577	941,577	917,811	23,766
City clerk	494,254	521,233	472,631	48,602
Accounting and budget	2,168,831	2,342,818	2,301,768	41,050
Procurement	493,939	493,965	475,881	18,084
Human resources	902,819	906,903	826,897	80,006
Information technology	5,925,301	6,355,985	6,018,753	337,232
Engineering	1,619,863	1,643,016	1,490,978	152,038
Community development	931,984	1,024,228	996,978	27,250
Other - unclassified	8,751,017	4,733,105	4,264,580	468,525
Total general government	<u>23,534,240</u>	<u>20,267,485</u>	<u>18,982,423</u>	<u>1,285,062</u>
Public Safety:				
Fire	23,448,810	25,401,622	25,181,788	219,834
Police	28,404,553	30,063,831	31,877,780	(1,813,949)
Total public safety	<u>51,853,363</u>	<u>55,465,453</u>	<u>57,059,568</u>	<u>(1,594,115)</u>
Public works				
Parks and recreation	8,152,569	9,096,037	8,833,092	262,945
Housing and urban improvement	10,810,071	11,785,110	11,162,416	622,694
	<u>665,894</u>	<u>685,786</u>	<u>654,148</u>	<u>31,638</u>
Debt service:				
Principal	1,648,940	1,524,793	1,548,113	(23,320)
Interest and fiscal agent fees	-	-	100,827	(100,827)
Total debt service	<u>1,648,940</u>	<u>1,524,793</u>	<u>1,648,940</u>	<u>(124,147)</u>
Total expenditures	<u>96,665,077</u>	<u>98,824,664</u>	<u>98,340,587</u>	<u>484,077</u>
Excess (deficiency) of revenues over expenditures	<u>1,900,159</u>	<u>5,227,409</u>	<u>12,751,348</u>	<u>7,523,939</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,689,841	3,765,748	4,041,931	276,183
Transfers out	(6,290,000)	(12,628,256)	(13,386,581)	(758,325)
Leases (as lessee)	-	-	3,248,253	3,248,253
Subscriptions	-	-	265,898	265,898
Sale of capital assets	-	25,586	159,218	133,632
Total other financing sources (uses)	<u>(2,600,159)</u>	<u>(8,836,922)</u>	<u>(5,671,281)</u>	<u>3,165,641</u>
Net change in fund balance	<u>(700,000)</u>	<u>(3,609,513)</u>	<u>7,080,067</u>	<u>10,689,580</u>
Fund balance, October 1	43,708,880	43,708,880	43,708,880	-
Fund balance, September 30	<u>\$ 43,008,880</u>	<u>\$ 40,099,367</u>	<u>\$ 50,788,947</u>	<u>\$ 10,689,580</u>

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REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
DOWNTOWN REDEVELOPMENT
SPECIAL REVENUE FUND**

	Budget Amounts		Actual on (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive/ (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,956,915	\$ 2,106,915	\$ 2,059,225	\$ (47,690)
Investment earnings	10,000	10,000	37,254	27,254
Total revenues	<u>1,966,915</u>	<u>2,116,915</u>	<u>2,096,479</u>	<u>(20,436)</u>
EXPENDITURES				
Current:				
General government	1,301,428	1,321,428	878,840	442,588
Debt service:				
Principal	115,000	115,000	115,000	-
Interest	46,487	46,487	46,487	-
Capital outlay	-	3,845,632	850,324	2,995,308
Total expenditures	<u>1,462,915</u>	<u>5,328,547</u>	<u>1,890,651</u>	<u>3,437,896</u>
Excess (deficiency) of revenues over (under) expenditures	504,000	(3,211,632)	205,828	3,417,460
OTHER FINANCING SOURCES (USES)				
Transfers in	-	2,832,063	2,537,305	(294,758)
Transfers out	(766,010)	-	(1,114)	(1,114)
Total other financing sources (uses)	<u>(766,010)</u>	<u>2,832,063</u>	<u>2,536,191</u>	<u>(295,872)</u>
Net change in fund balance	(262,010)	(379,569)	2,742,019	3,121,588
Fund balance, October 1	<u>379,569</u>	<u>379,569</u>	<u>379,569</u>	<u>-</u>
Fund balance, September 30	<u>\$ 117,559</u>	<u>\$ -</u>	<u>\$ 3,121,588</u>	<u>\$ 3,121,588</u>

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
BABCOCK STREET REDEVELOPMENT
SPECIAL REVENUE FUND**

	Budget Amounts		Actual on (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive/ (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,241,980	\$ 1,241,980	\$ 1,267,492	\$ 25,512
Investment earnings	12,000	12,000	36,135	24,135
Total revenues	1,253,980	1,253,980	1,303,627	49,647
EXPENDITURES				
Current:				
General government	299,501	304,115	250,125	53,990
Debt service:				
Principal	293,444	293,444	-	293,444
Interest	20,901	20,901	19,175	1,726
Capital outlay	-	2,267,146	709,899	1,557,247
Total expenditures	613,846	2,885,606	979,199	1,906,407
Excess (deficiency) of revenues over (under) expenditures	640,134	(1,631,626)	324,428	1,956,054
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,605,000	1,516,002	(88,998)
Transfers out	(640,134)	-	-	-
Total other financing sources (uses)	(640,134)	1,605,000	1,516,002	(88,998)
Net change in fund balance	-	(26,626)	1,840,430	1,867,056
Fund balance, October 1	26,625	26,625	26,625	-
Fund balance (deficit), September 30	\$ 26,625	\$ (1)	\$ 1,867,055	\$ 1,867,056

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
OLDE EAU GALLIE REDEVELOPMENT
SPECIAL REVENUE FUND**

	Budget Amounts		Actual on (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive/ (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 763,445	\$ 763,445	\$ 798,941	\$ 35,496
Investment earnings	-	-	52,950	52,950
Total revenues	<u>763,445</u>	<u>763,445</u>	<u>851,891</u>	<u>88,446</u>
EXPENDITURES				
Current:				
General government	763,445	763,445	-	763,445
Capital outlay	8,715,668	8,715,668	1,100	8,714,568
Total expenditures	<u>9,479,113</u>	<u>9,479,113</u>	<u>1,100</u>	<u>9,478,013</u>
Excess (deficiency) of revenues over (under) expenditures	(8,715,668)	(8,715,668)	850,791	9,566,459
OTHER FINANCING SOURCES (USES)				
Bond proceeds	6,835,000	6,835,000	-	(6,835,000)
Transfers in	-	-	3,452	3,452
Total other financing sources (uses)	<u>6,835,000</u>	<u>6,835,000</u>	<u>3,452</u>	<u>(6,831,548)</u>
Net change in fund balance	(1,880,668)	(1,880,668)	854,243	2,734,911
Fund balance, October 1	<u>2,557,055</u>	<u>2,557,055</u>	<u>2,557,055</u>	<u>-</u>
Fund balance, September 30	<u>\$ 676,387</u>	<u>\$ 676,387</u>	<u>\$ 3,411,298</u>	<u>\$ 2,734,911</u>

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

BUDGETARY NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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

Revenues

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

Expenditures	<u>General Fund</u>	<u>Downtown Redevelopment</u>	<u>Babcock Street Redevelopment</u>	<u>Olde Eau Gallie Redevelopment</u>
Actual amounts (budgetary basis) "total expenditures" as reported on the statement of revenues, expenditures and changes in fund balances - - budget and actual.	\$ 98,340,587	\$ 1,890,651	\$ 979,199	\$ 1,100
Differences - - budget to GAAP:				
Encumbrances for professional services, supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies and services are received for <i>financial reporting</i> purposes.	<u>(2,745,751)</u>	<u>(260,884)</u>	<u>(661,628)</u>	<u>(1,100)</u>
Total expenditures are reported on the statement of revenues, expenditures, and changes in fund balances.	<u>\$ 95,594,836</u>	<u>\$ 1,629,767</u>	<u>\$ 317,571</u>	<u>\$ -</u>

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

The budgetary schedules present comparisons of the legally adopted budget with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of the resultant timing differences in the excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) (Budgetary Basis) as compared to the excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) (GAAP Basis) for the year ended September 30, 2023 is presented in the following table:

	<u>General Fund</u>	<u>Downtown Redevelopment</u>	<u>Babcock Street Redevelopment</u>	<u>Olde Eau Gallie Redevelopment</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) (Budgetary Basis)	\$ 7,080,067	\$ 2,742,019	\$ 1,840,430	\$ 854,243
Adjustments:				
Encumbrances	<u>2,745,751</u>	<u>260,884</u>	<u>661,628</u>	<u>1,100</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) (GAAP Basis)	<u>\$ 9,825,818</u>	<u>\$ 3,002,903</u>	<u>\$ 2,502,058</u>	<u>\$ 855,343</u>

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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

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

	9/30/2023*	9/30/2022	9/30/2021	9/30/2020	9/30/2019
Total pension liability					
Service cost	\$ 2,236,136	\$ 2,209,338	\$ 2,225,827	\$ 2,092,888	\$ 1,958,018
Interest	7,134,908	6,908,754	6,819,028	6,803,337	6,644,955
Changes of benefit terms	157,925	546	-	-	-
Difference between expected and actual experience	358,651	(803,951)	(670,515)	36,704	(198,691)
Changes in assumptions	-	1,166,660	(2,196,715)	2,267,987	2,094,557
Benefit payments	(5,761,386)	(6,753,910)	(6,083,904)	(5,734,384)	(5,737,239)
Contribution refunds	(25,835)	(47,491)	(2,525)	(88,644)	(14,159)
Net change in total pension liability	<u>4,100,399</u>	<u>2,679,946</u>	<u>91,196</u>	<u>5,377,888</u>	<u>4,747,441</u>
Total pension liability - beginning	<u>100,783,648</u>	<u>98,103,702</u>	<u>98,012,506</u>	<u>92,634,618</u>	<u>87,887,177</u>
Total pension liability - ending (a)	<u>\$ 104,884,047</u>	<u>\$ 100,783,648</u>	<u>\$ 98,103,702</u>	<u>\$ 98,012,506</u>	<u>\$ 92,634,618</u>
Plan fiduciary net position					
Contributions - employer	\$ 3,109,878	\$ 3,338,795	\$ 3,504,002	\$ 3,242,351	\$ 3,022,527
Contributions - state	903,695	588,936	584,114	547,722	518,691
Contributions - employee	856,373	773,346	704,723	694,499	678,868
Net investment income	7,051,097	(9,970,863)	12,622,550	1,361,766	3,180,130
Benefit payments	(5,761,386)	(6,753,910)	(6,083,904)	(5,734,384)	(5,737,239)
Contributions refunds	(25,835)	(47,491)	(2,525)	(88,644)	(14,159)
Administrative expense	(164,819)	(153,199)	(160,051)	(131,393)	(146,948)
Net change in plan fiduciary net position	<u>5,969,003</u>	<u>(12,224,386)</u>	<u>11,168,909</u>	<u>(108,083)</u>	<u>1,501,870</u>
Plan fiduciary net position - beginning	<u>73,234,663</u>	<u>85,459,049</u>	<u>74,290,140</u>	<u>74,398,223</u>	<u>72,896,353</u>
Plan fiduciary net position - ending (b)	<u>\$ 79,203,666</u>	<u>\$ 73,234,663</u>	<u>\$ 85,459,049</u>	<u>\$ 74,290,140</u>	<u>\$ 74,398,223</u>
Net pension liability - ending (a) - (b)	<u>\$ 25,680,381</u>	<u>\$ 27,548,985</u>	<u>\$ 12,644,653</u>	<u>\$ 23,722,366</u>	<u>\$ 18,236,395</u>
Plan fiduciary net position as a percentage of the total pension liability	75.52%	72.67%	87.11%	75.80%	80.31%
Covered payroll	\$ 10,520,320	\$ 9,611,373	\$ 9,188,997	\$ 8,755,735	\$ 8,367,972
Net pension liability as a percentage of covered payroll	244.10%	288.63%	137.61%	270.94%	217.93%

*The net pension liability recognized by the City in the current year financial statements represents the net pension liability measured as of September 30, 2022, which is allowed by GASB Codification P20.

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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

	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability					
Service cost	\$ 1,824,715	\$ 1,643,241	\$ 1,596,483	\$ 1,465,467	\$ 1,431,629
Interest	6,508,591	6,370,620	6,164,017	5,937,717	5,743,448
Changes of benefit terms	-	(139,655)	-	(1,042,704)	-
Difference between expected and actual experience	(64,611)	(735,297)	-	(418,968)	(604,020)
Changes in assumptions	2,112,977	586,277	-	76,676	1,189,708
Benefit payments	(5,617,080)	(5,983,213)	(4,459,046)	(4,136,588)	(4,113,250)
Contribution refunds	(24,055)	(63,789)	-	(14,935)	(47,795)
Net change in total pension liability	<u>4,740,537</u>	<u>1,678,184</u>	<u>3,301,454</u>	<u>1,866,665</u>	<u>3,599,720</u>
Total pension liability - beginning	<u>83,146,640</u>	<u>81,468,456</u>	<u>78,167,002</u>	<u>76,300,337</u>	<u>72,700,617</u>
Total pension liability - ending (a)	<u><u>\$ 87,887,177</u></u>	<u><u>\$ 83,146,640</u></u>	<u><u>\$ 81,468,456</u></u>	<u><u>\$ 78,167,002</u></u>	<u><u>\$ 76,300,337</u></u>
Plan fiduciary net position					
Contributions - employer	\$ 2,633,114	\$ 2,767,223	\$ 2,622,565	\$ 2,702,209	\$ 2,282,865
Contributions - state	546,838	514,983	545,561	569,837	604,006
Contributions - employee	595,652	748,579	578,536	466,578	442,286
Net investment income	5,650,567	7,785,352	6,138,463	126,002	5,965,296
Benefit payments	(5,617,080)	(5,983,213)	(4,459,046)	(4,136,588)	(4,113,250)
Contributions refunds	(24,055)	(63,789)	-	(14,935)	(47,795)
Administrative expense	(161,017)	(135,797)	(128,302)	(132,078)	(159,794)
Net change in plan fiduciary net position	<u>3,624,019</u>	<u>5,633,338</u>	<u>5,297,777</u>	<u>(418,975)</u>	<u>4,973,614</u>
Plan fiduciary net position - beginning	<u>69,272,334</u>	<u>63,638,996</u>	<u>58,341,219</u>	<u>58,760,194</u>	<u>53,786,580</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 72,896,353</u></u>	<u><u>\$ 69,272,334</u></u>	<u><u>\$ 63,638,996</u></u>	<u><u>\$ 58,341,219</u></u>	<u><u>\$ 58,760,194</u></u>
Net pension liability - ending (a) - (b)	<u><u>\$ 14,990,824</u></u>	<u><u>\$ 13,874,306</u></u>	<u><u>\$ 17,829,460</u></u>	<u><u>\$ 19,825,783</u></u>	<u><u>\$ 17,540,143</u></u>
Plan fiduciary net position as a percentage of the total pension liability	82.94%	83.31%	78.11%	74.64%	77.01%
Covered payroll	\$ 7,614,471	\$ 7,566,356	\$ 6,893,083	\$ 6,513,920	\$ 6,075,965
Net pension liability as a percentage of covered payroll	196.87%	183.37%	258.66%	304.36%	288.68%

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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

Fiscal Year Ended September 30,	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Total Contributions as a Percentage of Covered Payroll
2023	\$ 3,855,648	\$ 3,855,648	\$ -	\$ 10,520,320	36.65%
2022	3,927,186	3,927,186	-	9,611,373	40.86%
2021	4,088,116	4,088,116	-	9,188,997	44.49%
2020	3,790,073	3,790,073	-	8,755,735	43.29%
2019	3,541,218	3,541,218	-	8,367,972	42.32%
2018	3,179,952	3,179,952	-	7,614,471	41.76%
2017	3,282,206	3,282,206	-	7,566,356	43.38%
2016	3,168,126	3,168,126	-	6,893,083	45.96%
2015	3,272,046	3,272,046	-	6,513,920	50.23%
2014	2,886,871	2,886,871	-	6,075,965	47.51%

Notes to Schedule

Valuation date: 10/01/2021

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent closed
Remaining amortization period	25 years
Asset valuation method	5-Year smoothed market
Inflation	2.0%
Salary increases	6.0%
Investment rate of return	7.125%
Payroll growth assumption	None
Normal retirement	Earlier of age 55 and 10 years of service or the completion of 25 years of service
Early retirement	Age 50 and 20 years of credited service
Disability retirement	It is assumed the 100% of disablements and active member deaths are service related.
Mortality	PUBS.H-2010, sex distinct tables, fully generational, Scale MP-2018.

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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

	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
Total pension liability					
Service cost	\$ 1,518,332	\$ 1,633,513	\$ 1,544,692	\$ 1,665,001	\$ 1,554,118
Interest	7,940,581	7,788,801	7,679,931	7,483,737	7,414,402
Share plan allocation	231,143	166,432	134,357	149,722	199,236
Changes of benefit terms	97,495	-	-	-	(149,431)
Difference between expected and actual experience	486,728	(837,582)	(1,049,851)	2,155,379	(2,113,526)
Changes in assumptions	-	-	-	2,090,485	-
Contributions - buy back	21,877	48,510	26,145	26,145	11,453
Benefit payments, including refunds of employee contributions	(7,064,857)	(6,117,105)	(7,727,774)	(6,878,711)	(5,625,467)
Net change in total pension liability	<u>3,231,299</u>	<u>2,682,569</u>	<u>607,500</u>	<u>6,691,758</u>	<u>1,290,785</u>
Total pension liability - beginning	<u>111,539,346</u>	<u>108,856,777</u>	<u>108,249,277</u>	<u>101,557,519</u>	<u>100,266,734</u>
Total pension liability - ending (a)	<u>\$ 114,770,645</u>	<u>\$ 111,539,346</u>	<u>\$ 108,856,777</u>	<u>\$ 108,249,277</u>	<u>\$ 101,557,519</u>
Plan fiduciary net position					
Contributions - employer	\$ 2,071,980	\$ 2,670,035	\$ 2,916,260	\$ 3,080,236	\$ 3,184,967
Contributions - state	982,566	853,145	788,995	819,725	769,322
Contributions - employee	689,431	663,736	641,837	607,559	618,037
Contributions - buy back	21,877	48,510	26,145	26,145	11,453
Net investment income	8,758,254	(19,113,692)	18,978,776	9,989,716	4,074,906
Benefit payments, including refunds of employee contributions	(7,064,857)	(6,117,105)	(7,727,774)	(6,878,711)	(5,625,467)
Administrative expense	(120,697)	(82,361)	(84,902)	(89,664)	(83,182)
Net change in plan fiduciary net position	<u>5,338,554</u>	<u>(21,077,732)</u>	<u>15,539,337</u>	<u>7,555,006</u>	<u>2,950,036</u>
Plan fiduciary net position - beginning	<u>88,880,546</u>	<u>109,958,278</u>	<u>94,418,941</u>	<u>86,863,935</u>	<u>83,913,899</u>
Plan fiduciary net position - ending (b)	<u>\$ 94,219,100</u>	<u>\$ 88,880,546</u>	<u>\$ 109,958,278</u>	<u>\$ 94,418,941</u>	<u>\$ 86,863,935</u>
Net pension liability - ending (a) - (b)	<u>\$ 20,551,545</u>	<u>\$ 22,658,800</u>	<u>\$ (1,101,501)</u>	<u>\$ 13,830,336</u>	<u>\$ 14,693,584</u>
Plan fiduciary net position as a percentage of the total pension liability	82.09%	79.69%	101.01%	87.22%	85.53%
Covered payroll	\$ 9,458,637	\$ 9,163,931	\$ 8,913,875	\$ 8,585,712	\$ 8,838,609
Net pension liability as a percentage of covered payroll	217.28%	247.26%	(12.36%)	161.09%	166.24%

*The net pension liability recognized by the City in the current year financial statements represents the net pension liability measured as of September 30, 2022, which is allowed by GASB Codification P20.

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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

	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability					
Service cost	\$ 1,598,984	\$ 1,463,224	\$ 1,514,579	\$ 1,457,495	\$ 1,468,863
Interest	7,070,607	6,888,890	6,609,747	6,500,397	6,297,597
Share plan allocation	-	-	-	-	-
Changes of benefit terms	21,658	-	-	-	-
Difference between expected and actual experience	1,655,678	174,092	(723,896)	(129,550)	-
Changes in assumptions	-	-	2,243,175	(1,189,338)	-
Contributions - buy back	1,373	125,811	6,497	8,784	-
Benefit payments, including refunds of employee contributions	(5,770,235)	(6,959,523)	(4,794,165)	(5,699,583)	(4,402,589)
Net change in total pension liability	<u>4,578,065</u>	<u>1,692,494</u>	<u>4,855,937</u>	<u>948,205</u>	<u>3,363,871</u>
Total pension liability - beginning	<u>95,688,669</u>	<u>93,996,175</u>	<u>89,140,238</u>	<u>88,192,033</u>	<u>84,828,162</u>
Total pension liability - ending (a)	<u>\$ 100,266,734</u>	<u>\$ 95,688,669</u>	<u>\$ 93,996,175</u>	<u>\$ 89,140,238</u>	<u>\$ 88,192,033</u>
Plan fiduciary net position					
Contributions - employer	\$ 2,911,276	\$ 3,073,421	\$ 2,948,527	\$ 2,876,710	\$ 3,025,362
Contributions - state	697,770	630,296	597,263	543,474	535,651
Contributions - employee	544,936	581,719	549,814	512,708	523,863
Contributions - buy back	1,373	125,811	6,497	8,784	-
Net investment income	8,897,069	7,412,999	6,589,808	(43,614)	6,199,184
Benefit payments, including refunds of employee contributions	(5,770,235)	(6,959,523)	(4,794,165)	(5,699,583)	(4,402,589)
Administrative expense	(72,973)	(78,701)	(106,160)	(78,532)	(85,877)
Net change in plan fiduciary net position	<u>7,209,216</u>	<u>4,786,022</u>	<u>5,791,584</u>	<u>(1,880,053)</u>	<u>5,795,594</u>
Plan fiduciary net position - beginning	<u>76,704,683</u>	<u>71,918,661</u>	<u>66,127,077</u>	<u>68,007,130</u>	<u>62,211,536</u>
Plan fiduciary net position - ending (b)	<u>\$ 83,913,899</u>	<u>\$ 76,704,683</u>	<u>\$ 71,918,661</u>	<u>\$ 66,127,077</u>	<u>\$ 68,007,130</u>
Net pension liability - ending (a) - (b)	<u>\$ 16,352,835</u>	<u>\$ 18,983,986</u>	<u>\$ 22,077,514</u>	<u>\$ 23,013,161</u>	<u>\$ 20,184,903</u>
Plan fiduciary net position as a percentage of the total pension liability	83.69%	80.16%	76.51%	74.18%	77.11%
Covered payroll	\$ 7,822,477	\$ 7,666,800	\$ 8,108,369	\$ 8,613,956	\$ 7,753,130
Net pension liability as a percentage of covered payroll	209.05%	247.61%	272.28%	267.16%	260.35%

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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

Fical Year Ended September 30,	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Total Contributions as a Percentage of Covered Payroll
2023	\$ 2,823,403	\$ 2,823,403	-	\$ 9,458,637	29.85%
2022	3,356,748	3,356,748	-	9,163,931	36.63%
2021	3,570,898	3,570,898	-	8,913,875	40.06%
2020	3,750,239	3,750,239	-	8,585,712	43.68%
2019	3,829,769	3,829,769	-	8,838,609	43.33%
2018	3,587,388	3,587,388	-	7,822,477	45.86%
2017	3,703,717	3,703,717	-	7,666,800	48.31%
2016	3,545,790	3,545,790	-	8,108,369	43.73%
2015	3,420,184	3,420,184	-	8,613,965	39.71%
2014	3,561,013	3,561,013	-	7,753,130	45.93%

*Contributions do not include contributions to the share plan.

Notes to Schedule

Valuation date: 10/01/2021

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent closed
Remaining amortization period	20 years
Asset valuation method	Historical geometric 4 year average market value returns, net of fees
Inflation	2.5%
Salary increases	4.5 – 6.50%
Investment rate of return	7.25%
Payroll growth assumption	None
Normal retirement	Earlier of age 55 and 10 years of service or the completion of 25 years of service
Early retirement	Age 45 and 10 years of service
Disability retirement	It is assumed that 75% of disablements and active member deaths are service related.
Mortality	PubS.H-2010 sex distinct tables, set forward one year, Scale MP-2018.

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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

	9/30/2023*	9/30/2022	9/30/2021	9/30/2020	9/30/2019
Total pension liability					
Service cost	\$ 17,706	\$ 16,645	\$ 16,781	\$ 17,072	\$ 28,806
Interest	432,985	438,469	432,565	437,262	435,536
Difference between expected and actual experience	(235,981)	(172,731)	3,728	27,758	(42,598)
Changes in assumptions	-	-	-	(161,274)	-
Contributions - Buy Back	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(370,985)	(352,604)	(384,581)	(390,662)	(380,046)
Net change in total pension liability	(156,275)	(70,221)	68,493	(69,844)	41,698
Total pension liability - beginning	6,353,280	6,423,501	6,355,008	6,424,852	6,383,154
Total pension liability - ending (a)	<u>\$ 6,197,005</u>	<u>\$ 6,353,280</u>	<u>\$ 6,423,501</u>	<u>\$ 6,355,008</u>	<u>\$ 6,424,852</u>
Plan fiduciary net position					
Contributions - employer	\$ 45,983	\$ 48,752	\$ 50,534	\$ 48,635	\$ 45,479
Contributions - Buy Back	-	-	-	-	-
Net investment income	897,567	(1,581,993)	1,372,153	715,805	363,214
Benefit payments including refunds of employee contributions	(370,985)	(352,604)	(384,581)	(390,662)	(380,046)
Administrative expense	(38,536)	(37,798)	(42,371)	(40,720)	(47,375)
Net change in plan fiduciary net position	534,029	(1,923,643)	995,735	333,058	(18,728)
Plan fiduciary net position - beginning	7,036,130	8,959,773	7,964,038	7,630,980	7,649,708
Plan fiduciary net position - ending (b)	<u>\$ 7,570,159</u>	<u>\$ 7,036,130</u>	<u>\$ 8,959,773</u>	<u>\$ 7,964,038</u>	<u>\$ 7,630,980</u>
Net pension asset - ending (a) - (b)	<u>\$ (1,373,154)</u>	<u>\$ (682,850)</u>	<u>\$ (2,536,272)</u>	<u>\$ (1,609,030)</u>	<u>\$ (1,206,128)</u>
Plan fiduciary net position as a percentage of the total pension liability	122.16%	110.75%	139.48%	125.32%	118.77%
Covered payroll	\$ 109,885	\$ 98,744	\$ 92,865	\$ 95,315	\$ 173,308
Net pension asset of a percentage of covered payroll	(1,249.63)%	(691.54)%	(2,731.14)%	(1,688.12)%	(695.94)%

*The net pension asset recognized by the City in the current year financial statements represents the net pension asset measured as of September 30, 2022, which is allowed by GASB Codification P20.

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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

	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability					
Service cost	\$ 29,388	\$ 34,004	\$ 57,835	\$ 49,546	\$ 90,848
Interest	430,656	418,526	396,941	406,207	391,267
Difference between expected and actual experience	(8,617)	88,609	(62,793)	(31,975)	-
Changes in assumptions	-	-	338,980	442,831	-
Contributions - Buy Back	-	-	20,712	-	-
Benefit payments, including refunds of employee contributions	(382,238)	(344,239)	(494,716)	(329,470)	(169,081)
Net change in total pension liability	<u>69,189</u>	<u>196,900</u>	<u>256,959</u>	<u>537,139</u>	<u>313,034</u>
Total pension liability - beginning	<u>6,313,965</u>	<u>6,117,065</u>	<u>5,860,106</u>	<u>5,322,967</u>	<u>5,009,933</u>
Total pension liability - ending (a)	<u><u>\$ 6,383,154</u></u>	<u><u>\$ 6,313,965</u></u>	<u><u>\$ 6,117,065</u></u>	<u><u>\$ 5,860,106</u></u>	<u><u>\$ 5,322,967</u></u>
Plan fiduciary net position					
Contributions - employer	\$ 36,154	\$ 25,204	\$ 43,928	\$ 52,573	\$ 70,913
Contributions - Buy Back	-	-	20,712	-	-
Net investment income	642,567	898,559	583,511	(143,686)	819,869
Benefit payments including refunds of employee contributions	(382,238)	(344,239)	(494,716)	(329,470)	(169,081)
Administrative expense	(43,941)	(41,090)	(47,733)	(40,805)	(37,463)
Net change in plan fiduciary net position	<u>252,542</u>	<u>538,434</u>	<u>105,702</u>	<u>(461,388)</u>	<u>684,238</u>
Plan fiduciary net position - beginning	<u>7,397,166</u>	<u>6,858,732</u>	<u>6,753,030</u>	<u>7,214,418</u>	<u>6,530,180</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 7,649,708</u></u>	<u><u>\$ 7,397,166</u></u>	<u><u>\$ 6,858,732</u></u>	<u><u>\$ 6,753,030</u></u>	<u><u>\$ 7,214,418</u></u>
Net pension asset - ending (a) - (b)	<u><u>\$ (1,266,554)</u></u>	<u><u>\$ (1,083,201)</u></u>	<u><u>\$ (741,667)</u></u>	<u><u>\$ (892,924)</u></u>	<u><u>\$ (1,891,451)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	119.84%	117.16%	112.12%	115.24%	135.53%
Covered payroll	\$ 155,432	\$ 193,136	\$ 284,325	\$ 496,332	\$ 416,889
Net pension asset of a percentage of covered payroll	(814.86)%	(560.85)%	(260.85)%	(179.90)%	(453.71)%

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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

	<u>9/30/2023*</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
Total pension liability					
Service cost	\$ -	\$ -	\$ 27,365	\$ 27,775	\$ 26,338
Interest	111,412	99,915	101,532	99,047	94,064
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	38,193	196,904	(50,483)	7,096	(16,296)
Changes in assumptions	-	-	-	(44,312)	-
Benefit payments, including refunds of employee contributions	(189,393)	(75,736)	(72,570)	(34,834)	(33,861)
Net change in total pension liability	<u>(39,788)</u>	<u>221,083</u>	<u>5,844</u>	<u>54,772</u>	<u>70,245</u>
Total pension liability - beginning	1,686,302	1,465,219	1,459,375	1,404,603	1,334,358
Total pension liability - ending (a)	<u>\$ 1,646,514</u>	<u>\$ 1,686,302</u>	<u>\$ 1,465,219</u>	<u>\$ 1,459,375</u>	<u>\$ 1,404,603</u>
Plan fiduciary net position					
Contributions - employer	\$ 39,975	\$ 56,835	\$ 75,764	\$ 77,540	\$ 73,106
Net investment income	188,275	(333,670)	279,132	136,905	64,937
Benefit payments, including refunds of employee contributions	(189,393)	(75,736)	(72,570)	(34,834)	(33,861)
Administrative expense	(7,904)	(8,119)	(8,808)	(7,695)	(8,437)
	<u>30,953</u>	<u>(360,690)</u>	<u>273,518</u>	<u>171,916</u>	<u>95,745</u>
Net change in plan fiduciary net position	<u>1,534,008</u>	<u>1,894,698</u>	<u>1,621,180</u>	<u>1,449,264</u>	<u>1,353,519</u>
Plan fiduciary net position - beginning	1,534,008	1,894,698	1,621,180	1,449,264	1,353,519
Plan fiduciary net position - ending (b)	<u>\$ 1,564,961</u>	<u>\$ 1,534,008</u>	<u>\$ 1,894,698</u>	<u>\$ 1,621,180</u>	<u>\$ 1,449,264</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 81,553</u>	<u>\$ 152,294</u>	<u>\$ (429,479)</u>	<u>\$ (161,805)</u>	<u>\$ (44,661)</u>
Plan fiduciary net position as a percentage of the total pension liability	95.05%	90.97%	129.31%	111.09%	103.18%
Covered payroll	N/A	N/A	\$ 31,974	\$ 71,569	\$ 72,705
Net pension liability (asset) as a percentage of covered payroll	N/A	N/A	(1,343.21)%	(226.08)%	(61.43)%

*The net pension liability recognized by the City in the current year financial statements represents the net pension liability measured as of September 30, 2022, which is allowed by GASB Codification P20.

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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

	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability					
Service cost	\$ 25,640	\$ 25,050	\$ 22,024	\$ 56,954	\$ 47,919
Interest	89,768	80,237	91,869	82,160	72,693
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(21,419)	58,940	(281,383)	32,533	-
Changes in assumptions	-	-	20,015	136,013	-
Benefit payments, including refunds of employee contributions	(32,776)	(24,552)	(18,900)	(8,382)	(8,174)
Net change in total pension liability	61,213	139,675	(166,375)	299,278	112,438
Total pension liability - beginning	1,273,145	1,133,470	1,299,845	1,000,567	888,129
Total pension liability - ending (a)	<u>\$ 1,334,358</u>	<u>\$ 1,273,145</u>	<u>\$ 1,133,470</u>	<u>\$ 1,299,845</u>	<u>\$ 1,000,567</u>
Plan fiduciary net position					
Contributions - employer	\$ 60,208	\$ 51,197	\$ 32,286	\$ 47,458	\$ 90,530
Net investment income	107,983	141,013	84,999	(19,272)	100,040
Benefit payments, including refunds of employee contributions	(32,776)	(24,552)	(18,900)	(8,382)	(8,174)
Administrative expense	(7,624)	(6,639)	(7,217)	(5,710)	(4,822)
Net change in plan fiduciary net position	127,791	161,019	91,168	14,094	177,574
Plan fiduciary net position - beginning	1,225,728	1,064,709	973,541	959,447	781,873
Plan fiduciary net position - ending (b)	<u>\$ 1,353,519</u>	<u>\$ 1,225,728</u>	<u>\$ 1,064,709</u>	<u>\$ 973,541</u>	<u>\$ 959,447</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ (19,161)</u>	<u>\$ 47,417</u>	<u>\$ 68,761</u>	<u>\$ 326,304</u>	<u>\$ 41,120</u>
Plan fiduciary net position as a percentage of the total pension liability	101.44%	96.28%	93.93%	74.90%	95.89%
Covered payroll	\$ 69,831	\$ 70,811	\$ 75,771	\$ 110,625	\$ 190,350
Net pension liability (asset) as a percentage of covered payroll	(27.44)%	66.96%	90.75%	294.96%	21.60%

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

**SCHEDULE OF CITY CONTRIBUTIONS
LAST TEN FISCAL YEARS
GENERAL EMPLOYEE PENSION
REGULAR CLASS**

Fical Year Ended September 30,	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Total Contributions as a Percentage of Covered Payroll
2023	\$ 45,983	\$ 45,983	\$ -	\$ 109,885	41.85%
2022	48,752	48,752	-	98,744	49.37%
2021	50,534	50,534	-	92,865	54.42%
2020	48,635	48,635	-	95,315	51.03%
2019	45,479	45,479	-	173,308	26.24%
2018	36,154	36,154	-	155,432	23.26%
2017	25,204	25,204	-	193,136	13.05%
2016	43,928	43,928	-	284,325	15.45%
2015	52,573	52,573	-	496,332	10.59%
2014	70,913	70,913	-	416,889	17.01%

AIRPORT SPECIAL RISK CLASS

Fical Year Ended September 30,	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Total Contributions as a Percentage of Covered Payroll
2023	\$ 39,975	\$ 39,975	\$ -	N/A	N/A
2022	56,835	56,835	-	N/A	N/A
2021	75,764	75,764	-	31,974	236.96%
2020	77,540	77,540	-	71,569	108.34%
2019	73,106	73,106	-	72,705	100.55%
2018	60,208	60,208	-	69,831	86.22%
2017	51,197	51,197	-	70,811	72.30%
2016	32,286	32,286	-	75,771	42.61%
2015	47,458	47,458	-	110,625	42.90%
2014	90,530	90,530	-	190,350	47.56%

Notes to Schedule

Valuation date: 10/01/2021

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

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate Cost Method (General Regular Class) Entry age normal (Special Risk)
Amortization method	Level percentage of pay, closed
Remaining amortization period	N/A (Regular Class) 15 years (Special Risk)
Asset valuation method	Historical geometric 4-year average market value returns, net of fees
Inflation	2.5%
Salary increases	6.0%
Investment rate of return	7.0%
Payroll growth assumption	None
Normal retirement	Regular - Earlier of age 62 and 6 years of service or the completion of 30 years of service Special Risk – Earlier of 55 and 6 years of service or the completion of 25 years of service
Early retirement	Completion of 6 years of service
Disability retirement	It is assumed that 0.43% - 2.8% of disablements and active member deaths are service related.
Mortality	PubG.H-2010, sex distinct tables, set forwards one year, Scale MP-2018 for healthy active, retired, beneficiary lives. PubG.H-2010, set forward three years for Regular Class disabled lives, and 80%/20%. PubG.H-2010 for Special Risk disabled lives.

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

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

FISCAL YEAR ENDED SEPTEMBER 30,	FIREFIGHTERS PENSION	POLICE OFFICERS PENSION	GENERAL EMPLOYEES PENSION
2023	9.46%	10.08%	12.94%
2022	(12.07%)	(17.65%)	(17.74%)
2021	16.85%	20.61%	17.25%
2020	1.64%	11.77%	9.33%
2019	4.26%	4.93%	4.70%
2018	7.99%	11.80%	8.55%
2017	12.22%	10.57%	12.79%
2016	10.36%	10.02%	8.46%
2015	0.07%	(0.07%)	(1.92%)
2014	10.85%	9.99%	11.79%

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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

As of June 30,	City's proportion of the net pension liability (asset)	City's proportionate share of the net pension liability (asset)	City's covered payroll	City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.081800764%	\$ 32,595,015	\$ 35,591,272	91.58%	82.38%
2022	0.082267863%	30,610,256	32,768,526	93.41%	82.89%
2021	0.083853878%	6,334,207	31,959,084	19.82%	96.40%
2020	0.084050243%	36,428,614	32,847,376	110.90%	78.85%
2019	0.074783341%	25,754,342	28,521,661	90.30%	82.61%
2018	0.078370505%	23,605,602	29,567,774	79.84%	84.26%
2017	0.079354279%	23,472,463	29,674,596	79.10%	83.89%
2016	0.079258566%	20,012,850	27,871,449	71.80%	84.88%
2015	0.079673656%	10,290,921	26,680,027	38.57%	92.00%
2014	0.079984257%	4,880,216	25,481,617	19.15%	96.09%

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

As of June 30,	City's proportion of the net pension liability (asset)	City's proportionate share of the net pension liability (asset)	City's covered payroll	City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.089946976%	\$ 14,284,779	\$ 35,591,272	40.14%	4.12%
2022	0.089741580%	9,505,067	32,768,526	29.00%	4.81%
2021	0.090257254%	11,071,409	31,959,084	34.64%	3.56%
2020	0.094640000%	11,555,390	32,847,376	35.18%	3.00%
2019	0.085367187%	9,551,734	28,521,661	33.49%	2.63%
2018	0.090438251%	9,572,086	29,567,774	32.37%	2.15%
2017	0.090468948%	9,673,357	29,674,596	32.60%	1.64%
2016	0.090215231%	10,514,211	27,871,449	37.72%	0.97%
2015	0.087923955%	8,966,860	26,680,027	33.60%	0.50%
2014	0.088954715%	8,317,483	25,481,617	32.64%	0.99%

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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

Fical Year Ended September 30,	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 3,935,143	\$ 3,935,143	\$ -	\$ 34,734,148	11.33%
2022	3,510,519	3,510,519	-	32,805,431	10.70%
2021	3,194,470	3,194,470	-	32,075,428	9.96%
2020	2,792,617	2,792,617	-	32,010,599	8.72%
2019	2,318,823	2,318,823	-	30,228,181	7.67%
2018	2,233,496	2,233,496	-	28,765,311	7.76%
2017	2,065,787	2,065,787	-	29,260,292	7.06%
2016	2,169,203	2,169,203	-	30,392,862	7.14%
2015	1,936,874	1,936,874	-	26,867,609	7.21%
2014	1,589,141	1,589,141	-	25,478,479	6.24%

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

Fical Year Ended September 30,	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 591,687	\$ 591,687	\$ -	\$ 34,734,148	1.70%
2022	543,012	543,012	-	32,805,431	1.65%
2021	530,533	530,533	-	32,075,428	1.65%
2020	545,366	545,366	-	32,010,599	1.70%
2019	474,036	474,036	-	30,228,181	1.57%
2018	490,449	490,449	-	28,765,311	1.71%
2017	478,788	478,788	-	29,260,292	1.64%
2016	497,507	497,507	-	30,392,862	1.64%
2015	363,208	363,208	-	26,867,609	1.35%
2014	308,312	308,312	-	25,478,479	1.21%

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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

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

	9/30/2023	9/30/2022	9/30/2021	9/30/2020
Total OPEB liability				
Service cost	\$ 753,899	\$ 679,754	\$ 539,312	\$ 401,198
Interest cost	420,980	446,333	426,802	519,920
Difference between expected and actual experience	1,127,861	-	2,295,440	38,454
Changes in assumptions	(4,185,679)	566,975	615,278	1,777,286
Benefit payments	(1,021,419)	(959,184)	(794,479)	(750,565)
Net change in OPEB liability	(2,904,358)	733,878	3,082,353	1,986,293
Total OPEB liability - beginning	19,733,527	18,999,649	15,917,296	13,931,003
Total OPEB liability - ending (a)	\$ 16,829,169	\$ 19,733,527	\$ 18,999,649	\$ 15,917,296
Plan fiduciary net position				
Contributions - employer	\$ 1,021,419	\$ 959,184	\$ 794,479	\$ 750,565
Benefit payments	(1,021,419)	(959,184)	(794,479)	(750,565)
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-
Plan fiduciary net position - ending (b)	\$ -	\$ -	\$ -	\$ -
Net OPEB liability - ending (a) - (b)	\$ 16,829,169	\$ 19,733,527	\$ 18,999,649	\$ 15,917,296
Plan fiduciary net position as a percentage of the total	0.00%	0.00%	0.00%	0.00%
*Covered-employee payroll	\$ -	\$ -	\$ -	\$ -
Net OPEB liability as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%

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

Changes in benefit terms: None

Changes in assumptions: None

The following are the discount rates used in each period:

10/1/2017	3.50%
10/1/2018	3.83%
10/1/2019	2.75%
10/1/2020	2.41%
10/1/2021	2.19%
10/1/2022	4.40%

The Plan does not have assets in a trust.

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

**SCHEDULE OF CHANGES IN THE CITY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST SIX FISCAL YEARS
(CONCLUDED)**

	<u>9/30/2019</u>	<u>9/30/2018</u>
Total OPEB liability		
Service cost	\$ 551,562	\$ 585,037
Interest cost	559,862	509,501
Difference between expected and actual experience	(2,119,942)	-
Changes in assumptions	(717,709)	(787,439)
Benefit payments	<u>(712,111)</u>	<u>(746,566)</u>
Net change in OPEB liability	<u>(2,438,338)</u>	<u>(439,467)</u>
Total OPEB liability - beginning	<u>16,369,341</u>	<u>16,808,808</u>
Total OPEB liability - ending (a)	<u><u>\$ 13,931,003</u></u>	<u><u>\$ 16,369,341</u></u>
Plan fiduciary net position		
Contributions - employer	\$ 712,111	\$ 746,566
Benefit payments	<u>(712,111)</u>	<u>(746,566)</u>
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Net OPEB liability - ending (a) - (b)	<u><u>\$ 13,931,003</u></u>	<u><u>\$ 16,369,341</u></u>
Plan fiduciary net position as a percentage of the total	0.00%	0.00%
*Covered-employee payroll	\$ -	\$ -
Net OPEB liability as a percentage of covered- employee payroll	0.00%	0.00%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

The following statements and schedules are reported in this subsection:

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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

- Community Development Block Grant
- State Housing Initiative Partnership Program
- HOME Investment Partnership Program

The City maintains the following Special Revenue Fund to comply with the provisions of the Florida Contraband Forfeiture Act:

- Law Enforcement – accounts for confiscated money, vehicles, and tangible personal property for use in law enforcement activities.

The City maintains the following Special Revenue Fund for opioid abatement efforts:

- Opioid Settlements – provides substance abuse prevention, recovery, and treatment services.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for and payment of principal, interest, and related costs of governmental long-term debt.

The City maintains the following Debt Service fund:

- General Obligation Bond – accounts for debt service activity related to General Obligation Bond, Series 2022.

CAPITAL PROJECTS FUNDS

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

The City maintains the following Capital Projects Funds:

- Mobility Improvement – accounts for mobility improvements mainly funded by mobility impact fees from developers.
- Recreation Improvement – accounts for recreation facilities improvements mainly funded by recreation impact fees from developers.
- Bikeways Improvement – accounts for bike path improvements mainly funded by bikeway impact fees from developers.
- Public Facility Improvement – accounts for public facility improvements mainly funded by public facility impact fees from developers.

PERMANENT FUNDS

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

The City maintains the following Permanent Fund:

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

**CITY OF MELBOURNE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

	Special Revenue Funds	Capital Projects Funds	Perpetual Care Permanent Fund	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS					
Equity in pooled investments	\$ 1,483,184	\$ 7,055,477	\$ 211,178	\$ 57,361	\$ 8,807,200
Interest receivable	6,199	32,474	986	263	39,922
Due from other governments	85,207	36,095	-	205	121,507
Total assets	<u>\$ 1,574,590</u>	<u>\$ 7,124,046</u>	<u>\$ 212,164</u>	<u>\$ 57,829</u>	<u>\$ 8,968,629</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 40,573	\$ 212,099	\$ -	\$ -	\$ 252,672
Due to other funds	26,275	-	-	-	26,275
Due to other governments	16,330	-	-	-	16,330
Deposits	9,606	-	-	-	9,606
Unearned revenue	258,199	-	-	-	258,199
Total liabilities	<u>350,983</u>	<u>212,099</u>	<u>-</u>	<u>-</u>	<u>563,082</u>
Fund balances:					
Non-spendable	-	-	212,164	-	212,164
Restricted:					
Public safety, law enforcement	59,806	-	-	-	59,806
Human Services	83,045	-	-	-	83,045
Housing and urban improvement	1,080,756	-	-	-	1,080,756
Debt service	-	-	-	57,829	57,829
Capital improvements	-	2,021,335	-	-	2,021,335
Transportation improvement	-	2,717,218	-	-	2,717,218
Recreation improvement	-	2,173,394	-	-	2,173,394
Total fund balances	<u>1,223,607</u>	<u>6,911,947</u>	<u>212,164</u>	<u>57,829</u>	<u>8,405,547</u>
Total liabilities and fund balances	<u>\$ 1,574,590</u>	<u>\$ 7,124,046</u>	<u>\$ 212,164</u>	<u>\$ 57,829</u>	<u>\$ 8,968,629</u>

**CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Special Revenue Funds	Capital Projects Funds	Perpetual Care Permanent Fund	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES					
Tax increment revenue	\$ -	\$ -	\$ -	2,567,076	\$ 2,567,076
Intergovernmental	1,313,923	36,095	-	-	1,350,018
Impact fees	-	610,308	-	-	610,308
Confiscated property	24,856	-	-	-	24,856
Investment earnings (loss)	25,975	127,462	3,933	17,724	175,094
Perpetual care endowment additions	-	-	2,800	-	2,800
Settlements	81,763	-	-	-	81,763
Other revenue	17,019	-	-	-	17,019
Total revenues	1,463,536	773,865	6,733	2,584,800	4,828,934
EXPENDITURES					
Current:					
Housing and urban improvement	951,926	-	-	-	951,926
Debt service:					
Principal	-	-	-	765,000	765,000
Interest and fiscal agent fees	-	-	-	1,761,971	1,761,971
Capital outlay	-	284,605	-	-	284,605
Total expenditures	951,926	284,605	-	2,526,971	3,763,502
Excess (deficiency) of revenues over (under) expenditures	511,610	489,260	6,733	57,829	1,065,432
OTHER FINANCING SOURCES (USES)					
Transfers in	-	3,461	-	-	3,461
Transfers out	(396,122)	(257,174)	(3,933)	-	(657,229)
Total other financing sources (uses)	(396,122)	(253,713)	(3,933)	-	(653,768)
Net change in fund balances	115,488	235,547	2,800	57,829	411,664
Fund balances, October 1	1,108,119	6,676,400	209,364	-	7,993,883
Fund balances, September 30	<u>\$ 1,223,607</u>	<u>\$ 6,911,947</u>	<u>\$ 212,164</u>	<u>\$ 57,829</u>	<u>\$ 8,405,547</u>

**CITY OF MELBOURNE
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2023**

	Community Development Block Grant	State Housing Initiative Partnership Program	HOME Investment Partnership Program	Law Enforcement Trust	Opioid Settlements	Total
ASSETS						
Equity in pooled investments	\$ 212,096	\$ 1,128,925	\$ -	\$ 59,497	\$ 82,666	\$ 1,483,184
Interest receivable	-	5,511	-	309	379	6,199
Due from other governments	58,932	-	26,275	-	-	85,207
	<u>58,932</u>	<u>-</u>	<u>26,275</u>	<u>-</u>	<u>-</u>	<u>85,207</u>
 Total assets	 <u>\$ 271,028</u>	 <u>\$ 1,134,436</u>	 <u>\$ 26,275</u>	 <u>\$ 59,806</u>	 <u>\$ 83,045</u>	 <u>\$ 1,574,590</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 12,829	\$ 27,744	\$ -	\$ -	\$ -	\$ 40,573
Due to other governments	-	16,330	-	-	-	16,330
Due to other funds	-	-	26,275	-	-	26,275
Deposits	-	9,606	-	-	-	9,606
Unearned revenues	258,199	-	-	-	-	258,199
	<u>258,199</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>258,199</u>
 Total liabilities	 <u>271,028</u>	 <u>53,680</u>	 <u>26,275</u>	 <u>-</u>	 <u>-</u>	 <u>350,983</u>
Fund balances:						
Restricted	-	1,080,756	-	59,806	83,045	1,223,607
	<u>-</u>	<u>1,080,756</u>	<u>-</u>	<u>59,806</u>	<u>83,045</u>	<u>1,223,607</u>
 Total fund balances	 <u>-</u>	 <u>1,080,756</u>	 <u>-</u>	 <u>59,806</u>	 <u>83,045</u>	 <u>1,223,607</u>
 Total liabilities and fund balances	 <u>\$ 271,028</u>	 <u>\$ 1,134,436</u>	 <u>\$ 26,275</u>	 <u>\$ 59,806</u>	 <u>\$ 83,045</u>	 <u>\$ 1,574,590</u>

**CITY OF MELBOURNE, FLORIDA
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Community Development Block Grant	State Housing Initiative Partnership Program	HOME Investment Partnership Program	Law Enforcement Trust	Opioid Settlements	Total
REVENUES						
Intergovernmental	\$ 488,297	\$ 739,288	\$ 86,338	\$ -	\$ -	\$ 1,313,923
Confiscated property	-	-	-	24,856	-	24,856
Investment earnings	-	22,560	-	2,133	1,282	25,975
Settlements	-	-	-	-	81,763	81,763
Other revenue	-	17,019	-	-	-	17,019
Total revenues	488,297	778,867	86,338	26,989	83,045	1,463,536
EXPENDITURES						
Current:						
Housing and urban improvement	259,270	626,576	66,080	-	-	951,926
Total expenditures	259,270	626,576	66,080	-	-	951,926
 Excess (deficiency) of revenues over (under) expenditures	 229,027	 152,291	 20,258	 26,989	 83,045	 511,610
OTHER FINANCING SOURCES (USES)						
Transfers out	(229,027)	(70,938)	(20,258)	(75,899)	-	(396,122)
Total other financing sources (uses)	(229,027)	(70,938)	(20,258)	(75,899)	-	(396,122)
 Net change in fund balances	 -	 81,353	 -	 (48,910)	 83,045	 115,488
Fund balances, October 1	-	999,403	-	108,716	-	1,108,119
Fund balances, September 30	\$ -	\$ 1,080,756	\$ -	\$ 59,806	\$ 83,045	\$ 1,223,607

**CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
COMMUNITY DEVELOPMENT BLOCK GRANT
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Budget</u>	Actual on Budgetary Basis	Variance Positive/ (Negative)
REVENUES			
Intergovernmental	\$ 1,317,013	\$ 488,297	\$ (828,716)
	<u>1,317,013</u>	<u>488,297</u>	<u>(828,716)</u>
EXPENDITURES			
Current:			
Housing and urban improvement	<u>567,408</u>	<u>262,793</u>	<u>304,615</u>
Total expenditures	<u>567,408</u>	<u>262,793</u>	<u>304,615</u>
Excess (deficiency) of revenues over (under) expenditures	749,605	225,504	(524,101)
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(749,605)</u>	<u>(229,027)</u>	<u>520,578</u>
Total other financing sources (uses)	<u>(749,605)</u>	<u>(229,027)</u>	<u>520,578</u>
Net change in fund balance	-	(3,523)	(3,523)
Fund balance, October 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit), September 30	<u>\$ -</u>	<u>\$ (3,523)</u>	<u>\$ (3,523)</u>

**CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
STATE HOUSING INITIATIVE PARTNERSHIP PROGRAM
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Budget	Actual on Budgetary Basis	Variance Positive/ (Negative)
REVENUES			
Intergovernmental	\$ 377,156	\$ 739,288	\$ 362,132
Investment earnings	21,824	22,560	736
Other revenue	-	17,019	17,019
	398,980	778,867	379,887
EXPENDITURES			
Current:			
Housing and urban improvement	1,339,972	626,576	713,396
Excess (deficiency) of revenues over (under) expenditures	(940,992)	152,291	1,093,283
OTHER FINANCING SOURCES (USES)			
Transfers out	(58,411)	(70,938)	(12,527)
Net change in fund balance	(999,403)	81,353	1,080,756
Fund balance, October 1	999,403	999,403	-
Fund balance, September 30	\$ -	\$ 1,080,756	\$ 1,080,756

**CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
HOME INVESTMENT PARTNERSHIP PROGRAM
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Positive/ (Negative)</u>
REVENUES			
Intergovernmental	\$ 647,426	\$ 86,338	\$ (561,088)
Total revenues	647,426	86,338	(561,088)
EXPENDITURES			
Current:			
Housing and urban improvement	<u>627,168</u>	<u>94,570</u>	<u>532,598</u>
Excess (deficiency) of revenues over (under) expenditures	20,258	(8,232)	(28,490)
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(20,258)</u>	<u>(20,258)</u>	<u>-</u>
Net change in fund balance	-	(28,490)	(28,490)
Fund balance, October 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund deficit, September 30	<u>\$ -</u>	<u>\$ (28,490)</u>	<u>\$ (28,490)</u>

**CITY OF MELBOURNE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 2023**

	Mobility Improvement	Recreation Improvement	Bikeways Improvement	Public Facility Improvement	Total
ASSETS					
Equity in pooled investments	\$ 2,655,127	\$ 2,163,556	\$ 224,621	\$ 2,012,173	\$ 7,055,477
Interest receivable	12,386	9,838	1,030	9,220	32,474
Due from other governments	36,095	-	-	-	36,095
Total assets	\$ 2,703,608	\$ 2,173,394	\$ 225,651	\$ 2,021,393	\$ 7,124,046
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 212,041	\$ -	\$ -	\$ 58	\$ 212,099
Total liabilities	212,041	-	-	58	212,099
 Fund balances:					
Restricted:					
Capital improvement	-	-	-	2,021,335	2,021,335
Transportation improvement	2,491,567	-	225,651	-	2,717,218
Recreation improvement	-	2,173,394	-	-	2,173,394
Total fund balances	2,491,567	2,173,394	225,651	2,021,335	6,911,947
Total liabilities and fund balances	\$ 2,703,608	\$ 2,173,394	\$ 225,651	\$ 2,021,393	\$ 7,124,046

**CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Mobility Improvement	Recreation Improvement	Bikeways Improvement	Public Facility Improvement	Total
REVENUES					
Intergovernmental	\$ 36,095	\$ -	\$ -	\$ -	\$ 36,095
Impact fees	252,529	150,659	35,779	171,341	610,308
Investment earnings	49,376	38,743	3,811	35,532	127,462
	<u>338,000</u>	<u>189,402</u>	<u>39,590</u>	<u>206,873</u>	<u>773,865</u>
Total revenues					
EXPENDITURES					
Capital outlay:					
General government	-	-	-	58	58
Public works	281,597	-	-	-	281,597
Parks and recreation	-	2,950	-	-	2,950
	<u>281,597</u>	<u>2,950</u>	<u>-</u>	<u>58</u>	<u>284,605</u>
Total expenditures					
Excess (deficiency) of revenues over (under) expenditures	<u>56,403</u>	<u>186,452</u>	<u>39,590</u>	<u>206,815</u>	<u>489,260</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	3,461	-	-	-	3,461
Transfers out	(244,585)	(12,589)	-	-	(257,174)
	<u>(241,124)</u>	<u>(12,589)</u>	<u>-</u>	<u>-</u>	<u>(253,713)</u>
Total other financing sources (uses)					
Net change in fund balances	(184,721)	173,863	39,590	206,815	235,547
Fund balances, October 1	<u>2,676,288</u>	<u>1,999,531</u>	<u>186,061</u>	<u>1,814,520</u>	<u>6,676,400</u>
Fund balances, September 30	<u>\$ 2,491,567</u>	<u>\$ 2,173,394</u>	<u>\$ 225,651</u>	<u>\$ 2,021,335</u>	<u>\$ 6,911,947</u>



INTERNAL SERVICE FUNDS

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

The City maintains the following Internal Service Funds:

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

**CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2023**

	Workers Compensation	Insurance	Total
ASSETS			
Current assets:			
Equity in pooled investments	\$ 4,198,086	\$ 1,076,473	\$ 5,274,559
Accounts receivable	-	54,620	54,620
Interest receivable	19,417	7,723	27,140
Prepaid items	573,418	795,288	1,368,706
Total current assets	<u>4,790,921</u>	<u>1,934,104</u>	<u>6,725,025</u>
Noncurrent assets:			
Restricted:			
Net pension asset, city general pension	-	18,978	18,978
Capital assets:			
Machinery and equipment	-	2,625	2,625
Less accumulated depreciation	-	(2,625)	(2,625)
Total capital assets, net of accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>-</u>	<u>18,978</u>	<u>18,978</u>
Total assets	<u>4,790,921</u>	<u>1,953,082</u>	<u>6,744,003</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows, city general pension	-	42,843	42,843
Deferred outflows, FRS	-	45,711	45,711
Deferred outflows, OPEB	-	24,355	24,355
Total deferred outflows of resources	<u>-</u>	<u>112,909</u>	<u>112,909</u>
LIABILITIES			
Current liabilities:			
Accounts payable	22,837	35,040	57,877
Accrued payroll expenses	-	7,727	7,727
Accrued claims	487,346	362,896	850,242
Compensated absences	-	1,645	1,645
Other postemployment benefits	-	133	133
Total current liabilities	<u>510,183</u>	<u>407,441</u>	<u>917,624</u>
Noncurrent liabilities:			
Accrued claims	1,271,954	591,350	1,863,304
Compensated absences	-	546	546
Other postemployment benefits	-	35,599	35,599
Net pension liability, FRS	-	206,616	206,616
Total noncurrent liabilities	<u>1,271,954</u>	<u>834,111</u>	<u>2,106,065</u>
Total liabilities	<u>1,782,137</u>	<u>1,241,552</u>	<u>3,023,689</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows, FRS	-	36,683	36,683
Deferred inflows, other postemployment benefits	-	19,111	19,111
Total deferred inflows of resources	<u>-</u>	<u>55,794</u>	<u>55,794</u>
NET POSITION			
Restricted for:			
Pension benefits	-	18,978	18,978
Unrestricted	3,008,784	749,667	3,758,451
Total net position	<u>\$ 3,008,784</u>	<u>\$ 768,645</u>	<u>\$ 3,777,429</u>

**CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Workers Compensation	Insurance	Total
OPERATING REVENUES			
Charges to other funds	\$ 1,917,515	\$ 2,559,628	\$ 4,477,143
Charges to component unit	84,578	464,598	549,176
Other revenues	-	109	109
	<u>2,002,093</u>	<u>3,024,335</u>	<u>5,026,428</u>
OPERATING EXPENSES			
Salaries, wages and employee benefits	-	235,643	235,643
Contractual services, materials and supplies	862,572	2,512,032	3,374,604
Claims	964,181	313,832	1,278,013
	<u>1,826,753</u>	<u>3,061,507</u>	<u>4,888,260</u>
Total operating revenue	2,002,093	3,024,335	5,026,428
Operating income (loss)	175,340	(37,172)	138,168
NONOPERATING REVENUE			
Investment earnings (loss)	157,277	60,358	217,635
	<u>157,277</u>	<u>60,358</u>	<u>217,635</u>
Total nonoperating revenues	157,277	60,358	217,635
Income (loss) before transfers	332,617	23,186	355,803
	<u>332,617</u>	<u>23,186</u>	<u>355,803</u>
Change in net position	332,617	23,186	355,803
Total net position, October 1	2,676,167	745,459	3,421,626
Total net position, September 30	<u>\$ 3,008,784</u>	<u>\$ 768,645</u>	<u>\$ 3,777,429</u>

**CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Workers Compensation	Insurance	Total
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from other funds	\$ 1,917,515	\$ 2,559,628	\$ 4,477,143
Cash received from component unit	84,578	464,598	549,176
Cash payments to suppliers for goods and services	(2,085,918)	(3,667,957)	(5,753,875)
Cash payments for employee services	-	(215,391)	(215,391)
Deposits received	-	12,806	12,806
Deposits returned	-	(12,806)	(12,806)
Other operating revenues	-	109	109
Net cash provided (used) by operating activities	<u>(83,825)</u>	<u>(859,013)</u>	<u>(942,838)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u>146,427</u>	<u>56,265</u>	<u>202,692</u>
Net cash provided (used) by investing activities	<u>146,427</u>	<u>56,265</u>	<u>202,692</u>
Net increase (decrease) in cash and cash equivalents	62,602	(802,748)	(740,146)
Cash and cash equivalents at October 1	<u>4,135,484</u>	<u>1,879,221</u>	<u>6,014,705</u>
Cash and cash equivalents at September 30	<u><u>\$ 4,198,086</u></u>	<u><u>\$ 1,076,473</u></u>	<u><u>\$ 5,274,559</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 175,340	\$ (37,172)	\$ 138,168
Adjustments not affecting cash:			
Deferred outflows - pensions and OPEB	-	(63,599)	(63,599)
Changes in assets and liabilities:			
Accounts receivable	-	(54,620)	(54,620)
Prepaid items	(173,418)	(795,288)	(968,706)
Net pension asset	-	64,314	64,314
Net pension liability	-	22,756	22,756
Accounts payable	(22,448)	(38,272)	(60,720)
Accrued payroll expenses	-	(3,352)	(3,352)
Accrued claims	(63,299)	46,087	(17,212)
Other postemployment benefits	-	133	133
Net cash provided (used) by operating activities	<u><u>\$ (83,825)</u></u>	<u><u>\$ (859,013)</u></u>	<u><u>\$ (942,838)</u></u>
NON-CASH INVESTING ACTIVITIES			
Increase (decrease) in fair value of investments	<u><u>\$ 81,914</u></u>	<u><u>\$ 33,641</u></u>	<u><u>\$ 115,555</u></u>
Cash and cash equivalents reconciliation at September 30			
Current assets:			
Equity in pooled investments	<u><u>\$ 4,198,086</u></u>	<u><u>\$ 1,076,473</u></u>	<u><u>\$ 5,274,559</u></u>

FIDUCIARY FUNDS

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

CUSTODIAL FUNDS

The City maintains the following Custodial Funds:

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

**CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
SEPTEMBER 30, 2023**

	Seized Assets	City of Cocoa Escrow	Total Custodial Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ 1,058,427	\$ 1,058,427
Equity in pooled investments	198,021	-	198,021
Total assets	198,021	1,058,427	1,256,448
LIABILITIES			
Accounts payable	-	364,890	364,890
Retainage payable	-	225,970	225,970
Total liabilities	-	590,860	590,860
NET POSITION			
Restricted for:			
Public safety, law enforcement	198,021	-	198,021
Capital improvements	-	467,567	467,567
Total net position	\$ 198,021	\$ 467,567	\$ 665,588

CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Seized Assets</u>	<u>City of Cocoa Escrow</u>	<u>Total Custodial Funds</u>
ADDITIONS			
Asset seizures	\$ 34,185	\$ -	\$ 34,185
Contributions from City of Cocoa	-	196,877	196,877
Investment earnings	-	145,830	145,830
Total additions	<u>34,185</u>	<u>342,707</u>	<u>376,892</u>
DEDUCTIONS			
Refunds of seized assets	5,115	-	5,115
Forfeitures to Law Enforcement Trust Fund	4,871	-	4,871
Legal expenses	27,884	-	27,884
Payments on behalf of City of Cocoa	-	5,402,816	5,402,816
Total deductions	<u>37,870</u>	<u>5,402,816</u>	<u>5,440,686</u>
Net decrease in fiduciary net position	(3,685)	(5,060,109)	(5,063,794)
Net position, October 1	<u>201,706</u>	<u>5,527,676</u>	<u>5,729,382</u>
Net position, September 30	<u>\$ 198,021</u>	<u>\$ 467,567</u>	<u>\$ 665,588</u>



DISCRETELY PRESENTED COMPONENT UNIT

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

**CITY OF MELBOURNE, FLORIDA
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT
INTERNATIONAL AIRPORT
SEPTEMBER 30, 2023**

ASSETS

Current assets:

Cash and cash equivalents	\$ 23,652,771
Cash and cash equivalents, restricted	33,798
Investments, at fair value	6,317,771
Receivables, trade (net of allowance of \$66,438)	228,693
Lease receivable	1,628,160
Other receivables	423,253
Interest receivable	39,856
Due from primary government	7,883
Due from other governments	5,934,893
Due from other governments, restricted	853,757
Inventory	26,359
Prepaid items	351,962
	<hr/>
Total current assets	39,499,156

Noncurrent assets:

Restricted assets:

Cash and cash equivalents	<hr/> 294,766
Lease receivables	343,785,941
Net pension asset, city general pension	<hr/> 51,766

Capital assets:

Nondepreciable:

Land	7,985,935
Construction in progress	61,191,788

Depreciable:

Buildings	135,213,483
Improvements other than buildings	127,523,545
Machinery and equipment	14,588,706
Intangibles, computer software	277,928
Right to use leased equipment	489,452
Right to use subscription assets	344,089
Less accumulated depreciation/amortization	<hr/> (127,680,348)

Total capital assets, net of accumulated depreciation/amortization	<hr/> 219,934,578
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Total noncurrent assets	<hr/> 564,067,051
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Total assets	<hr/> 603,566,207
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DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows, city general pensions	384,463
Deferred outflows, FRS pension	854,852
Deferred outflows, other postemployment benefits	<hr/> 219,318
Total deferred outflows of resources	<hr/> 1,458,633

LIABILITIES

Current liabilities:

Accounts payable	4,401,471
Accrued payroll expenses	187,769
Accrued interest payable	121,875
Due to other governments	1,671,675
Unearned revenue	4,778,436
Compensated absences	187,990
Leases payable	63,758
Subscription liability	80,039
Other postemployment benefits	27,306

Current Liabilities payable from restricted assets:

Accounts payable	887,555
Revenue bonds payable from restricted assets	<u>1,800,000</u>

Total current liabilities 14,207,874

Noncurrent liabilities:

Liabilities payable from restricted assets, customer deposits	294,766
Compensated absences	371,172
Leases payable	90,113
Subscription liability	188,247
Other postemployment benefits	789,665
Net pension liability, city special risk general pension	152,294
Net pension liability, FRS pension	4,516,634
Revenue bonds payable from restricted assets	<u>13,200,000</u>

Total noncurrent liabilities 19,602,891

Total liabilities 33,810,765

DEFERRED INFLOWS OF RESOURCES

Deferred inflows, FRS pension	65,568
Deferred inflows, other postemployment benefits	98,015
Deferred inflows, leases	<u>343,746,700</u>

Total deferred inflows of resources 343,910,283

NET POSITION

Net investment in capital assets	201,969,590
Restricted for:	
Capital improvements	887,555
Unrestricted	<u>24,446,647</u>

Total net position \$ 227,303,792

**CITY OF MELBOURNE, FLORIDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT
INTERNATIONAL AIRPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

OPERATING REVENUES	
Airfield and hangar fees	\$ 3,186,860
Terminal and area building fees	5,274,103
Commercial business center fees	10,012,817
Tropical Haven fees	2,061,477
International/U.S. Customs/Foreign Trade Zone fees	318,515
Other	56,686
Total operating revenues	<u>20,910,458</u>
OPERATING EXPENSES	
Salaries, wages and employee benefits	6,653,797
Contractual services, materials and supplies	16,671,859
Depreciation and amortization	10,123,404
Total operating expenses	<u>33,449,060</u>
Operating loss	<u>(12,538,602)</u>
NONOPERATING REVENUES (EXPENSES)	
Federal and State grants	3,217,546
Passenger facility charges	1,498,725
Investment earnings (loss)	1,113,794
Customer facility charges	1,360,363
Interest expense	(306,935)
Gain on sale/disposal of capital assets	3,724
Other nonoperating revenue (expense)	<u>(8,078)</u>
Total nonoperating revenues (expenses)	<u>6,879,139</u>
Income (Loss) before contributions	(5,659,463)
Capital contributions	<u>6,882,387</u>
Change in net position	1,222,924
Total net position, October 1	<u>226,080,868</u>
Total net position, September 30	<u><u>\$ 227,303,792</u></u>

**CITY OF MELBOURNE, FLORIDA
STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT
INTERNATIONAL AIRPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2023
(CONTINUED)**

1 of 2

INCREASE IN CASH AND CASH EQUIVALENTS

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 21,096,673
Cash payments to suppliers for goods and services	(17,458,738)
Cash payments for employee services	(5,801,724)
Deposits returned and applied	(18,105)
Other operating revenues	56,686
	(2,125,208)
Net cash provided (used) by operating activities	(2,125,208)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

FEMA/State hurricane proceeds	69,585
Operating grants and donations	3,367,732
Customer facility charges	1,327,885
Passenger facility charges	1,471,469
Other nonoperating revenue (expense)	(8,078)
	6,228,593
Net cash provided (used) by noncapital financing activities	6,228,593

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	(10,128,052)
Principal paid on lease obligations	(60,654)
Interest paid on lease obligations	(306,935)
Proceeds from sale of capital assets	32,725
Capital grants	9,704,747
	(758,169)
Net cash provided (used) by capital and related financing activities	(758,169)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investment securities	(2,999,574)
Proceeds from sale and maturities of investment securities	2,917,944
Interest on investments	990,104
	908,474
Net cash provided (used) by investing activities	908,474

Net increase (decrease) in cash and cash equivalents	4,253,690
Cash and cash equivalents at October 1	19,727,645
Cash and cash equivalents at September 30	\$ 23,981,335

**CITY OF MELBOURNE, FLORIDA
STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT
INTERNATIONAL AIRPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2023
(CONCLUDED)**

**RECONCILIATION OF OPERATING LOSS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating loss	\$ (12,538,602)
Adjustments not affecting cash:	
Depreciation and amortization	10,123,404
Deferred outflows - pensions and other postemployment benefits	(249,240)
Deferred inflows - pensions and other postemployment benefits	(181,235)
Deferred inflows - leases	11,039,326
Changes in assets and liabilities:	
Receivables, trade	471,229
Other receivables	(33,259)
Due from other governments	(1,073)
Inventory	(9,624)
Prepaid items	(32,335)
Noncurrent lease receivables	(11,208,305)
Net pension asset	548,467
Net pension liability	811,073
Accounts payable	(862,483)
Accrued payroll expenses	(77,920)
Due to (from) primary government	(163,046)
Due to other governments	114,402
Subscription liability	80,039
Customer deposits	(18,105)
Unearned revenue	61,151
Other postemployment benefits	928
Net cash provided (used) by operating activities	<u>\$ (2,125,208)</u>

NON-CASH INVESTING ACTIVITIES

Decrease in fair value of investments	<u>\$ 104,193</u>
Cash and cash equivalents reconciliation:	
Current assets:	
Cash and cash equivalents	\$ 23,652,771
Cash and cash equivalents, restricted	33,798
Noncurrent assets:	
Cash and cash equivalents, restricted	<u>294,766</u>
Cash and cash equivalents at September 30	<u>\$ 23,981,335</u>

STATISTICAL SECTION

The Statistical Schedules present detailed information as a context for understanding this year's financial statements, note disclosures, and required supplementary information.

This section contains the following subsections:

- Financial Trends
- Revenue Capacity
- Debt Capacity
- Demographic and Economic Information
- Operating Information

FINANCIAL TRENDS

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

Schedule

- 1 Net Position by Component, Last Ten Fiscal Years
- 2 Changes in Net Position, Last Ten Fiscal Years
- 3 Fund Balances, Governmental Funds, Last Ten Fiscal Years
- 4 Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years

REVENUE CAPACITY

These schedules contain information to help the reader assess the City's two significant local revenue sources, the property tax, and water and sewer charges.

Schedule

- 5 Assessed Value and Estimated Actual Value of Taxable Property, Last Ten Fiscal Years
- 6 Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years
- 7 Principal Property Taxpayers, Current Year and Nine Years Ago
- 8 Property Tax Levies and Collections, Last Ten Fiscal Years
- 9 Water and Sewer Consumption, Rates, and Revenue, Last Ten Fiscal Years
- 10 Principal Water and Sewer Customers, Current Year and Nine Years Ago

DEBT CAPACITY

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

Schedule

- 11 Ratios of Outstanding Debt by Type, Last Ten Fiscal Years
- 12 Ratios of General Bonded Debt Outstanding, Last Ten Fiscal Years
- 13 Direct and Overlapping Governmental Activities Debt, as of September 30, 2023
- 14 Pledged Revenue Coverage, Last Ten Fiscal Years

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

Schedule

- 15 Demographic and Economic Statistics, Last Ten Fiscal Years
- 16 Principal Employers, Current Year and Nine Years Ago

OPERATING INFORMATION

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

Schedule

- 17 Full-Time Equivalent City Government Employees by Function/Program, Last Ten Fiscal Years
- 18 Operating Indicators by Function/Program, Last Ten Fiscal Years
- 19 Capital Asset Statistics by Function/Program, Last Ten Fiscal Years

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

CITY OF MELBOURNE, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities				
Net investment in capital assets	\$ 82,144,646	\$ 82,067,802	\$ 82,079,774	\$ 81,588,488
Restricted	22,826,912	22,960,162	24,564,405	27,329,441
Unrestricted	8,669,905	(34,403,547)	(32,099,072)	(28,259,345)
Total governmental activities net position	<u>\$ 113,641,463</u>	<u>\$ 70,624,417</u>	<u>\$ 74,545,107</u>	<u>\$ 80,658,584</u>
Business-type activities				
Net investment in capital assets	\$ 63,190,585	\$ 64,009,483	\$ 69,542,203	\$ 73,725,381
Restricted	14,489,407	12,253,588	10,677,396	10,454,252
Unrestricted	29,614,094	35,818,205	41,553,220	46,365,888
Total business-type activities net position	<u>\$ 107,294,086</u>	<u>\$ 112,081,276</u>	<u>\$ 121,772,819</u>	<u>\$ 130,545,521</u>
Primary government				
Net investment in capital assets	\$ 145,335,231	\$ 146,077,285	\$ 151,621,977	\$ 155,313,869
Restricted	37,316,319	35,213,750	35,241,801	37,783,693
Unrestricted	38,283,999	1,414,658	9,454,148	18,106,543
Total primary government net position	<u>\$ 220,935,549</u>	<u>\$ 182,705,693</u>	<u>\$ 196,317,926</u>	<u>\$ 211,204,105</u>

2015 and 2016 unrestricted reflects the adjustments to net position for disclosing full pension liability due to the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions."

2019 restated due to the golf courses being reclassified from an Enterprise fund into the General Fund.

Notes: Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net position is considered restricted only when an external party, such as the state or federal government, places a restriction on how the resources may be used, or through enabling legislation enacted by the City.

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 89,050,264	\$ 95,990,767	\$ 96,584,680	\$ 102,906,862	\$ 70,228,641	\$ 106,774,231
30,148,113	33,548,509	38,106,525	39,331,983	78,094,300	64,961,710
(14,157,843)	(6,232,398)	(5,050,527)	(548,062)	9,065,439	8,248,684
<u>\$ 105,040,534</u>	<u>\$ 123,306,878</u>	<u>\$ 129,640,678</u>	<u>\$ 141,690,783</u>	<u>\$ 157,388,380</u>	<u>\$ 179,984,625</u>
\$ 76,184,071	\$ 82,061,735	\$ 89,585,114	\$ 92,216,884	\$ 98,978,735	\$ 106,023,801
11,211,084	11,105,262	11,135,165	11,355,652	10,773,519	11,689,543
56,098,459	65,031,582	68,430,929	75,961,416	70,640,994	71,942,072
<u>\$ 143,493,614</u>	<u>\$ 158,198,579</u>	<u>\$ 169,151,208</u>	<u>\$ 179,533,952</u>	<u>\$ 180,393,248</u>	<u>\$ 189,655,416</u>
\$ 165,234,335	\$ 178,052,502	\$ 186,169,794	\$ 195,123,746	\$ 169,207,376	\$ 212,798,032
41,359,197	44,653,771	49,241,690	50,687,635	88,867,819	76,651,253
41,940,616	58,799,184	63,380,402	75,413,354	79,706,433	80,190,756
<u>\$ 248,534,148</u>	<u>\$ 281,505,457</u>	<u>\$ 298,791,886</u>	<u>\$ 321,224,735</u>	<u>\$ 337,781,628</u>	<u>\$ 369,640,041</u>

CITY OF MELBOURNE, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Expenses				
Governmental activities:				
General government	\$ 13,835,021 ⁽¹⁾	\$ 14,194,930	\$ 16,928,412 ⁽⁶⁾	\$ 17,484,202
Public safety - fire and police	41,353,221	33,441,611	40,329,521 ⁽⁶⁾	42,771,938
Public works	8,116,255 ⁽²⁾	7,108,185	8,145,791	9,049,033 ⁽⁷⁾
Parks and recreation	6,711,448	6,437,870	6,927,039	6,986,112
Housing and urban improvement	1,883,401	1,289,586	1,298,756	1,252,620
Interest on long-term debt	467,651	445,221	394,519	342,693
Unallocated depreciation	<u>2,997,742</u>	<u>3,191,952</u>	<u>3,322,705</u>	<u>3,364,937</u>
Total governmental activities expenses	<u>75,364,739</u>	<u>66,109,355</u>	<u>77,346,743</u>	<u>81,251,535</u>
Business-type activities:				
Water and sewer	42,643,322 ⁽³⁾	43,578,657	45,201,038 ⁽⁶⁾	45,050,186
Golf courses	2,565,545	2,292,530	2,642,683	2,404,043
Stormwater utility	<u>1,174,732</u>	<u>1,180,219</u>	<u>1,323,778</u>	<u>2,023,246</u>
Total business-type activities expenses	<u>46,383,599</u>	<u>47,051,406</u>	<u>49,167,499</u>	<u>49,477,475</u>
Total primary government expenses	<u>\$ 121,748,338</u>	<u>\$ 113,160,761</u>	<u>\$ 126,514,242</u>	<u>\$ 130,729,010</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 9,523,800	\$ 10,072,902	\$ 10,784,839	\$ 11,432,709
Public safety - fire and police	1,873,093	1,810,164	1,836,711	1,715,871
Public works	1,091,551	1,157,906	1,188,363	1,161,085
Parks & recreation	834,368	898,132	1,114,217	1,128,470
Housing and urban development	19,685	1,250	-	-
Human Services	-	-	-	-
Operating grants and contributions	6,133,822	6,999,122	7,117,618	6,564,181
Capital grants and contributions	<u>2,553,954</u>	<u>628,876</u>	<u>903,067</u>	<u>997,676</u>
Total governmental activities program revenues	<u>22,030,273</u>	<u>21,568,352</u>	<u>22,944,815</u>	<u>22,999,992</u>
Business-type activities:				
Charges for services:				
Water and sewer	50,164,115	53,391,431	54,089,987	54,143,079
Golf courses	2,078,840	2,029,093	2,019,697	2,133,504
Stormwater utility	2,275,789	2,720,436	2,773,816	2,786,848
Operating grants and contributions	-	-	-	-
Capital grants and contributions	<u>1,241,348</u>	<u>2,174,091</u>	<u>1,884,001</u>	<u>3,687,662</u>
Total business-type activities program revenues	<u>55,760,092</u>	<u>60,315,051</u>	<u>60,767,501</u>	<u>62,751,093</u>
Total primary government program revenues	<u>\$ 77,790,365</u>	<u>\$ 81,883,403</u>	<u>\$ 83,712,316</u>	<u>\$ 85,751,085</u>

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 17,801,811	\$ 18,165,483	\$ 20,653,067	\$ 16,927,939	\$ 17,155,253	\$ 21,723,251
38,947,712	41,630,408	43,655,115	47,530,483	45,636,915 ⁽¹⁴⁾	55,792,892 ⁽¹⁴⁾
9,126,029 ⁽²⁾	10,252,960	10,976,764 ⁽²⁾	8,590,528	8,622,125	8,120,488
7,060,525	7,393,800	9,426,419	9,720,823 ⁽¹²⁾	10,959,259	11,195,688
1,710,006	1,816,562	1,565,892	2,062,288	1,710,946	1,636,269
306,969	173,634	158,904	179,395	1,153,639	723,811
<u>3,335,756</u>	<u>3,512,757</u>	<u>4,039,235</u>	<u>4,391,139</u>	<u>4,316,328</u>	<u>3,615,250</u>
<u>78,288,808</u>	<u>82,945,604</u>	<u>90,475,396</u>	<u>89,402,595</u>	<u>89,554,465</u>	<u>102,807,649</u>
45,143,068	44,790,690	49,279,481	44,956,282 ⁽¹³⁾	49,257,922	53,763,304
2,387,867	2,100,973	-	- ⁽¹²⁾	-	-
<u>2,165,265</u>	<u>1,920,703</u>	<u>1,800,298</u>	<u>1,841,792</u>	<u>2,324,917</u>	<u>2,601,629</u>
<u>49,696,200</u>	<u>48,812,366</u>	<u>51,079,779</u>	<u>46,798,074</u>	<u>51,582,839</u>	<u>56,364,933</u>
<u>\$ 127,985,008</u>	<u>\$ 131,757,970</u>	<u>\$ 141,555,175</u>	<u>\$ 136,200,669</u>	<u>\$ 141,137,304</u>	<u>\$ 159,172,582</u>
\$ 10,838,171	\$ 9,585,217	\$ 10,318,084	\$ 10,845,205	\$ 10,580,800	\$ 10,956,207
1,818,858	2,037,871	1,607,878	1,775,088	1,995,354	2,019,392
1,161,313	1,180,060	1,108,541	1,127,761	998,504	1,046,731
1,145,208	1,236,613	2,696,898	2,888,401 ⁽¹²⁾	3,035,585	3,685,732
36,404	63,199	64,925	66,373	84,556	85,845
-	-	-	-	-	1,281
8,052,739	10,069,629	7,213,124 ⁽⁹⁾	8,716,673	8,744,838	12,278,981
<u>12,056,046</u>	<u>5,696,923 ⁽⁸⁾</u>	<u>2,974,140</u>	<u>1,058,467</u>	<u>2,535,289</u>	<u>921,684</u>
<u>35,108,739</u>	<u>29,869,512</u>	<u>25,983,590</u>	<u>26,477,968</u>	<u>27,974,926</u>	<u>30,995,853</u>
54,187,355	53,600,696	54,039,603	54,897,875	55,803,222	59,711,977
2,187,353	2,182,917	-	- ⁽¹²⁾	-	-
2,808,866	2,811,328	2,829,668	2,841,461	2,860,484	2,878,126
56,673	504,861	384,137	53,893	-	163,152
<u>5,049,854</u>	<u>4,607,559</u>	<u>3,059,721</u>	<u>4,091,739</u>	<u>2,820,322</u>	<u>3,825,689</u>
<u>64,290,101</u>	<u>63,707,361</u>	<u>60,313,129</u>	<u>61,884,968</u>	<u>61,484,028</u>	<u>66,578,944</u>
<u>\$ 99,398,840</u>	<u>\$ 93,576,873</u>	<u>\$ 86,296,719</u>	<u>\$ 88,362,936</u>	<u>\$ 89,458,954</u>	<u>\$ 97,574,797</u>

CITY OF MELBOURNE, FLORIDA
CHANGES IN NET POSITION (Continued)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Net (Expense)/Revenue				
Governmental activities	\$ (53,334,466)	\$ (44,541,003)	\$ (54,401,928)	\$ (58,251,543)
Business-type activities	9,376,493 ⁽⁴⁾	13,263,645	11,600,002	13,273,618
Total primary government net expense	<u>\$ (43,957,973)</u>	<u>\$ (31,277,358)</u>	<u>\$ (42,801,926)</u>	<u>\$ (44,977,925)</u>
 General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property	\$ 24,328,815 ⁽⁵⁾	\$ 25,652,370	\$ 28,762,101	\$ 30,875,437
Utility and telecommunication	11,360,611	11,394,026	11,473,828	11,523,700
Franchise fees	6,614,483	6,785,031	6,668,887	6,873,844
Unrestricted grants and contributions	8,487,828	7,678,420	8,117,198	9,512,376
Investment earnings	125,364	384,988	657,927	506,200
Miscellaneous	-	-	-	-
Gain on sale of capital assets	1,600	41,013	-	-
Contributions to permanent funds	-	3,150	2,500	2,100
Extraordinary item	-	-	-	-
Transfers	2,579,110	2,671,942	2,640,177	5,071,363
Total governmental activities	<u>53,497,811</u>	<u>54,610,940</u>	<u>58,322,618</u>	<u>64,365,020</u>
Business-type activities:				
Unrestricted grants and contributions	-	-	-	-
Investment earnings	210,083	508,043	695,166	563,796
Gain on sale of capital assets	-	-	36,552	6,651
Transfers	(2,579,110)	(2,671,942)	(2,640,177)	(5,071,363)
Total business-type activities	<u>(2,369,027)</u>	<u>(2,163,899)</u>	<u>(1,908,459)</u>	<u>(4,500,916)</u>
Total primary government	<u>\$ 51,128,784</u>	<u>\$ 52,447,041</u>	<u>\$ 56,414,159</u>	<u>\$ 59,864,104</u>
 Change in Net Position				
Governmental activities	\$ 163,345	\$ 10,069,937	\$ 3,920,690	\$ 6,113,477
Business-type activities	7,007,466	11,099,746	9,691,543	8,772,702
Total primary government	<u>\$ 7,170,811</u>	<u>\$ 21,169,683</u>	<u>\$ 13,612,233</u>	<u>\$ 14,886,179</u>

- (1) Increase is due to the transfer of land to the Airport.
- (2) Increase is due to road resurfacing.
- (3) Implemented GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities."
- (4) Water and wastewater rate increase of 7% and decrease in operational expenses.
- (5) Property tax millage increase of 6%.
- (6) Implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions."
- (7) Increase is due to dredging Horse Creek and Melbourne Harbor Channel.
- (8) Increase is due to donation of Right of Way for Babcock St. from Brevard County and the Apollo Blvd. extension from FDOT.
- (9) Increase is due to FEMA grants for Hurricane Irma.
- (10) Property values have increased due to a growing economy.
- (11) Increase is due to fair market value adjustment and interest earnings.
- (12) Golf courses reclassified from an Enterprise fund to the General Fund.
- (13) Increase is due to increase chemicals and repair & maintenance expenses.
- (14) Increase is due to Insurance Premium Tax for Police and Fire Pension and increase in retirement.

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ (43,180,069)	\$ (53,076,092)	\$ (64,491,806)	\$ (62,924,627)	\$ (61,579,539)	\$ (71,811,796)
14,593,901	14,894,995	9,233,350	15,086,894	9,901,189	10,214,011
<u>\$ (28,586,168)</u>	<u>\$ (38,181,097)</u>	<u>\$ (55,258,456)</u>	<u>\$ (47,837,733)</u>	<u>\$ (51,678,350)</u>	<u>\$ (61,597,785)</u>
\$ 31,455,964	\$ 34,573,821 ⁽¹⁰⁾	\$ 37,584,468	\$ 38,264,108	\$ 41,618,002	\$ 47,477,898
11,992,531	11,966,296	11,990,191	12,435,162	13,195,286	14,932,527
7,035,821	7,154,634	6,855,830	7,214,333	8,555,628	9,495,678
10,453,445	10,340,833	9,552,382	11,489,437	12,864,496	12,716,809
539,344	3,401,963 ⁽¹¹⁾	3,330,445	279,091	(4,543,690)	4,546,344
-	-	-	-	-	-
-	119,235	118,208	281,371	266,946	159,218
12,350	4,050	1,500	6,850	9,650	2,800
-	-	-	-	-	-
3,046,607	3,815,993	1,366,185	5,004,380	5,310,818	5,076,767
<u>64,536,062</u>	<u>71,376,825</u>	<u>70,799,209</u>	<u>74,974,732</u>	<u>77,277,136</u>	<u>94,408,041</u>
-	-	-	-	-	-
676,055	3,590,799 ⁽¹¹⁾	3,068,008	254,139	(3,850,087)	4,077,041
69,947	35,164	43,853	46,091	119,012	47,883
<u>(3,046,607)</u>	<u>(3,815,993)</u>	<u>(1,366,185)</u>	<u>(5,004,380)</u>	<u>(5,310,818)</u>	<u>(5,076,767)</u>
<u>(2,300,605)</u>	<u>(190,030)</u>	<u>1,745,676</u>	<u>(4,704,150)</u>	<u>(9,041,893)</u>	<u>(951,843)</u>
<u>\$ 62,235,457</u>	<u>\$ 71,186,795</u>	<u>\$ 72,544,885</u>	<u>\$ 70,270,582</u>	<u>\$ 68,235,243</u>	<u>\$ 93,456,198</u>
\$ 21,355,993	\$ 18,300,733	\$ 6,307,403	\$ 12,050,105	\$ 15,697,597	\$ 22,596,245
12,293,296	14,704,965	10,979,026	10,382,744	859,296	9,262,168
<u>\$ 33,649,289</u>	<u>\$ 33,005,698</u>	<u>\$ 17,286,429</u>	<u>\$ 22,432,849</u>	<u>\$ 16,556,893</u>	<u>\$ 31,858,413</u>

CITY OF MELBOURNE, FLORIDA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General fund				
Non-spendable	\$ 1,472,121	\$ 1,186,384	\$ 831,098	\$ 730,784
Restricted	183,165	186,720	200,708	207,113
Committed ⁽¹⁾	1,000,000	1,000,000	666,667	333,334
Assigned	5,119,574	3,194,815 ⁽¹⁾	3,186,632	4,963,231
Unassigned	<u>11,694,539</u>	<u>14,061,310</u>	<u>16,987,905</u>	<u>18,169,931</u>
Total general fund	<u>\$ 19,469,399</u>	<u>\$ 19,629,229</u>	<u>\$ 21,873,010</u>	<u>\$ 24,404,393</u>
All Other Governmental funds				
Non-spendable	\$ 167,214	\$ 170,364	\$ 172,864	\$ 174,964
Restricted	22,495,728	22,620,233	24,203,945	26,956,273
Assigned	2,257,553	4,589,785	5,113,249	7,377,387
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 24,920,495</u>	<u>\$ 27,380,382</u>	<u>\$ 29,490,058</u>	<u>\$ 34,508,624</u>

(1) Reflects the reduction in subsequent year budget for assigned.

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 2,148,039	\$ 1,799,305	\$ 1,401,141	\$ 1,131,734	\$ 962,345	\$ 683,615
1,116,417	2,229,066	991,527	943,367	923,849	925,818
-	-	-	-	-	-
3,979,201	6,980,155	3,127,510	4,157,260	3,971,078	4,885,751
<u>25,000,485</u>	<u>29,353,925</u>	<u>35,046,863</u>	<u>36,730,023</u>	<u>37,851,608</u>	<u>47,039,514</u>
<u>\$ 32,244,142</u>	<u>\$ 40,362,451</u>	<u>\$ 40,567,041</u>	<u>\$ 42,962,384</u>	<u>\$ 43,708,880</u>	<u>\$ 53,534,698</u>
\$ 187,314	\$ 191,364	\$ 192,864	\$ 199,714	\$ 209,364	\$ 212,164
30,276,780	31,128,079	36,922,134	38,188,902	76,987,712	63,297,853
8,447,113	9,302,209	11,417,048	13,271,249	15,852,145	24,037,423
<u>(1,427,857)</u>	<u>(1,110,505)</u>	<u>(794,399)</u>	<u>(317,865)</u>	<u>-</u>	<u>-</u>
<u>\$ 37,483,350</u>	<u>\$ 39,511,147</u>	<u>\$ 47,737,647</u>	<u>\$ 51,342,000</u>	<u>\$ 93,049,221</u>	<u>\$ 87,547,440</u>

CITY OF MELBOURNE, FLORIDA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues				
Taxes				
Property	\$ 24,328,815	\$ 25,652,370	\$ 28,762,101	\$ 30,875,437
Utility and telecommunications	11,360,611	11,394,026	11,473,828	11,523,700
Franchise fees	6,614,483	6,785,031	6,668,887	6,873,844
Intergovernmental	14,472,033	15,963,669	16,891,197	16,647,167
Charges for services	8,575,679	9,255,551	9,566,648	9,323,674
Impact fees	1,867,890	659,517	763,169	1,640,134
Licenses and permits	2,635,612	2,562,653	3,401,098	3,993,327
Confiscated property	144,431	15,436	12,290	7,242
Fines, forfeitures, penalties and fees	318,348	276,967	259,230	241,941
Investment earnings (loss)	115,967	358,728	635,748	489,895
Perpetual care endowment additions	1,600	3,150	2,500	2,100
Other revenues	1,064,968	1,170,249	900,680	1,015,978
Total revenues	<u>71,500,437</u>	<u>74,097,347</u>	<u>79,337,376</u>	<u>82,634,439</u>
Expenditures				
General government	14,736,194	14,868,874	15,817,777	16,318,633
Public safety	41,033,892 ⁽¹⁾	41,143,272	42,479,210	43,548,485
Public works	8,261,768	7,148,771	8,247,008	9,381,894
Parks and recreation	5,995,492	5,810,118	6,322,634	6,314,782
Housing and urban improvement	1,799,654	1,218,370	1,201,873	1,173,495
Capital outlay	3,422,444 ⁽²⁾	2,916,863	2,349,466	2,297,239
Debt service				
Principal	983,256	1,026,761	890,721	926,151
Interest	453,032	409,983	370,865	334,598
Bond issuance costs	-	-	-	-
Total expenditures	<u>76,685,732</u>	<u>74,543,012</u>	<u>77,679,554</u>	<u>80,295,277</u>
Excess of revenues over (under) expenditures	<u>(5,185,295)</u>	<u>(445,665)</u>	<u>1,657,822</u>	<u>2,339,162</u>
Other financing sources (uses)				
Revenue bonds issued	-	-	-	-
Debt issue expense	-	-	-	-
Leases (as lessee)	1,194,795 ⁽³⁾	-	-	-
Subscriptions	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-
Sale of capital assets	38,504	102,170	45,208	139,018
Insurance recoveries	-	291,195	-	-
Transfers in	7,748,928	7,871,803	6,194,572	10,283,963
Transfers out	(5,169,818)	(5,199,786)	(3,544,145)	(5,212,194)
Other Expenditures	-	-	-	-
Total other financing sources (uses)	<u>3,812,409</u>	<u>3,065,382</u>	<u>2,695,635</u>	<u>5,210,787</u>
Net change in fund balances	<u>\$ (1,372,886)</u>	<u>\$ 2,619,717</u>	<u>\$ 4,353,457</u>	<u>\$ 7,549,949</u>
Debt service as a percentage of noncapital expenditures	2.0%	2.1%	1.7%	1.7%

- (1) Purchase of fire truck and police video system, contractual salary increases and increased workers compensation medical claims.
- (2) Capital outlay is reported in the function in the general fund in the Statement of Revenues, Expenditures and Changes in Fund Balances, Governmental Funds.
- (3) Purchase of aerial fire truck and police video system.
- (4) Non-Ad Valorem Refunding Revenue Note, Series 2018, was issued to refund the Public Service/Utility Tax Revenue Bonds, Series 2003, Subordinate Electric Utility Tax Revenue Notes, Series 2005 and Series 2006.
- (5) Increase is due to fair market value adjustment and interest earnings.
- (6) Downtown CRA Revenue Note, Series 2020, issued to finance loan for the redevelopment incentive to Highline Apartments.
- (7) General Obligation Bonds, Series 2022, issued to finance new police headquarters building.
- (8) Increase is due to Insurance Premium Tax for Police and Fire Pension and increase in retirement.
- (9) Purchase of police body worn and vehicle cameras.
- (10) Right to use software subscriptions, GASB 96 implementation.

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$	31,455,964	\$ 34,573,821	\$ 37,584,468	\$ 38,264,108	\$ 41,618,002	\$ 47,477,898
	11,992,531	11,966,296	11,990,191	12,435,162	13,195,286	14,932,527
	7,035,821	7,154,634	6,855,830	7,214,333	8,555,628	9,495,678
	20,684,026	26,401,911	20,332,261	21,499,415	25,374,338	26,536,925
	9,177,758	8,508,486	9,787,764	10,033,471	10,344,834	11,247,333
	2,045,713	1,870,525	1,277,900	2,081,001	1,989,613	1,263,086
	3,411,519	3,381,036	3,995,498	4,547,173	4,137,903	4,306,483
	96,329	317,554	16,129	36,852	73,850	24,856
	248,616	230,963	223,649	370,287	335,470	176,143
	521,092	3,272,783 ⁽⁵⁾	3,219,672	295,545	(4,738,094)	5,584,036
	12,350	4,050	1,500	6,850	9,650	2,800
	<u>1,021,276</u>	<u>1,158,861</u>	<u>1,171,586</u>	<u>1,055,413</u>	<u>1,318,503</u>	<u>1,479,835</u>
	<u>87,702,995</u>	<u>98,840,920</u>	<u>96,456,448</u>	<u>97,839,610</u>	<u>102,214,983</u>	<u>122,527,600</u>
	16,442,112	17,197,290	18,733,347	20,210,664	19,016,776	19,531,471
	40,941,520	43,548,638	44,685,896	47,548,679	51,753,887	56,083,048 ⁽⁸⁾
	9,259,707	10,605,320	11,215,669	8,560,357	8,711,059	8,407,977
	6,294,569	6,733,844	8,366,146	9,668,028	9,954,699	10,557,724
	1,644,592	1,778,928	1,508,004	2,023,613	1,713,394	1,606,069
	6,338,533	11,623,518	7,970,180	8,624,785	11,850,393	26,410,337
	963,078	1,019,493	725,000	740,000	1,050,272	2,428,113
	336,450	239,286	193,741	207,138	173,317	1,928,960
	-	-	-	-	233,048	-
	<u>82,220,561</u>	<u>92,746,317</u>	<u>93,397,983</u>	<u>97,583,264</u>	<u>104,456,845</u>	<u>126,953,699</u>
	<u>5,482,434</u>	<u>6,094,603</u>	<u>3,058,465</u>	<u>256,346</u>	<u>(2,241,862)</u>	<u>(4,426,099)</u>
	6,490,000 ⁽⁴⁾	-	2,400,000 ⁽⁶⁾	-	39,069,396 ⁽⁷⁾	-
	-	-	(35,000)	-	-	-
	-	-	-	473,896	-	3,248,253 ⁽⁹⁾
	-	-	-	-	-	265,898 ⁽¹⁰⁾
	(6,444,782) ⁽⁴⁾	-	-	-	-	-
	1,788,439	235,510	150,923	292,666	315,365	159,218
	-	-	-	-	-	-
	12,436,680	12,891,334	20,145,676	17,165,642	16,623,887	23,349,398
	(8,938,296)	(9,075,341)	(17,073,953)	(12,161,262)	(11,313,069)	(18,272,631)
	-	-	-	(27,592)	-	-
	<u>5,332,041</u>	<u>4,051,503</u>	<u>5,587,646</u>	<u>5,743,350</u>	<u>44,695,579</u>	<u>8,750,136</u>
\$	<u>10,814,475</u>	<u>10,146,106</u>	<u>8,646,111</u>	<u>5,999,696</u>	<u>42,453,717</u>	<u>4,324,037</u>
	1.7%	1.6%	1.1%	1.1%	1.40%	4.88%

SCHEDULE 5

**CITY OF MELBOURNE, FLORIDA
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property ⁽¹⁾</u>	<u>Less: Tax Exempt Property ⁽²⁾</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
2014	2,705,952,860	2,603,573,641	1,864,230,555	3,445,295,946	7.3126	3,828,106,607	90%
2015	3,022,128,940	2,653,608,626	2,059,322,942	3,616,414,624	7.3125	4,018,238,471	90%
2016	3,367,691,320 ⁽³⁾	2,745,036,807 ⁽³⁾	2,247,871,092	3,864,857,035	7.6886	4,294,285,594	90%
2017	3,714,336,280	3,025,602,111	2,570,334,211	4,169,604,180	7.6886	4,632,893,533	90%
2018	4,278,357,730	3,408,427,908	3,128,614,611	4,558,171,027	7.1878	5,064,634,474	90%
2019	4,898,171,590	3,619,074,907	3,543,891,991	4,973,354,506	7.1878	5,525,949,451	90%
2020	5,271,224,050	3,864,818,169	3,719,476,252	5,416,565,967	7.1878	6,018,406,630	90%
2021	5,444,628,510	4,313,909,805	3,999,028,704	5,759,509,611	6.8685	6,399,455,123	90%
2022	5,940,387,010	6,884,225,367	5,918,807,031	6,905,805,346	7.0519	7,673,117,051	90%
2023	8,069,945,420	5,993,680,717	6,304,197,347	7,759,428,790	7.1336 ⁽⁴⁾	8,621,587,544	90%

Source: Brevard County Property Appraiser, Florida Department of Revenue

- (1) Includes utility, railroad and tangible property.
- (2) Includes agricultural, governmental, renewable energy source, widows, widowers, institutional, disability, and homestead exemptions.
- (3) Brevard County Property Appraiser changed format in deliverance of reference materials, amounts from 2016 forward are calculated in a different manner than prior years.
- (4) Includes Operating Rate and Debt Service Rate

CITY OF MELBOURNE, FLORIDA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(rate per \$1,000 of assessed value)

Fiscal Year	City of Melbourne Direct Rates		Overlapping Rates			Total Direct & Overlapping Rates
	Operating Rate	Debt Service Rate	School Rate	County Rate	Multi- County ⁽¹⁾ Rate	
2014	7.3126	0.0000	7.6060	6.3979	0.4752	21.7917
2015	7.3125	0.0000	7.3390	6.2310	0.4633	21.3458
2016	7.6886	0.0000	7.2750	6.0692	0.4412	21.4740
2017	7.6886	0.0000	6.9160	5.8548	0.4212	20.8806
2018	7.1878	0.0000	6.5680	5.6025	0.3981	19.7564
2019	7.1878	0.0000	6.2990	5.3540	0.3759	19.2167
2020	7.1878	0.0000	6.0860	5.1891	0.3565	18.8194
2021	6.8685	0.0000	5.9420	4.9681	0.3403	18.1189
2022	7.0519	0.0000	5.4950	4.1716	0.3067	17.0252
2023	6.7490	0.3846	5.4950	4.1716	0.3067	17.1069

Source: Brevard County Tax Collector

-1 Includes Florida Inland Navigation District, Sebastian Inlet District and St. Johns River Water Management District.

SCHEDULE 7

**CITY OF MELBOURNE, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

<u>Taxpayer</u>	<u>2023</u>			<u>2014</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Melbourne Airport Authority	\$ 159,850,604	1	2.06%	\$ 79,825,850	1	2.32%
Health First Physicians Real Estate ⁽¹⁾	47,082,300	2	0.61%	20,600,000	5	0.60%
MPT of Melbourne-Steward, LLC	46,884,330	3	0.60%			0.82%
L3Harris ⁽²⁾	38,399,030	4	0.49%	24,650,000	3	0.72%
Melbourne Addison Preserve	38,056,380	5	0.49%			
Melbourne Square, LLC ⁽³⁾	33,960,890	6	0.44%	31,350,000	2	0.91%
City Harbor AL LP	31,625,450	7	0.41%			
Wickham Road Owner LLC	28,331,600	8	0.37%			
Preserve at Longleaf Partners, LLC	26,178,900	9	0.34%	16,000,000	7	0.46%
We Harbour	25,256,160	10	0.33%			
Wal-Mart				16,800,040	6	0.49%
Melbourne HMA, LLC				24,458,790	4	0.71%
KRC Melbourne, LTD				14,157,780	8	0.41%
Northland Caribbean Isle, LLC ⁽⁴⁾				13,915,000	9	0.40%
Gray Property LLC				<u>13,673,000</u>	10	<u>0.39%</u>
	<u>\$ 475,625,644</u>		<u>6.14%</u>	<u>\$ 255,430,460</u>		<u>8.23%</u>

(1) Formerly reported as MIMA Real Estate, LLC; Health First and MIMA merged in 2013.

(2) Harris Corporation and L3 merged as of June 29, 2019.

(3) Formerly reported as Melbourne- JCP Assoc., LTD.

(4) Formerly reported as SIMA/Caribbean Isle LLC.

Source: Brevard County Property Appraiser

**CITY OF MELBOURNE, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended September 30	Tax Levy for Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$ 25,195,071	\$ 24,243,698	96.22%	\$ 34,033	\$ 24,277,731	96.36%
2015	26,452,857	25,528,131	96.50%	37,537	25,565,667	96.65%
2016	29,715,340	28,647,578	96.41%	34,454	28,682,032	96.52%
2017	32,127,957	30,738,701	95.68%	49,949	30,875,437	96.10%
2018	32,780,176	31,288,782	95.45%	26,799	31,455,964	95.96%
2019	35,746,579	34,431,758	96.32%	31,573	34,463,332	96.41%
2020	38,933,193	37,457,349	96.21%	36,172	37,493,521	96.30%
2021	39,559,192	38,117,048	96.35%	34,486	38,151,535	96.44%
2022	42,079,643	41,436,795	98.47%	(316)	41,436,478	98.47%
2023	49,229,141	47,349,389	96.18%	-	47,349,389	96.18%

Sources: Brevard County Property Appraiser and City of Melbourne Financial Services.

(1) Beginning 2023, tax levy includes voter approved Series 2022 General Obligation Bonds debt service millage.

SCHEDULE 9

**CITY OF MELBOURNE, FLORIDA
WATER AND SEWER CONSUMPTION, RATES AND REVENUE
LAST TEN FISCAL YEARS**

Fiscal Year	Gallons of Water Consumed ⁽¹⁾	Water Revenue ⁽⁴⁾	Total Direct Rate		Gallons of Sewer Treated ⁽¹⁾	Sewer Revenue ⁽⁴⁾	Total Direct Rate	
			Water Base Rate ⁽²⁾	Water Usage Rate ⁽³⁾			Sewer Base Rate ⁽²⁾	Sewer Usage Rate ⁽³⁾
2014	4,672,892	\$ 28,638,534	\$ 7.58	\$ 4.33	2,127,061	\$ 19,292,642	\$ 11.21	\$ 6.49
2015	4,643,892	30,412,363	8.00	4.57	2,136,767	20,527,181	11.83	6.85
2016	4,768,201	30,984,020	8.00	4.57	2,214,882	20,817,696	11.83	6.85
2017	4,878,231	31,527,010	8.00	4.57	2,235,262	20,838,145	11.83	6.85
2018	4,768,179	31,246,858	8.00	4.57	2,208,216	21,000,231	11.83	6.85
2019	4,598,198	30,416,642	8.00	4.57	2,210,571	20,942,547	11.83	6.85
2020	4,784,495	31,268,642	8.00	4.57	2,178,786	20,945,200	11.83	6.85
2021	4,939,804	31,882,976	8.00	4.57	2,206,710	21,075,990	11.83	6.85
2022	5,011,647	32,851,819	8.00	4.57	2,224,695	21,056,012	11.83	6.85
2023	5,096,511	34,481,592	9.12 ⁽⁵⁾	5.21 ⁽⁵⁾	2,300,107	22,876,666	13.49 ⁽⁵⁾	7.81 ⁽⁵⁾

Source: City Water and Sewer Department

- (1) Gallons are presented in thousands.
- (2) Rates are based on one equivalent residential connection (ERC) at the inside City rate.
- (3) Per 1,000 gallons of metered water at the inside City rate.
- (4) Revenues are not adjusted for bad debt.
- (5) Rates effective July 1, 2023.

CITY OF MELBOURNE, FLORIDA
PRINCIPAL WATER AND SEWER CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO

<u>Water Customer</u>	2023			2014		
	<u>Water Revenue</u>	<u>Rank</u>	<u>Percentage of Total Water Revenue</u>	<u>Water Revenue</u>	<u>Rank</u>	<u>Percentage of Total Water Revenue</u>
City of West Melbourne	\$ 4,817,178	1	13.97%	\$ 3,048,983	1	10.65%
Holmes Regional Medical Center	343,538	2	1.00%	369,847	2	1.29%
Florida Institute of Technology	304,308	3	0.88%	267,202	3	0.93%
School Board of Brevard County	234,484	4	0.68%	214,306	4	0.75%
Northrop Grumman Systems Corp	137,470	5	0.40%			
Steward Melbourne Hospital, Inc.	119,606	6	0.35%			
Titan Florida	106,384	7	0.31%			
We Harbours LLC	104,916	8	0.30%	92,085	6	0.32%
The Meadows	103,902	9	0.30%			
Manufactured Home Communities	94,377	10	0.27%	70,371	9	0.25%
DW MLB H LLC				153,822	5	0.54%
L3Harris ⁽¹⁾				90,203	7	0.31%
Brevard County				77,102	8	0.27%
Eastern Florida State College				68,822	10	0.24%
Total	6,366,163		18.46%	\$ 4,452,743		15.55%

<u>Sewer Customer</u>	2023			2014		
	<u>Sewer Revenue</u>	<u>Rank</u>	<u>Percentage of Total Sewer Revenue</u>	<u>Sewer Revenue</u>	<u>Rank</u>	<u>Percentage of Total Sewer Revenue</u>
Holmes Regional Medical Center	\$ 513,585	1	2.25%	\$ 552,829	1	2.87%
Florida Institute of Technology	454,344	2	1.99%	402,041	2	2.08%
Northrop Grumman Systems Corp	205,460	3	0.90%			
School Board of Brevard County	197,605	4	0.86%	188,702	3	0.98%
Steward Melbourne Hospital	178,789	5	0.78%			
We Harbours LLC	156,807	6	0.69%	138,113	4	0.72%
The Meadows	155,339	7	0.68%			
Manufactured Home Communities	141,158	8	0.62%	105,194	6	0.55%
Manatee Cove Apts LLC	134,177	9	0.59%			
Melbourne Hotel XL LLC	131,897	10	0.58%			
L3Harris ⁽¹⁾				134,162	5	0.70%
Eastern Florida State College				102,907	7	0.53%
Landmark at Grand Meadow LLC				101,313	8	0.53%
Rockwell-Collins ⁽²⁾				100,789	9	0.52%
HHP-Melbourne LLC				98,700	10	0.51%
Total	\$ 2,269,161		9.94%	\$ 1,924,750		9.98%

Source: City Water and Sewer Department

(1) Harris Corporation and L3 merged as of June 29, 2019.

(2) Rockwell Collins was bought by UTC on November 27, 2018 and the name changed to Collins Aerospace.

**CITY OF MELBOURNE, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities						
	1994 Sales Tax Bonds	2003 Utility Tax Bonds	2003 Gas Tax Bonds	2005 & 2006 Electric Utility Tax Note	Redevelopment Bonds	2018 Non-Ad Valorem Note	2020 Redevelopment Note
2014	\$ 170,000	\$ 297,460	\$ 639,304	\$ 8,750,000	\$ 679,259	\$ -	\$ -
2015	-	238,385	521,153	8,196,000	553,724	-	-
2016	-	176,976	398,335	7,620,000	423,230	-	-
2017	-	113,142	270,666	7,021,000	287,582	-	-
2018	-	-	137,954	-	146,576	6,490,000	-
2019	-	-	-	-	-	5,755,000	-
2020	-	-	-	-	-	5,030,000	2,400,000
2021	-	-	-	-	-	4,290,000	2,400,000
2022	-	-	-	-	-	3,535,000	2,290,000
2023	-	-	-	-	-	2,765,000	2,175,000

Fiscal Year	Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
2014	\$ 129,544,759	6.64%	\$ 1,659
2015	124,670,414	6.67%	1,566
2016	123,457,255	6.01%	1,535
2017	117,250,352	5.59%	1,448
2018	111,694,632	4.97%	1,361
2019	104,972,726	4.43%	1,259
2020	100,808,418	4.78%	1,194
2021	97,059,321	3.93%	1,131
2022	131,982,023	5.14%	1,517
2023	133,829,748	4.46%	1,527

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(1) Population and personal income data can be found in Schedule 15.

Governmental Activities			Business-type Activities		
2022 General Obligation Bond	Leases	Subscriptions	Water and Sewer Bonds	Leases	State Revolving Fund Loans
\$ -	\$ 1,492,237	\$ -	\$ 111,594,173	\$ 329,148	\$ 5,593,178
-	1,138,327	-	107,951,135	188,385	5,883,305
-	782,969	-	102,850,644	551,064	10,654,037
-	568,841	-	98,004,834	392,944	10,591,343
-	364,859	-	93,880,767	258,769	10,415,707
-	301,080	-	88,913,402	121,010	9,882,234
-	235,725	-	83,807,285	-	9,335,408
-	524,466	-	81,069,963	-	8,774,892
39,069,396	339,195	-	74,598,990	-	12,149,442
37,570,841	2,919,279	258,847	69,475,518	-	18,665,263

SCHEDULE 12

**CITY OF MELBOURNE, FLORIDA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year	2022 General Obligation Bonds	Percentage of Actual Taxable Value of Property ⁽¹⁾	Per Capita ⁽²⁾
2022	\$ 39,069,396	0.57%	\$ 449
2023	\$ 37,570,841	0.48%	\$ 429

(1) Property value data can be found in Schedule 5.

(2) Population can be found in Schedule 15.

Florida Statutes does not limit debt issued by municipalities.

**CITY OF MELBOURNE, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2023**

<u>Governmental Unit</u>	<u>Debt Outstanding ⁽¹⁾</u>	<u>Estimated Percentage Applicable ⁽¹⁾</u>	<u>City's Share of Overlapping Debt</u>
Debt repaid with property taxes			
Brevard County General Obligation Debt	\$ 2,835,000	12.78 % ⁽²⁾	\$ 362,313
South Brevard Recreation Special District	9,855,000	21.66 ⁽²⁾	2,134,593
Other debt			
Brevard County Sales Tax Bonds	5,140,000	9.78 ⁽³⁾	<u>502,692</u>
Subtotal, overlapping debt			<u>2,999,598</u>
City of Melbourne direct debt			
General Obligation Bond and Unamortized Premium			37,570,841
Leases			2,919,279
Subscriptions			258,847
Public Improvement Bonds and Notes			<u>4,940,000</u>
Subtotal, direct debt			<u>45,688,967</u>
Total direct and overlapping debt			<u><u>\$ 48,688,565</u></u>

Notes: Overlapping governments are local and county governments that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Melbourne. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

(*) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's assessed value that is within the City's boundaries and dividing it by each unit's total assessed value. The applicable percentage of Brevard County Sales Tax Bonds based on the State of Florida sales tax percentage for the City of Melbourne.

Sources:

- (1) Brevard County Clerk of Court.
- (2) Assessed value data used to estimate applicable percentages is provided by the Brevard County Property Appraiser.
- (3) Florida Department of Revenue provided percentage of sales tax the City receives.

**CITY OF MELBOURNE, FLORIDA
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year	Pledged Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
1994 Sales Tax Bonds						
2014	\$ 3,896,683 ⁽¹⁾	-	\$ 3,896,683	\$ 160,000	\$ 12,500	22.59
2015	4,158,771	-	4,158,771	170,000	4,250	23.87
⁽¹⁾ Pledged revenues include local government 1/2 cent sales tax.						
2003 Utility Tax Bonds						
2014	\$ 7,393,614 ⁽²⁾	-	\$ 7,393,614	\$ 56,830	\$ 13,988	104.40
2015	7,543,411	-	7,543,411	59,075	11,725	106.55
2016	7,853,722	-	7,853,722	61,409	9,416	110.89
2017	8,076,949	-	8,076,949	63,834	6,990	114.04
⁽²⁾ Pledged revenues include electric utility taxes and gas utility taxes.						
2005 & 2006 Subordinate Electric Utility Tax Revenue Note						
2014	\$ 7,030,112 ⁽³⁾	-	\$ 7,030,112	\$ 532,000	\$ 359,519	7.89
2015	7,172,554	-	7,172,554	554,000	337,972	8.04
2016	7,488,265	-	7,488,265	576,000	315,426	8.40
2017	7,701,350	-	7,701,350	599,000	291,983	8.64
⁽³⁾ Pledged revenues include electric utility taxes.						
2003 Gas Tax Bonds						
2014	\$ 2,493,210 ⁽⁴⁾	-	\$ 2,493,210	\$ 113,661	\$ 29,730	17.39
2015	2,643,746	-	2,643,746	118,151	25,202	18.44
2016	2,926,058	-	2,926,058	122,818	20,585	20.40
2017	3,229,498	-	3,229,498	127,669	15,734	22.52
2018	3,165,499	-	3,165,499	132,712	10,691	22.07
2019	3,424,299	-	3,424,299	137,945	5,521	23.87
⁽⁴⁾ Pledged revenues include local option gas taxes.						

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Fiscal Year	Pledged Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
2003 Downtown Community Redevelopment Agency Bonds						
2014	\$ 907,221 ⁽¹⁾	\$ -	\$ 907,221	\$ 120,765	\$ 31,600	5.95
2015	958,164	-	958,164	125,535	26,816	6.29
2016	1,054,035	-	1,054,035	130,494	21,857	6.92
2017	1,119,598	-	1,119,598	135,648	16,716	7.35
2018	1,173,441	-	1,173,441	141,006	11,343	7.70
2019	1,477,226	-	1,477,226	146,548	5,773	9.70

⁽¹⁾ Pledged revenues include Downtown Community Redevelopment Agency revenues.

2018 Non-Ad Valorem Refunding Revenue Note

2018	\$ 47,959,605 ⁽²⁾	\$ 24,654,560 ⁽³⁾	\$ 23,305,045	\$ -	\$ 30,242	770.62
2019	52,058,787	24,898,647	27,160,140	735,000	168,313	30.07
2020	50,261,696	24,591,774	25,669,922	725,000	148,072	29.40
2021	51,205,900	25,549,321	25,656,579	740,000	128,150	29.55
2022	50,750,543	28,055,135	22,695,408	755,000	107,594	26.31
2023	66,181,113	29,623,583	36,557,530	770,000	86,625	42.68

⁽²⁾ Pledged revenues include Non-Ad Valorem revenues.

⁽³⁾ Ad Valorem taxes less general government and public safety expenditures.

2020 Downtown Community Redevelopment Agency Bonds

2020	\$ 1,469,009 ⁽⁴⁾	\$ -	\$ 1,469,009	\$ -	\$ -	-
2021	1,456,140	-	1,456,140	-	53,863	27.03
2022	1,700,867	-	1,700,867	110,000	48,720	10.72
2023	2,096,479	-	2,096,479	115,000	46,487	12.98

⁽⁴⁾ Pledged revenues include Downtown Community Redevelopment Agency revenues.

2022 General Obligation Bonds

2022	\$ - ⁽⁵⁾	\$ -	\$ -	\$ -	\$ -	-
2023	2,584,800	-	2,584,800	765,000	1,761,971	1.02

⁽⁵⁾ Pledged revenues include Ad Valorem taxes and begin in FY 23.

**CITY OF MELBOURNE, FLORIDA
PLEDGED REVENUE COVERAGE (Continued)
LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
Water and Sewer System Bonds						
2014	\$ 51,620,232 ⁽¹⁾	\$ 27,386,863 ⁽²⁾	\$ 24,233,369	\$ 5,245,000	\$ 3,154,311	2.89 ⁽³⁾
2015	55,532,077	28,260,906	27,271,171	5,655,000	2,819,919	3.22
2016	56,501,605	30,210,477	26,291,128	5,680,000	2,775,716	3.11
2017	57,710,982	30,700,513	27,010,469	5,750,000	2,516,428	3.27
2018	60,696,591	30,327,884	30,368,707	5,695,000	2,449,248	3.73
2019	60,245,932	29,145,422	31,100,510	5,765,000	2,381,122	3.82
2020	60,697,233	34,276,474	26,420,759	5,835,000	2,302,300	3.25
2021	59,292,425	29,416,389	29,876,036	6,019,809	1,928,589	3.76
2022	59,108,128	33,803,615	25,304,513	6,390,772	1,844,518	3.07
2023	64,704,325	38,625,447	26,078,878	6,564,967	1,720,776	3.15

Notes:

- (1) Total gross operating revenues, grants, interest income (less construction interest income) and capital contributions up to pledged amount.
- (2) Total operating expenses, exclusive of depreciation and amortization, plus bad debt.
- (3) Required coverage is 1.15.

**CITY OF MELBOURNE, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population ⁽¹⁾	Personal Income (amounts expressed in thousands of dollars)	Per Capita Personal Income ⁽²⁾	Median Age ⁽²⁾	School Enrollment ⁽³⁾	Unemployment Rate ⁽⁴⁾
2014	78,088	1,952,044	24,998	44.9	12,965	6.3
2015	79,600	1,869,963	23,492	44.8	13,079	5.3
2016	80,419	2,054,866	25,552	45.1	12,993	5.1
2017	80,982	2,099,296	25,923	45.4	12,634	3.8
2018	82,040	2,248,060	27,402	45.7	12,380	3.0
2019	83,349	2,369,529	28,429	45.3	12,344	3.1
2020	84,402	2,109,881	24,998	44.9	11,589	5.5
2021	85,800	2,468,981	28,776	42.6	11,787	4.1
2022	87,007	2,569,055	30,940	42.7	11,904	2.6
2023	87,662	3,001,196	34,236	46.8	11,398	3.2

Sources:

- (1) Bureau of Economic and Business Research
- (2) Economic Development Commission of Florida's Space Coast
- (3) The School Board of Brevard County
- (4) Bureau of Labor Statistics

SCHEDULE 16

**CITY OF MELBOURNE, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2023			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Northrop Grumman	6,056	1	13.99%	1,552	6	4.21%
Walmart	1,713	2	3.96%	570	8	1.55%
L3Harris ⁽¹⁾	1,688	3	3.90%	2,029	3	5.51%
Collins Aerospace ⁽²⁾	1,600	4	3.70%	1,594	5	4.33%
Percepta	1,100	5	2.54%	1,411		3.83%
Health First, Inc. ⁽³⁾	604	6	1.40%	3,625	1	9.84%
PeopleReady Florida, Inc.	542	7	1.25%	645		1.75%
DRS Network and Imaging Systems LLC	391	8	0.90%	844		2.29%
STS Line Maintenance	300	9	0.69%			
Brevard Physician Associates, PLLC	267	10	0.62%			
Florida Institute of Technology				2,057	2	5.58%
School Board of Brevard County				1,745	4	4.74%
City of Melbourne				853	7	2.32%
Health Management Associates, Inc				555	9	1.51%
Eastern Florida State College				551	10	1.50%
Total	14,261		32.95%	18,031		48.96%

(1) Harris Corporation and L3 merged as of June 29, 2019.

(2) Rockwell Collins was bought by UTC on November 27, 2018 and the name changed to Collins Aerospace

(3) Health First and MIMA merged in 2013.

Source: Revenue Department

CITY OF MELBOURNE, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS ⁽¹⁾

Function/program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government	103	103	104	106 ⁽²⁾	106	108	109 ⁽²⁾	109	110	128
Police	239	239	239	241	237	246 ⁽⁴⁾	248 ⁽⁵⁾	250 ⁽⁵⁾	246 ⁽⁵⁾	250
Fire	164	165	165	167	165	169	172 ⁽⁵⁾	172	174	177
Public Works	65	65	65	64	64	66	67 ⁽⁵⁾	67	67	67
Parks and recreation	84	87 ⁽¹⁾	88	87	86	89 ⁽¹⁾	95 ⁽¹⁾	96	84	88
Housing and Urban Improvement	6	6	6	6	7	7	7	7	7	7
Water and Sewer System	178	179	183	186 ⁽³⁾	185	188 ⁽³⁾	189 ⁽³⁾	190 ⁽³⁾	189 ⁽³⁾	193
Stormwater Utility	4	4	4	4	4	5	5	5	5	5
Golf courses	<u>23</u>	<u>22</u>	<u>21</u>	<u>19</u>	<u>18</u>	<u>12</u>	<u>0 ⁽¹⁾</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	866	870	875	880	872	890	892	896	882	915
Component unit - Airport	49	52	55	60	61	62	63	60	60	60

Source: City of Melbourne Budget Department

- (1) In 2015, the Parks and Recreation department added three new positions to staff Wickham Park Community Center. In 2019, a new recreation aide position was created and positions were administratively transferred to the divisions to which they reported. In 2020, Golf Course Fund was transferred into the General Fund per Resolution 3936 passed at the June 9, 2020 City Council meeting. The 12 golf course positions were offset by a decrease in the part time summer positions that were not needed this year due to COVID-19.
- (2) In 2017, the Human Resources department and Human Resources director position were created. In 2020, the Financial Services department added one position.
- (3) In 2017, the Water and Sewer department added a three person valve and hydrant crew. In 2019, a two person valve maintenance crew was added. In 2020, Utility Billing & Collection added 1 new position. In 2021, the Wastewater Collection Division added a Utility Line Locator position.
- (4) The Police department created positions for a Police Lieutenant, Training Technician, Background Investigator, Accounts Payable Clerk, and Clerical Assistant.
- (5) The Police department added two positions in 2020 and 2021, the Fire department added three positions, and Traffic Engineering added one position to maintain service levels in 2020.

**CITY OF MELBOURNE, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

<u>Function/program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Police				
Physical arrests	3,315	2,895	2,938	2,941
Parking violations	1,099	886	581	437
Traffic violations	15,861	12,193	17,870	15,404
Fire				
Emergency responses	15,650	16,787	17,394	18,142
Fires extinguished	208	210	225	336
Inspections	5,298	3,972	5,555	6,204
Public works				
Resurfacing (miles)	7.22	-	3.05	18.27 ⁽¹⁾
New streets (miles)	-	-	-	-
Parks and recreation				
Auditorium (number of events)	162	195	199	176
Recreation centers (attendance)	71,089	67,717	222,066 ⁽²⁾	188,334
Tennis courts (attendance)	21,694	20,858	33,152 ⁽³⁾	26,930
Golf courses (rounds played)	80,151	73,833	83,617	71,780
Water				
Average number of accounts	57,487	57,766	58,108	58,215
Average daily consumption (gallons)	12,802,444	12,722,993	13,063,565	13,365,017
Sewer				
Average number of accounts	29,026	29,132	29,250	29,112
Average daily sewage treatment (gallons)	5,827,564	5,854,155	6,068,169	6,124,005

Sources: Various City departments.

- (1) The City contracted with a consultant to create a pavement management system and began implementation in fiscal year 16/17.
- (2) Higher recreation attendance due to first full year of operation of the Wickham Park Community Center and change in methodology in attendance calculation.
- (3) Tennis court attendance increase as a result of a change in methodology in how attendance is calculated.
- (4) Decrease in events and attendance due to COVID-19 closures.

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
2,675	2,390	2,428	2,698	2,864	2,158
287	304	170	357	302	261
12,644	10,486	10,702	13,061	11,853	7,123
17,810	18,628	17,769	18,400	18,927	19,461
268	205	232	250	250	233
5,474	6,259	6,658	6,234	5,174	8,274
2.72	7.00	10.63	6.82	8.41	4.70
3.10	0.84	0.12	0.08	-	-
205	198	104 ⁽⁴⁾	114	165	177
213,454	211,324	64,724 ⁽⁴⁾	281,111	188,215	158,320
27,743	18,046	18,114	31,630	18,796	26,753
76,671	75,702	76,897	69,593	64,059	81,806
58,393	58,725	59,110	59,433	59,604	59,566
13,063,505	12,597,803	13,108,205	13,533,710	13,730,539	13,963,044
29,277	29,389	29,435	29,633	29,688	29,614
6,049,908	6,056,360	5,969,275	6,045,782	6,095,054	6,301,663

SCHEDULE 19

**CITY OF MELBOURNE, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

<u>Function/program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol vehicles	146	142	142	148	142	130 ⁽³⁾	122 ⁽⁴⁾	140 ⁽⁵⁾	147	149
Fire stations	8	8	8	8	8	8	8	8	8	8
Public works										
Streets (miles)	286	284	291	290	293	294	296	296	295	295
Streetlights	8,415	8,460	8,460	8,460	8,460	8,460	8,460	8,460	8,460	8,460
Parks and recreation										
Acreage	570	570	570	570	570	570	521 ⁽²⁾	521	521	521
Special use facilities	7	7	7	6	6	6	6	6	6	6
Community parks	12	12	12	12	12	12	12	12	12	12
Neighborhood parks	27	27	27	27	27	28	29	29	29	29
Water										
Mains (miles)										
Water transmission	149	149	149	157	157	180 ⁽²⁾	170 ⁽²⁾	163	162	163
Water distribution	730	730	730	710	709	758 ⁽²⁾	754 ⁽²⁾	703	703	701
Storage tanks ⁽¹⁾										
Quantity	7	7	7	7	7	6	6	6	6	6
Capacity (thousands of gallons)	16,000	16,000	16,000	16,000	16,000	15,000	15,000	15,000	15,000	15,000
Sewer (miles)										
Gravity sewer mains	257	258	258	258	259	259	259	261	261	261
Force mains	53	57	57	57	57	57	59	61	59	61
Stormwater sewers	201	201	201	201	240 ⁽²⁾	221 ⁽²⁾	249 ⁽²⁾	249	249	249
Reclaimed -										
Water mains	34	34	34	34	35	36 ⁽²⁾	37 ⁽²⁾	37	37	38

Sources: Various City departments.

(1) 5th Street, Oak Street and Tradewinds tanks were demolished in 2013, Patrick SFB tank taken out of service in 2016, demolished in

(2) Updated per City GIS survey

(3) Previous years included vehicles that are not used for patrol.

(4) Four patrol vehicles were totaled in crashes and four were taken out of service.

(5) Increase reflects City Council's dedicated millage program to address public safety vehicle and equipment replacement.

SINGLE AUDIT SECTION

The Single Audit Section contains various independent auditors' reports and schedules as required by the Single Audit Act of 1996 for state and local governments that receive federal financial assistance and as required by Chapter 215.97, Florida Statutes for local governments that receive grants from State agencies.





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

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

We have audited, in accordance with 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Melbourne, Florida (the “City”), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated March 14, 2024.

Report Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

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

Melbourne, Florida

March 14, 2024



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INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE FLORIDA AUDITOR GENERAL

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

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited the City of Melbourne, Florida’s (the “City”) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs and state projects for the year ended September 30, 2023. The City’s major federal programs and state projects are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and Chapter 10.550, *Rules of the Florida Auditor General*. Our responsibilities under those standards and the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General* are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of the City’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs and state projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, *Rules of the Florida Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*. Accordingly, this report is not suitable for any other purpose.

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

Melbourne, Florida

March 14, 2024

**CITY OF MELBOURNE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE OF FLORIDA FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Federal/State Agency, Pass-through Entity, Federal Program/State Project	Assistance Listing/ CSFA No.	Contract/ Grant No.	Expenditures	Transfers to Subrecipients
Federal Programs:				
U.S. DEPARTMENT OF JUSTICE				
Edward Byrne Memorial Justice Assistance Grant (JAG) Program - 2021	16.738	15PBJA-21-GG-01320-JAGX	\$ 45,683	
Edward Byrne Memorial Justice Assistance Grant (JAG) Program - 2022	16.738	15PBJA-22-GG-02270-JAGX	35,616	
COVID-19 Coronavirus Emergency Supplemental Funding Program - 2020	16.034	2020-VD-BX-0184	73,500	
Total U.S. Department of Justice			154,799	
U.S. DEPARTMENT OF HOUSING				
Community Development Block Grants/Entitlement Grants - 2020	14.218	B-20-MC-12-0012	11,160	
Community Development Block Grants/Entitlement Grants - 2021	14.218	B-21-MC-12-0012	91,481	
Community Development Block Grants/Entitlement Grants - 2022	14.218	B-22-MC-12-0012	348,137	85,100
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	B-20-MW-12-0012	37,519	
Total Community Development Block Grants/Entitlement Grants Cluster			488,297	85,100
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				
Pass through Brevard County:				
Home Program Income	14.239	M-18-DC-12-00200	15,001	
Home Investment Partnerships Program - 2020	14.239	M-20-DC-12-00200	71,337	
Total Pass through Brevard County			86,338	
Total U.S. Department of Housing & Urban Development			574,635	
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Pass through State of Florida,				
Division of Emergency Management				
Disaster Relief -Public Assistance (Presidentially Declared Distasters) - Irma	97.036	PA-00-06-15-01-292	1,630	
Disaster Relief -Public Assistance (Presidentially Declared Distasters) - Dorian	97.036	Z1613	365,369	
Disaster Relief -Public Assistance (Presidentially Declared Distasters) - Ian	97.036	Z2992	327,121	
Disaster Relief -Public Assistance (Presidentially Declared Distasters) - Nicole	97.036	Z3692	124,210	
Hazard Mitigation Grant Program - Fire Station Hardening	97.039	4337-37-R	34,827	
Total Federal Emergency Management Agency			853,157	
U.S. ENVIRONMENTAL PROTECTION ACT				
Pass through Florida Department of Environmental Protection:				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW050950	7,440,267	
Total Drinking Water State Revolving Fund Cluster			7,440,267	
U.S. DEPARTMENT OF TREASURY				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SLT-3790	2,123,663	
Total U.S. Department of Treasury			2,123,663	
U.S. DEPARTMENT OF TRANSPORTATION				
Pass through Florida Department of Transportation				
Highway Planning and Construction - Melbourne Southwest Trail System from Stack Blvd to W.H. Jackson St	20.205	G1U04	36,095	
Highway Planning and Construction - NASA Boulevard from Gateway Drive to Eddie Allen Road	20.205	G1U05	38,774	
Total Highway Planning and Construction Program Cluster			74,869	
U.S. DEPARTMENT OF TRANSPORTATION				
Federal Aviation Administration				
Airport Improvement Program - ARFF Equipment	20.106	3-12-0046-57-2022	31,550	
Airport Improvement Program - ARFF Truck	20.106	3-12-0046-58-2022	629,594	
Airport Improvement Program - Terminal Upgrade/Fire Sprinklers-Plumbing	20.106	3-12-0046-60-2023	34,777	
Airport Improvement Program - Terminal Exp/Passenger Boarding Bridge Gate 9 (Ph 2)	20.106	3-12-0046-61-2023	3,765,576	
COVID-19 Airport Improvement Program - CRRSA Grant-Concession Relief	20.106	3-12-0046-053-2021	2,117,020	
COVID-19 Airport Improvement Program - ARPA	20.106	3-12-0046-055-2022	961,071	
Total Airport Improvement Program			7,539,588	
Total U.S. Department of Transportation			7,614,457	
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 18,760,978	\$ 85,100

Federal/State Agency, Pass-through Entity, Federal Program/State Project	Assistance Listing/ CSFA No.	Contract/ Grant No.	Expenditures	Transfers to Subrecipients
State Programs:				
FLORIDA HOUSING FINANCE CORPORATION				
State Housing Initiatives Partnership Program - 20/21	40.901		\$ 1,992	
State Housing Initiatives Partnership Program - 21/22	40.901		417,339	
State Housing Initiatives Partnership Program - 22/23	40.901		248,501	
State Housing Initiatives Partnership Program - 23/24	40.901		<u>12,663</u>	
Total Florida Housing Finance Corporation			<u>680,495</u>	
FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION				
Statewide Water Quality Restoration Projects - Melbourne Septic to Sewer Conversion Project	37.039	LPQ0015	29,295	
Statewide Water Quality Restoration Projects - Melbourne Septic to Sewer Conversion Project	37.039	LPA0116	42,339	
Statewide Water Quality Restoration Projects - Eau Gallie River Dam	37.039	LPA0115	184,052	
Statewide Water Quality Restoration Projects - Harbor City Treatment Train	37.039	LPA0189	<u>447,032</u>	
Total Florida Department of Environmental Protection			<u>702,718</u>	
FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY				
Economic Development Tax Refund, Tax Credit and Grant Program - Taxiway C Rehabilitation	40.043	G0068	163,675	
Economic Development Tax Refund, Tax Credit and Grant Program - Northside Exp-Infrastructure Development	40.043	G0068	<u>77,712</u>	
Total Florida Department of Economic Opportunity			<u>241,387</u>	
FLORIDA DEPARTMENT OF TRANSPORTATION				
Joint Participation Agreements				
Aviation Grant Programs - Vista Site Infrastructure Improvements	55.004	447465-1-94-02/G2D42	1,238,193	
Aviation Grant Programs - Northside Exp-St. Michael Place Ext	55.004	447465-1-94-01/G1M66	525,212	
Aviation Grant Programs - Apron Rehab/Expansion (DRA)	55.004	447465-2-A8-01/G1U41	<u>63,110</u>	
Total Florida Department of Transportation			<u>1,826,515</u>	
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>\$ 3,451,115</u>	<u>\$ -</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE OF FLORIDA FINANCIAL ASSISTANCE

NOTE A

The Schedule of Expenditures of Federal Awards and State of Florida Financial Assistance is a summary of the activity of the City's Federal and State award programs presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

NOTE B

The Uniform Guidance allows a City to elect a 10% de minimus indirect cost rate. For the year ended September 30, 2023, the City elected not to use the rate.

NOTE C

The City did not receive any noncash assistance during the year ended September 30, 2023.

Assistance Listing- Federal Grants
CSFA- State Grants



THE CITY OF MELBOURNE, FLORIDA
Schedule of Findings and Questioned Costs
Fiscal Year Ended September 30, 2023

Section I—Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified? ___ yes X none noted

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards and State Projects

Internal control over major federal programs and state projects:

- Material weakness(es) identified? ___ Yes X no
- Significant deficiency(ies) identified? ___ yes X none noted

Type of auditors’ report issued on compliance for major federal programs and state projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) and/or Chapter 10.557, Rules of the Auditor General? ___ yes X none noted

Identification of major federal programs and state projects:

<u>Federal Assistance Listing Numbers</u>	<u>Federal Program or Cluster</u>
20.106	Airport Improvement Program
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
<u>State CSFA Numbers</u>	<u>State Projects</u>
55.004	Aviation Grant Programs

Dollar threshold used to distinguish between type A and B programs was \$750,000 for major federal programs and for major state projects.

Auditee qualified as a low-risk auditee under 2 CFR 200.520? X yes no

THE CITY OF MELBOURNE, FLORIDA
Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2023

Section II—Financial Statement Findings

No matters were reported.

Section III—Federal Award Findings and Questioned Costs

No matters were reported.

Section IV—State Project Findings and Questioned Costs

No matters were reported.

Section V—Prior Findings and Questioned Costs for Federal Awards

2022-001 REVENUE AND RECEIVABLES

Status: Cleared



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INDEPENDENT AUDITOR’S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Melbourne, Florida, (the “City”) as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated March 14, 2024.

Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor’s Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant’s Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 14, 2024, 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 financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City of Melbourne, Florida was established by Chapter 69-879, Law of Florida, Special Acts 1969. The City included the following component units: Downtown Community Redevelopment Agency created under Ordinance No. 1982-38 on August 24, 1982, Babcock Street Community Redevelopment Agency created under Resolution No. 1529 on December 2, 1997, Olde Eau Gallie Riverfront Community Redevelopment Agency created under Resolution No. 1627 on September 12, 2000, and the Melbourne Orlando International Airport created by Ordinance No. 67-7.

Financial Condition and Management

Sections 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 has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City 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. It is management's responsibility to monitor the City'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 did not have any such recommendations

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.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6., Rules of the Auditor General, the Melbourne Orlando International Airport reported:

- a. The total number of District employees compensated in the last pay period of the District's fiscal year as **60**
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year as **0**
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency. **\$6,653,797**
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency. **\$60,125**
- e. Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin after October 1 of the fiscal year being reported, together with the total expenditures for such projects.

Project	Expenditures	Estimated Expenditures
50119 – Terminal – Plans PH 1.4,1.5, & 1.6	\$ 0	\$ 3,039,600
50120 – Taxiway S Improvements PH 1	0	3,400,000
50122 – Aerospace Dr Lift Station	0	185,000
50123 – Terminal Upgrade - Flooring	0	1,620,821
50220 – Perimeter Airfield Road Rehab	0	125,000
50223 – T-Hangars (Phase 1)	0	3,000,000
50320 – Passenger BB #5 Replacement	0	1,669,094
50419 – Replace Security System Design Ph 1	0	461,959
54119 – Terminal Exp-PBB (2 New)	0	3,024,427
54120 – Northside Expansion	0	11,948,515
54619 – Terminal Exp – Cute	0	232,234
Total	\$ 0	\$ 28,706,650

- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes:

	Original Budget	Final Budget	Airport Actuals	Variance with Final Budget- Positive/ (Negative)
OPERATING REVENUES				
Airfield and hangar fees	\$ 2,986,573	\$ 2,986,573	\$ 3,186,860	\$ 200,287
Terminal and area building fees	5,355,032	5,355,032	5,274,103	(80,929)
Commercial business center fees	10,023,684	10,023,684	10,012,817	(10,867)
Tropical Haven fees	2,070,900	2,070,900	2,061,477	(9,423)
International/U.S. Customs/Foreign trade zone fees	278,673	278,673	318,515	39,842
Other	37,423	37,423	56,686	19,263
Total operating revenues	20,752,285	20,752,285	20,910,458	158,173
OPERATING EXPENSES				
Salaries, wages and employee benefits	6,357,932	6,357,932	6,653,797	295,865
Contractual services, materials and supplies	16,754,913	17,471,635	16,671,858	(799,777)
Depreciation and amortization*	-	-	10,123,404	(10,123,404)
Total operating expenses	23,112,845	23,829,567	33,449,059	(10,627,316)
Operating loss	(2,360,560)	(3,077,282)	(12,538,601)	(10,469,143)
NONOPERATING REVENUES (EXPENSES)				
Federal and State grants	3,295,936	3,295,936	3,217,546	(78,390)
Passenger facility charges	1,502,016	1,502,016	1,498,725	(3,291)
Investment earnings	156,539	156,539	1,113,794	957,255
Customer facility charges	1,262,001	1,262,001	1,360,363	98,362
Interest expense	(312,500)	(312,500)	(306,935)	5,565
Gain on sale/disposal of capital assets	-	-	3,724	3,724
Other nonoperating revenue (expense)	(902,453)	(902,453)	(8,079)	894,374
Total nonoperating revenues (expenses)	5,001,539	5,001,539	6,879,138	1,877,599
Income before contributions	2,640,979	1,924,257	(5,659,463)	(3,735,206)
Capital contributions	-	-	6,882,387	6,882,387
Change in net position	2,640,979	1,924,257	1,222,924	(3,778,615)
Total net position, October 1	226,080,868	226,080,868	226,080,868	-
Total net position, September 30	\$ 228,721,847	\$ 228,005,125	\$ 227,303,792	\$ (701,333)

* The Airport does not budget for depreciation and amortization

To the Honorable Mayor and Members of City Council
City of Melbourne, Florida
Page Five

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7., Rules of the Auditor General, the Melbourne Orlando International Airport reported:

- a. The millage rate or rates imposed by the District. **None**
- b. The total amount of ad valorem taxes collected by or on behalf of the District. **None**
- c. The total amount of outstanding bonds issued by the District and the terms of such bonds as:
 - Melbourne Orlando International Airport, Series 2021A, interest at a fixed rate of 1.95% and maturing on May 1, 2031. **\$ 9,000,000**
 - Melbourne Orlando International Airport, series 2021B, interest at a fixed rate of 1.95% and maturing May 1, 2029. **\$ 6,000,000**

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7., Rules of the Auditor General, the Melbourne Orlando International Airport reported:

- a. The rate or rates of non-ad valorem special assessments imposed by the District as **None**
- b. The total amount of special assessments collected by or on behalf of the District as **None**
- c. The total amount of outstanding bonds issued by the District and the terms of such bonds as **None**

Additional Matters

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

Purpose of this Letter

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

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

Melbourne, Florida
March 14, 2024



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INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

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

We have examined the City of Melbourne, Florida’s (the “City”) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2023. Management is responsible for the City’s compliance with the specified requirements. Our responsibility is to express an opinion on the City’s compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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

In our opinion, the City complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2023.

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

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

Melbourne, Florida
March 14, 2024

SECONDARY MARKET DISCLOSURE SECTION

Rule 15c2-12 promulgated by the Securities and Exchange Commission requires certain ongoing disclosure of annual financial information and operating data for bonds sold on or after July 3, 1995. This section includes disclosures not found elsewhere in this Report for the following bonds:

- Water and Sewer Refunding Revenue Bonds, Series 2002B
- Water and Sewer Refunding and Improvement Revenue Bonds, Series 2012
- Water and Sewer Refunding Revenue Bonds, Series 2013
- Water and Sewer Refunding Revenue Bonds, Series 2016A
- Water and Sewer Refunding Revenue Bonds, Series 2016B
- Water and Sewer Improvement Revenue Bonds. Series 2021
- Water and Sewer Refunding Revenue Bonds, Series 2022





SECONDARY MARKET DISCLOSURE FOR THE YEAR ENDED SEPTEMBER 30, 2023

General

The City of Melbourne is required to provide ongoing disclosure for holders of its Water and Sewer Refunding Revenue Bonds, Series 2002B, Water and Sewer Refunding and Improvement Revenue Bonds, Series 2012, Water and Sewer Refunding Revenue Bonds, Series 2013, Water and Sewer Refunding Revenue Bonds, Series 2016A, Water and Sewer Refunding Revenue Bonds, Series 2016B, Water and Sewer Improvement Revenue Bonds, Series 2021, and Water and Sewer Refunding Revenue Bonds, Series 2022. Rule 15c2-12 promulgated by the Securities and Exchange Commission requires ongoing disclosure for bonds sold on or after July 3, 1995. This report provides financial and operational data as required by the Continuing Disclosure Certificate.

The City owns, operates, and maintains the Water and Sewer System (the “System”). Potable water is provided to two different service areas, one being the “Mainland,” consisting of all areas west of the Indian River, and the other being the “Beach,” consisting of all areas east of the west boundary of the Indian River. The System also recognizes two service areas, both located on the Mainland and identified as either being inside the incorporated limits of the City or outside the incorporated limits.

Existing Water System

The City presently provides water service to a customer base of approximately 150,000 persons. This service covers the municipal limits of the City (population of 87,662), plus wholesale service to West Melbourne, and retail service to Melbourne Village, Melbourne Beach, Indialantic, Satellite Beach, Indian Harbour Beach, Palm Shores, and a portion of unincorporated Brevard County.

The City’s two water production facilities consist of the Lake Washington Surface Water Production Facility with a production capacity of 20 million gallons per day (MGD) and the Reverse Osmosis Water Production Facility, with a production capacity of 5 MGD.

The City’s water distribution system consists of approximately 163 miles of six (6) to 36-inch diameter transmission mains, and about 701 miles of two (2) to six (6)-inch diameter distribution mains.

The top ten water customers of the System are:

Customer	Annual Revenue
City of West Melbourne ⁽¹⁾	\$4,817,178
Holmes Regional Medical Center	343,538
Florida Institute of Technology	304,308
School Board of Brevard County	234,484
Northrop Grumman Systems Corp	137,470
Steward Melbourne Hospital, Inc.	119,606
Titan Florida	106,384
We Harbours LLC	104,916
The Meadows	103,902
Manufactured Home Communities	94,377

(1) Pursuant to a bulk water sales agreement.

The table below summarizes the historical customer base and water demands for the City's water system service area.

Year	Historic Water Flows (MGD)		
	Number of Accounts ⁽¹⁾	Average Day Demand	Maximum Day Demand
2019	58,725	15.8	18.8
2020	59,110	16.6	19.9
2021	59,433	16.7	20.8
2022	59,604	17.9	20.9
2023	59,566	17.7	20.5

(1) Average number of accounts for each of the fiscal years ended September 30.

Existing Sewer System

The City currently owns and operates an extensive collection and transmission system. The System consists of approximately 261 miles of gravity and 61 miles of force collection mains, 96 lift stations, an inverted siphon and two (2) influent pump stations. The collection/transmission system transports the wastewater to two (2) wastewater treatment plants; the David B. Lee Water Reclamation Facility (the "D.B. Lee WRF" with a permitted capacity of 7.0 MGD) and the Grant Street Water Reclamation Facility (the "Grant Street WRF" with a permitted capacity of 5.5 MGD).

The top ten sewer customers of the System are:

Customer	Annual Revenue
Holmes Regional Medical Center	\$ 513,585
Florida Institute of Technology	454,344
Northrop Grumman Systems Corp	205,460
School Board of Brevard County	197,605
Steward Melbourne Hospital	178,789
We Harbours, LLC	156,807
The Meadows	155,339
Manufactured Home Communities	141,158
Manatee Cove Apts LLC	134,177
Melbourne Hotel XL Owner LLC	131,897

The table below summarizes the historical wastewater flows.

Year	Historic Wastewater Flows (MGD)			
	Number of Accounts ⁽¹⁾	D.B.Lee WRF	Grant Street WRF	Total Combined Flows
2019	29,389	4.33	3.17	7.50
2020	29,435	4.28	3.15	7.43
2021	29,633	4.22	3.16	7.38
2022	29,688	4.30	3.41	7.71
2023	29,614	4.40	3.57	7.97

(1) Average number of accounts for each of the fiscal years ended September 30.

Existing Reclaimed Water System

The City currently owns and operates a reclaimed water production and distribution system. The System consists of two reclaimed water production facilities, and approximately 38 miles of various sized reclaimed water distribution mains. In regards to reclaimed water production, the David B. Lee Water Reclamation Facility (the “D.B. Lee WRF”) has a production capacity of 4.0 MGD, while the Grant Street Water Reclamation Facility (the “Grant Street WRF”) has a production capacity of 2.0 MGD. The public access approved reclaimed water is applied via spray irrigation to City golf courses, City parks, commercial green space, medians/rights-of-way and residential areas. As of September 30, 2023, there were 640 accounts in the reclaimed water system, of which 461 were residential.

The table below summarizes the historical reclaimed water flows.

Historic Reclaimed Water Flows (MGD)				
Year	Number of Accounts ⁽¹⁾	D.B.Lee WRF	Grant Street WRF	Total Combined Flows
2019	642	1.91	0.52	2.43
2020	643	1.68	0.42	2.10
2021	649	1.70	0.58	2.28
2022	654	1.86	0.68	2.54
2023	640	1.76	0.63	2.39

(1) Average number of accounts for each of the fiscal years ended September 30.

Water Rates

The rate charged for potable water service to each customer consists of a monthly service charge based on the number of equivalent residential connections (ERCs) determined by the City periodically for the premise, which serves as the minimum bill, and a gallonage charge for each unit of one thousand (1,000) gallons or portion thereof. Such charges are due and payable on a monthly basis. The rates are charged based on the customer’s location. Customers located within the city limits of the City are charged the inside City rate. Customers located outside the city limits of the City are charged the outside City rate.

Effective Date	Rate per ERC – All Customers	
	Inside City	Outside City
October 1, 2022	\$ 8.00	\$ 8.80
July 1, 2023	9.12	10.03
October 1, 2024	9.85	10.83

In addition to the above established service charge, each customer pays a monthly gallonage charge per unit for each one thousand (1,000) gallons, or portion thereof, of water passed through the customer’s service meter in accordance with the schedule set forth below:

Effective Date	Inside City	Outside City
October 1, 2022	\$ 4.57	\$ 5.02
July 1, 2023	5.21	5.72
October 1, 2024	5.63	6.18

Sewer Rates

The rate charged for sewer service to each customer consists of a monthly service charge based on the number of equivalent residential connections (ERCs) being served at such connection as determined by the City periodically for the premise, which serves as the minimum bill, and a gallonage charge for each unit of one thousand (1,000) gallons or portion thereof. The rates charged are based on the customer's location. Customers located within the city limits pay the inside City rate. Customers located outside the city limits pay the outside City rate.

Effective Date	Rate per ERC – All Customers	
	Inside City	Outside City
October 1, 2022	\$ 11.83	\$ 14.78
July 1, 2023	13.49	16.85
October 1, 2024	14.57	18.20

Each customer connected to the City's sewer system to whom a monthly bill is rendered for water furnished by the water system of the City pays a charge per one thousand (1,000) gallons, or portion thereof, of water passed through the water meter for sewer services in accordance with the schedule set forth below:

Effective Date	Inside City	Outside City
October 1, 2022	\$ 6.85	\$ 8.56
July 1, 2023	7.81	9.76
October 1, 2024	8.43	10.54

Reclaimed Water Rates

All existing customers of reclaimed water who have active accounts on May 1, 2008, are charged a monthly service charge as follows:

Reclaimed Water Service Fees for Customers Active on May 1, 2008		
Effective Date	Rate for first ½ acre	Rate per acre of pervious area (after first ½ acre)
October 1, 2022	\$ 13.70	\$ 54.80
October 1, 2023	14.50	58.00
October 1, 2024	15.30	61.20

The rate charged for all new customers of reclaimed water after May 1, 2008 consists of a monthly service charge and a monthly gallonage charge. The rates for a ¾ meter in which 15,000 gallons are included in the service charge are as follows:

Reclaimed Water System Rates for New Customers	
Effective Date	Monthly service charge
October 1, 2022	\$ 8.55
October 1, 2023	9.00
October 1, 2024	9.60

In addition to the above established service charge, each customer pays a monthly gallonage charge for each 1,000 gallons, or a portion thereof, of reclaimed water that passes through the customer's service meter that is over and above the gallonage allocation as follows:

Gallonage Charges	
Effective Date	Monthly Charge
October 1, 2022	\$.57
October 1, 2023	.60
October 1, 2024	.64

Each customer requesting reclaimed water service from the City, prior to the installation of a flow meter for each connection to the reclaimed water main, pays the following amounts to defray the cost of the service provided:

Meter Size (Inches)	Reclaimed Water Connection Charge
¾	\$ 250
1	475
1-1/2	850
2	1,600
Over 2 inches	To be determined by the City on an individual basis

The full amount of the connection charge provided above must be paid prior to connection of each unit to the City's reclaimed water system. The meter shall be adequately sized to service the customer irrigation system.

Water Impact Fees

Each customer requesting capacity from the City's water system shall, prior to the installation of the connection to the water main, pay the following amounts to provide service to properties or customers and to all customers presently connected to the City's water system when additional development, structural changes, additions or changes in permitted use results in an additional impact to the City's water system. Water impact fees shall not be transferable from one property to another property.

(1) Single-family residence: All development which is considered an individually metered residential unit shall be considered one (1) ERC. The water impact fee per one (1) ERC shall be one thousand five hundred forty dollars (\$1,540).

(2) Multiple-family, condominium, mobile home trailer and motor home parks, including all related facilities not having individual water meter connections, or other multiple living units or developments of mobile-type homes: The water impact fees for each living unit served by a master meter shall be determined in accordance with the following schedule. If the development served by the master meter includes individually metered non-residential use, then the water impact fee for such individually metered non-residential use will be determined in addition to the applicable water impact fees as shown below for this customer designation.

	ERC Factor per Living Unit	Water Impact Fee
Duplex (1 or 2 Bedrooms)	0.833	\$ 1,283
Duplex (3 or more Bedrooms)	1.000	1,540
Multifamily (1 Bedroom)	0.583	898
Multifamily (efficiency less than 500 sq. ft.)	0.500	770
Multifamily (2 Bedrooms)	0.833	1,283
Multifamily (3 Bedrooms)	1.000	1,540
Mobile Home (1 or 2 Bedrooms)	0.667	1,027
Mobile Home (3 or more Bedrooms)	0.833	1,283

(3) Hotels and motels not having individual water connections: The water impact fees for each unit that is not individually metered shall be considered as 0.75 ERC's per unit. The water impact fee per each unit shall be one thousand one hundred fifty-five dollars (\$1,155) per unit.

(4) Housing for older persons not having individual water connections: The water impact fees for each unit of housing as defined by Florida Statute §760.29, as amended from time to time, that is not individually metered shall be considered as 0.75 ERC's per unit. The water impact fee per unit of housing shall be one thousand one hundred fifty-five dollars (\$1,155) per unit.

(5) Commercial customers: For all commercial and non-residential connections not specifically identified in one of the classifications listed above, the water impact fees shall be based on the average dependable daily capacity for the development of property identified by the applicant and as certified for the applicant by a registered Florida Professional Engineer using the City's potable water concurrency standards in Article IV, Chapter 3, Section 3.46 of Appendix D, Land Development Code and as approved by the city expressed on a gallons per day basis multiplied by \$6.417 per gallon of capacity. In no event will the water impact fee charged to a commercial customer property be less than one thousand five hundred forty dollars (\$1,540). For each commercial customer that is presently connected to the City's water system that constructs structural changes, additions, or changes in permitted use of such property that shall result in additional capacity impact to the City's water system, the water impact fee shall be based on the net increase in the average dependable daily capacity for the structural changes, additions, or changes in permitted use as determined above expressed on a gallons per day basis multiplied by \$6.417 per gallon of capacity.

To the extent that the average daily flow for a commercial connection during any consecutive twelve month period is greater than the average dependable daily capacity for which water impact fees have been paid, an additional water impact fee shall be assessed for the excess flow calculated in accordance with City code. No refund or credit shall be afforded to the owner of the property in the event that diminution of use occurs.

(6) Each customer requesting water service from the City shall, prior to the installation of a flow meter for each connection to the water main, pay the following amounts to defray the cost of the service provided:

Meter Size (Inches)	Water Connection Charge
¾	\$ 250
1	475
1-1/2	850
2	1,600
Over 2 inches	To be determined by the City on an individual basis

The full amount of the connection charge provided above must be paid prior to connection of each unit to the City's water system. The City reserves the right to determine the meter size that will be required for the service requested.

Sewer Impact Fees

Each customer requesting capacity from the City's sewer system, prior to connection to the system, pays the following amounts to provide service to properties and on all properties presently connected to the City's sewer system when structural changes, additions or changes in permitted use results in an additional impact to the City's sewer system. Sewer impact fees will not be transferable from one property to another property.

(1) Single-family residence: All development which is considered an individually metered residential unit shall be considered as one (1) ERC. The sewer impact fee per ERC shall be two thousand two hundred ten dollars (\$2,210).

(2) Multiple-family, condominium, mobile home trailer and motor home parks, including all related facilities not having individual sewer connections, or other multiple living units or developments of mobile type homes: The sewer impact fees for each living unit serviced by a master meter shall be determined in accordance with the following schedule. If the development served by the master meter includes individually metered non-residential use, then the sewer impact fee for such non-residential use will be determined in addition to the applicable sewer impact fees as shown on the next page for this customer designation.

	<u>ERC Factor per Living Unit</u>	<u>Sewer Impact Fee</u>
Duplex (1 or 2 Bedrooms)	0.833	\$ 1,841
Duplex (3 or more Bedrooms)	1.000	2,210
Multifamily (1 Bedroom)	0.583	1,288
Multifamily (efficiency less than 500 sq. ft.)	0.500	1,105
Multifamily (2 Bedrooms)	0.833	1,841
Multifamily (3 or more Bedrooms)	1.000	2,210
Mobile Home (1 or 2 Bedrooms)	0.667	1,474
Mobile Home (3 or more Bedrooms)	0.833	1,841

(3) Hotels and motels not having individual sewer connections: The sewer impact fee for each unit that is not individually metered shall be considered as 0.75 ERC's per unit. The sewer impact fee per each unit shall be one thousand six hundred fifty eight dollars (\$1,658) per unit.

(4) Housing for older persons not having individual sewer connections: The sewer impact fees for each unit of housing as defined by Florida Statute §760.29, as amended from time to time, that is not individually metered shall be considered as 0.75 ERC's per unit. The sewer impact fee per each unit of housing shall be one thousand six hundred fifty-eight dollars (\$1,658) per unit.

(5) Commercial customers: For all commercial and non-residential connections not specifically identified in one of the classifications listed above, the sewer impact fees shall be based on the average dependable daily capacity for the development or property identified by the applicant and as certified for the applicant by a registered Florida Professional Engineer using the City's potable water concurrency standards in Article IV, Chapter 3 of Appendix D, Land Development Code and as approved by the city expressed on a gallons per day basis multiplied by \$9.208 per gallon of capacity. In no event will the sewer impact fee charged to a commercial customer property be less than two thousand two hundred ten dollars (\$2,210). For each commercial customer that is presently connected to the City's sewer system that constructs structural changes, additions or changes in permitted use of such property that shall result in an additional capacity impact to the City's sewer system, the sewer impact fee shall be based on the net increase in the average dependable daily capacity for the structural changes, additions, or changes in permitted use as determined above expressed on a gallons per day basis multiplied by \$9.208 per gallon of capacity.

To the extent that the average daily flow for a commercial connection during a consecutive twelve month period is greater than the average dependable daily capacity for which sewer impact fees have been paid, an additional sewer impact fee shall be assessed for the excess flow calculated in accordance with City code. No refund or credit shall be afforded to the owner of the property in the event that a diminution of use occurs.

(6) Each customer requesting sewer service from the City shall be required to pay to the City an amount equal to the actual cost as determined by the City as incurred for any modification or extension of the sewer system required to provide sewer service to the property requiring such service. The minimum charge to be billed by the City for the cost of a sewer connection is one hundred dollars (\$100), regardless of meter size. The payment of the sewer connection charges shall be in addition to the payment of the sewer impact fees.

Comparison of Water and Sewer Rates (as of October 1, 2023)

Service Provider	Water charge			Sewer charge			Combined water and sewer charge									
	0 Gallons	2,000 Gallons	5,000 Gallons	0 Gallons	2,000 Gallons	5,000 Gallons	0 Gallons	2,000 Gallons	5,000 Gallons	10,000 Gallons	15,000 Gallons					
City of Melbourne	\$9.12	\$19.54	\$35.17	\$61.22	\$87.27	\$130.64	\$13.49	\$29.11	\$52.54	\$91.59	\$130.64	\$22.61	\$48.65	\$87.71	\$152.81	\$217.91
Brevard County	20.11	\$20.11	32.69	69.82	115.47	117.05	25.91	36.87	53.31	80.71	91.67	46.02	56.98	86.00	150.53	207.14
City of Cocoa	16.65	24.35	35.90	73.80	127.65	117.05	19.97	36.15	60.42	100.87	117.05	36.62	60.50	96.32	174.67	244.70
City of Palm Bay	15.88	24.00	36.18	62.48	98.93	95.07	24.37	38.51	59.72	95.07	95.07	40.25	62.51	95.90	157.55	194.00
City of Titusville	11.24	18.52	29.44	56.74	93.19	146.73	16.38	33.76	59.83	103.28	146.73	27.62	52.28	89.27	160.02	239.92
City of Vero Beach	13.32	15.34	24.47	44.77	77.28	90.01	28.33	38.61	54.03	79.73	90.01	41.65	53.95	78.50	124.50	167.29
City of West Melbourne	15.75	29.95	51.81	89.97	130.57	89.45	14.45	24.45	39.45	64.45	89.45	30.20	54.40	91.26	154.42	220.02


Data prepared by City of Melbourne Financial Services Department

Historical Bond Service Coverage	For Fiscal Years Ending September 30,				
	2019	2020	2021	2022	2023
Revenues					
Water sales	30,416,642	31,268,642	31,882,976	32,851,819	34,530,342
Sewer charges	20,942,547	20,945,200	21,075,990	21,056,012	22,881,566
Other revenues	3,364,006	4,082,916	2,359,507	2,656,118	3,210,416
Interest income	1,886,699	2,088,464	1,252,144	515,968	1,864,746
Total Operating Revenues⁽¹⁾	56,609,894	58,385,222	56,570,617	57,079,917	62,487,070
Operating Expense					
Salaries, wages and employee benefits	13,826,536	15,744,303	12,433,007	14,711,708	17,143,320
Other post employment benefits	(66,816)	(56,461)	19,394	19,287	11,594
Contractual services, materials, supplies	15,385,702	18,588,632	16,963,988	19,072,620	21,470,533
Total Operating Expense⁽¹⁾	29,145,422	34,276,474	29,416,389	33,803,615	38,625,447
Net Operating Income⁽¹⁾	27,464,472	24,108,748	27,154,228	23,276,302	23,861,623
Available Impact Fees⁽¹⁾	3,636,038	2,312,011	2,721,808	2,028,210	2,217,255
Available for Debt Service	\$31,100,510	\$26,420,759	\$29,876,036	\$25,304,512	\$26,078,878
Annual Debt Service Requirement					
Series 2002B	\$ 3,445,000	\$ 3,445,000	\$ 3,440,000	\$ 3,435,000	\$ 4,600,000
Series 2012	480,944	484,344	249,250	247,200	-
Series 2013	1,045,012	1,041,412	673,500	668,100	-
Series 2014	962,666	960,044	962,125	968,810	-
Series 2016A	1,489,250	1,483,250	1,486,000	1,487,000	1,486,250
Series 2016B	723,250	723,250	723,250	723,250	723,250
Series 2020 ⁽²⁾	-	-	412,755	270,903	-
Series 2021 ⁽²⁾	-	-	1,518	259,295	338,249
Series 2022 ⁽²⁾	-	-	-	175,732	1,137,994
Total Debt Service	\$ 8,146,122	\$ 8,137,300	\$ 7,948,398	\$ 8,235,290	\$ 8,285,743
Coverage					
Net Revenue 100% Test	337%	296%	342%	283%	288%
With Impact Fees 115% Test	382%	325%	376%	307%	315%

(1) Calculated according to the bond ordinance and therefor not consistent with GAAP.

(2) Prorated for current fiscal year due to November, 15 payment date.

Respectfully submitted,


Jenni Lamb
City Manager