

City of Melbourne, Florida

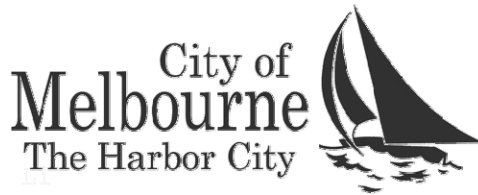


2022

Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2022

City of Melbourne, Florida
Annual Comprehensive
Financial Report

For The Fiscal Year Ended September 30, 2022



CITY COUNCIL

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

CITY OFFICIALS

Shannon Lewis City Manager
Kevin McKeown City Clerk
Adam Conley Acting 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, 2022
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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 17, 2023

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, 2022, 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, 2022, 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, 2022, 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 87,007. 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, following best practices, and evaluating and implementing cost savings measures.

In addition, the City actively pursued grant opportunities to fund special projects and equipment. In 2022, we received a total of \$3,071,260 for ongoing grant-funded projects and were awarded \$1,465,143 in new grant funding.

The City of Melbourne issued 8,732 permits in 2022. A variety of office/commercial, hotel and residential projects were completed or were underway by the end of 2022, including Margaritaville Marina and RiverWalk, which will feature a riverfront hotel, restaurant, marina and event lawn; Element Melbourne Oceanfront Hotel; Parasol Senior-Living Apartments; Trillium Apartments; Dirty Dog Carwash; Skyway Industrial Center; First Watch Restaurant; Hidden Harbor Subdivision; 7Brew Coffee; and the Burton Office Building.

The overall number of permits issued in 2022 was 2% less than permits issued in 2021. New commercial permits were down 39% with a decrease in value of 36% from 2021. There was a decrease of new residential permits of 2% with a decreased value of 6% from the previous year. The population increased 1.4% in fiscal year 2022, and the local unemployment rate continued to decline from a rate of 4.1% per prior year report to 2.6% at the end of fiscal year 2022.

Long-term financial planning. Assigned and unassigned fund balance in the General fund is 47.3% of total fiscal year 2022 General Fund expenditures and 43.3% of fiscal year 2023 appropriations. The General Fund policy adopted by the City Council requires all excess funds be transferred to assigned and unassigned fund balance until assigned and unassigned fund balance equals 25% of the general fund operating budget. Thereafter, any remaining excess funds shall be identified by the City Manager as available to fund capital purchases, capital construction, non-recurring expenditures, or to establish additional assignments of fund balance. At September 30, 2022, there is \$19,702,154 in excess funds available for assignment.

The Water and Sewer System fund Utility Rate of Return Policy requires excess funds to be transferred to the working capital reserve of the Water and Sewer System until that amount equals 25% of Water and Sewer System operating revenues. At September 30, 2022, the working capital reserves were 69% of fiscal year 2022 operating revenues. The remaining excess funds shall be transferred to the Water and Sewer System Capital Construction Reserve until that amount equals \$1,000,000. Once these two requirements are met, any excess funds shall be split evenly and distributed between the Water and Sewer System Working Capital and the Capital Construction Reserve. A transfer of \$1,028,369 to the Capital Construction Reserve was made, which decreased the working capital reserves to 67% of the fiscal year 2022 operating revenues. This is a 10% increase from the previous year, primarily due to the increase in contractual services and transfers. The Water and Sewer System fund transferred \$3,514,238 to the General fund, which represented 6.5% of sales as defined in the 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.

Two major complete streets projects were completed in fiscal year 2021-22. "Complete streets" are designed to allow for safe access for all roadway users, including pedestrians, bicyclists, motorists and transit riders of all ages and abilities.

The Front Street Complete Street Project made several improvements to Front Street, including constructing 16-foot wide lanes, 12 parallel parking spaces on either side of the road, and 5-foot sidewalks on both sides. Improvements were also made to Melbourne Avenue, including reconstruction of a 10-foot bicycle path on the north side and a 6-foot sidewalk on the south side. Drainage systems were improved, utilities were upgraded and the roadway was reconstructed and resurfaced.

The Pineapple Avenue Complete Street Project included a multi-use trail on the east side of Pineapple Avenue, pedestrian safety and corridor aesthetic enhancements, upgrades to ADA curb ramps, sidewalk replacement enhanced decorative patterned pavements at key intersections, red-brick colored crosswalks, gateway landscaping, decorative lighting along the trail, speed cushions for traffic calming and pedestrian-actuated "Rectangular Rapid Flashing Beacons" for two midblock crosswalks.

Also, completed in fiscal year 2021-2022 was the Gramling Park Drainage Improvements Project. This project alleviates roadway and lot flooding in the neighborhood. As part of the project, a 575 linear feet trench drain system was installed along the east curb line of the eastern portion of Colbert Circle.

A \$23.1 million project to construct a new 16" water transmission main crossing the Indian River at the Pineda Causeway is underway. The new transmission main will improve water service to the entire beachside area and improve fire flow, pressure, quality, and circulation of water in the north beach area.

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 the 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.

Canova Beach booster pump station improvements of \$4.5 million include three vertical turbine pumps powered by variable frequency drives, new electrical building and service including onsite pad-mounted transformer, electrical equipment and instrumentation and controls.

The Melbourne Orlando International Airport was nearing completion of the \$72 million terminal renovation and expansion project that was critical to the new air service that started in Fiscal Year 2022. These facility improvements enabled the Airport to accommodate the arrival of nonstop service provided by TUI, the United Kingdom's leading holiday travel conglomerate, which resulted in over 242,000 new international travelers in TUI's first year of operation at the airport. The Airport also saw strong growth in the domestic market as total passengers grew from 352,000 last year to 441,000 in Fiscal Year 2022. The Airport also was successful in new economic development by expansions of existing commercial tenants as well as new tenants that announced plans to develop manufacturing facilities at the Airport.

Relevant Financial Policies. The City of Melbourne has adopted a comprehensive set of financial policies, including a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to or in excess of appropriations.). The original budget estimated revenues were \$95,004,842 while estimated appropriations were \$96,354,842 as a result \$1,350,000 of fund balance was expected to be reserved this fiscal year. By fiscal year end, City council voted to reappropriate excess unreserved fund balance, by \$3,095,136 amounts required to be retained by the City's fund balance retention policy, to fund one-time capital appropriations. However, the City of Melbourne ultimately experienced a (\$2,524,582) operating deficiency for the year, as a result of higher than anticipated 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, 2021. 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 35 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
Interim City Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

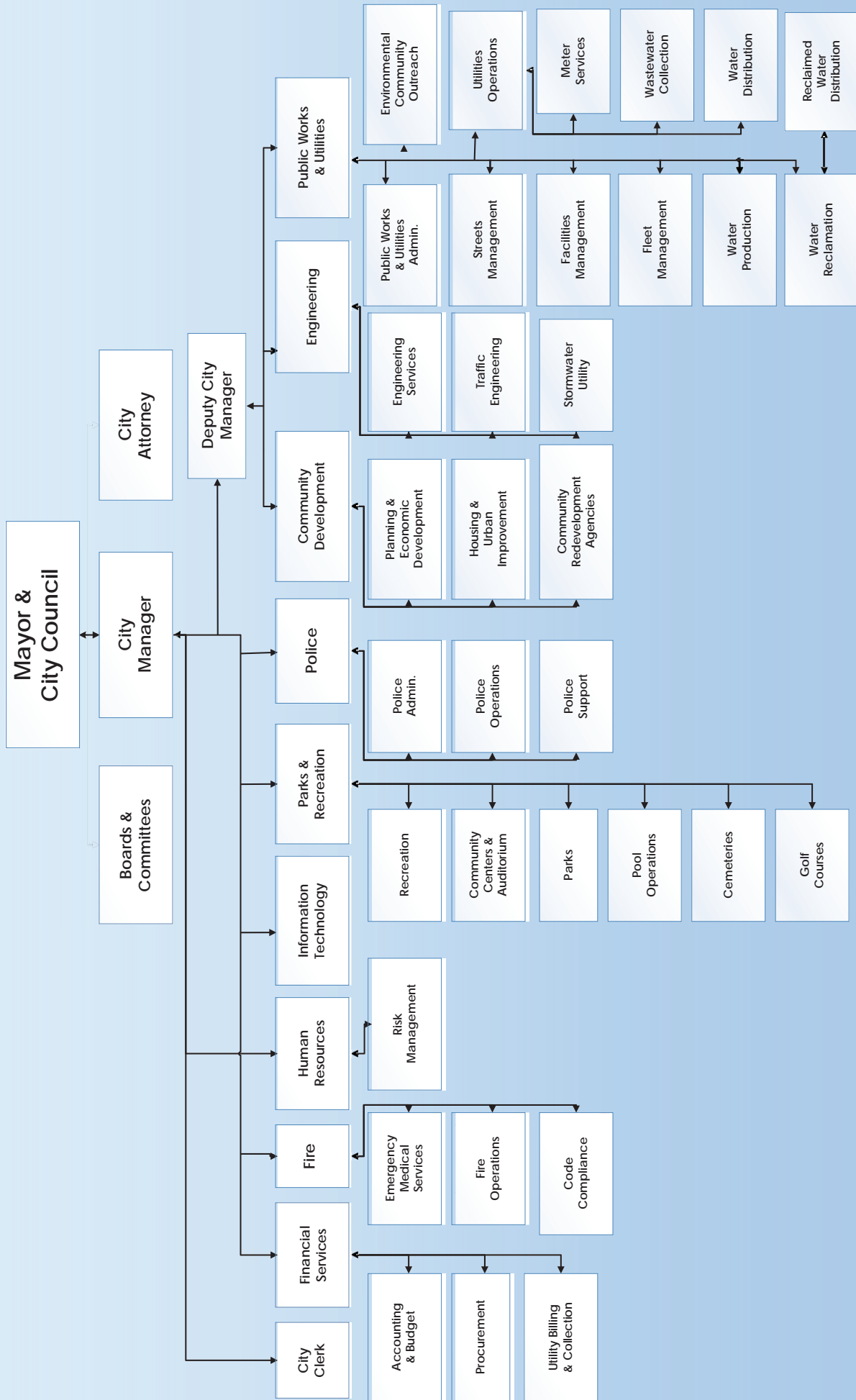
**City of Melbourne
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

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 AUDITORS' 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 aggregate 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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 2022, the City adopted new accounting guidance, GASB Statement No. 87 *Leases*. 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.

Auditors' 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, and pension and OPEB schedules as listed in the table of contents 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 and secondary market sections but does not include the basic financial statements and our auditors' 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 17, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Melbourne, Florida
March 17, 2023



**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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, 2022. 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, 2022 by \$337,781,628. Of this amount, \$79,706,433 may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$16,556,893; \$15,697,597 in governmental activities and \$859,296 in business-type activities.
- As of September 30, 2022, the City's governmental funds reported combined ending fund balances of \$136,758,101 an increase of \$42,453,717 in comparison with the prior year. Approximately 28% of this amount (\$37,851,608) 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 \$41,822,686 or 47% of total General fund expenditures for fiscal year 2022.
- The City's total debt increased \$31,361,380 during the current fiscal year. This reflects increases of \$35,000,000 for the issuance of the General Obligation Bonds, Series 2022, \$18,145,000 for Water and Sewer Refunding Revenue Bonds, Series 2022 and \$3,949,102 disbursement from the State Revolving Fund loan, offset by \$18,145,000 refunding of the Water and Sewer Refunding Bonds, Series 2020 and normal reductions resulting from annual debt service and lease payments of \$6,435,860 and \$1,151,862 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.

**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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

The government-wide financial statements can be found on pages 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 sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, three community redevelopment funds, and 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

**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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

The basic fiduciary fund financial statements can be found on pages 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 39-102 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 105-125 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 129-137 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 \$337,781,628. By far, the largest portion (\$169,207,376) of the City's net position (50%) 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	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 176,779,406	\$ 118,346,591	\$ 119,872,970	\$ 125,156,144	\$ 296,652,376	\$ 243,502,735
Capital assets	116,753,018	109,554,501	177,834,607	167,843,399	294,587,625	277,397,900
Total assets	293,532,424	227,901,092	297,707,577	292,999,543	591,240,001	520,900,635
Total deferred outflows of resources	21,620,881	28,522,047	5,866,415	5,990,213	27,487,296	34,512,260
Liabilities						
Long-term liabilities outstanding	104,334,241	77,707,857	101,799,558	97,013,067	206,133,799	174,720,924
Other liabilities	25,887,198	15,639,673	20,422,767	14,958,676	46,309,965	30,598,349
Total liabilities	130,221,439	93,347,530	122,222,325	111,971,743	252,443,764	205,319,273
Total deferred inflows of resources	27,543,486	21,384,826	958,419	7,484,061	28,501,905	28,868,887
Net position						
Net investment in capital assets	70,228,641	102,906,862	98,978,735	92,216,884	169,207,376	195,123,746
Restricted	78,094,300	39,331,983	10,773,519	11,355,652	88,867,819	50,687,635
Unrestricted	9,065,439	(548,062)	70,640,994	75,961,416	79,706,433	75,413,354
Total net position	\$ 157,388,380	\$ 141,690,783	\$ 180,393,248	\$ 179,533,952	\$ 337,781,628	\$ 321,224,735

An additional portion (\$88,867,819) of the City's net position (26%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$79,706,433 may be used to meet the City's ongoing obligations to citizens and creditors.

**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

On September 30, 2022, 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 \$16,556,893 (5.2%) 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	
	2022	2021	2022	2021	2022	2021
Revenue:						
Program revenue:						
Charges for services	\$ 16,694,799	\$ 16,702,828	\$ 58,663,706	\$ 57,739,336	\$ 75,358,505	\$ 74,442,164
Operating grants and contributions	8,744,838	8,716,673	-	53,893	8,744,838	8,770,566
Capital grants and contributions	2,535,289	1,058,467	2,820,322	4,091,739	5,355,611	5,150,206
General revenue:						
Property taxes	41,618,002	38,264,108	-	-	41,618,002	38,264,108
Other taxes	21,750,914	19,649,495	-	-	21,750,914	19,649,495
Grants and contributions not restricted to specific programs	12,864,496	11,489,437	-	-	12,864,496	11,489,437
Unrestricted investment earnings	(4,543,690)	279,091	(3,850,087)	254,139	(8,393,777)	533,230
Other	266,946	281,371	119,012	46,091	385,958	327,462
Total revenues	99,931,594	96,441,470	57,752,953	62,185,198	157,684,547	158,626,668
Expenses:						
General government	17,155,253	16,927,939	-	-	17,155,253	16,927,939
Public safety	45,636,915	47,530,483	-	-	45,636,915	47,530,483
Public works	8,622,125	8,590,528	-	-	8,622,125	8,590,528
Parks and recreation	10,959,259	9,720,823	-	-	10,959,259	9,720,823
Housing and urban improvement	1,710,946	2,062,288	-	-	1,710,946	2,062,288
Interest on long-term debt	1,153,639	179,395	-	-	1,153,639	179,395
Unallocated depreciation	4,316,328	4,391,139	-	-	4,316,328	4,391,139
Water and sewer	-	-	49,257,922	44,956,282	49,257,922	44,956,282
Stormwater utility	-	-	2,324,917	1,841,792	2,324,917	1,841,792
Total expenses	89,554,465	89,402,595	51,582,839	46,798,074	141,137,304	136,200,669
Increase in net position before contributions to permanent fund and transfers	10,377,129	7,038,875	6,170,114	15,387,124	16,547,243	22,425,999
Contributions to permanent fund	9,650	6,850	-	-	9,650	6,850
Transfers	5,310,818	5,004,380	(5,310,818)	(5,004,380)	-	-
Increase in net position	15,697,597	12,050,105	859,296	10,382,744	16,556,893	22,432,849
Net position - October 1	141,690,783	129,640,678	179,533,952	169,151,208	321,224,735	298,791,886
Net position - September 30	\$ 157,388,380	\$ 141,690,783	\$ 180,393,248	\$ 179,533,952	\$ 337,781,628	\$ 321,224,735

**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Governmental Activities. Governmental activities increased the City's net position by \$15,697,597. Capital grants increased by \$1,476,822 as a result of federal awards for multiple joint participation transportation projects. Property taxes increased by \$3,353,894 generated by new growth and an adopted millage rate of 7.0519, an increase of 6.04% above the rolled-back rate. Other taxes increased by \$2,101,419 reflective of utilities and communication services taxes. Investment earnings decreased by (\$4,822,781) due to adjustments in fair market value.

Total governmental activities expenses increased by \$151,870. Public safety expenses decreased by (\$1,893,568), primarily due to increases in salary and benefits offset by a reduction in net pension expenses. Parks and recreation expenses increased \$1,238,436 due to increases in salary and benefits in addition to increases in building repairs, utilities, and risk management costs. Housing and urban improvement expenses decreased by (\$351,342), offsetting the prior year's increase in CARES Act funding. Interest on long-term debt increased by \$974,244 primarily due to the addition of the 2022 GO Bond.

Transfers increased by \$306,438 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.

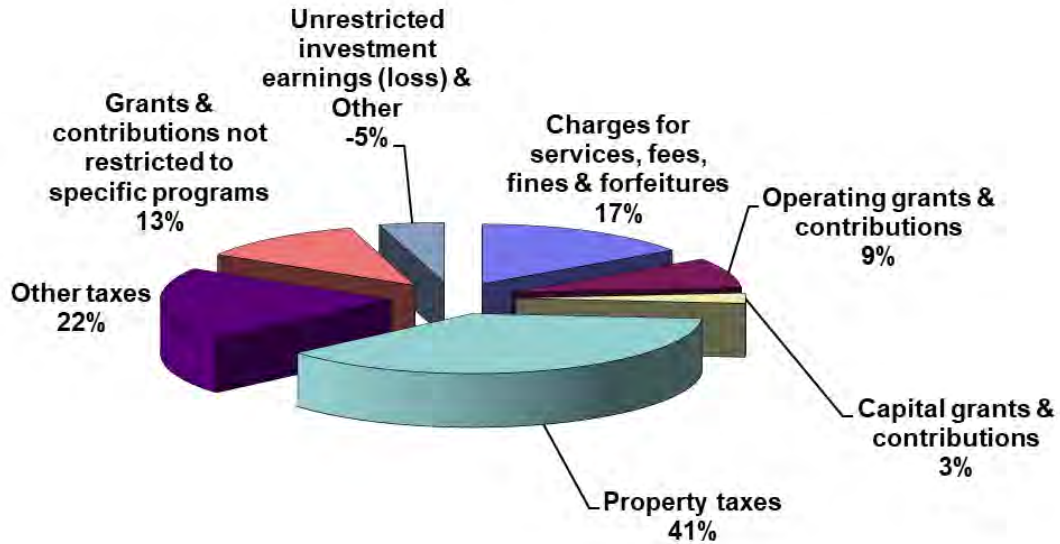
Business-type Activities. Business-type activities increased the City's net position by \$859,296. Charges for services increased \$924,370, which correlates with an increase in average daily consumption of water by utility customers. Capital grants and contributions decreased by \$1,271,417 primarily due to a decrease in funding from other governments. Investment earnings decreased (\$4,104,226) due to adjustments in fair market value, and the same aforementioned economic environment issues related to lower interest rates.

Water and Sewer expenses increased \$4,301,640 primarily due to an increase in pension expense, salaries, and overtime, as well as an increase in chemicals and fertilizer expenses. Transfers increased \$306,438 mainly due to the Water and Sewer fund rate of return.

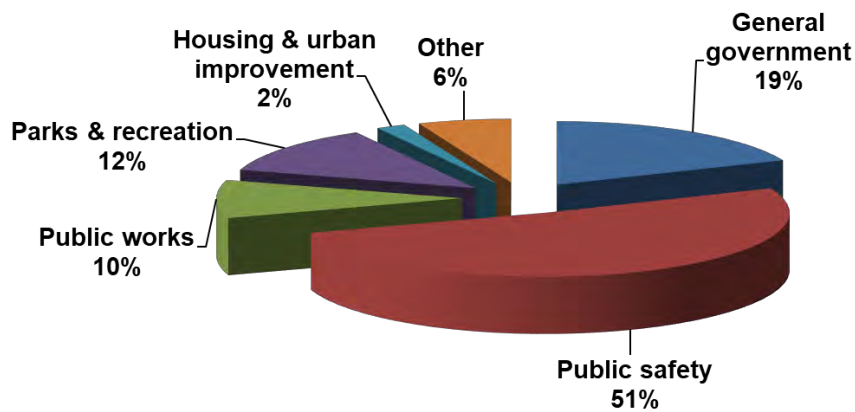
**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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

Revenue by Source - Governmental Activities



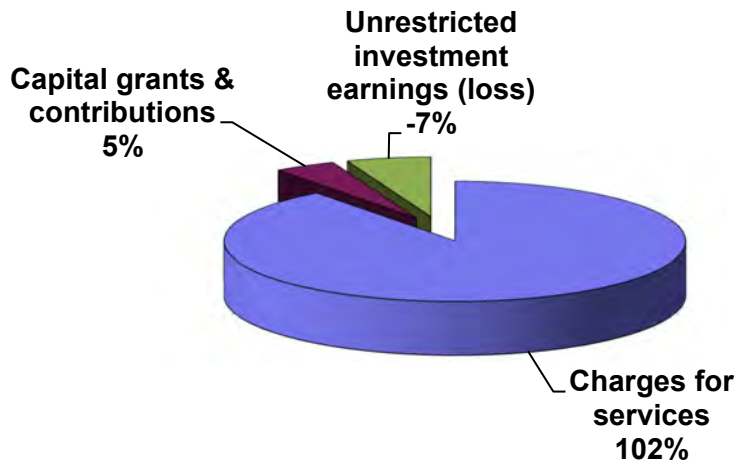
Expenditures by Function - Governmental Activities



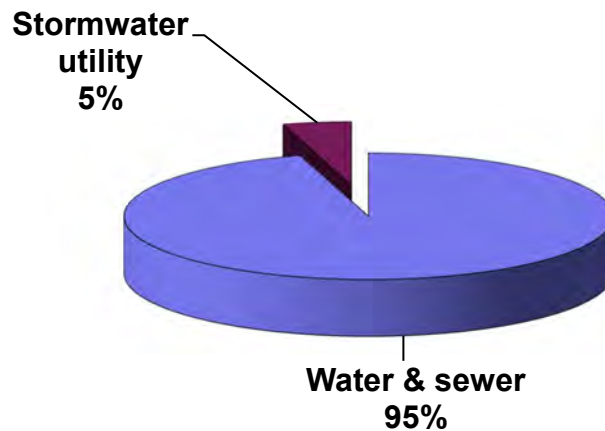
CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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

Revenues by Source - Business-type Activities



Expenses by Function - Business-type Activities



**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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 \$136,758,101, an increase of \$42,453,717 in comparison with the prior year. Approximately 28% (\$37,851,608) of this amount constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *non-spendable, restricted, committed, or assigned* to indicate that it is not available for new spending because it is 1) obligated for long term advances to other funds; inventory; prepaids; land held for resale; and perpetual care (\$1,171,709), 2) restricted for specific purposes (\$77,054,937), 3) restricted for debt service (\$856,624), or 4) assigned to pay for obligations previously authorized by the City (\$19,823,223).

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 \$41,822,686 while total fund balance was \$43,708,880. 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 47% of total fiscal year 2022 General fund expenditures and 43% of fiscal year 2023 appropriations. Total fund balance represents 49% of total fiscal year 2022 General fund expenditures and 45% of fiscal year 2022 appropriations.

The fund balance of the City's General fund increased by \$746,496 during the current fiscal year, primarily a result of increases in license, permit and state shared revenues. All other governmental funds increased by \$41,707,221, a result of increased funding primarily for the funding of a 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 \$4,081,804 to bring the year end fund balance to \$35,035,587. Assigned fund balance increased \$3,805,891 due to additional funding from the General Fund for roads and streets. Fund balance restricted for transportation increased \$275,913 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 \$59,251,997 and the Stormwater Utility was \$11,237,732. The net position in the Water and Sewer System and Stormwater Utility increased by \$794,353 and \$30,370, respectively, due to normal growth and operating activities. The net position for total business-type activities increased \$34,573 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 105 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 budget exceeding total revenues and other financing sources by \$3,086,750 and total expenditures and transfers out \$5,007,304 less than appropriated. This is primarily a result of appropriations exceeding actual expenditures across the board. Since expenditures were less than budgetary estimates, the change in fund balance in the General fund was \$1,920,554 higher than budgeted.

**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Capital Asset and Debt Administration

Capital assets. The City's capital assets for its governmental and business-type activities as of September 30, 2022 total \$294,587,625 (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 6.2% (a 6.57% increase in governmental activities and a 5.95% increase for business-type activities).

City of Melbourne's Capital Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Land	\$ 39,084,841	\$ 35,854,878	\$ 4,179,011	\$ 4,179,011	\$ 43,263,852	\$ 40,033,889
Buildings	16,782,351	17,378,169	22,966,748	24,173,095	39,749,099	41,551,264
Improvements other than buildings	3,157,796	3,364,851	119,382,266	125,208,108	122,540,062	128,572,959
Machinery and equipment	9,468,261	8,148,058	5,312,204	5,181,236	14,780,465	13,329,294
Intangibles, computer software	536,969	620,461	-	-	536,969	620,461
Infrastructure	34,070,781	34,127,759	-	-	34,070,781	34,127,759
Right to use leases equipment	524,466	-	-	-	524,466	-
Construction in progress	13,127,553	10,060,325	25,994,378	9,101,949	39,121,931	19,162,274
Total capital assets, net of depreciation/amortization	\$ 116,753,018	\$ 109,554,501	\$ 177,834,607	\$ 167,843,399	\$ 294,587,625	\$ 277,397,900

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

- \$3.2 million for land for The Joseph Pellicano Law Enforcement Center.
- \$1 million for golf course improvements.
- \$1 million for two engine/pumper fire trucks.
- \$1.1 million expended streets and intersection signaling improvements.

Additional information on the City of Melbourne's capital assets can be found in Note (4) E on page 58 of this report.

Long-term debt. At the end of the current fiscal year, the City of Melbourne had total debt outstanding of \$124,586,730. Of this amount, \$40,825,000 represents Public Improvement Bonds secured solely by specified revenue sources in the Governmental funds, \$71,273,094 for Water and Sewer Revenue Bonds, and \$12,149,442 for State Revolving Fund loans, secured solely by revenues of the Water and Sewer fund.

City of Melbourne's Outstanding Debt

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Public improvement bonds	\$ 40,825,000	\$ 6,690,000	\$ -	\$ -	\$ 40,825,000	\$ 6,690,000
Revenue bonds	-	-	71,273,094	77,235,993	71,273,094	77,235,993
Leases	339,194	524,466	-	-	339,194	524,466
State Revolving Fund loans	-	-	12,149,442	8,774,892	12,149,442	8,774,892
Total	\$ 41,164,194	\$ 7,214,466	\$ 83,422,536	\$ 86,010,885	\$ 124,586,730	\$ 93,225,351

The City of Melbourne's total debt increased 33.64%. The primary factor was a result of issuance of the 2022 General Obligation Bond offset by normal principal payments of outstanding debts.

**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Governmental activities debt increased \$33,949,728. The increase reflects \$35,000,000 issuance of the 2022 General Obligation Bond offset by normal principal payments of outstanding debts.

Business-type activities decreased \$2,588,349. The decrease reflecting the \$4,811,037 in normal bonds principal payments, net accretion of \$1,151,862 in the Water and Sewer Refunding Revenue Bonds Series 2002B, refunding of Water and Sewer Refunding and Improvement Revenue Bonds, Series 2020 of \$18,285,000, and State Revolving Fund loan repayment of \$574,552, offset by the issuance of the Water and Sewer Refunding Revenue Bonds, Series 2022 in the amount of \$18,145,000 and a disbursement of \$3,949,102 from the State Revolving Fund loan.

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) K on page 66 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate as of September 30, 2022 for the City of Melbourne was 2.6%, which is a decrease from a rate of 4.1% last year. This is lower than the national average unemployment rate of 3.3% and higher than the state average rate of 2.5%.
- The adopted water and sewer utility rate increases have been deferred since 2015.

Requests for Information

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

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

Or visit our website at: www.melbourneflorida.org



BASIC FINANCIAL STATEMENTS

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

The following statements and schedules are reported in this subsection:

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

CITY OF MELBOURNE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	International Airport
ASSETS				
Cash and cash equivalents	\$ 696,653	\$ 1,600	\$ 698,253	\$ 19,414,774
Equity in pooled investments	122,052,494	92,630,704	214,683,198	-
Investments, at fair value	-	-	-	6,133,416
Receivables, net	3,530,801	8,938,439	12,469,240	546,865
Lease Receivable	5,066,540	-	5,066,540	1,781,217
Other receivables	-	-	-	330,260
Interest receivable	248,688	191,883	440,571	18,891
Internal balances	(151,265)	151,265	-	-
Due from fiduciary funds	18,609	-	18,609	-
Due from component unit	155,163	-	155,163	-
Due from other governments	4,435,675	333,568	4,769,243	6,910,513
Inventory	410,539	1,484,672	1,895,211	16,735
Prepaid items	433,092	-	433,092	319,627
Land held for resale	215,000	-	215,000	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-	9,870,569	9,870,569	312,871
Equity in pooled investments	-	1,266,929	1,266,929	-
Investments, at fair value	36,334,704	4,602,141	40,936,845	-
Interest receivable	47,099	5,560	52,659	-
Due from other governments	5,278	-	5,278	2,919,195
Permanently restricted:				
Equity in pooled investments	208,958	-	208,958	-
Noncurrent lease receivable	-	-	-	332,577,636
Net pension asset, city pensions	3,071,378	395,640	3,467,018	600,233
Capital assets:				
Nondepreciable:				
Land	39,084,841	4,179,011	43,263,852	7,985,935
Construction in progress	13,127,553	25,994,378	39,121,931	61,452,310
Depreciable:				
Buildings	36,355,758	77,821,056	114,176,814	134,982,460
Improvements other than buildings	18,764,159	323,066,848	341,831,007	119,988,165
Machinery and equipment	33,242,484	20,725,695	53,968,179	12,674,310
Intangibles, computer software	2,245,770	66,073	2,311,843	293,723
Infrastructure	160,775,395	-	160,775,395	-
Right to use leased equipment	1,650,123	-	1,650,123	489,452
Less accumulated depreciation/ amortization	(188,493,065)	(274,018,454)	(462,511,519)	(117,927,386)
Total assets	<u>293,532,424</u>	<u>297,707,577</u>	<u>591,240,001</u>	<u>591,821,202</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows, city pensions	11,828,471	13,728	11,842,199	75,949
Deferred outflows, FRS pension	6,498,909	3,463,028	9,961,937	990,677
Deferred outflows, OPEB	3,263,657	623,884	3,887,541	142,767
Deferred outflows, asset retirement	29,844	-	29,844	-
Deferred amount on advance refunding	-	1,765,775	1,765,775	-
Total deferred outflows of resources	<u>21,620,881</u>	<u>5,866,415</u>	<u>27,487,296</u>	<u>1,209,393</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	4,373,928	10,989,265	15,363,193	3,212,352
Accrued payroll expenses	2,947,585	616,059	3,563,644	264,129
Accrued interest payable	798,471	-	798,471	121,875
Due to primary government	-	-	-	155,163
Due to other governments	254,787	2,328,451	2,583,238	1,557,273
Deposits	1,497,676	-	1,497,676	-
Unearned revenue	14,142,061	-	14,142,061	4,905,532
Current liabilities payable from restricted assets	1,872,690	6,488,992	8,361,682	2,919,195
Noncurrent liabilities:				
Due within one year:				
Accrued claims	584,586	-	584,586	-
Compensated absences	1,838,325	413,547	2,251,872	176,235
State Revolving Fund loan payable	-	506,133	506,133	-
Other postemployment benefits	436,188	117,219	553,407	26,378
Leases payable	188,880	-	188,880	60,654
Bonds payable	1,650,000	-	1,650,000	-
Due in more than one year:				
Liabilities payable from restricted assets	-	4,115,499	4,115,499	312,871
Accrued claims	2,146,172	-	2,146,172	-
Compensated absences	2,346,190	452,294	2,798,484	384,487
Leases payable	150,314	-	150,314	153,871
State Revolving Fund loan payable	-	11,560,498	11,560,498	-
Other postemployment benefits	15,574,614	2,789,463	18,364,077	789,665
Net pension liability, city pensions	12,644,653	-	12,644,653	-
Net pension liability, FRS pension	23,461,553	12,795,915	36,257,468	3,857,855
Asset retirement obligation	68,370	-	68,370	-
Bonds payable, net of unamortized premium and discount	43,244,396	69,048,990	112,293,386	15,000,000
Total liabilities	130,221,439	122,222,325	252,443,764	33,897,535
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows, city pensions	18,739,244	131,425	18,870,669	210,767
Deferred inflows, FRS pension	1,950,824	768,870	2,719,694	116,932
Deferred inflows, OPEB	1,140,895	58,124	1,199,019	17,119
Deferred inflows, lease	5,066,540	-	5,066,540	332,707,374
Deferred revenue, business tax receipts	645,983	-	645,983	-
Total deferred inflows of resources	27,543,486	958,419	28,501,905	333,052,192
NET POSITION				
Net investment in capital assets	70,228,641	98,978,735	169,207,376	201,575,893
Restricted - nonexpendable	209,364	-	209,364	-
Restricted for:				
Debt service	856,624	10,158,733	11,015,357	-
Renewal and replacement	-	250,000	250,000	-
Capital improvements	33,897,128	364,786	34,261,914	2,919,195
Housing and urban improvement	999,403	-	999,403	-
Economic development	7,538,338	-	7,538,338	-
Public safety	34,593,443	-	34,593,443	-
Unrestricted	9,065,439	70,640,994	79,706,433	21,585,780
Total net position	\$ 157,388,380	\$ 180,393,248	\$ 337,781,628	\$ 226,080,868

**CITY OF MELBOURNE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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	\$ 17,155,253	\$ 10,580,800	\$ 636,766	\$ -
Public safety - fire and police	45,636,915	1,995,354	1,150,420	512,077
Public works	8,622,125	998,504	4,546,299	2,023,212
Parks and recreation	10,959,259	3,035,585	133,845	-
Housing and urban improvement	1,710,946	84,556	2,277,508	-
Interest on long-term debt	1,153,639	-	-	-
Unallocated depreciation	4,316,328	-	-	-
Total governmental activities	<u>89,554,465</u>	<u>16,694,799</u>	<u>8,744,838</u>	<u>2,535,289</u>
Business-type activities:				
Water and sewer	49,257,922	55,803,222	-	2,649,951
Stormwater utility	2,324,917	2,860,484	-	170,371
Total business-type activities	<u>51,582,839</u>	<u>58,663,706</u>	<u>-</u>	<u>2,820,322</u>
Total primary government	<u>\$ 141,137,304</u>	<u>\$ 75,358,505</u>	<u>\$ 8,744,838</u>	<u>\$ 5,355,611</u>
Component unit - Airport	<u>\$ 29,707,203</u>	<u>\$ 19,056,197</u>	<u>\$ 8,189,063</u>	<u>\$ 22,846,484</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

Total general revenues and transfers

Change in net position

Net position, October 1

Net position, September 30

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	International Airport
\$ (5,937,687)	\$	\$ (5,937,687)	\$
(41,979,064)		(41,979,064)	
(1,054,110)		(1,054,110)	
(7,789,829)		(7,789,829)	
651,118		651,118	
(1,153,639)		(1,153,639)	
(4,316,328)		(4,316,328)	
<u>(61,579,539)</u>		<u>(61,579,539)</u>	
-	9,195,251	9,195,251	
-	705,938	705,938	
-	<u>9,901,189</u>	<u>9,901,189</u>	
<u>(61,579,539)</u>	<u>9,901,189</u>	<u>(51,678,350)</u>	
			<u>20,384,541</u>
41,618,002	-	41,618,002	-
13,195,286	-	13,195,286	-
8,555,628	-	8,555,628	-
12,864,496	-	12,864,496	-
(4,543,690)	(3,850,087)	(8,393,777)	(101,831)
266,946	119,012	385,958	5,012,061
9,650	-	9,650	-
5,310,818	(5,310,818)	-	-
<u>77,277,136</u>	<u>(9,041,893)</u>	<u>68,235,243</u>	<u>4,910,230</u>
15,697,597	859,296	16,556,893	25,294,771
141,690,783	179,533,952	321,224,735	200,786,097
<u>\$ 157,388,380</u>	<u>\$ 180,393,248</u>	<u>\$ 337,781,628</u>	<u>\$ 226,080,868</u>

CITY OF MELBOURNE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	General Fund	Downtown Redevelopment Fund	Babcock Street Redevelopment Fund
ASSETS			
Cash and cash equivalents	\$ 22,875	\$ -	\$ -
Equity in pooled investments	57,277,112	434,672	629,071
Investments, at fair value, restricted	-	-	-
Receivables (net of allowance of \$1,174)	3,530,801	-	-
Lease receivable	5,066,540	-	-
Interest receivable	172,045	2,034	2,749
Interest receivable, restricted	-	-	-
Due from other funds	650,026	-	-
Due from fiduciary funds	18,609	-	-
Due from component unit	155,163	-	-
Due from other governments	2,758,071	-	-
Due from other governments, restricted	5,278	-	-
Advances to other funds	303,714	-	-
Inventory	410,539	-	-
Prepaid items	33,092	-	-
Land held for resale	215,000	-	-
Total assets	<u>\$ 70,618,865</u>	<u>\$ 436,706</u>	<u>\$ 631,820</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,564,290	\$ 47,483	\$ 184
Accrued payroll expenditures	2,921,715	9,654	7,853
Due to other funds	-	-	293,444
Due to other governments	254,787	-	-
Advances from other funds	-	-	303,714
Deposits	1,460,264	-	-
Unearned revenue	13,996,406	-	-
Liabilities payable from restricted assets	-	-	-
Total liabilities	<u>21,197,462</u>	<u>57,137</u>	<u>605,195</u>
Deferred inflows of resources:			
Deferred inflows, lease related	5,066,540	-	-
Deferred revenues - business tax receipts	645,983	-	-
Total deferred inflows of resources	<u>5,712,523</u>	<u>-</u>	<u>-</u>
Fund balances:			
Non-spendable:			
Long-term advances to other funds	303,714	-	-
Inventory	410,539	-	-
Prepays	33,092	-	-
Land held for resale	215,000	-	-
Perpetual care	-	-	-
Restricted:			
Public safety, law enforcement	67,225	-	-
Housing and urban improvement	-	-	-
Debt service	856,624	-	-
Economic development	-	379,569	26,625
Capital improvements	-	-	-
Transportation improvement	-	-	-
Recreation improvement	-	-	-
Assigned:			
General government	387,492	-	-
Public safety, law enforcement	1,030,308	-	-
Public safety, fire protection	811,120	-	-
Public works	447,260	-	-
Parks and recreation	594,893	-	-
Housing and community development	5	-	-
Capital improvements	-	-	-
Subsequent years budget	700,000	-	-
Unassigned	37,851,608	-	-
Total fund balances (deficits)	<u>43,708,880</u>	<u>379,569</u>	<u>26,625</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 70,618,865</u>	<u>\$ 436,706</u>	<u>\$ 631,820</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
\$ 673,778	\$ -	\$ -	\$ -	\$ 696,653
1,879,624	35,085,254	12,944,368	7,996,646	116,246,747
-	-	36,334,704	-	36,334,704
-	-	-	-	3,530,801
-	-	-	-	5,066,540
3,653	40,417	163	15,430	236,491
-	-	47,099	-	47,099
-	-	-	-	650,026
-	-	-	-	18,609
-	-	-	-	155,163
-	844,944	148,384	684,276	4,435,675
-	-	-	-	5,278
-	-	-	-	303,714
-	-	-	-	410,539
-	-	-	-	33,092
-	-	-	-	215,000
<u>\$ 2,557,055</u>	<u>\$ 35,970,615</u>	<u>\$ 49,474,718</u>	<u>\$ 8,696,352</u>	<u>\$ 168,386,131</u>
\$ -	\$ 927,936	\$ 533,347	\$ 182,091	\$ 4,255,331
-	-	-	-	2,939,222
-	-	-	356,582	650,026
-	-	-	-	254,787
-	-	-	-	303,714
-	7,092	12,179	18,141	1,497,676
-	-	-	145,655	14,142,061
-	-	1,872,690	-	1,872,690
-	<u>935,028</u>	<u>2,418,216</u>	<u>702,469</u>	<u>25,915,507</u>
-	-	-	-	5,066,540
-	-	-	-	645,983
-	-	-	-	5,712,523
-	-	-	-	303,714
-	-	-	-	410,539
-	-	-	-	33,092
-	-	-	-	215,000
-	-	-	209,364	209,364
-	-	34,417,502	108,716	34,593,443
-	-	-	999,403	999,403
-	-	-	-	856,624
2,557,055	-	4,581,898	19,816	7,564,963
-	-	1,411,400	1,814,520	3,225,920
-	25,747,681	81,463	2,862,349	28,691,493
-	-	-	1,979,715	1,979,715
-	-	-	-	387,492
-	-	-	-	1,030,308
-	-	-	-	811,120
-	-	-	-	447,260
-	-	-	-	594,893
-	-	-	-	5
-	9,287,906	6,564,239	-	15,852,145
-	-	-	-	700,000
-	-	-	-	37,851,608
<u>2,557,055</u>	<u>35,035,587</u>	<u>47,056,502</u>	<u>7,993,883</u>	<u>136,758,101</u>
<u>\$ 2,557,055</u>	<u>\$ 35,970,615</u>	<u>\$ 49,474,718</u>	<u>\$ 8,696,352</u>	<u>\$ 168,386,131</u>

**CITY OF MELBOURNE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

Total *fund balances* for governmental funds \$ 136,758,101

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	13,127,553	-	
Buildings	36,355,758	(19,573,407)	
Improvements	18,764,159	(15,606,363)	
Machinery and equipment	33,239,859	(23,771,598)	
Intangibles, computer software	2,245,770	(1,708,801)	
Infrastructure	160,775,395	(126,704,614)	
Right to use leased equipment	1,650,123	(1,125,657)	
Total capital assets	\$ 305,243,458	\$ (188,490,440)	116,753,018

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	\$ 2,988,086		
Net pension liability	(35,922,346)		
Deferred outflows - pensions	18,274,340		
Deferred inflows - pensions	(20,624,933)		(35,284,853)

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

Other postemployment benefits liability	\$ (15,975,203)		
Deferred outflows - other postemployment benefits	3,250,492		
Deferred inflows - other postemployment benefits	(1,133,341)		(13,858,052)

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	\$ 3,421,626		
Less amounts attributable to business-type activities	(151,265)		3,270,361

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	\$ (798,471)		
Bonds and notes payable	(44,894,396)		
Leases payable	(339,194)		
Compensated absences	(4,179,608)		(50,211,669)
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	\$ (68,370)		
Deferred outflows - asset retirement obligation	29,844		(38,526)

Net position of governmental activities \$ 157,388,380

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, 2022

	General Fund	Downtown Redevelopment Fund	Babcock Street Redevelopment Fund
REVENUES			
Taxes:			
Property	\$ 41,618,002	\$ -	\$ -
Utility and telecommunications	13,195,286	-	-
Franchise fees	8,555,628	-	-
Intergovernmental	17,372,785	1,693,166	1,153,722
Charges for services	10,344,834	-	-
Impact fees	-	-	-
Licenses and permits	4,137,903	-	-
Confiscated property	-	-	-
Fines, forfeitures, penalties and fees	335,470	-	-
Investment earnings (loss)	(4,463,795)	7,701	9,148
Perpetual care endowment additions	-	-	-
Other revenues	1,272,432	-	1,201
Total revenues	<u>92,368,545</u>	<u>1,700,867</u>	<u>1,164,071</u>
EXPENDITURES			
Current:			
General government	17,851,620	777,578	257,578
Public safety	51,752,892	-	-
Public works	7,283,164	-	-
Parks and recreation	9,857,106	-	-
Housing and urban improvement	689,481	-	-
Debt service:			
Principal	940,272	110,000	-
Interest and fiscal agent fees	107,594	48,720	17,003
Bond issuance costs	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>88,482,129</u>	<u>936,298</u>	<u>274,581</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,886,416</u>	<u>764,569</u>	<u>889,490</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	4,083,022	-	-
Transfers out	(7,538,307)	(602,213)	(545,000)
Revenue bonds issued	-	-	-
Sale of capital assets	315,365	-	-
Total other financing sources (uses)	<u>(3,139,920)</u>	<u>(602,213)</u>	<u>(545,000)</u>
Net change in fund balances	746,496	162,356	344,490
Fund balances (deficits), October 1	<u>42,962,384</u>	<u>217,213</u>	<u>(317,865)</u>
Fund balances (deficits), September 30	<u>\$ 43,708,880</u>	<u>\$ 379,569</u>	<u>\$ 26,625</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
\$ -	\$ -	\$ -	\$ -	\$ 41,618,002
-	-	-	-	13,195,286
-	-	-	-	8,555,628
669,414	1,956,619	276,820	2,251,812	25,374,338
-	-	-	-	10,344,834
-	848,087	-	1,141,526	1,989,613
-	-	-	-	4,137,903
-	-	-	73,850	73,850
-	-	-	-	335,470
6,973	108,940	(444,595)	37,534	(4,738,094)
-	-	-	9,650	9,650
-	-	-	44,870	1,318,503
<u>676,387</u>	<u>2,913,646</u>	<u>(167,775)</u>	<u>3,559,242</u>	<u>102,214,983</u>
-	-	130,000	-	19,016,776
-	-	995	-	51,753,887
-	1,402,982	24,913	-	8,711,059
-	-	97,593	-	9,954,699
-	-	-	1,023,913	1,713,394
-	-	-	-	1,050,272
-	-	-	-	173,317
-	-	233,048	-	233,048
<u>19,600</u>	<u>2,922,785</u>	<u>8,761,603</u>	<u>146,405</u>	<u>11,850,393</u>
<u>19,600</u>	<u>4,325,767</u>	<u>9,248,152</u>	<u>1,170,318</u>	<u>104,456,845</u>
<u>656,787</u>	<u>(1,412,121)</u>	<u>(9,415,927)</u>	<u>2,388,924</u>	<u>(2,241,862)</u>
1,648,018	5,493,925	5,398,922	-	16,623,887
-	-	(1,648,018)	(979,531)	(11,313,069)
-	-	39,069,396	-	39,069,396
-	-	-	-	315,365
<u>1,648,018</u>	<u>5,493,925</u>	<u>42,820,300</u>	<u>(979,531)</u>	<u>44,695,579</u>
2,304,805	4,081,804	33,404,373	1,409,393	42,453,717
<u>252,250</u>	<u>30,953,783</u>	<u>13,652,129</u>	<u>6,584,490</u>	<u>94,304,384</u>
<u>\$ 2,557,055</u>	<u>\$ 35,035,587</u>	<u>\$ 47,056,502</u>	<u>\$ 7,993,883</u>	<u>\$ 136,758,101</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, 2022**

Net change in *fund balances* - total governmental funds \$ 42,453,717

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	\$ 15,485,393	
Depreciation and amortization expense	<u>(8,238,457)</u>	7,246,936

In the statement of activities, only the gain or loss on the sale of capital assets are reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the capital assets sold or disposed.

Loss on capital assets sold or disposed	\$ (48,419)	(48,419)
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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.

4,961,219

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.

(403,012)

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 revenue bonds	\$ (39,069,396)	
Principal repayment, bonds and notes	865,000	
Principal repayment, leases	<u>185,272</u>	(38,019,124)

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

Accrued interest on bonds and notes	\$ (798,471)	
Asset retirement obligations	<u>(68)</u>	(798,539)

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	\$ 43,385	
Compensated absences	<u>143,337</u>	186,722

Some expenditures reported in the governmental funds have been recognized as expenses in the prior fiscal year in the statement of activities.

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

Capital assets purchased from business-type activities		
Machinery and equipment	\$ 122,487	
Accumulated depreciation	<u>(122,487)</u>	-

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.

118,097

Change in net position of governmental activities		<u>\$ 15,697,597</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, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer System	Stormwater Utility (Non-Major)	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,600	\$ -	\$ 1,600	\$ -
Cash and cash equivalents, restricted	5,815,604	-	5,815,604	-
Equity in pooled investments	81,203,450	11,427,254	92,630,704	6,014,705
Equity in pooled investments, restricted	591,471	-	591,471	-
Receivables, trade				
Billed (net of allowance of \$ 285,000)	5,237,243	-	5,237,243	-
Unbilled	3,701,196	-	3,701,196	-
Interest receivable	168,626	23,257	191,883	12,197
Interest receivable, restricted	5,560	-	5,560	-
Due from other governments	243,678	89,890	333,568	-
Inventory	1,484,672	-	1,484,672	-
Prepaid items	-	-	-	400,000
Total current assets	<u>98,453,100</u>	<u>11,540,401</u>	<u>109,993,501</u>	<u>6,426,902</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	4,054,965	-	4,054,965	-
Equity in pooled investments	675,458	-	675,458	-
Investments, at fair value	4,602,141	-	4,602,141	-
Total noncurrent restricted assets	<u>9,332,564</u>	<u>-</u>	<u>9,332,564</u>	<u>-</u>
Net pension asset, city general pension	395,640	-	395,640	83,292
Total noncurrent, nonrestricted assets	<u>395,640</u>	<u>-</u>	<u>395,640</u>	<u>83,292</u>
Capital assets:				
Nondepreciable:				
Land	3,189,512	989,499	4,179,011	-
Construction in progress	24,626,178	1,368,200	25,994,378	-
Depreciable:				
Buildings	77,821,056	-	77,821,056	-
Improvements other than buildings	303,389,067	19,677,781	323,066,848	-
Machinery and equipment	17,891,212	2,834,483	20,725,695	2,625
Intangibles, computer software	57,910	8,163	66,073	-
Less accumulated depreciation/amortization	<u>(265,978,866)</u>	<u>(8,039,588)</u>	<u>(274,018,454)</u>	<u>(2,625)</u>
Total capital assets, net of accumulated depreciation/amortization	<u>160,996,069</u>	<u>16,838,538</u>	<u>177,834,607</u>	<u>-</u>
Total noncurrent assets	<u>170,724,273</u>	<u>16,838,538</u>	<u>187,562,811</u>	<u>83,292</u>
Total assets	<u>269,177,373</u>	<u>28,378,939</u>	<u>297,556,312</u>	<u>6,510,194</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows, city general pension	13,728	-	13,728	1,615
Deferred outflows, FRS pension	3,377,486	85,542	3,463,028	51,425
Deferred outflows, other postemployment benefits	623,884	-	623,884	13,165
Deferred amount on advance refunding	<u>1,765,775</u>	<u>-</u>	<u>1,765,775</u>	<u>-</u>
Total deferred outflows	<u>5,780,873</u>	<u>85,542</u>	<u>5,866,415</u>	<u>66,205</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	10,708,137	281,128	10,989,265	118,597
Accrued payroll expenses	605,682	10,377	616,059	8,363
Accrued claims	-	-	-	584,586
Due to other governments	2,328,451	-	2,328,451	-
Compensated absences	410,325	3,222	413,547	3,059
State Revolving Fund loan payable	506,133	-	506,133	-
Other postemployment benefits	117,219	-	117,219	-
Current liabilities payable from restricted assets:				
Accrued interest payable	840,364	-	840,364	-
Unearned revenue	15,817	-	15,817	-
State Revolving Fund loan payable	82,811	-	82,811	-
Revenue bonds payable	5,550,000	-	5,550,000	-
Total current liabilities	<u>21,164,939</u>	<u>294,727</u>	<u>21,459,666</u>	<u>714,605</u>
Noncurrent liabilities:				
Customer deposits payable from restricted assets	4,115,499	-	4,115,499	-
Accrued claims	-	-	-	2,146,172
Compensated absences	451,159	1,135	452,294	1,848
State Revolving Fund loan payable	11,560,498	-	11,560,498	-
Other postemployment benefits	2,767,705	21,758	2,789,463	35,599
Net pension liability, FRS pension	12,568,819	227,096	12,795,915	183,860
Revenue bonds payable, net of unamortized premium and discount	69,048,990	-	69,048,990	-
Total noncurrent liabilities	<u>100,512,670</u>	<u>249,989</u>	<u>100,762,659</u>	<u>2,367,479</u>
Total liabilities	<u>121,677,609</u>	<u>544,716</u>	<u>122,222,325</u>	<u>3,082,084</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows, city general pension	131,425	-	131,425	26,723
Deferred inflows, FRS pension	758,007	10,863	768,870	38,412
Deferred inflows, other postemployment benefits	58,124	-	58,124	7,554
Total deferred inflows of resources	<u>947,556</u>	<u>10,863</u>	<u>958,419</u>	<u>72,689</u>
NET POSITION				
Net investment in capital assets	82,307,565	16,671,170	98,978,735	-
Restricted for:				
Debt service	10,158,733	-	10,158,733	-
Renewal and replacement	250,000	-	250,000	-
Capital improvements	364,786	-	364,786	-
Unrestricted	59,251,997	11,237,732	70,489,729	3,421,626
Total net position	<u>\$ 152,333,081</u>	<u>\$ 27,908,902</u>	<u>180,241,983</u>	<u>\$ 3,421,626</u>
Adjustment to reflect the consolidation of internal service fund activities				
Related to enterprise funds for the current year			34,573	
Related to enterprise funds for prior years			116,692	
Net position of business-type activities			<u>\$ 180,393,248</u>	

CITY OF MELBOURNE, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	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 \$84,781)	\$ 32,767,038	\$ -	\$ 32,767,038	\$ -
Sewer charges (net of bad debt of \$54,205)	21,001,807	-	21,001,807	-
Stormwater fees	-	2,860,262	2,860,262	-
Charges to other funds	-	-	-	4,302,811
Charges to component unit	-	-	-	554,352
Other revenues	2,034,377	222	2,034,599	92
Total operating revenues	55,803,222	2,860,484	58,663,706	4,857,255
OPERATING EXPENSES				
Salaries, wages and employee benefits	14,730,995	249,154	14,980,149	191,963
Contractual services, materials and supplies	18,933,634	1,103,516	20,037,150	3,345,144
Claims	-	-	-	938,770
Depreciation and amortization	12,667,303	973,986	13,641,289	-
Total operating expenses	46,331,932	2,326,656	48,658,588	4,475,877
Operating income (loss)	9,471,290	533,828	10,005,118	381,378
NONOPERATING REVENUES (EXPENSES)				
Investment earnings (loss)	(3,381,164)	(468,923)	(3,850,087)	(228,708)
Interest expense	(2,932,085)	-	(2,932,085)	-
Debt issue expense	(26,739)	-	(26,739)	-
Gain on sale/disposal of capital assets	118,359	653	119,012	-
Total nonoperating revenues (expenses)	(6,221,629)	(468,270)	(6,689,899)	(228,708)
Income before contributions and transfers	3,249,661	65,558	3,315,219	152,670
Capital contributions	2,649,951	170,371	2,820,322	-
Transfers in	105,559	-	105,559	-
Transfers out	(5,210,818)	(205,559)	(5,416,377)	-
Change in net position	794,353	30,370	824,723	152,670
Total net position, October 1,	151,538,728	27,878,532		3,268,956
Total net position, September 30	\$ 152,333,081	\$ 27,908,902		\$ 3,421,626
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds for the current year			34,573	
Change in net position of business-type activities			<u>\$ 859,296</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, 2022**

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	\$ 54,633,029	\$ 2,859,830	\$ 57,492,859	\$ -
Cash received from other funds	-	-	-	4,302,811
Cash received from component unit	-	-	-	554,352
Cash payments to suppliers for goods and services	(13,720,291)	(1,047,018)	(14,767,309)	(4,758,940)
Cash payments for employee services	(14,352,681)	(233,674)	(14,586,355)	(202,045)
Deposits received	1,322,635	-	1,322,635	31,653
Deposits returned	(1,071,058)	-	(1,071,058)	(33,414)
Other operating revenues	28,818	222	29,040	92
Net cash provided (used) by operating activities	26,840,452	1,579,360	28,419,812	(105,491)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Contributions to/from other governments	85,773	-	85,773	-
Transfers out	(5,210,818)	(205,559)	(5,416,377)	-
Net cash used by noncapital financing activities	(5,125,045)	(205,559)	(5,330,604)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(21,931,474)	(1,025,453)	(22,956,927)	-
Principal paid on revenue bond maturities and lease obligations	(4,811,081)	-	(4,811,081)	-
Principal paid on State Revolving Fund loan	(574,552)	-	(574,552)	-
Proceeds from State Revolving Fund loan	3,947,913	-	3,947,913	-
Costs of bond issuance	(26,739)	-	(26,739)	-
Interest paid on revenue bonds and lease obligations	(4,355,266)	-	(4,355,266)	-
Cash received from impact fees	2,028,210	-	2,028,210	-
Proceeds from sale of capital assets	118,359	653	119,012	-
Transfers in	105,559	-	105,559	-
Capital grants and contributions	336,642	1,166,339	1,502,981	-
Net cash provided (used) by capital and related financing activities	(25,162,429)	141,539	(25,020,890)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	(10,023,929)	-	(10,023,929)	-
Proceeds from sale and maturities of investment securities	10,023,195	-	10,023,195	-
Interest on investments	(3,446,050)	(479,138)	(3,925,188)	(233,091)
Net cash provided (used) by investing activities	(3,446,784)	(479,138)	(3,925,922)	(233,091)
Net increase (decrease) in cash and cash equivalents	(6,893,806)	1,036,202	(5,857,604)	(338,582)
Cash and cash equivalents at October 1	99,236,354	10,391,052	109,627,406	6,353,287
Cash and cash equivalents at September 30	\$ 92,342,548	\$ 11,427,254	\$ 103,769,802	\$ 6,014,705

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, 2022
(CONTINUED)

	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)	\$ 9,471,290	\$ 533,828	\$ 10,005,118	\$ 381,378
Adjustments not affecting cash:				
Depreciation and amortization	12,667,303	973,986	13,641,289	-
Deferred outflows, pensions and OPEB	(150,762)	(66,665)	(217,427)	(3,182)
Deferred inflows, pensions and OPEB	(6,406,625)	(119,017)	(6,525,642)	(59,404)
Changes in assets and liabilities:				
Receivables, trade	(1,141,375)	-	(1,141,375)	-
Due from other governments	-	(432)	(432)	-
Inventory	(163,835)	-	(163,835)	-
Prepaid items	28,318	-	28,318	52,105
Net pension asset	(143,723)	-	(143,723)	(32,175)
Net pension liability	6,916,126	193,111	7,109,237	85,122
Accounts payable	5,045,847	56,498	5,102,345	(67,253)
Accrued payroll expenses	190,602	8,051	198,653	178
Accrued claims	-	-	-	(459,878)
Due to other governments	303,013	-	303,013	-
Deposits	251,577	-	251,577	(1,761)
Other postemployment benefits	(27,304)	-	(27,304)	(621)
Net cash provided (used) by operating activities	<u>\$ 26,840,452</u>	<u>\$ 1,579,360</u>	<u>\$ 28,419,812</u>	<u>\$ (105,491)</u>
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Contributions from developers	\$ 160,383	\$ -	\$ 160,383	\$ -
Bond refunding	18,145,000	-	18,145,000	-
Total non-cash capital and related financing activities	<u>\$ 18,305,383</u>	<u>\$ -</u>	<u>\$ 18,305,383</u>	<u>\$ -</u>
NON-CASH INVESTING ACTIVITIES				
Decrease in fair value of investments	<u>\$ (3,897,132)</u>	<u>\$ (534,631)</u>	<u>\$ (4,431,763)</u>	<u>\$ (260,382)</u>
Cash and cash equivalents reconciliation:				
Current assets:				
Cash and cash equivalents	\$ 1,600	\$ -	\$ 1,600	\$ -
Cash and cash equivalents, restricted	5,815,604	-	5,815,604	-
Equity in pooled investments	81,203,450	11,427,254	92,630,704	6,014,705
Equity in pooled investments, restricted	591,471	-	591,471	-
Noncurrent assets:				
Cash and cash equivalents, restricted	4,054,965	-	4,054,965	-
Equity in pooled investments, restricted	675,458	-	675,458	-
Cash and cash equivalents at September 30	<u>\$ 92,342,548</u>	<u>\$ 11,427,254</u>	<u>\$ 103,769,802</u>	<u>\$ 6,014,705</u>

The accompanying notes are an integral part of this statement.

CITY OF MELBOURNE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2022

	Employee Pension Trust Funds	Custodial Funds
ASSETS	<u> </u>	<u> </u>
Cash and cash equivalents	\$ 6,373,932	\$ 8,585,178
Equity in pooled investments	-	201,706
Investments, at fair value:		
U.S. government obligations	32,341,012	-
Corporate bonds	11,016,458	-
Common stocks	78,190,453	-
Real estate funds	17,038,140	-
Foreign bond funds	3,628,612	-
Private debt	7,258,925	-
Foreign equity funds	14,518,470	-
Accounts receivable	-	-
Interest receivable	331,150	-
Prepaid items	502,389	-
	<u>171,199,541</u>	<u>8,786,884</u>
Total assets		
	<u>171,199,541</u>	<u>8,786,884</u>
 LIABILITIES		
Accounts payable and accrued expenses	156,314	2,744,087
Due to other funds	18,609	-
Overfunded contributions	339,272	-
Retainage payable	-	313,415
	<u>514,195</u>	<u>3,057,502</u>
Total liabilities		
	<u>514,195</u>	<u>3,057,502</u>
 NET POSITION		
Restricted for:		
Pension benefits	170,685,346	-
Public safety, law enforcement	-	201,706
Capital improvements	-	5,527,676
	<u>170,685,346</u>	<u>5,729,382</u>
Total net position		
	<u>\$ 170,685,346</u>	<u>\$ 5,729,382</u>

The accompanying notes are an integral part of this statement.

CITY OF MELBOURNE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Employee Pension Trust Funds</u>	<u>Custodial Funds</u>
ADDITIONS		
Contributions:		
Asset seizures	\$ -	\$ 109,148
Contributions from City of Cocoa	-	485,192
Employer contributions	6,114,417	-
Employee contributions	1,485,591	-
State contributions	<u>1,442,081</u>	<u>-</u>
Total contributions	<u>9,042,089</u>	<u>594,340</u>
Investment income		
Net appreciation (depreciation) in fair value of investments	(36,284,780)	-
Interest, dividends, and other income	<u>6,140,151</u>	<u>81,155</u>
Total investment gains (losses)	(30,144,629)	81,155
Less investment expense	<u>(737,858)</u>	<u>-</u>
Net investment gains (losses)	<u>(30,882,487)</u>	<u>81,155</u>
Total additions (reductions)	<u>(21,840,398)</u>	<u>675,495</u>
DEDUCTIONS		
Refunds of seized assets	-	8,030
Forfeitures of seized assets	-	178,989
Payments on behalf of City of Cocoa	-	6,731,868
Benefits paid	13,199,507	-
Refunded contributions	146,608	-
Administrative expenses	<u>399,938</u>	<u>-</u>
Total deductions	<u>13,746,053</u>	<u>6,918,887</u>
Change in net position	(35,586,451)	(6,243,392)
Net position, October 1	<u>206,271,797</u>	<u>11,972,774</u>
Net position, September 30	<u>\$ 170,685,346</u>	<u>\$ 5,729,382</u>

The accompanying notes are an integral part of this statement.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Melbourne (the "City"), a Florida Municipal Corporation, was formed in 1969 as a result of the unification of the former cities of Melbourne and Eau Gallie. The City has a population of 87,007 living within an area of approximately 51.5 square miles. The governing body is a seven member elected City Council comprised of a Mayor and six Council members. The City Council appoints the City Manager who is responsible for the administration of all City services.

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

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

A. REPORTING ENTITY

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

Blended Component Units

The following component units are blended with the primary government for financial statement purposes. Although they are legally separate from the City, the component unit's governing body either is substantively the same as the City Council and the City manages their operations or the component unit exclusively serves the City. The Community Redevelopment funds issue separate financial statements. These statements may be obtained from the Director of Finance, City of Melbourne, 900 E. Strawbridge Ave, Melbourne, FL 32901. The pension funds do not issue separate financial statements. Their financial statements are included in the City's Annual Comprehensive Financial Report for the year ended September 30, 2022.

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

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

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

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

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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

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

Discretely Presented Component Unit

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

Related Organizations

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

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.
- 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

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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, 2022, the funds participating in pooled cash investments are the General fund; all Special Revenue funds; all Capital Projects funds; all Enterprise funds; all Internal Service funds, and the Permanent fund. The Airport participates in the equity in pooled cash system on a limited basis to expedite disbursements. Its funds are primarily invested in debt instruments of the federal government.

3. Receivables and Payables

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

The City is permitted by State law to levy taxes up to 10 mills on assessed valuation. However, Chapter 74-430 Laws of Florida, a special act applicable only to governmental units in Brevard County, limits increases to 10% of the prior year's 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, 2022 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.

4. Inventories and Prepaids

Inventories such as central warehouse supplies are valued on a moving average cost basis. All other inventories, including fuel and chemicals, are valued at cost on the first-in, first-out method. Inventory in the General fund consists of materials and supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are issued. Inventory in the Proprietary funds consists of materials and supplies used in the production of goods and services. None of the inventory is above net realizable value. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements until consumed.

5. Restricted Assets

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

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

6. Capital Assets

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

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

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

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

7. Deferred Outflows of Resources

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

8. Compensated Absences

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

The General fund and Internal Service funds obligations for accumulated, vested vacation, reimbursable sick leave, and applicable benefits of \$4,184,515 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 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.

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10. Deferred Inflows of Resources

Unavailable revenues in governmental funds, resources received before time requirements are met, and certain pension and other postemployment benefits reporting adjustments are classified as deferred inflows of resources, per GASB Codification N50 "Nonexchange Transactions", P20 "Pension Activities" and P52, "Postemployment Benefits Other than Pensions." The deferred inflows related to leases are associated with amounts owed to the City, as lessor, by entities leasing the City's capital assets.

11. Categories and Classification of Fund Equity

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

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

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

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

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

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

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

The government-wide statement of net position reports \$88,867,819 of restricted net position, of which \$27,630,409 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

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expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

12. Leases

The City accounts for leases in accordance with GASB Statement No. 87, *Leases*.

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.

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%, 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.

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 the current fiscal year, the City implemented GASB Statement No. 87, *Leases*, which provides new guidance for the accounting and financial reporting of leases by governments. GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

In accordance with generally accepted accounting principles, the implementation of this statement requires the restatement of the September 30, 2021 fund balance/net position in the statement of activities to record the

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cumulative effect of recording the original basis of the leased assets less accumulated amortization, net of respective lease liabilities as of September 30, 2021. In all instances, the adjustment required did not result in an increase or decrease to fund balance/net position previously reported.

September 30, 2021	Government wide Statements	
	Governmental Activities	Total
Net position, as previously stated	\$ 141,690,783	\$ 141,690,783
Lease receivable	5,141,554	5,141,554
Deferred inflow related to leases	(5,141,554)	(5,141,554)
Net position, restated	\$ 141,690,783	\$ 141,690,783

September 30, 2021	Airport	
	General Fund	Component Unit
Fund balance/Net position, as previously stated	\$ 42,962,384	\$ 200,786,097
Lease receivable	5,141,554	334,617,102
Deferred inflow related to leases	(5,141,554)	(334,617,102)
Fund balance/Net position, restated	\$ 42,962,384	\$ 200,786,097

B. FUTURE ADOPTION OF GASB PRONOUNCEMENTS

GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, this Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

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

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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, 2022, the carrying amount of the City of Melbourne's deposits with banks was \$7,995,019 and the bank balance was \$7,655,719. For the Airport, the carrying amount of deposits with banks was \$1,976,583 and the bank balance was \$1,663,837.

For the Fiduciary funds, the carrying amount was \$1,738,813 and the bank balance was \$501,965. As of September 30, 2022, 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 \$6,476 and Component Unit petty cash of \$200.

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

	Concentration of Credit Risk	Credit Rating (S&P)	Fair Value Level ⁽¹⁾	Investment Maturities (in Years)				
				Fair Value	Less Than 1	1-5	6-10	More Than 10
Primary Government								
<u>Cash Equivalents</u>								
Money Market Funds	19.09%	AAA	-	\$ 49,560,427	\$ 49,560,427	\$ -	\$ -	\$ -
<u>Investments</u>								
U.S. Treasury & Agency Bonds:								
U.S. Treasury Bills	1.77%	-	L2	4,602,141	4,602,141	-	-	-
U.S. Treasury Notes	24.36%	AA	L2	63,261,387	7,860,721	55,400,666	-	-
Federal National Mortgage Association								
	3.40%	AA	L2	8,834,449	3,561,001	2,592,644	2,089,503	591,301
Federal Home Loan Mortgage Corporation								
	10.32%	AA	L2	26,787,647	10,030,274	16,279,591	433,871	43,911
Federal Home Loan Bank								
	0.58%	AA	L2	1,508,287	625,373	882,914	-	-
Supra-National Agency Bond/Note								
	2.41%	AAA	L2	6,250,046	1,658,138	4,591,908	-	-
Municipal Bond/Notes:								
Municipal Bond/Note	0.15%	A	L2	379,069	147,431	231,638	-	-
Municipal Bond/Note	0.90%	AA	L2	2,334,976	377,253	1,957,723	-	-
Municipal Bond/Note	0.00%	Unrated	L2	-	-	-	-	-
Corporate Notes ⁽²⁾								
	35.29%	-	L2	91,638,912	7,236,034	84,402,878	-	-
- Asset Back Security Corporate Note								
	0.00%	AAA	L2	-	-	-	-	-
- Asset Back Security Corporate Note								
	0.00%	Unrated	L2	-	-	-	-	-
Commercial Paper								
	1.73%	A	L2	4,505,916	4,505,917	(0.660)	-	-
Subtotal Investments				210,102,830	40,604,283	166,339,961	2,523,374	635,212
Total Primary Government Cash Equivalents and Investments				259,663,257	\$ 90,164,710	\$ 166,339,961	\$ 2,523,374	\$ 635,212
Fiduciary and Custodial Funds								
Custodial Fund Investment								
<u>Cash Equivalents</u>								
Custodial Fund Money Market	4.95%	AAA	-	8,786,884	\$ 8,786,884	\$ -	\$ -	\$ -
Fiduciary Fund Investments								
<u>Cash Equivalents</u>								
Money Market Funds	2.61%	AAA	-	4,635,119	4,635,119	-	-	-
<u>Investments</u>								
Corporate Bonds ⁽²⁾	6.21%	-	L2	11,016,458	210,299	7,283,042	3,420,882	102,235
U.S. Treasury & Agency Bonds:								
U.S. Treasury Bonds/Notes	14.89%	-	L2	26,418,770	-	6,835,411	11,682,593	7,900,766
Federal National Mortgage Association								
	2.47%	AA	L2	4,383,379	2,786	3,967,178	413,415	-
Federal Home Loan Mortgage Corporation								
	0.87%	AA	L2	1,538,863	-	1,500,825	38,038	-
Foreign Bonds								
	1.16%	BBB		2,049,588	-	2,049,588	-	-
Private Debt								
	2.39%	BBB		4,248,736	-	4,248,736	-	-
Common Stock								
	44.07%	Unrated		78,190,454	78,190,454	-	-	-
Foreign Equity								
	8.18%	Unrated		14,518,470	14,518,470	-	-	-
Real Estate								
	8.93%	Unrated	L3	15,836,862	15,836,862	-	-	-
Limited Partnerships								
	2.25%	Unrated	L2	3,988,289	3,988,289	-	-	-
Limited Partnerships								
	1.02%	Unrated	L3	1,802,201	1,802,201	-	-	-
Subtotal Investments				163,992,070	114,549,361	25,884,780	15,554,928	8,003,001
Fiduciary Fund Cash Equivalents and Investments				168,627,189	119,184,480	25,884,780	15,554,928	8,003,001
Total Fiduciary/Agency Fund Cash Equivalents and Investments				177,414,073	\$ 127,971,364	\$ 25,884,780	\$ 15,554,928	\$ 8,003,001

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	Concentration of Credit Risk	Credit Rating (S&P)	Fair Value Level ⁽¹⁾	Fair Value	Investment Maturities (in Years)			
					Less Than 1	1-5	6-10	More Than 10
Component Unit - Airport								
<u>Cash Equivalents</u>								
Money Market Funds	74.32%	AAA	-	17,751,062	\$ 17,751,062	\$ -	\$ -	\$ -
<u>Investments</u>								
U.S. Treasury & Agency Bonds:								
U.S. Treasury Notes	7.86%	-	L2	1,877,639	-	1,877,639	-	-
Federal National Mortgage Association	0.95%	AA	L2	225,536	-	143,164	70,390	11,982
Federal Home Loan Mortgage Corporation	3.58%	AA	L2	855,268	291,427,000	545,738	18,103	-
Federal Home Loan Bank	0.00%	AA	L2	-	-	-	-	-
Supra-National Agency Bond/Note	1.14%	AAA	L2	271,262	126,645	144,617	-	-
Corporate Notes ⁽²⁾	11.64%	-	L2	2,779,688	415,203	2,364,485	-	-
Municipal Bond/Notes:								
Municipal Bond/Note	0.10%	A	L2	24,306	9,829	14,477	-	-
Municipal Bond/Note	0.31%	AA	L2	75,047	-	75,047	-	-
Municipal Bond/Note	0.10%	Unrated	L2	24,670	24,670	-	-	-
Subtotal Investments				6,133,416	867,774	5,165,167	88,493	11,982
Total Component Unit Cash Equivalents and Investments				23,884,478	18,618,836	\$ 5,165,167	\$ 88,493	\$ 11,982
Total Reporting Entity Cash Equivalents and Investments				\$ 460,961,808				

(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, 2022:

- *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, 2022. In accordance with GASB Codification, 150, "Investments", money market funds have not been classified in the fair value hierarchy as they can be redeemed daily with no redemption notice period.

**CITY OF MELBOURNE, FLORIDA
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	Credit Rating (S&P)	Fire Pension	Police Pension	General Pension	Primary Government	Component Unit
(2) Corporate Bonds/Notes	N/A	(3) -	-	11.17%	9.24%	5.61%
	AAA	-	-	1.38%	24.18%	32.30%
	AA	-	-	3.43%	17.48%	9.74%
	A	62.40%	62.75%	33.89%	41.60%	46.00%
	BBB	37.60%	37.25%	50.13%	7.50%	6.35%
		<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

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

Level 3 Financial Instruments

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

Instrument	Fair Value 9/30/22	Principal Valuation Technique	Significant Unobservable Inputs	Range of Significant Input Values	Weighted Average
AEW Partners	\$ 156,816	Discounted Cash Flow	Discount Rate	7.0% - 12.0%	9.60%
			Exit Cap Rate	6.25% - 8.0%	6.90%
			Loan-to-Value	33.0% - 99.0%	79.33%
			Market Interest Rates	2.3% - 4.94%	3.03%
Angelo Gordon	\$ 1,201,278	Discounted Cash Flow	Discount Rate - levered	14.0% - 22.0%	17.00%
			Discount Rate - unlevered	19.00%	19.00%
			Capitalization Rate	5.8% - 12.0%	7.13%
Bain Middle Market Credit 2014	\$ 600,923	Market Comparable Companies	Discount Rate	10.0% - 16.66%	13.05%
			Revenue Multiple	3.00%	3.00%
			EBITDA Multiple	4.0% - 12.2%	11.20%
Barings Core Property Fund LP	\$ 4,887,594	Discounted Cash Flow	Discount Rate	5.00% - 8.24%	6.58%
			Terminal Cap Rate	4.0% - 7.0%	4.98%
			DCF Term (years)	10 - 11 (years)	10 - 17 (years)
			Price per Floor Area Ratio	\$42.86	\$42.86
			Loan to Value Ratio	22.1% - 52.29%	36.71%
			Market Interest Rate	1.26% - 11.93%	4.27%
Prime Property Fund	\$ 10,792,452	Discounted Cash Flow	Discount Rate	5.51% - 7.57%	6.19%
			Exit Cap Rate	4.24% - 5.55%	5.05%
			Revenue Growth Rate	2.73% - 4.71%	3.24%
			Market Interest Rate	1.78% - 4.30%	2.93%
			Loan-to-Value	1.20% - 65.71%	41.31%

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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, 2022:

Entity	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
PIMCO Distressed Senior Credit Opportunities Fund II Offshore Feeder LP	\$ 1,579,023	N/A	Quarterly	60 days
Winslow Large Cap Growth	\$ 6,740,997	N/A	Daily	1 day
PIMCO Bravo Fund IV	\$ 2,409,266	1.05 M	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. 3511 on September 8, 2016, establishing the City’s present investment policy. Such investment policy applies to the investment of surplus funds, which include cash and investment balances of the following funds of the City: General, Capital Projects, Special Revenue, Enterprise, Internal Service, Fiduciary and Custodial, and Airport. The investment policy does not apply to the investment of principal, interest, reserve, construction, capitalized interest, and redemption or escrow accounts created by ordinance or resolution pursuant to the issuance of bonds where the investments are held by an authorized depository. This policy does not apply to funds not under control of the City; such as, the Police Officers’ Retirement System, the Firefighters’ Retirement System, and the General Employees’ and Special Risk Class Employees’ Pension Plan.

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

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

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

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

The fair values of the City’s fixed-maturity investments fluctuate in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair values of those instruments. Fair values of interest rate-sensitive instruments may be affected by the credit worthiness of the issuer, prepayment

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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 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.

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

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

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

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

Performance of the total Fund is measured for rolling three and five year periods to accommodate the market cycles experienced with investments. The Fund performance is compared to the return of a blended index of 45% Russell 3000, 15% MSCI All Country World Index ex U.S., 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.

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

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

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

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

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

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

B. ALLOWANCE FOR DOUBTFUL ACCOUNTS

The City provides an allowance for water and sewer accounts receivable that may become uncollectible. At September 30, 2022, this allowance was \$285,000. In the General fund, the City provides an allowance for miscellaneous uncollectible accounts of \$1,174. The component unit reported \$54,221 in allowances. No other allowances for doubtful accounts are maintained since all other accounts receivable are considered collectible at September 30, 2022.

CITY OF MELBOURNE, FLORIDA
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C. RECEIVABLES

Receivables in the General fund of \$3,530,801 net of uncollectible balances of \$1,174, mainly include \$3,382,853 of utility taxes and franchise fees due to the City from Florida Power and Light for taxes and fees billed as of September 30, 2022.

Receivables in the Water and Sewer Fund consisted of billed receivables of \$5,237,243, net of \$285,000 in uncollectible balances, and unbilled receivables of \$3,701,196.

Receivables in the component unit amounted to \$461,268 in rent receivable and \$139,818 in parking fees, less \$54,221 in uncollectible balances.

D. RETAINAGE PAYABLES

Retainage payable balances by fund as of September 30, 2022, included in accounts payable and current liabilities payable from restricted assets, are as follows:

Governmental Activities:

General Construction	\$ 107,672
Transportation Capital Improvement	6,784

Business-type Activities:

Water and Sewer System	681,902
Stormwater Utility	34,591
Total Primary Government	<u>830,949</u>

Component Unit:

Airport	2,086,145
Total Reporting Entity	<u><u>\$ 2,917,094</u></u>

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E. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022 was as follows:

Primary Government:	Balance October 1,			Balance September 30,
Governmental Activities:	2021	Additions	Deletions	2022
Capital assets, not being depreciated/amortized:				
Land and intangible land rights	\$ 35,854,878	\$ 3,229,963	\$ -	\$ 39,084,841
Construction in progress	10,060,325	8,868,339	5,801,111	13,127,553
Total capital assets, not being depreciated/amortized	<u>45,915,203</u>	<u>12,098,302</u>	<u>5,801,111</u>	<u>52,212,394</u>
Capital assets, being depreciated/amortized:				
Buildings	36,121,718	234,040	-	36,355,758
Improvements other than buildings	18,285,633	478,526	-	18,764,159
Machinery and equipment	30,720,550 ⁽¹⁾	4,333,053	1,811,119	33,242,484
Intangibles	2,254,825	-	9,055	2,245,770
Infrastructure	156,510,325	4,265,070	-	160,775,395
Right to use leased equipment	1,650,123 ⁽¹⁾	-	-	1,650,123
Total capital assets, being depreciated/amortized	<u>245,543,174</u>	<u>9,310,689</u>	<u>1,820,174</u>	<u>253,033,689</u>
Less accumulated depreciation/amortization:				
Buildings	18,743,549	829,858	-	19,573,407
Improvements other than buildings	14,920,782	685,581	-	15,606,363
Machinery and equipment	23,390,964 ⁽¹⁾	2,145,959	1,762,700	23,774,223
Intangibles	1,634,364	83,492	9,055	1,708,801
Infrastructure	122,382,566	4,322,048	-	126,704,614
Right to use leased equipment	831,651 ⁽¹⁾	294,006	-	1,125,657
Total accumulated depreciation/amortization	<u>181,903,876</u>	<u>8,360,944 ⁽²⁾</u>	<u>1,771,755</u>	<u>188,493,065</u>
Total capital assets, being depreciated/amortized, net	<u>63,639,298</u>	<u>949,745</u>	<u>48,419</u>	<u>64,540,624</u>
Governmental activities capital assets, net	<u>\$ 109,554,501</u>	<u>\$ 13,048,047</u>	<u>\$ 5,849,530</u>	<u>\$ 116,753,018</u>
	Balance			Balance
	October 1,			September 30,
Business-type Activities:	2021	Additions	Deletions	2022
Capital assets, not being depreciated:				
Land	\$ 4,179,011	\$ -	\$ -	\$ 4,179,011
Construction in progress	9,101,949	21,833,312	4,940,883	25,994,378
Total capital assets, not being depreciated/amortized	<u>13,280,960</u>	<u>21,833,312</u>	<u>4,940,883</u>	<u>30,173,389</u>
Capital assets, being depreciated/amortized:				
Buildings	77,778,406	42,650	-	77,821,056
Improvements other than buildings	317,913,750	5,199,096 ⁽³⁾	45,998	323,066,848
Machinery and equipment	19,925,810	1,498,322	698,437	20,725,695
Intangibles, computer software	66,073	-	-	66,073
Total capital assets, being depreciated/amortized	<u>415,684,039</u>	<u>6,740,068</u>	<u>744,435</u>	<u>421,679,672</u>

CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Balance October 1, 2021	Additions	Deletions	Balance September 30, 2022
Less accumulated depreciation/amortization:				
Buildings	53,605,311	1,248,997	-	54,854,308
Improvements other than buildings	192,705,642	11,024,938	45,998	203,684,582
Machinery and equipment	14,744,574	1,367,354	698,437	15,413,491
Intangibles, computer software	66,073	-	-	66,073
Total accumulated depreciation/amortization	<u>261,121,600</u>	<u>13,641,289</u>	<u>744,435</u>	<u>274,018,454</u>
Total capital assets, being depreciated/amortized, net	<u>154,562,439</u>	<u>(6,901,221)</u>	<u>-</u>	<u>147,661,218</u>
Business-type activities capital assets, net	<u>\$ 167,843,399</u>	<u>\$ 14,932,091</u>	<u>\$ 4,940,883</u>	<u>\$ 177,834,607</u>
Component Unit:				
	Balance October 1, 2021	Additions	Deletions	Balance September 30, 2022
Capital assets, not being depreciated:				
Land	\$ 7,663,672	\$ 332,114	\$ 9,851	\$ 7,985,935
Construction in progress	30,057,514	50,586,016	19,191,220	61,452,310
Total capital assets, not being depreciated/amortized	<u>37,721,186</u>	<u>50,918,130</u>	<u>19,201,071</u>	<u>69,438,245</u>
Capital assets, being depreciated/amortized:				
Buildings	134,486,865	495,595	-	134,982,460
Improvements other than buildings	101,396,301	18,591,864	-	119,988,165
Machinery and equipment	14,109,036	198,813	1,633,539	12,674,310
Intangibles, computer software	293,723	-	-	293,723
Right to use leased equipment	489,452	-	-	489,452
Total capital assets, being depreciated/amortized	<u>250,775,377</u>	<u>19,286,272</u>	<u>1,633,539</u>	<u>268,428,110</u>
Less accumulated depreciation/amortization:				
Buildings	49,120,161	3,607,979	-	52,728,140
Improvements other than buildings	51,666,530	4,171,602	-	55,838,132
Machinery and equipment	9,727,977	613,917	1,613,949	8,727,945
Intangibles, computer software	289,452	4,271	-	293,723
Right to use leased equipment	295,277	44,169	-	339,446
Total accumulated depreciation/amortization	<u>111,099,397</u>	<u>8,441,938</u>	<u>1,613,949</u>	<u>117,927,386</u>
Total capital assets, being depreciated/amortized, net	<u>139,675,980</u>	<u>10,844,334</u>	<u>19,590</u>	<u>150,500,724</u>
Component unit capital assets, net	<u>\$ 177,397,166</u>	<u>\$ 61,762,464</u>	<u>\$ 19,220,661</u>	<u>\$ 219,938,969</u>

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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

Governmental Activities:	
General government	\$ 795,468
Housing and urban improvement	27,249
Public safety:	
Fire protection	706,257
Police protection	876,138
Highways and streets, including general infrastructure assets	4,316,328
Public works	346,051
Parks and recreation	1,170,966
Total depreciation/amortization expense - governmental activities	<u>\$ 8,238,457</u>
Business-type Activities:	
Water and Sewer System	\$ 12,667,303
Stormwater Utility	973,986
Total depreciation/amortization expense - business-type activities	<u>\$ 13,641,289</u>

- (1) Due to the implementation of GASB 87 leases items were reclassified from "Machinery and equipment" to "Right to use leased equipment".
- (2) The difference between accumulated depreciation/amortization additions and depreciation/amortization expense of \$122,487 is due to the transfer of assets from the Water and Sewer fund to the General fund.
- (3) The City has a non-recurring fair value measurement as of September 30, 2022 for donations from developers to the Water and Sewer fund for various hydrants, pipes and manholes. The water and sewer contributions are valued at \$160,383 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, 2022**

F. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

Construction Commitments

As of September 30, 2022, major outstanding construction and other commitments (in excess of \$100,000) are summarized below by fund:

Governmental Activities:

General Construction		
Police Headquarters Building	\$	3,461,595
Golf Course Improvements		183,795
Fire Stations (5) Hardening		222,129
Mobility Improvement		
Melbourne Southwest Trail		390,731
Transportation Improvement		
FY16 to FY22 Resurfacing Program		3,835,275
Nasa/Grumman Mast Arms		206,629
Front Street Complete		137,140

Business-type Activities:

Water and Sewer System		
Construct a 16" Water Main Crossing the Indian River at the Pineda Causeway		4,749,378
Reverse Osmosis Water Treatment Plant Odor Control System		1,413,176
Surface Water Treatment Plant Filter Backwash System		484,471
Replace Water Distribution Lines in Various Areas of the City to Improve Flow and Fire Protection		317,441
Reverse Osmosis Water Treatment Plant Well Construction		196,546
Rehab Manholes and Sanitary Sewer Lines in Various Areas of the City		172,629
Isolation Valves in Large Water Mains		356,344
M-1 Canal Force Main Improvements		960,375
SCADA Instrument & Control Improvements at Remote Facilities		992,593
Stormwater Utility		
Grant Place Pipe Lining		165,000
South Harbor City Blvd Stormwater Treatment Train		162,622
Total Primary Government		<u>18,407,869</u>

Component Unit:

Airport		
Terminal Expansion		3,222,800
St Michaels Place Expansion		671,372
Taxilane Addition		163,562
Total Component Unit		<u>4,057,734</u>
Total Reporting Entity	\$	<u><u>22,465,603</u></u>

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Encumbrance Commitments

At September 30, 2022, the City had encumbrance commitments in the Governmental funds as follows:

Major funds:	
General fund	\$ 3,479,294
General Construction fund	32,177,007
Downtown Redevelopment fund	20,000
Babcock Redevelopment fund	4,613
Olde Eau Gallie Redevelopment fund	1,100
Transportation Improvement fund	4,774,611
	<u>40,456,625</u>
Total Major funds	
Other funds:	
Community Development Block Grant	\$ 35,000
HOME Investment Partnership Program	4,200
Mobility Improvement fund	390,731
Recreation Improvement fund	34,974
	<u>464,905</u>
Total Other funds	
	<u>\$ 40,921,530</u>

G. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables of the Reporting Entity at September 30, 2022, are summarized below:

<u>Primary Government Transactions</u>	<u>Due From</u>	<u>Due To</u>
By Major fund:		
General fund	\$ 668,635	\$ -
Babcock Redevelopment fund	-	293,444 *
By Other government funds:		
Community Development Block Grant	-	304,253 *
Home Investment Partnership Program	-	52,329 *
By Fiduciary funds:		
Firefighters Pension	-	1,802
Police Pension	-	11,553
General Employees Pension	-	5,254
Totals	<u>\$ 668,635</u>	<u>\$ 668,635</u>
<u>Transactions between Primary Government and Component Unit</u>	<u>Due From</u>	<u>Due To</u>
General fund	\$ 155,163	\$ -
Component Unit - Airport	-	155,163
Totals	<u>\$ 155,163</u>	<u>\$ 155,163</u>
<u>Advances to/from other funds</u>	<u>Advance To</u>	<u>Advance From</u>
By Major fund:		
General fund	\$ 303,714 *	\$ -
Babcock Redevelopment fund	-	303,714 *
Totals	<u>\$ 303,714</u>	<u>\$ 303,714</u>

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

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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

H. INTERFUND TRANSACTIONS

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

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

All other transfers are included in the results of operations for both Governmental and Proprietary fund statements. Interfund transfers at September 30, 2022 are summarized as follows:

Transfer out:	Transfer in:					Total
	General Fund	General Construction	Olde Eau Gallie Redevelopment	Transportation Improvement	Water and Sewer System	
General Fund	\$ -	\$ 2,202,500	\$ -	\$ 5,335,807	\$ -	\$ 7,538,307
General Construction fund	-	-	1,648,018	-	-	1,648,018
Downtown Redevelopment	-	602,213	-	-	-	602,213
Babcock Street Redevelopment	-	545,000	-	-	-	545,000
Nonmajor Governmental funds	568,784	252,629	-	158,118	-	979,531
Water and Sewer System	3,514,238	1,696,580	-	-	-	5,210,818
Nonmajor Business-Type	-	100,000	-	-	105,559	205,559
Total Transfers out	\$ 4,083,022	\$ 5,398,922	\$ 1,648,018	\$ 5,493,925	\$ 105,559	\$ 16,729,446

Significant transfers included \$5,335,807 from General Fund to the Transportation Improvement fund to fund various projects; \$2,202,500 from the General Fund to the General Construction fund for capital improvements; \$602,213 from the Downtown Redevelopment fund to the General Construction fund for the South Expansion Area Streetscape, Riverview Park Boat Launch, and The West Crane Creek Pedestrian Bridge Projects; \$545,000 from the Babcock Street Redevelopment fund to the General Construction fund for Nasa Blvd Bus Turn, Apollo Sidewalk, and MLK Jr. Blvd Right Turn Lane; \$3,514,238 from the Water and Sewer fund to the General fund for the rate of return per Resolution No. 3510 and \$1,696,580 to the General Construction fund for golf course irrigation improvements, and Gramling Area Drainage Improvement; and \$1,648,018 from General Construction to the Old Eau Gallie Redevelopment fund for Parking Facilities.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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 \$75,014 in lease principal revenue and \$93,503 in lease interest revenue during the current fiscal year. The City received \$50,886 from variable payments not included in the lease receivable. As of September 30, 2022, the City's receivable for lease payments was \$5,066,540. 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, 2022, the balance of the deferred inflow of resources was \$5,066,540.

(2) Lease payable

The City is the lessee of noncancellable equipment, a fire truck, and golf carts. An initial lease liability was recorded in the amount of \$524,466 during the current fiscal year. As of September 30, 2022, the value of the lease liability was \$339,194. Ownership of the equipment will transfer to the City at the end of the lease term. 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 \$1,650,123 and had accumulated amortization of \$1,125,657.

Year ending September 30,	Principal	Interest	Total Future Minimum Lease Payments
2023	\$ 188,880	\$ 5,583	\$ 194,463
2024	150,314	2,158	152,472
Total Minimum Future Revenues	\$ 339,194	\$ 7,741	\$ 346,935

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 2023 and 2062. The Airport recognized \$2,612,811 of lease revenue principal and \$6,121,131 of lease interest for the year ended September 30, 2022.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

The following is a schedule by years of minimum future revenues from noncancellable agreements (in thousands):

Year ending September 30,	Principal	Interest	Total Future Minimum Lease Payments
2023	\$ 1,781,217	\$ 6,658,211	\$ 8,439,428
2024	2,016,116	6,629,558	8,645,674
2025	2,593,127	6,580,370	9,173,497
2026	2,741,499	6,520,429	9,261,928
2027	2,857,171	6,458,002	9,315,173
2028-2032	18,306,546	31,305,308	49,611,854
2033-2037	27,105,128	29,065,191	56,170,319
2038-2042	32,557,243	26,187,663	58,744,906
2043-2047	39,271,322	22,573,565	61,844,887
2048-2052	49,360,673	18,211,122	67,571,795
2053-2057	59,479,997	12,685,279	72,165,276
2058-2062	58,587,868	6,704,747	65,292,615
2063-2067	26,538,996	1,976,121	28,515,117
2068-2072	7,439,603	692,243	8,131,846
2073-2077	3,722,347	185,234	3,907,581
Total Minimum Future Revenues	<u>\$ 334,358,853</u>	<u>\$ 182,433,043</u>	<u>\$ 516,791,896</u>

(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 \$2,937,877 of regulated lease revenue principal and \$626,226 of regulated lease interest for the years ended September 30, 2022.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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

Year ending September 30,	Principal	Interest	Total Future Minimum Lease payments
2023	\$ 587,885	\$ 678,339	\$ 1,266,223
2024	687,465	670,270	1,357,735
2025	834,265	658,840	1,493,105
2026	843,636	648,544	1,492,180
2027	746,901	642,788	1,389,688
2028-2032	2,745,154	3,110,184	5,855,338
2033-2037	3,658,200	2,865,656	6,523,856
2038-2042	4,941,513	2,505,884	7,447,397
2043-2047	4,386,702	2,079,212	6,465,914
2048-2052	4,459,013	1,728,966	6,187,979
2053-2057	4,934,014	1,297,056	6,231,070
2058-2062	5,021,242	829,016	5,850,257
2063-2067	4,435,138	328,608	4,763,747
2068-2072	1,182,942	17,823	1,200,765
Total Minimum Future Revenues	<u>\$ 39,464,070</u>	<u>\$ 18,061,186</u>	<u>\$ 57,525,254</u>

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. LONG-TERM LIABILITIES

1. Debt Service Requirements to Maturity

The annual requirements to amortize all bonded debt outstanding as of September 30, 2022 including interest requirements are described on pages 67 through 69.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

MATURITIES

	<u>Purpose of Issue</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
PRIMARY GOVERNMENT:			
Governmental Activities			
General Obligation Bonds			
Series 2022 - 2.35% - 5.00%	Construction of the Police Station	\$ 35,000,000	\$ 35,000,000
Interest		-	13,048,491
Total Revenue Bonds and interest		<u>35,000,000</u>	<u>48,048,491</u>
Notes from direct borrowings			
Non-Ad Valorem Refunding Revenue Note	Refunding Series 2003 Public Service bonds, 2005		
Series 2018 - 2.75%	and 2006 Subordinate Electric Utility Tax bonds	6,490,000	3,535,000
Downtown CRA Revenue Note,	Finance loan for the redevelopment incentive		
Series 2020 - 2.03%	to the Highline apartments	<u>2,400,000</u>	<u>2,290,000</u>
Total Notes from direct borrowings		8,890,000	5,825,000
Interest		-	663,525
Total Bonds from direct borrowings and interest		<u>8,890,000</u>	<u>6,488,525</u>
Total governmental activities		<u>43,890,000</u>	<u>54,537,016</u>
Business-type Activities			
Water and Sewer Refunding Revenue Bonds,			
Series 2002B - 5.47% - 5.61% *	Partial refunding of Series 2000 bonds	21,495,333	19,493,094
Series 2013 - 2.00%*	Partial refunding of Series 2004 bonds	14,525,000	655,000
Series 2016A - 3.00% - 5.00% *	Partial refunding of Series 2007B	19,160,000	16,625,000
Series 2016B - 5.00% *	Refunding Series 2007A	14,465,000	14,465,000
Water and Sewer Refunding and Improvement			
Revenue Bonds,			
Series 2012 - 3.00%*	Refunding Series 2002A/improvements of \$5,000,000	<u>12,200,000</u>	<u>240,000</u>
Total Revenue Bonds		81,845,333	51,478,094
Interest		-	14,228,131
Total Revenue Bonds and interest		<u>81,845,333</u>	<u>65,706,225</u>
Bonds from direct borrowings			
Water and Sewer Refunding Revenue Bonds,	Refunding of Series 2020 bonds	18,145,000	18,145,000
Series 2022 - 1.38%			
Water and Sewer Improvement Revenue Bonds,	Construction of additions, expansions and improvements		
Series 2021 - .97%	to various components of the water and sewer system	<u>1,650,000</u>	<u>1,650,000</u>
Total Bonds from direct borrowings		19,795,000	19,795,000
Interest		-	1,901,468
Total Bonds from direct borrowings and interest		<u>19,795,000</u>	<u>21,696,468</u>
Total business-type activities		<u>101,640,333</u>	<u>87,402,693</u>
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	<u>6,000,000</u>	<u>6,000,000</u>
Total Revenue Bonds		15,000,000	15,000,000
Interest		-	1,568,054
Total component unit activities		<u>15,000,000</u>	<u>16,568,054</u>
TOTAL REPORTING ENTITY			
DEBT SERVICE		<u>\$ 160,530,333</u>	<u>\$ 158,507,763</u>

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

MATURITIES (CONTINUED)

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
PRIMARY GOVERNMENT:				
Governmental Activities				
General Obligation Bonds				
Series 2022 - 2.35% - 5.00%	\$ 765,000	\$ 1,285,000	\$ 1,350,000	\$ 1,415,000
Interest	1,761,971	1,245,777	1,181,528	1,114,028
Total Revenue Bonds and interest	<u>2,526,971</u>	<u>2,530,777</u>	<u>2,531,528</u>	<u>2,529,028</u>
Notes from direct borrowings				
Non-Ad Valorem Refunding Revenue Note				
Series 2018 - 2.75%	770,000	780,000	795,000	810,000
Downtown CRA Revenue Note,				
Series 2020 - 2.03%	115,000	115,000	120,000	120,000
Total Notes from direct borrowings	885,000	895,000	915,000	930,000
Interest	133,112	109,466	85,474	60,969
Total Bonds from direct borrowings and interest	<u>1,018,112</u>	<u>1,004,466</u>	<u>1,000,474</u>	<u>990,969</u>
Total governmental activities	<u>3,545,083</u>	<u>3,535,243</u>	<u>3,532,002</u>	<u>3,519,997</u>
Business-type Activities				
Water and Sewer Refunding Revenue Bonds,				
Series 2002B - 5.47% - 5.61% *	3,435,000	4,600,000	4,600,000	4,600,000
Series 2013 - 2.00%*	655,000	-	-	-
Series 2016A - 3.00% - 5.00% *	715,000	750,000	785,000	825,000
Series 2016B - 5.00% *	-	-	-	-
Water and Sewer Refunding and Improvement				
Revenue Bonds,				
Series 2012 - 3.00%*	240,000	-	-	-
Total Revenue Bonds	5,045,000	5,350,000	5,385,000	5,425,000
Interest	1,487,525	1,440,750	1,402,375	1,366,250
Total Revenue Bonds and interest	<u>6,532,525</u>	<u>6,790,750</u>	<u>6,787,375</u>	<u>6,791,250</u>
Bonds from direct borrowings				
Water and Sewer Refunding Revenue Bonds,				
Series 2022 - 1.38%	180,000	1,105,000	1,120,000	1,140,000
Water and Sewer Improvement Revenue Bonds,				
Series 2021 - .97%	325,000	325,000	330,000	335,000
Total Bonds from direct borrowings	505,000	1,430,000	1,450,000	1,475,000
Interest	228,114	251,569	233,039	214,220
Total Bonds from direct borrowings and interest	<u>733,114</u>	<u>1,681,569</u>	<u>1,683,039</u>	<u>1,689,220</u>
Total business-type activities	<u>7,265,639</u>	<u>8,472,319</u>	<u>8,470,414</u>	<u>8,480,470</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
Series 2021B - 1.95%	-	750,000	750,000	750,000
Total Revenue Bonds	-	1,800,000	1,821,000	1,842,000
Interest	292,500	292,500	257,400	221,891
Total component unit activities	<u>292,500</u>	<u>2,092,500</u>	<u>2,078,400</u>	<u>2,063,891</u>
TOTAL REPORTING ENTITY				
DEBT SERVICE	<u>\$ 11,103,222</u>	<u>\$ 14,100,062</u>	<u>\$ 14,080,816</u>	<u>\$ 14,064,358</u>

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

MATURITIES (CONCLUDED)				
	<u>2027</u>	<u>2028- 2032</u>	<u>2033- 2037</u>	<u>2038- 2042</u>
PRIMARY GOVERNMENT:				
Governmental Activities				
General Obligation Bonds				
Series 2022 - 2.35% - 5.00%	\$ 1,485,000	\$ 8,620,000	\$ 10,565,000	\$ 9,515,000
Interest	<u>1,043,278</u>	<u>4,024,887</u>	<u>2,074,987</u>	<u>602,035</u>
Total Revenue Bonds and interest	2,528,278	12,644,887	12,639,987	10,117,035
Notes from direct borrowings				
Non-Ad Valorem Refunding Revenue Note				
Series 2018 - 2.75%	380,000	-	-	-
Downtown CRA Revenue Note,				
Series 2020 - 2.03%	<u>125,000</u>	<u>655,000</u>	<u>725,000</u>	<u>315,000</u>
Total Notes from direct borrowings	505,000	655,000	725,000	315,000
Interest	<u>42,171</u>	<u>145,957</u>	<u>76,734</u>	<u>9,642</u>
Total Bonds from direct borrowings and interest	547,171	800,957	801,734	324,642
Total governmental activities	<u>3,075,449</u>	<u>13,445,844</u>	<u>13,441,721</u>	<u>10,441,677</u>
Business-type Activities				
Water and Sewer Refunding Revenue Bonds,				
Series 2002B - 5.47% - 5.61% *	2,258,094	-	-	-
Series 2013 - 2.00%*	-	-	-	-
Series 2016A - 3.00% - 5.00% *	860,000	4,990,000	6,270,000	1,430,000
Series 2016B - 5.00% *	-	14,465,000	-	-
Water and Sewer Refunding and Improvement				
Revenue Bonds,				
Series 2012 - 3.00%*	-	-	-	-
Total Revenue Bonds	<u>3,118,094</u>	<u>19,455,000</u>	<u>6,270,000</u>	<u>1,430,000</u>
Interest	<u>3,670,156</u>	<u>3,807,875</u>	<u>1,024,600</u>	<u>28,600</u>
Total Revenue Bonds and interest	6,788,250	23,262,875	7,294,600	1,458,600
Bonds from direct borrowings				
Water and Sewer Refunding Revenue Bonds,				
Series 2022 - 1.38%	1,155,000	8,205,000	5,240,000	-
Water and Sewer Improvement Revenue Bonds,				
Series 2021 - .97%	<u>335,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Bonds from direct borrowings	1,490,000	8,205,000	5,240,000	-
Interest	<u>195,136</u>	<u>705,974</u>	<u>73,416</u>	<u>-</u>
Total Bonds from direct borrowings and interest	1,685,136	8,910,974	5,313,416	-
Total business-type activities	<u>8,473,386</u>	<u>32,173,849</u>	<u>12,608,016</u>	<u>1,458,600</u>
COMPONENT UNIT:				
Component Unit Activities				
Bonds from direct borrowings				
Airport Bonds,				
Series 2021 - 1.95%	1,113,000	4,674,000	-	-
Series 2021B - 1.95%	<u>750,000</u>	<u>3,000,000</u>	<u>-</u>	<u>-</u>
Total Revenue Bonds	1,863,000	7,674,000	-	-
Interest	<u>185,972</u>	<u>317,791</u>	<u>-</u>	<u>-</u>
Total component unit activities	<u>2,048,972</u>	<u>7,991,791</u>	<u>-</u>	<u>-</u>
TOTAL REPORTING ENTITY				
DEBT SERVICE	<u>\$ 13,597,807</u>	<u>\$ 53,611,484</u>	<u>\$ 26,049,737</u>	<u>\$ 11,900,277</u>

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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, 2022.

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

3. Pledged Revenues

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

Pledged Revenue	Term	Future Principal and Interest	Current Pledged Revenue	Current Principal and Interest	Current Percentage of Revenue
Governmental Activities:					
Downtown CRA-Highline	2039	\$ 2,731,119	\$ 1,700,867	\$ 158,720	9.33%
Non Ad-Valorem	2027	3,757,406	22,479,850	862,594	3.84%
General Obligation Bond	2041	48,048,491	-	-	-
Total governmental activities		<u>\$ 54,537,016</u>	<u>\$ 24,180,717</u>	<u>\$ 1,021,314</u>	
Business-type Activities:					
Water and Sewer net revenues	2038	\$ 87,402,693	\$ 25,571,355	\$ 8,235,290	32.21%
		<u>\$ 87,402,693</u>	<u>\$ 25,571,355</u>	<u>\$ 8,235,290</u>	
Component Unit:					
Airport net revenues	2031	\$ 16,568,054	\$ 21,357,468	\$ 235,950	1.10%
		<u>\$ 16,568,054</u>	<u>\$ 21,357,468</u>	<u>\$ 235,950</u>	

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

4. New Bond Issues

On November 10, 2021, the City issued taxable Airport Revenue Note, Series 2021B in the principal amount of \$6,000,000. The principal purpose for issuing this note is to fund expanding and rehabilitating the existing terminal facility.

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, construction and equipping of a new police headquarters facility.

On July 6, 2022, the City issued Water and Sewer Refunding Revenue Bonds, Series 2022 in the principal amount of \$18,145,000. These bonds were sold to refund the City's outstanding taxable Water and Sewer Refunding and Improvement Revenue Bond, Series 2020. The difference in cash flows required to service the new debt versus the old debt is a decrease of \$461,530. The economic gain resulting from the refunding is \$368,126.

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, 2022 amounted to \$13,041,884 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, 2022 is \$3,188,947. 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, 2022 is \$5,011,393. 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, 2022 is \$3,949,102. Debt service maturity schedules have not yet been calculated by the grantor, however, the loan bears interest at .16% per annum. Principal and interest payments of \$363,973 will be due in October and April of each year beginning October 15, 2023 until the loan is repaid in fiscal year 2044.

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

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Future minimum payments on state revolving fund loans:

Year Ending September 30,	Business-type Activities	
	Principal	Interest
2023	\$ 588,944	\$ 197,913
2024	1,322,186	192,617
2025	1,341,890	172,913
2026	1,358,557	156,246
2027	1,375,618	139,185
2028-2032	4,562,084	431,815
2033-2036	1,600,163	84,553
	<u>\$ 12,149,442</u>	<u>\$ 1,375,242</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, 2022, the bonds have an aggregate outstanding principal amount payable of \$2,743,590.

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.

8. Changes in Long-Term Liabilities

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

	Balance October 1, 2021	Additions	Reductions	Balance September 30, 2022	Amounts Due Within One Year
Governmental Activities:					
Compensated absences	\$ 4,329,108	\$ 3,703,625	\$ 3,848,218	\$ 4,184,515	\$ 1,838,325
Leases payable	524,466	-	185,272	339,194	188,880
General obligation revenue bonds, Series 2022	-	35,000,000	-	35,000,000	765,000
Premium on general obligation bond	-	4,069,396	-	4,069,396	-
Notes from direct borrowings	6,690,000	-	865,000	5,825,000	885,000
Total governmental activities	<u>\$ 11,543,574</u>	<u>\$ 42,773,021</u>	<u>\$ 4,898,490</u>	<u>\$ 49,418,105</u>	<u>\$ 3,677,205</u>

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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The City's outstanding notes from direct borrowings related to governmental activities of \$3,535,000 and \$2,290,000 are from the 2018 Non-Ad Valorem Refunding Revenue Note and the 2020 Downtown CRA Revenue Note. The 2018 Non-Ad Valorem Refunding Note contains a provision that in an event of default, outstanding amounts become immediately due if the City is unable to make a payment. The 2020 Downtown CRA Note contains a provision that in the event of default, the bank is entitled to sue for payment and increase the interest rate by 3%.

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above total for governmental activities. At year-end, \$4,906 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.

	Balance October 1, 2021	Additions	Reductions	Balance September 30, 2022	Amounts Due Within One Year
Business-type Activities:					
Bonds payable:					
Water and Sewer revenue bonds	\$ 41,232,247	-	\$ 2,796,037	\$ 38,436,210	\$ 2,769,278
Accretion on Water and Sewer bonds	14,193,746	-	1,151,862	13,041,884	2,275,722
Unamortized issuance premium	3,833,970	-	508,074	3,325,896	-
Total bonds payable	<u>59,259,963</u>	<u>-</u>	<u>4,455,973</u>	<u>54,803,990</u>	<u>5,045,000</u>
2014 W&S revenue bond	1,875,000	-	1,875,000	-	-
2020 W&S revenue bond	18,285,000	-	18,285,000	-	-
2021 W&S revenue bond	1,650,000	-	-	1,650,000	325,000
2022 W&S revenue bond	-	18,145,000	-	18,145,000	180,000
State Revolving Fund loans payable	<u>8,774,892</u>	<u>3,949,102</u>	<u>574,552</u>	<u>12,149,442</u>	<u>588,944</u>
Bonds and loans from direct borrowings	30,584,892	22,094,102	20,734,552	31,944,442	1,093,944
Compensated absences	<u>820,264</u>	<u>772,837</u>	<u>727,261</u>	<u>865,840</u>	<u>413,547</u>
Total business-type activities	<u>\$ 90,665,119</u>	<u>\$ 22,866,939</u>	<u>\$ 25,917,786</u>	<u>\$ 87,614,272</u>	<u>\$ 6,552,491</u>

The City's outstanding bonds from direct borrowings relate to business-type activities of \$1,650,000, \$18,145,000, and \$12,149,442 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 \$12,149,442 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

**CITY OF MELBOURNE, FLORIDA
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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, 2022 was as follows:

	Balance October 1, 2021	Additions	Reductions	Balance September 30, 2022	Amounts Due Within One Year
Component Unit:					
Compensated absences	\$ 598,292	\$ 289,960	\$ 327,530	\$ 560,722	\$ 176,235
Leases payable	272,227	-	57,702	214,525	60,654
Notes from direct borrowings	9,000,000	6,000,000	-	15,000,000	-
Total Component Unit	\$ 9,870,519	\$ 6,289,960	\$ 385,232	\$ 15,775,247	\$ 236,889

(5) RESTRICTED ASSETS

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

Customer deposits	\$ 4,115,499
Interest receivable	5,560
Due from other Governments	15,817
Wastewater capital recovery	364,786
State Revolving Fund current debt service	100,649
Revenue bonds current debt service	6,290,609
Revenue bonds future debt service	4,602,279
Revenue bonds renewal and replacement	250,000
Total restricted assets	\$ 15,745,199

(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 \$745,459 at September 30, 2022. 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, 2022 is \$908,159 and is based on the requirements of GASB Codification, C50, "Claims and Judgements", which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. To estimate this liability the incurred but not reported (IBNR) factors are applied to trended claims history. General Property and Liability claims at September 30, 2021 and 2022 are summarized below:

**CITY OF MELBOURNE, FLORIDA
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Fiscal Year	Claims Liability October 1,	Current Year Claims and Changes in Estimates	Payments	Claims Liability September 30,	Due Within One Year
2020-2021	792,260	260,096	87,674	964,682	293,219
2021-2022	964,682	213,341	269,864	908,159	244,483

Workers Compensation - The City is exposed to risk of loss related to injuries to employees. The City established a self-insured workers compensation program, accounted for in the Workers Compensation Internal Service fund to finance its uninsured risk of loss. The Workers Compensation fund provides coverage for up to a maximum of \$200,000 for each worker's compensation claim. The City purchases commercial insurance for claims in excess of coverage provided by the self-insurance program. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. All applicable funds and component units participate in the workers compensation self-insurance program and make payments to the Workers Compensation fund based on estimates of the amounts needed to pay prior and current year claims and to accumulate funds for financial stability. Excess accumulated funds over claims liability was \$2,676,167 at September 30, 2022.

The workers compensation claims liability at September 30, 2022 is \$1,822,599 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, 2021 and 2022 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
2020-2021	2,220,315	1,122,843	1,117,204	2,225,954	731,708
2021-2022	2,225,954	754,508	1,157,863	1,822,599	340,103

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, 2022 are as follows:

Governmental Activities	\$ 5,469,152
Business-type Activities	1,649,028
Total Primary Government	7,118,180
Component Unit	511,389
Total Reporting Entity	<u>\$ 7,629,569</u>

The City has three defined benefit single employer pension plans:

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

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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, 2022 was as follows:

	Firefighters Pension	Police Pension	General Employees Pension	Total Pension Trust Funds
ASSETS				
Cash and cash equivalents	\$ 2,083,494	\$ 4,090,067	\$ 200,371	\$ 6,373,932
Investments, at fair value:				
U.S. government securities	9,407,883	21,717,335	1,215,794	32,341,012
Corporate bonds	3,063,309	6,430,394	1,522,755	11,016,458
Common stocks	35,365,928	38,351,717	4,472,808	78,190,453
Real estate funds	12,150,546	4,887,594	-	17,038,140
Foreign bond funds	3,197,717	-	430,895	3,628,612
Private debt	4,851,145	2,407,780	-	7,258,925
Foreign equity funds	3,311,365	10,374,720	832,385	14,518,470
Interest receivable	108,490	200,292	22,368	331,150
Prepaid expenses	-	502,389	-	502,389
Total assets	73,539,877	88,962,288	8,697,376	171,199,541
LIABILITIES				
Accounts payable and accrued expenses	69,863	70,189	16,262	156,314
Due to other funds	1,802	11,553	5,254	18,609
Overfunded contributions	233,549	-	105,723	339,272
Total liabilities	305,214	81,742	127,239	514,195
NET POSITION				
Held in trust for pension benefits	\$ 73,234,663	\$ 88,880,546	\$ 8,570,137	\$ 170,685,346

**CITY OF MELBOURNE, FLORIDA
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The Pension trust funds change in fiduciary net position activity as of September 30, 2022 was as follows:

	Firefighters Pension	Police Pension	General Employees Pension	Total Pension Trust Funds
ADDITIONS				
Contributions				
Employer contributions	\$ 3,338,795	\$ 2,670,035	\$ 105,587	\$ 6,114,417
Employee contributions	773,346	712,245	-	1,485,591
State contributions	588,936	853,145	-	1,442,081
Total contributions	<u>4,701,077</u>	<u>4,235,425</u>	<u>105,587</u>	<u>9,042,089</u>
Investment income				
Net appreciation in fair value of investments	(11,737,588)	(22,382,159)	(2,165,033)	(36,284,780)
Interest, dividends, and other income	2,153,928	3,674,358	311,865	6,140,151
Total investment gains (losses)	<u>(9,583,660)</u>	<u>(18,707,801)</u>	<u>(1,853,168)</u>	<u>(30,144,629)</u>
Less investment expense	<u>(387,203)</u>	<u>(313,135)</u>	<u>(37,520)</u>	<u>(737,858)</u>
Net investment gains (losses)	<u>(9,970,863)</u>	<u>(19,020,936)</u>	<u>(1,890,688)</u>	<u>(30,882,487)</u>
Total additions (reductions)	<u>(5,269,786)</u>	<u>(14,785,511)</u>	<u>(1,785,101)</u>	<u>(21,840,398)</u>
DEDUCTIONS				
Benefits paid	6,753,910	6,017,256	428,341	13,199,507
Refunded contributions	47,491	99,117	-	146,608
Administrative expense	153,199	175,848	70,891	399,938
Total deductions	<u>6,954,600</u>	<u>6,292,221</u>	<u>499,232</u>	<u>13,746,053</u>
Net change in net position	<u>(12,224,386)</u>	<u>(21,077,732)</u>	<u>(2,284,333)</u>	<u>(35,586,451)</u>
Net position held in trust for pension benefits October 1	<u>85,459,049</u>	<u>109,958,278</u>	<u>10,854,470</u>	<u>206,271,797</u>
Net position held in trust for pension benefits September 30	<u>\$ 73,234,663</u>	<u>\$ 88,880,546</u>	<u>\$ 8,570,137</u>	<u>\$ 170,685,346</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	117	173	32	7
Inactive plan members entitled to but not yet receiving benefits	5	52	30	2
Active plan members	130	149	2	0
Total	247	374	64	9

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

Firefighters Pension Plan:

Normal Retirement:

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

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

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

Early Retirement:

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

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

Vesting:

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

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

Disability Retirement:

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

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

Pre-Retirement Death:

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

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

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

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Enhanced Benefit Account (EBA):

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

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

- (a) 50% of positive or negative net investment income compared to fund's investment objective of 7.125% 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 2021-2022 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 38.87% and 29.09%, respectively, for the 2020-2021 fiscal year. The employer contributions for the General Employee Pension Plan were \$48,752 for general employees and \$56,835 for Airport police personnel for the 2020-2021 fiscal year. The City recognized as revenues and expenditures on-behalf payments relating to pension contributions for its public safety employees that the State paid to the Firefighters and Police Pension Plans in the amounts of \$588,936 and \$853,145 respectively. These contributions are funded by an excise tax upon certain casualty and property insurance companies on their gross

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

The City's and Airport's annual contributions exceeded the annual pension cost for each of the local pension plans for the year ended September 30, 2022. The City's contributions to the Firefighters and Police Pension Plans were \$3,338,795 and \$2,670,035, which includes prepaids of \$233,549 in the Firefighters Pension Plan. The Airport's contribution to the General Employees Special Risk Class was \$56,835. The General Employees Regular Class used \$48,752 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, 2022:

	Target Allocation		
	Firefighters Pension Plan	Police Pension Plan	General Employees Pension
	Domestic Equity	45.00%	45.00%
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, 2022, 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 (12.07%), (17.65%) and (17.74%) 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, 2022 was \$5,628,428.

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, 2022 was \$1,884,106.

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, 2022 was \$0 for Regular Class and \$82,728 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, 2022, 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, 2021, which is allowed by GASB Statement No. 68.

	Firefighters Pension Plan	Police Pension Plan	General Employees Pension Plan	
			Regular Class	Airport Special Risk Class
Total pension liability	\$ 100,783,648	\$ 111,539,346	\$6,353,280	\$ 1,686,302
Plan fiduciary net position	(73,234,663)	(88,880,546)	(7,036,130)	(1,534,008)
Sponsor's net pension liability (asset)	<u>\$ 27,548,985</u>	<u>\$ 22,658,800</u>	<u>\$ (682,850)</u>	<u>\$ 152,294</u>
Plan fiduciary net position as a percentage of total pension liability	72.67%	79.69%	110.75%	90.97%

* The Airport's portion of the Regular Class net pension liability is 9.27%.

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Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2021 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, 2021 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, 2021 and 2022, 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, 2022 are summarized in the following table:

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

Discount rate. The discount rate used to measure the total pension liability for the Firefighters, Police, and General Employee Pension Plans were 7.125%, 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	\$ 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)

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Net Pension Liability

The City's net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022 for the Firefighters Pension Plan, and October 1, 2022 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 9/30/2021	\$ 98,012,506	\$ 74,290,140	\$ 23,722,366
Changes for the year:			
Service cost	2,225,827	-	2,225,827
Interest	6,819,028	-	6,819,028
Difference between expected and actual experience	(670,515)	-	(670,515)
Changes of assumptions	(2,196,715)	-	(2,196,715)
Contributions - employer	-	3,504,002	(3,504,002)
Contributions - state	-	584,114	(584,114)
Contributions - employee	-	704,723	(704,723)
Net investment income	-	12,622,550	(12,622,550)
Benefit payments, including refunds of employee contributions	(6,086,429)	(6,086,429)	-
Administrative expenses	-	(160,051)	160,051
Net changes	<u>91,196</u>	<u>11,168,909</u>	<u>(11,077,713)</u>
Reporting Period Ending 9/30/2022	<u>\$ 98,103,702</u>	<u>\$ 85,459,049</u>	<u>\$ 12,644,653</u>

POLICE OFFICERS PENSION PLAN

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Reporting Period Ending 9/30/2021	\$108,249,277	\$ 94,418,941	\$ 13,830,336
Changes for the year:			
Service cost	1,544,692	-	1,544,692
Interest	7,679,931	-	7,679,931
Share Plan Allocation	134,357	-	134,357
Differences between expected and actual experience	(1,049,851)	-	(1,049,851)
Contributions - employer	-	2,916,260	(2,916,260)
Contributions - state	-	788,995	(788,995)
Contributions - employee	-	641,837	(641,837)
Contributions - buy back	26,145	26,145	-
Net investment income	-	18,978,776	(18,978,776)
Benefit payments, including refunds of employee contributions	(7,727,774)	(7,727,774)	-
Administrative expenses	-	(84,902)	84,902
Net changes	<u>607,500</u>	<u>15,539,337</u>	<u>(14,931,837)</u>
Reporting Period Ending 9/30/2022	<u>\$108,856,777</u>	<u>\$109,958,278</u>	<u>\$ (1,101,501)</u>

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GENERAL EMPLOYEES REGULAR CLASS PENSION PLAN*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Reporting Period Ending 9/30/2021	\$ 6,355,008	\$ 7,964,038	\$ (1,609,030)
Changes for the year:			
Service cost	16,781	-	16,781
Interest	432,565	-	432,565
Difference between expected and actual experience	3,728	-	3,728
Contributions - employer	-	50,534	(50,534)
Net investment income	-	1,372,153	(1,372,153)
Benefit payments, including refunds of employee contributions	(384,581)	(384,581)	-
Administrative expenses	-	(42,371)	42,371
Net changes	68,493	995,735	(927,242)
Reporting Period Ending 9/30/2022	<u>\$ 6,423,501</u>	<u>\$ 8,959,773</u>	<u>\$ (2,536,272)</u>

* The Airport's portion of the Regular Class net pension liability is 9.27%.

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 9/30/2021	\$ 1,459,375	\$ 1,621,180	\$ (161,805)
Changes for the year:			
Service cost	27,365	-	27,365
Interest	101,532	-	101,532
Difference between expected and actual experience	(50,483)	-	(50,483)
Contributions - employer	-	75,764	(75,764)
Net investment income	-	279,132	(279,132)
Benefit payments, including refunds of employee contributions	(72,570)	(72,570)	-
Administrative expenses	-	(8,808)	8,808
Net changes	5,844	273,518	(267,674)
Reporting Period Ending 9/30/2022	<u>\$ 1,465,219</u>	<u>\$ 1,894,698</u>	<u>\$ (429,479)</u>

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Firefighters Pension Plan	\$ 22,699,347	\$ 12,644,653	\$ 4,187,658
Police Pension Plan	11,119,377	(1,101,501)	(11,316,087)
General Employee Regular Class*	(1,836,811)	(2,536,271)	(3,124,186)
General Employee Special Risk Class	(230,347)	(429,479)	(592,377)

* The Airport's portion of the Regular Class sensitivity of the net pension liability is 9.27%.

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

For the year ended September 30, 2022, the City will recognize a pension expense of \$2,937,984 for the Firefighters Pension Plan. On September 30, 2022 the City reported for the **Firefighters Pension Plan** deferred outflows and inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 22,854	\$ 695,282
Changes of assumptions	2,924,053	1,797,312
Net difference between projected and actual earnings on pension plan investments	-	2,667,379
Contributions subsequent to the measurement date	3,927,186	-
Total	<u>\$ 6,874,093</u>	<u>\$ 5,159,973</u>

Deferred outflows of \$3,927,186, resulting from City and State contributions subsequent to the measurement date of September 30, 2021, 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 and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2022	\$ 329,833
2023	187,008
2024	(616,317)
2025	(1,852,935)
2026	(260,655)

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For the year ended September 30, 2022, the City will recognize a pension expense of (\$674,880) for the Police Officers Pension Plan. On September 30, 2022 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	\$ 718,460	\$ 1,315,771
Changes of assumptions	696,828	-
Net difference between projected and actual earnings on pension plan investments	-	11,717,116
Contributions subsequent to the measurement date	3,523,180	-
Total	\$ 4,938,468	\$ 13,032,887

Deferred outflows of \$3,523,180, resulting from City and State contributions subsequent to the measurement date of September 30, 2021, 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 and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2023	\$ (2,746,628)
2024	(2,992,032)
2025	(3,427,323)
2026	(2,451,616)

For the year ended September 30, 2022, the City will recognize a pension expense of (\$335,552) for the General Employees Regular Class Pension Plan. On September 30, 2022 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	\$ -	\$ 743,420
Contributions subsequent to the measurement date	48,752	-
Total	\$ 48,752	\$ 743,420

The Airport's portion of the deferred outflows is 0% and inflows of resources is 9.27%.

Deferred outflows of \$48,752, resulting from City contributions subsequent to the measurement date of September 30, 2020, will be recognized as an adjustment to the net pension asset (liability) in the fiscal year ending September 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2023	\$ (200,479)
2024	(172,796)
2025	(204,576)
2026	(165,569)

For the year ended September 30, 2022, the Airport will recognize a pension expense of (\$77,357) for the General Employees Special Risk Class Pension Plan. On September 30, 2022 the City reported for the Airport's

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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	\$ -	\$ 145,156
Contributions subsequent to the measurement date	56,835	-
Total	\$ 56,835	\$ 145,156

Deferred outflows of \$56,835, resulting from Airport contributions subsequent to the measurement date of September 30, 2021, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2023	\$ (38,135)
2024	(33,837)
2025	(40,015)
2026	(33,169)

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.

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Pension Plan

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

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

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

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

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

Contributions – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates, which include the HIS plan of 1.66%, are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2021 through June 30, 2022 and from July 1, 2022 through September 30, 2022, respectively, were as follows: Regular 10.82% and 11.91%; Special Risk Airport Police 25.89% and 27.83%; Senior Management Service 29.01% and 31.57%; Elected Officers’ 51.42% and 57.00%; DROP participants 18.34% and 18.60%; Re-employed General 5.85% and 5.89%, and Re-employed Airport Police 10.56% and 11.33%.

City’s contributions, including employee contributions, to the Pension Plan totaled \$4,339,830 for the fiscal year ended September 30, 2022, which include Airport contributions of \$543,353.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2022, the City reported a liability of \$30,610,256 for its proportionate share of the Pension Plan’s net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an

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actuarial valuation as of July 1, 2022. The City's proportionate share of the net pension liability was based on the City's 2021-22 fiscal year contributions relative to the 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the City's proportionate share was .082268%, which was a decrease of .001586% from its proportionate share measured as of June 30, 2021.

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, 2022, the City recognized pension expense of \$4,467,039, including the component unit's share of \$444,470. 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
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 1,309,156	\$ -
Change of assumptions	3,474,767	-
Net difference between projected and actual earnings on FRS plan investments	1,820,082	186,378
Changes in proportion and differences between City FRS plan contributions and proportionate share of contributions	1,045,801	635,167
City FRS plan contributions subsequent to the measurement date	871,695	-
Total	<u>\$ 8,521,501</u>	<u>\$ 821,545</u>
Component Unit:	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 144,654	\$ -
Change of assumptions	295,014	-
Net difference between projected and actual earnings on FRS plan investments	201,109	(186,378)
Changes in proportion and differences between City FRS plan contributions and proportionate share of contributions	115,555	70,182
City FRS plan contributions subsequent to the measurement date	96,317	-
Total	<u>\$ 852,649</u>	<u>\$ (116,196)</u>

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The deferred outflows of resources related to the FRS Pension Plan, totaling \$968,012 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, 2023. 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:

<u>Year Ending September 30,</u>	<u>Primary Government</u>	<u>Component Unit</u>
2023	\$ 1,651,308	\$ 211,007
2024	623,117	79,623
2025	(557,654)	(71,258)
2026	4,852,033	620,002
2027	259,457	33,154

Actuarial Assumptions – The total pension liability in the June 30, 2022 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, 2022, 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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.6%	2.6%	1.1%
Fixed income	19.8%	4.4%	4.4%	3.2%
Global equity	54.0%	8.8%	7.3%	17.8%
Real estate	10.3%	7.4%	6.3%	15.7%
Private equity	11.1%	12.0%	8.9%	26.3%
Strategic investments	3.8%	6.2%	5.9%	7.8%
Total	<u>100.0%</u>			
Assumed Inflation - Mean			2.40%	1.30%

* As outlined in the Plan's investment policy

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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	\$ 47,723,365	\$ 27,616,931	\$ 10,805,560
Airport's proportionate share of the net pension liability	\$ 5,214,969	\$ 2,993,325	\$ 1,135,767
Total net pension liability	\$ 52,938,334	\$ 30,610,256	\$ 11,941,327

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, 2022, the primary government reported a payable in the amount of \$373,822, including the component unit's share of \$37,195, for outstanding contributions to the FRS Pension Plan required for the fiscal year ended September 30, 2022.

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, 2022, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2022, 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 \$544,570 for the fiscal year ended September 30, 2022, which includes Airport's contribution of \$57,927.

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

– At September 30, 2022, the City reported a liability of \$9,505,067 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The City's proportionate share of the net pension liability was based on the City's 2020-21 fiscal year contributions relative to the 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the City's proportionate share was .089742%, which was a decrease of .000515% from its proportionate share measured as of June 30, 2021.

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, 2022, the City recognized pension expense of \$501,285, including the component unit's share of \$53,337. 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	\$ 257,804	\$ 37,373
Change of assumptions	516,787	1,307,614
Net difference between projected and actual earnings on HIS Plan investments	12,297	-
Changes in proportion and differences between City HIS Plan contributions and proportionate share of contributions	525,218	553,162
City HIS Plan contributions subsequent to the measurement date	128,330	-
Total	<u>\$ 1,440,436</u>	<u>\$ 1,898,149</u>

Component Unit:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,697	\$ 4,450
Change of assumptions	28,050	162,814
Net difference between projected and actual earnings on HIS Plan investments	1,464	-
Changes in proportion and differences between City HIS Plan contributions and proportionate share of contributions	62,537	65,864
City HIS Plan contributions subsequent to the measurement date	15,280	-
Total	<u>\$ 138,028</u>	<u>\$ 233,128</u>

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The deferred outflows of resources related to the HIS Plan, totaling \$143,610 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:

<u>Year Ending September 30,</u>	<u>Primary Government</u>	<u>Component Unit</u>
2023	\$ (141,725)	\$ (26,694)
2024	(53,480)	(10,073)
2025	47,861	9,015
2026	(416,431)	(78,434)
2027	(22,268)	(4,194)

Actuarial Assumptions – The total pension liability in the July 1, 2022, 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	3.54 %

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

The actuarial assumptions used in the July 1, 2022, 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 3.54%. 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 3.54%, 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 (2.54%) or one percentage point higher (4.54%) than the current rate:

	<u>1% Decrease (2.54%)</u>	<u>Current Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
City's proportionate share of the net pension liability	\$ 9,864,331	\$ 8,640,537	\$ 7,627,872
Airport's proportionate share of the net pension liability	\$ 1,010,246	\$ 864,530	\$ 743,953
Total net pension liability	<u>\$ 10,874,577</u>	<u>\$ 9,505,067</u>	<u>\$ 8,371,825</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.

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Payables to the Pension Plan - At September 30, 2022, the City reported a payable in the amount of \$40,568, including the component unit's share of \$4,316, for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2022.

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 988 participating employers. The City has 153 participating employees, including 16 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 2021-22 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 9.10%, Special Risk class 24.17%, Senior Management Service class 27.29% and County Elected Officers class 49.70%.

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, 2022, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

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

City's contributions, including employee contributions, to the Investment Plan totaled \$994,202 for the fiscal year ended September 30, 2021, including Airport contributions of \$137,476.

C. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description - The City of Melbourne administers a single-employer defined benefit healthcare plan (the "Plan") that provides medical insurance to its employees and their eligible dependents. Pursuant to Section 112.0801 Florida Statutes, the City is required to provide eligible retirees (as defined in the City's pension plans) the opportunity to participate in this Plan at the same cost that is applicable to active employees. Eligible retirees must be drawing an immediate benefit from their respective pension plan and be enrolled in medical coverage

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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, 2022 the City contributed \$553,407 to cover 271 retired employees and \$26,378 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 October 1, 2022, OPEB membership consisted of the following:

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

Actuarial Assumptions and Other Inputs – The total OPEB liability in the September 30, 2022 actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
*Salary Increases	2.1 to 5.1 percent projected annual salary increase
Discount rate	2.19 percent investment rate of return
Health care cost trend rates	6.50 percent using Society of Actuaries Long-Term Model
Retirees' share of benefit-related costs	50 percent of projected health insurance premiums
*Salary scale used by FRS depends on gender and service.	

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

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

The actuarial assumption used for September 30, 2022 are based on the results of a full valuation as of September 30, 2021, which was completed on the measurement date. The City recognized \$579,785 as the current portion for payments expected in the next fiscal year.

At September 30, 2022, the City of Melbourne reported a net OPEB liability of \$19,733,527. The GASB 75 information has been provided as of the September 30, 2021 measurement date.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance as of October 1, 2020 for FYE 2021	\$ 18,999,649	\$ -	\$ 18,999,649
Changes for the year:			
Service cost	679,754	-	679,754
Interest	446,333	-	446,333
Trust Contribution - Employer		959,184	(959,184)
Changes of assumptions	566,975		566,975
Benefit Payments (net of retiree contributions)	(959,184)	(959,184)	-
Net changes	733,878	-	733,878
Balance as of October 1, 2021 for FYE 2022	<u>\$ 19,733,527</u>	<u>\$ -</u>	<u>\$ 19,733,527</u>

The Airport's share of the net OPEB liability is 4.54%

Changes in assumptions and other inputs reflect a change in the discount rate from 2.41% as of September 30, 2020 to 2.19% as of September 30, 2021. The methods, assumptions, and participant data used are detailed in the actuarial valuation report dated September 30, 2021 with the exception of the actuarial cost method. These calculations are based in the Entry Age Normal cost method required by GASB 75.

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

Sensitivity of the Net OPEB Liability - The following table represents the City's net OPEB liability calculated using the discount rate of 2.19%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.19%) or one percentage point higher (3.19%) than the current rate:

<u>Discount Rate</u>	<u>1% Decrease (1.19%)</u>	<u>Current Discount Rate (2.19%)</u>	<u>1% Increase (3.19%)</u>
Net OPEB Liability	\$ 22,033,418	\$ 19,733,527	\$ 17,757,868

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

<u>Ultimate Trend</u>	<u>1% Decrease (3.04%)</u>	<u>Current Medical Trend (4.04%)</u>	<u>1% Increase (5.04%)</u>
Net OPEB Liability	\$ 17,477,902	\$ 19,733,527	\$ 22,479,992

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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

For the fiscal year ended September 30, 2022, the City of Melbourne recognized an OPEB expense of \$1,402,227. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,552,267	\$ 908,546
Change of assumptions	1,898,256	307,592
City contributions subsequent to the measurement date	579,785	-
Total	\$ 4,030,308	\$ 1,216,138

The Airport's portion of the deferred outflows and inflows of resources is 4.54%.

The deferred outflows of resources related to OPEB, totaling \$579,785 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, 2023. 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:	
2023	\$ 433,627
2024	433,627
2025	433,629
2026	839,013
2027	94,489
Thereafter	-

D. OTHER EMPLOYEE BENEFIT PLANS

1. 457 Deferred Compensation Plans

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

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

The 457 Governmental Deferred Compensation Plan and Trust is administered by MissionSquare Retirement, formerly the International City Managers' Association Retirement Corporation, was established by Resolution No. 823 on July 12, 1983. Benefit terms for the 457 plan are established and may be amended by the City

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Manager as authorized by City Council, most recently restated by Resolution No. 3884, on October 10, 2019. The plan is fully funded by participants, operating on a pre-tax basis in the tax-deferred 457 plan, and operating on an after-tax basis in the Roth 457 plan, with contributions vesting immediately. The City does not contribute to the plan.

2. Melbourne Airport Authority 401(a) Plan

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

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

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 \$68,370 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, 2022, the City abated 2021 property taxes to two businesses totaling \$161,196. Compliance review of the benefitting businesses annual reports determined that one exemption will expire leaving two businesses qualified for 2022 property tax abatements.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

G. SUBSEQUENT EVENTS

On October 11, 2022, City Council approved project No. 64312, drainage upgrade agreement with Boniface-Hiers Imports, LLC in the amount of \$634,896.

On October 11, 2022, City Council approved an amendment to increase the annual spend level by \$190,000 to Advanced Cabling Solutions, Inc. of Casselberry Florida for an estimated annual amount of \$390,000 and total estimated contract amount of \$883,000.

On October 11, 2022, City Council approved an amendment to increase the annual spend by \$149,104 for sodium hypochlorite for the Water Production Division, estimated annual amount of \$568,500 and total estimated contract amount of \$1,705,500.

On October 25, 2022, City Council approved Project No. 34020, Hibiscus reclaimed Water Main Extension with Young's Communications Co. Inc., of Melbourne Florida in the amount of \$162,697.34.

On October 25, 2022, City Council approved the purchase of a monthly cell phone service from Verizon Wireless with an estimated annual amount of \$100,000 and estimated contract amount of \$400,000.

On October 25, 2022, City Council approved the purchase of 16 Ford Interceptor Pursuit Rated SUVs from Duval Ford of Jacksonville Florida in the amount of \$668,761.

On October 25, 2022, City Council approved increasing the annual spend by \$98,300 for the purchase of gasoline and diesel from Wright Express Card Program dba WEX, Inc. for an estimated annual amount of \$538,300.

On October 25, 2022, City Council approved the renewal of Tiburon Computer Aided Dispatch and Record Management System from Tri-Tech Software Systems of Lake Mary Florida in the amount of \$218,786.31.

On October 25, 2022, City Council approved the purchase of replacement golf course driving range netting at Harbor City Golf Course, Project No. 10621 from Cross Country Cowboy, Inc. of Hammonton New Jersey in the amount of \$94,975.80.

On October 26, 2022, the Melbourne Airport Authority awarded the contract for the modification for the ticket counters and bag belt to Kinley Construction with an estimated cost of \$214,475.69.

On November 08, 2022, City Council approved the purchase of a Ford F-550 chassis cargo-body video camera truck from Cues, Inc. of Orlando Florida in the amount of \$414,750.

On November 08, 2022, City Council approved the purchase of a fully-enclosed steel carport from Jobear Contracting, Inc. of Palm Bay Florida in the amount of \$79,888.

On November 08, 2022, City Council approved the purchase of gasoline and diesel in bulk from Glover Oil, Inc. of Melbourne Florida, and Palmdale Oil, Inc of Ft. Pierce Florida for the total estimated annual cost of \$882,000.

On November 22, 2022, City Council approved Task Order No. DRMP 036 to the Continuing Contract for Engineering Services for the Pine Lakes Mobil Home Park Water System Replacement, Project No. 30122 to DRMP, Inc of Merritt Island Florida in the amount of \$257,380.

On November 22, 2022, City Council approved the creation of a capital improvement project in the Water and Sewer Fund for the East New Haven Avenue FECR Water Main Replacement project and budget transfer in the amount of \$100,000 from 2-4-6-inch Waterline Improvements, Project No. 30022.

On November 22, 2022, City Council approved Task Order No. DRMP 037 to the Continuing Contract for Professional Consulting Services with DRMP, Inc. for East New Haven Avenue FECR Water Main Replacement, Project No. 30123, in the amount of \$84,400.

On November 22, 2022, City Council approved Work Order No. 1 to V.A. Paving, Inc. of Cocoa Florida in the amount of \$190,000.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

On November 22, 2022, City Council approved the purchase of AirCard Enterprise mobility management Software renewals from Verizon Wireless with an estimated annual cost of \$120,000.

On December 13, 2022, City Council approved Task Order No. DRMP 035 to the Continuing Contract for Engineering Services for the Desoto Parkway 12-inch Water Main Replacement, Project No. 30622, to DRMP, Inc. of Merritt Island Florida in the amount of \$171,775.

On December 13, 2022, City Council approved a change order to Project No. 10216 to DP Development, LLC of Cocoa Florida in the amount of \$155,274.07.

On December 13, 2022, City Council approved a contract award to Loren Jock Trucking, Inc. of Stuart Florida in the amount of \$1,261,250.

On December 13, 2022, City Council approved Task Order No. DRMP 038 to DRMP, Inc. of Merritt Island Florida Project No. 20412 in the amount of \$82,980.

On December 13, 2022, City Council approved the purchase of two Exagrid units from Presidio Networked Solutions, Inc. of Orlando Florida in the amount of \$215,990.58.

On December 13, 2022, City Council approved the purchase of replacement diesel day tanks from Eau Gallie Electric, Inc. at an estimated cost of \$95,057.

On December 13, 2022, City Council approved a task order to the Continuing Planning Consultant by S & ME, Inc. of Orlando Florida in the amount of \$80,000.

On January 10, 2023, City Council approved a contract award for the Lift Station No. 38 Project No. 32113 to Young's Communication, LLC of Melbourne Florida in the amount of \$599,632.

On January 10, 2023, City Council approved Task Order No. CHA 015 to CHA Consulting, Inc. of Winter Springs Florida in the amount of \$40,554.

On January 10, 2023, City Council approved Change Order No. 4 for Project No. 32520 to Don Luchetti Construction, Inc. of Melbourne Florida in the amount of \$114,800.

On January 10, 2023, City Council approved the purchase of leak detection services from Asterra dba Utilis, Inc. of San Diego California in the amount not to exceed \$143,000.

On January 10, 2023, City Council approved a Second Amendment to increase annual spend by \$30,450 for Quicklime from Carmeuse Lime & Stone, Inc. of Pittsburgh Pennsylvania with an estimated annual cost of \$138,063 and a estimated contract cost of \$414,189.

On January 10, 2023, City Council approved the purchase of operating system and database licensing Project No. 12120 from CDW of Chicago Illinois in the amount of \$159,697.12.

On January 10, 2023, City Council approved a Second Amendment to increase the annual spend level by \$31,500 to Advanced Cabling Solutions, Inc. of Casselberry Florida for an estimated annual amount of \$421,500 and an estimated total contract amount of \$914,500.

On January 24, 2023, City Council approved the purchase of monthly cell phone service from Verizon Wireless for an estimated annual amount of \$85,000 and estimated contract amount of \$340,000.

On January 25, 2023, the Melbourne Airport Authority approved a purchase order to AVCON, Inc. for Design Services of the Common Use Area of the Dassault Falcon Jet site in an amount not to exceed \$255,198.

On February 14, 2023, City Council approved Amendment No. 10 to the Professional Engineering Contract for Pineda 16-inch Water Mains Crossing, Project No. 30315, to Reiss Engineering, Inc. of Winter Springs Florida in the amount of \$145,001.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

On February 14, 2023, City Council approved the purchase of one replacement raw water vertical turbine pump and motor for the Water Production Division, from Trippensee Shaw, Inc. of Eustis Florida for a total cost of \$204,244.



REQUIRED SUPPLEMENTARY INFORMATION

The following schedules are reported in this subsection:

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

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final	(See Note A)	
REVENUES				
Taxes:				
Property	\$ 41,379,386	\$ 41,379,386	\$ 41,618,002	\$ 238,616
Utility and communications	12,395,000	12,395,000	13,195,286	800,286
Franchise fees	7,075,000	7,275,000	8,555,628	1,280,628
Intergovernmental	14,254,225	18,800,305	17,372,785	(1,427,520)
Charges for services	10,298,008	10,201,558	10,344,834	143,276
Licenses and permits	3,636,920	3,636,920	4,137,903	500,983
Fines, forfeitures, penalties and fees	219,000	219,000	335,470	116,470
Investment earnings	1,060,824	1,060,824	(4,463,795)	(5,524,619)
Other revenues	1,062,171	1,081,914	1,272,432	190,518
Total revenues	<u>91,380,534</u>	<u>96,049,907</u>	<u>92,368,545</u>	<u>(3,681,362)</u>
EXPENDITURES				
Current:				
General government:				
Mayor and council	198,699	198,886	190,100	8,786
City manager	1,058,798	1,059,032	1,037,542	21,490
City attorney	903,794	903,966	719,895	184,071
City clerk	458,928	459,045	448,750	10,295
Accounting and budget	2,114,705	2,115,408	2,115,271	137
Procurement	462,323	485,808	481,829	3,979
Human resources	898,723	907,016	874,422	32,594
Information technology	6,109,686	6,217,967	6,010,426	207,541
Engineering	1,611,682	1,602,302	1,501,856	100,446
Community development	865,215	959,166	946,093	13,073
Other - unclassified	5,745,521	4,352,678	3,912,929	439,749
Total general government	<u>20,428,074</u>	<u>19,261,274</u>	<u>18,239,113</u>	<u>1,022,161</u>
Public Safety:				
Fire	23,134,413	25,187,999	24,665,932	522,067
Police	27,435,400	29,184,991	28,928,387	256,604
Total public safety	<u>50,569,813</u>	<u>54,372,990</u>	<u>53,594,319</u>	<u>778,671</u>
Public works				
Parks and recreation	7,993,717	8,354,115	7,730,424	623,691
Housing and urban improvement	9,894,860	10,694,479	10,451,999	242,480
Debt service:				
Principal	691,512	691,594	689,486	2,108
Interest and fiscal agent fees	940,272	940,272	940,272	-
Total debt service	<u>1,047,866</u>	<u>1,047,866</u>	<u>1,047,866</u>	<u>-</u>
Total expenditures	<u>90,625,842</u>	<u>94,422,318</u>	<u>91,753,207</u>	<u>2,669,111</u>
Excess (deficiency) of revenues over expenditures	<u>754,692</u>	<u>1,627,589</u>	<u>615,338</u>	<u>(1,012,251)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,624,308	3,645,436	4,083,022	437,586
Transfers out	(5,729,000)	(9,876,500)	(7,538,307)	2,338,193
Sale of capital assets	-	158,339	315,365	157,026
Total other financing sources (uses)	<u>(2,104,692)</u>	<u>(6,072,725)</u>	<u>(3,139,920)</u>	<u>2,932,805</u>
Net change in fund balance	<u>(1,350,000)</u>	<u>(4,445,136)</u>	<u>(2,524,582)</u>	<u>1,920,554</u>
Fund balance, October 1	42,962,384	42,962,384	42,962,384	-
Fund balance, September 30	<u>\$ 41,612,384</u>	<u>\$ 38,517,248</u>	<u>\$ 40,437,802</u>	<u>\$ 1,920,554</u>

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DOWNTOWN REDEVELOPMENT
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Budget Amounts		Actual on (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive/ (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,606,203	\$ 1,606,203	\$ 1,693,166	\$ 86,963
Investment earnings	12,000	12,000	7,701	(4,299)
Total revenues	<u>1,618,203</u>	<u>1,618,203</u>	<u>1,700,867</u>	<u>82,664</u>
EXPENDITURES				
Current:				
General government	1,034,483	1,074,483	797,578	276,905
Debt service:				
Principal	110,000	110,000	110,000	-
Interest	48,720	48,720	48,720	-
Total expenditures	<u>1,193,203</u>	<u>1,233,203</u>	<u>956,298</u>	<u>276,905</u>
Excess of revenues over expenditures	425,000	385,000	744,569	359,569
OTHER FINANCING USES				
Transfers out	(636,962)	(602,213)	(602,213)	-
Net change in fund balance	(211,962)	(217,213)	142,356	359,569
Fund balance, October 1	<u>217,213</u>	<u>217,213</u>	<u>217,213</u>	<u>-</u>
Fund balance, September 30	<u>\$ 5,251</u>	<u>\$ -</u>	<u>\$ 359,569</u>	<u>\$ 359,569</u>

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BABCOCK STREET REDEVELOPMENT
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Budget Amounts		Actual on (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive/ (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,161,556	\$ 1,161,556	\$ 1,153,722	\$ (7,834)
Investment earnings	20,000	20,000	9,148	(10,852)
Other revenue	-	-	1,201	1,201
Total revenues	1,181,556	1,181,556	1,164,071	(17,485)
EXPENDITURES				
Current:				
General government	322,211	322,211	262,191	60,020
Debt service:				
Principal	283,521	283,521	-	283,521
Interest	30,824	30,824	17,003	13,821
Total expenditures	636,556	636,556	279,194	357,362
Excess of revenues over expenditures	545,000	545,000	884,877	339,877
OTHER FINANCING USES				
Transfers out	(545,000)	(545,000)	(545,000)	-
Net change in fund balance	-	-	339,877	339,877
Fund deficit, October 1	(317,865)	(317,865)	(317,865)	-
Fund balance (deficit), September 30	<u>\$ (317,865)</u>	<u>\$ (317,865)</u>	<u>\$ 22,012</u>	<u>\$ 339,877</u>

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
OLDE EAU GALLIE REDEVELOPMENT
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Budget Amounts		Actual on (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive/ (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 647,039	\$ 669,414	\$ 669,414	\$ -
Investment earnings	10,000	10,000	6,973	(3,027)
Total revenues	<u>657,039</u>	<u>679,414</u>	<u>676,387</u>	<u>(3,027)</u>
EXPENDITURES				
Current:				
General government	-	679,414	-	679,414
Capital outlay	-	8,735,268	20,700	8,714,568
Total expenditures	<u>-</u>	<u>9,414,682</u>	<u>20,700</u>	<u>9,393,982</u>
Excess (deficiency) of revenues over (under) expenditures	657,039	(8,735,268)	655,687	9,390,955
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	6,835,000	-	(6,835,000)
Transfers in	-	1,648,018	1,648,018	-
Transfers out	(912,257)	-	-	-
Total other financing sources (uses)	<u>(912,257)</u>	<u>8,483,018</u>	<u>1,648,018</u>	<u>(6,835,000)</u>
Net change in fund balance	(255,218)	(252,250)	2,303,705	2,555,955
Fund balance, October 1	<u>252,250</u>	<u>252,250</u>	<u>252,250</u>	<u>-</u>
Fund balance (deficit), September 30	<u>\$ (2,968)</u>	<u>\$ -</u>	<u>\$ 2,555,955</u>	<u>\$ 2,555,955</u>

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

BUDGETARY NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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	\$ 91,753,207	\$ 956,298	\$ 279,194	\$ 20,700
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>(3,271,078)</u>	<u>(20,000)</u>	<u>(4,613)</u>	<u>(1,100)</u>
Total expenditures are reported on the statement of revenues, expenditures, and changes in fund balances.	<u>\$ 88,482,129</u>	<u>\$ 936,298</u>	<u>\$ 274,581</u>	<u>\$ 19,600</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, 2022 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)	\$ (2,524,582)	\$ 142,356	\$ 339,877	\$ 2,303,705
Adjustments:				
Encumbrances	<u>3,271,078</u>	<u>20,000</u>	<u>4,613</u>	<u>1,100</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) (GAAP Basis)	<u>\$ 746,496</u>	<u>\$ 162,356</u>	<u>\$ 344,490</u>	<u>\$ 2,304,805</u>

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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 NINE FISCAL YEARS
FIREFIGHTERS PENSION**

	9/30/2022*	9/30/2021	9/30/2020	9/30/2019
Total pension liability				
Service cost	\$ 2,209,338	\$ 2,225,827	\$ 2,092,888	\$ 1,958,018
Interest	6,908,754	6,819,028	6,803,337	6,644,955
Changes of benefit terms	546	-	-	-
Difference between expected and actual experience	(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	(6,753,910)	(6,083,904)	(5,734,384)	(5,737,239)
Contribution refunds	(47,491)	(2,525)	(88,644)	(14,159)
Net change in total pension liability	2,679,946	91,196	5,377,888	4,747,441
Total pension liability - beginning	98,103,702	98,012,506	92,634,618	87,887,177
Total pension liability - ending (a)	100,783,648	98,103,702	98,012,506	92,634,618
Plan fiduciary net position				
Contributions - employer	\$ 33,338,795	\$ 3,504,002	\$ 3,242,351	\$ 3,022,527
Contributions - state	588,936	584,114	547,722	518,691
Contributions - employee	773,346	704,723	694,499	678,868
Net investment income	(9,970,863)	12,622,550	1,361,766	3,180,130
Benefit payments	(6,753,910)	(6,083,904)	(5,734,384)	(5,737,239)
Contributions refunds	(47,491)	(2,525)	(88,644)	(14,159)
Administrative expense	(153,199)	(160,051)	(131,393)	(146,948)
Net change in plan fiduciary net position	(12,224,386)	11,168,909	(108,083)	1,501,870
Plan fiduciary net position - beginning	85,459,049	74,290,140	74,398,223	72,896,353
Plan fiduciary net position - ending (b)	\$ 73,234,663	\$ 85,459,049	\$ 74,290,140	\$ 74,398,223
Net pension liability - ending (a) - (b)	\$ 27,548,985	\$ 12,644,653	\$ 23,722,366	\$ 18,236,395
Plan fiduciary net position as a percentage of the total pension liability	72.67%	87.11%	75.80%	80.31%
Covered payroll	\$ 9,611,373	\$ 9,188,997	\$ 8,755,735	\$ 8,367,972
Net pension liability as a percentage of covered payroll	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, 2021, which is allowed by GASB Codification P20.

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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

	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	(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, 2022**

**SCHEDULE OF CITY CONTRIBUTIONS
LAST NINE 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
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: 10/01/2020

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

Methods and assumptions used to determine contribution rates:

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

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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

	9/30/2022*	9/30/2021	9/30/2020	9/30/2019
Total pension liability				
Service cost	\$ 1,633,513	\$ 1,544,692	\$ 1,665,001	\$ 1,554,118
Interest	7,788,801	7,679,931	7,483,737	7,414,402
Share plan allocation	166,432	134,357	149,722	199,236
Changes of benefit terms	-	-	-	(149,431)
Difference between expected and actual experience	(837,582)	(1,049,851)	2,155,379	(2,113,526)
Changes in assumptions	-	-	2,090,485	-
Contributions - buy back	48,510	26,145	26,145	11,453
Benefit payments, including refunds of employee contributions	(6,117,105)	(7,727,774)	(6,878,711)	(5,625,467)
Net change in total pension liability	2,682,569	607,500	6,691,758	1,290,785
Total pension liability - beginning	108,856,777	108,249,277	101,557,519	100,266,734
Total pension liability - ending (a)	<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	\$ 2,670,035	\$ 2,916,260	\$ 3,080,236	\$ 3,184,967
Contributions - state	853,145	788,995	819,725	769,322
Contributions - employee	663,736	641,837	607,559	618,037
Contributions - buy back	48,510	26,145	26,145	11,453
Net investment income	(19,113,692)	18,978,776	9,989,716	4,074,906
Benefit payments, including refunds of employee contributions	(6,117,105)	(7,727,774)	(6,878,711)	(5,625,467)
Administrative expense	(82,361)	(84,902)	(89,664)	(83,182)
Net change in plan fiduciary net position	(21,077,732)	15,539,337	7,555,006	2,950,036
Plan fiduciary net position - beginning	109,958,278	94,418,941	86,863,935	83,913,899
Plan fiduciary net position - ending (b)	<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>\$ 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	79.69%	101.01%	87.22%	85.53%
Covered payroll	\$ 9,163,931	\$ 8,913,875	\$ 8,585,712	\$ 8,838,609
Net pension liability as a percentage of covered payroll	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, 2021, which is allowed by GASB Codification P20.

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
LAST NINE 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	-	-	-	-
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	4,578,065	1,692,494	4,855,937	948,205	3,363,871
Total pension liability - beginning	95,688,669	93,996,175	89,140,238	88,192,033	84,828,162
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	7,209,216	4,786,022	5,791,584	(1,880,053)	5,795,594
Plan fiduciary net position - beginning	76,704,683	71,918,661	66,127,077	68,007,130	62,211,536
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 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, 2022**

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

Fiscal Year Ended September 30,	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Total Contributions as a Percentage of Covered Payroll
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: 10/01/2020

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent closed
Remaining amortization period	20 years
Asset valuation method	Historical geometric 4 year average market value returns, net of fees
Inflation	2.5%
Salary increases	4.5 – 6.00%
Investment rate of return	7.25%
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, 2022**

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

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

*The net pension liability recognized by the City in the current year financial statements represents the net pension liability measured as of September 30, 2021, which is allowed by GASB Codification P20.

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
LAST NINE 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	69,189	196,900	256,959	537,139	313,034
Total pension liability - beginning	6,313,965	6,117,065	5,860,106	5,322,967	5,009,933
Total pension liability - ending (a)	<u>\$ 6,383,154</u>	<u>\$ 6,313,965</u>	<u>\$ 6,117,065</u>	<u>\$ 5,860,106</u>	<u>\$ 5,322,967</u>
Plan fiduciary net position					
Contributions - employer	\$ 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	252,542	538,434	105,702	(461,388)	684,238
Plan fiduciary net position - beginning	7,397,166	6,858,732	6,753,030	7,214,418	6,530,180
Plan fiduciary net position - ending (b)	<u>\$ 7,649,708</u>	<u>\$ 7,397,166</u>	<u>\$ 6,858,732</u>	<u>\$ 6,753,030</u>	<u>\$ 7,214,418</u>
Net pension asset - ending (a) - (b)	<u>\$ (1,266,554)</u>	<u>\$ (1,083,201)</u>	<u>\$ (741,667)</u>	<u>\$ (892,924)</u>	<u>\$ (1,891,451)</u>
Plan fiduciary net position as a percentage of the total pension liability	119.84%	117.16%	112.12%	115.24%	135.53%
Covered payroll	\$ 155,432	\$ 193,136	\$ 284,325	\$ 496,332	\$ 416,889
Net pension liability 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, 2022**

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

	9/30/2022*	9/30/2021	9/30/2020	9/30/2019
Total pension liability				
Service cost	\$ -	\$ 27,365	\$ 27,775	\$ 26,338
Interest	99,915	101,532	99,047	94,064
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	196,904	(50,483)	7,096	(16,296)
Changes in assumptions	-	-	(44,312)	-
Benefit payments, including refunds of employee contributions	(75,736)	(72,570)	(34,834)	(33,861)
Net change in total pension liability	221,083	5,844	54,772	70,245
Total pension liability - beginning	1,465,219	1,459,375	1,404,603	1,334,358
Total pension liability - ending (a)	<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	\$ 56,835	\$ 75,764	\$ 77,540	\$ 73,106
Net investment income	(333,670)	279,132	136,905	64,937
Benefit payments, including refunds of employee contributions	(75,736)	(72,570)	(34,834)	(33,861)
Administrative expense	(8,119)	(8,808)	(7,695)	(8,437)
Net change in plan fiduciary net position	(360,690)	273,518	171,916	95,745
Plan fiduciary net position - beginning	1,894,698	1,621,180	1,449,264	1,353,519
Plan fiduciary net position - ending (b)	<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>\$ 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	90.97%	129.31%	111.09%	103.18%
Covered payroll	N/A	\$ 31,974	\$ 71,569	\$ 72,705
Net pension liability (asset) as a percentage of covered payroll	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, 2021, which is allowed by GASB Codification P20.

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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

	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 experience	-	-	-	-	-
	(21,419)	58,940	(281,383)	32,533	-
Changes in assumptions	-	-	20,015	136,013	-
Benefit payments, including refunds of	(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, 2022**

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

REGULAR CLASS

Fiscal Year Ended September 30,	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Total Contributions as a Percentage of Covered Payroll
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

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
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: 10/01/2020

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate Cost Method (General Regular Class)
	Entry age normal (Special Risk)
Amortization method	Level percentage of pay, closed
Remaining amortization period	N/A (Regular Class) 15 years (Special Risk)

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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 75% 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 NINE 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
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, 2022**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM
LAST NINE 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
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 NINE 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
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, 2022**

**SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM
LAST NINE 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
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 NINE 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
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, 2022**

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 FIVE FISCAL YEARS**

	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Total pension liability					
Service cost	\$ 679,754	\$ 539,312	\$ 401,198	\$ 551,562	\$ 585,037
Interest cost	446,333	426,802	519,920	559,862	509,501
Difference between expected and actual experience	-	2,295,440	38,454	(2,119,942)	-
Changes in assumptions	566,975	615,278	1,777,286	(717,709)	(787,439)
Benefit payments	(959,184)	(794,479)	(750,565)	(712,111)	(746,566)
Net change in OPEB liability	733,878	3,082,353	1,986,293	(2,438,338)	(439,467)
Total OPEB liability - beginning	18,999,649	15,917,296	13,931,003	16,369,341	16,808,808
Total OPEB liability - ending (a)	\$ 19,733,527	\$ 18,999,649	\$ 15,917,296	\$ 13,931,003	\$ 16,369,341
Plan fiduciary net position					
Contributions - employer	\$ 959,184	\$ 794,479	\$ 750,565	\$ 712,111	\$ 746,566
Benefit payments	(959,184)	(794,479)	(750,565)	(712,111)	(746,566)
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending (b)	-	-	-	-	-
Net OPEB liability - ending (a) - (b)	\$ 19,733,527	\$ 18,999,649	\$ 15,917,296	\$ 13,931,003	\$ 16,369,341
Plan fiduciary net position as a percentage of the total	0.00%	0.00%	0.00%	0.00%	0.00%
*Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	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%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

The following statements and schedules are reported in this subsection:

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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

CAPITAL PROJECTS FUNDS

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

The City maintains the following Capital Projects Funds:

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

PERMANENT FUNDS

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

The City maintains the following Permanent Fund:

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

**CITY OF MELBOURNE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	Special Revenue Funds	Capital Projects Funds	Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
ASSETS				
Equity in pooled investments	\$ 1,123,929	\$ 6,663,759	\$ 208,958	\$ 7,996,646
Interest receivable	2,383	12,641	406	15,430
Due from other governments	684,276	-	-	684,276
Total assets	<u>\$ 1,810,588</u>	<u>\$ 6,676,400</u>	<u>\$ 209,364</u>	<u>\$ 8,696,352</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 182,091	\$ -	\$ -	\$ 182,091
Due to other funds	356,582	-	-	356,582
Deposits	18,141	-	-	18,141
Unearned revenue	145,655	-	-	145,655
Total liabilities	<u>702,469</u>	<u>-</u>	<u>-</u>	<u>702,469</u>
Fund balances:				
Non-spendable	-	-	209,364	209,364
Restricted:				
Public safety, law enforcement	108,716	-	-	108,716
Housing and urban improvement	999,403	-	-	999,403
Economic development	-	19,816	-	19,816
Capital improvements	-	1,814,520	-	1,814,520
Transportation improvement	-	2,862,349	-	2,862,349
Recreation improvement	-	1,979,715	-	1,979,715
Total fund balances	<u>1,108,119</u>	<u>6,676,400</u>	<u>209,364</u>	<u>7,993,883</u>
Total liabilities and fund balances	<u>\$ 1,810,588</u>	<u>\$ 6,676,400</u>	<u>\$ 209,364</u>	<u>\$ 8,696,352</u>

**CITY OF MELBOURNE, FLORIDA
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Special Revenue Funds	Capital Projects Funds	Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUES				
Intergovernmental	\$ 2,229,315	\$ 22,497	\$ -	\$ 2,251,812
Impact fees	-	1,141,526	-	1,141,526
Confiscated property	73,850	-	-	73,850
Investment earnings (loss)	4,930	31,503	1,101	37,534
Perpetual care endowment additions	-	-	9,650	9,650
Other revenue	44,870	-	-	44,870
	<u>2,352,965</u>	<u>1,195,526</u>	<u>10,751</u>	<u>3,559,242</u>
EXPENDITURES				
Current:				
Housing and urban improvement	1,023,913	-	-	1,023,913
Capital outlay	-	146,405	-	146,405
	<u>1,023,913</u>	<u>146,405</u>	<u>-</u>	<u>1,170,318</u>
Total expenditures				
	<u>1,023,913</u>	<u>146,405</u>	<u>-</u>	<u>1,170,318</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,329,052</u>	<u>1,049,121</u>	<u>10,751</u>	<u>2,388,924</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(820,312)</u>	<u>(158,118)</u>	<u>(1,101)</u>	<u>(979,531)</u>
Total other financing sources (uses)	<u>(820,312)</u>	<u>(158,118)</u>	<u>(1,101)</u>	<u>(979,531)</u>
Net change in fund balances	508,740	891,003	9,650	1,409,393
Fund balances, October 1	<u>599,379</u>	<u>5,785,397</u>	<u>199,714</u>	<u>6,584,490</u>
Fund balances, September 30	<u>\$ 1,108,119</u>	<u>\$ 6,676,400</u>	<u>\$ 209,364</u>	<u>\$ 7,993,883</u>

**CITY OF MELBOURNE
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2022**

	Community Development Block Grant	State Housing Initiative Partnership Program	HOME Investment Partnership Program	Law Enforcement Trust	Total
ASSETS					
Equity in pooled investments	\$ -	\$ 1,015,536	\$ -	\$ 108,393	\$ 1,123,929
Interest receivable	-	2,060	-	323	2,383
Due from other governments	600,327	-	83,949	-	684,276
Total assets	<u>\$ 600,327</u>	<u>\$ 1,017,596</u>	<u>\$ 83,949</u>	<u>\$ 108,716</u>	<u>\$ 1,810,588</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 150,419	\$ 52	\$ 31,620	\$ -	\$ 182,091
Due to other funds	304,253	-	52,329	-	356,582
Deposits	-	18,141	-	-	18,141
Unearned revenues	145,655	-	-	-	145,655
Total liabilities	<u>600,327</u>	<u>18,193</u>	<u>83,949</u>	<u>-</u>	<u>702,469</u>
Fund balances:					
Restricted	-	999,403	-	108,716	1,108,119
Total fund balances	<u>-</u>	<u>999,403</u>	<u>-</u>	<u>108,716</u>	<u>1,108,119</u>
Total liabilities and fund balances	<u>\$ 600,327</u>	<u>\$ 1,017,596</u>	<u>\$ 83,949</u>	<u>\$ 108,716</u>	<u>\$ 1,810,588</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, 2022**

	Community Development Block Grant	State Housing Initiative Partnership Program	HOME Investment Partnership Program	Law Enforcement Trust	Total
REVENUES					
Intergovernmental	\$ 1,041,454	\$ 950,714	\$ 237,147	\$ -	\$ 2,229,315
Confiscated property	-	-	-	73,850	73,850
Investment earnings	-	3,323	-	1,607	4,930
Other revenue	25,340	19,530	-	-	44,870
Total revenues	1,066,794	973,567	237,147	75,457	2,352,965
EXPENDITURES					
Current:					
Housing and urban improvement	668,720	137,489	217,704	-	1,023,913
Total expenditures	668,720	137,489	217,704	-	1,023,913
 Excess (deficiency) of revenues over (under) expenditures	 398,074	 836,078	 19,443	 75,457	 1,329,052
OTHER FINANCING SOURCES (USES)					
Transfers out	(398,074)	(57,105)	(19,443)	(345,690)	(820,312)
Total other financing sources (uses)	(398,074)	(57,105)	(19,443)	(345,690)	(820,312)
 Net change in fund balances	 -	 778,973	 -	 (270,233)	 508,740
Fund balances, October 1	-	220,430	-	378,949	599,379
Fund balances, September 30	\$ -	\$ 999,403	\$ -	\$ 108,716	\$ 1,108,119

**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, 2022**

	<u>Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Positive/ (Negative)</u>
REVENUES			
Intergovernmental	\$ 1,613,934	\$ 1,041,454	\$ (572,480)
Other revenue	-	25,340	25,340
	<u>1,613,934</u>	<u>1,066,794</u>	<u>(547,140)</u>
EXPENDITURES			
Current:			
Housing and urban improvement	<u>976,983</u>	<u>703,720</u>	<u>273,263</u>
Total expenditures	<u>976,983</u>	<u>703,720</u>	<u>273,263</u>
Excess (deficiency) of revenues over (under) expenditures	636,951	363,074	(273,877)
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(636,951)</u>	<u>(398,074)</u>	<u>238,877</u>
Total other financing sources (uses)	<u>(636,951)</u>	<u>(398,074)</u>	<u>238,877</u>
Net change in fund balance	-	(35,000)	(35,000)
Fund balance, October 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit), September 30	<u>\$ -</u>	<u>\$ (35,000)</u>	<u>\$ (35,000)</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, 2022**

	<u>Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Positive/ (Negative)</u>
REVENUES			
Intergovernmental	\$ 448,033	\$ 950,714	\$ 502,681
Investment earnings	2,260	3,323	1,063
Other revenue	-	19,530	19,530
	<u>450,293</u>	<u>973,567</u>	<u>523,274</u>
EXPENDITURES			
Current:			
Housing and urban improvement	<u>611,284</u>	<u>137,489</u>	<u>473,795</u>
Excess (deficiency) of revenues over (under) expenditures	(160,991)	836,078	997,069
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(59,439)</u>	<u>(57,105)</u>	<u>2,334</u>
Net change in fund balance	(220,430)	778,973	999,403
Fund balance, October 1	<u>220,430</u>	<u>220,430</u>	<u>-</u>
Fund balance, September 30	<u>\$ -</u>	<u>\$ 999,403</u>	<u>\$ 999,403</u>

**CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
HOME INVESTMENT PARTNERSHIP PROGRAM
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Budget	Actual on Budgetary Basis	Variance Positive/ (Negative)
REVENUES			
Intergovernmental	\$ 603,929	\$ 237,147	\$ (366,782)
Total revenues	603,929	237,147	(366,782)
EXPENDITURES			
Current:			
Housing and urban improvement	584,486	221,904	362,582
Excess (deficiency) of revenues over (under) expenditures	19,443	15,243	(4,200)
OTHER FINANCING SOURCES (USES)			
Transfers out	(19,443)	(19,443)	-
Net change in fund balance	-	(4,200)	(4,200)
Fund balance, October 1	-	-	-
Fund deficit, September 30	\$ -	\$ (4,200)	\$ (4,200)

**CITY OF MELBOURNE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 2022**

	<u>Mobility Improvement</u>	<u>Recreation Improvement</u>	<u>Bikeways Improvement</u>	<u>Public Facility Improvement</u>	<u>Total</u>
ASSETS					
Equity in pooled investments	\$ 2,671,233	\$ 1,995,707	\$ 185,700	\$ 1,811,119	\$ 6,663,759
Interest receivable	<u>5,055</u>	<u>3,824</u>	<u>361</u>	<u>3,401</u>	<u>12,641</u>
Total assets	<u><u>\$ 2,676,288</u></u>	<u><u>\$ 1,999,531</u></u>	<u><u>\$ 186,061</u></u>	<u><u>\$ 1,814,520</u></u>	<u><u>\$ 6,676,400</u></u>
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balances:					
Restricted:					
Economic development	-	19,816	-	-	19,816
Capital improvement	-	-	-	1,814,520	1,814,520
Transportation improvement	2,676,288	-	186,061	-	2,862,349
Recreation improvement	<u>-</u>	<u>1,979,715</u>	<u>-</u>	<u>-</u>	<u>1,979,715</u>
Total fund balances	<u>2,676,288</u>	<u>1,999,531</u>	<u>186,061</u>	<u>1,814,520</u>	<u>6,676,400</u>
Total liabilities and fund balances	<u><u>\$ 2,676,288</u></u>	<u><u>\$ 1,999,531</u></u>	<u><u>\$ 186,061</u></u>	<u><u>\$ 1,814,520</u></u>	<u><u>\$ 6,676,400</u></u>

**CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Mobility Improvement	Recreation Improvement	Bikeways Improvement	Public Facility Improvement	Total
REVENUES					
Intergovernmental	\$ 22,497	\$ -	\$ -	\$ -	\$ 22,497
Impact fees	657,676	175,860	5,161	302,829	1,141,526
Investment earnings	11,970	10,001	974	8,558	31,503
	<u>692,143</u>	<u>185,861</u>	<u>6,135</u>	<u>311,387</u>	<u>1,195,526</u>
EXPENDITURES					
Capital outlay:					
Public works	146,405	-	-	-	146,405
	<u>146,405</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>146,405</u>
Excess (deficiency) of revenues over (under) expenditures	545,738	185,861	6,135	311,387	1,049,121
OTHER FINANCING SOURCES (USES)					
Transfers out	(158,118)	-	-	-	(158,118)
	<u>(158,118)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(158,118)</u>
Net change in fund balances	387,620	185,861	6,135	311,387	891,003
Fund balances, October 1	2,288,668	1,813,670	179,926	1,503,133	5,785,397
Fund balances, September 30	<u>\$ 2,676,288</u>	<u>\$ 1,999,531</u>	<u>\$ 186,061</u>	<u>\$ 1,814,520</u>	<u>\$ 6,676,400</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, 2022**

	Workers Compensation	Insurance	Total
ASSETS			
Current assets:			
Equity in pooled investments	\$ 4,135,484	\$ 1,879,221	\$ 6,014,705
Interest receivable	8,567	3,630	12,197
Prepaid items	400,000	-	400,000
Total current assets	4,544,051	1,882,851	6,426,902
Noncurrent asset:			
Net pension asset, city general pension	-	83,292	83,292
Capital assets:			
Machinery and equipment	-	2,625	2,625
Less accumulated depreciation	-	(2,625)	(2,625)
Total capital assets, net of accumulated depreciation	-	-	-
Total noncurrent assets	-	83,292	83,292
Total assets	4,544,051	1,966,143	6,510,194
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows, city general pension	-	1,615	1,615
Deferred outflows, FRS	-	51,425	51,425
Deferred outflows, OPEB	-	13,165	13,165
Total deferred outflows of resources	-	66,205	66,205
LIABILITIES			
Current liabilities:			
Accounts payable	45,285	73,312	118,597
Accrued payroll expenses	-	8,363	8,363
Accrued claims	340,103	244,483	584,586
Compensated absences	-	3,059	3,059
Total current liabilities	385,388	329,217	714,605
Noncurrent liabilities:			
Accrued claims	1,482,496	663,676	2,146,172
Compensated absences	-	1,848	1,848
Other postemployment benefits	-	35,599	35,599
Net pension liability, FRS	-	183,860	183,860
Total noncurrent liabilities	1,482,496	884,983	2,367,479
Total liabilities	1,867,884	1,214,200	3,082,084
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows, city general pension	-	26,723	26,723
Deferred inflows, FRS	-	38,412	38,412
Deferred inflows, other postemployment benefits	-	7,554	7,554
Total deferred inflows of resources	-	72,689	72,689
NET POSITION			
Unrestricted	2,676,167	745,459	3,421,626
Total net position	\$ 2,676,167	\$ 745,459	\$ 3,421,626

**CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Workers Compensation	Insurance	Total
OPERATING REVENUES			
Charges to other funds	\$ 1,937,946	\$ 2,364,865	\$ 4,302,811
Charges to component unit	99,226	455,126	554,352
Other revenues	-	92	92
	<u>2,037,172</u>	<u>2,820,083</u>	<u>4,857,255</u>
OPERATING EXPENSES			
Salaries, wages and employee benefits	-	191,963	191,963
Contractual services, materials and supplies	791,606	2,553,538	3,345,144
Claims	715,870	222,900	938,770
	<u>1,507,476</u>	<u>2,968,401</u>	<u>4,475,877</u>
Total operating expense	<u>1,507,476</u>	<u>2,968,401</u>	<u>4,475,877</u>
Operating income (loss)	529,696	(148,318)	381,378
NONOPERATING REVENUE			
Investment earnings (loss)	<u>(164,603)</u>	<u>(64,105)</u>	<u>(228,708)</u>
Total nonoperating revenues	<u>(164,603)</u>	<u>(64,105)</u>	<u>(228,708)</u>
Change in net position	<u>365,093</u>	<u>(212,423)</u>	<u>152,670</u>
Total net position, October 1	<u>2,311,074</u>	<u>957,882</u>	<u>3,268,956</u>
Total net position, September 30	<u>\$ 2,676,167</u>	<u>\$ 745,459</u>	<u>\$ 3,421,626</u>

**CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Workers Compensation</u>	<u>Insurance</u>	<u>Total</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from other funds	\$ 1,937,946	\$ 2,364,865	\$ 4,302,811
Cash received from component unit	99,226	455,126	554,352
Cash payments to suppliers for goods and services	(1,992,369)	(2,766,571)	(4,758,940)
Cash payments for employee services	-	(202,045)	(202,045)
Deposits received	-	31,653	31,653
Deposits returned	-	(33,414)	(33,414)
Other operating revenues	-	92	92
Net cash provided (used) by operating activities	<u>44,803</u>	<u>(150,294)</u>	<u>(105,491)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u>(167,881)</u>	<u>(65,210)</u>	<u>(233,091)</u>
Net cash provided (used) by investing activities	<u>(167,881)</u>	<u>(65,210)</u>	<u>(233,091)</u>
Net increase (decrease) in cash and cash equivalents	(123,078)	(215,504)	(338,582)
Cash and cash equivalents at October 1	<u>4,258,562</u>	<u>2,094,725</u>	<u>6,353,287</u>
Cash and cash equivalents at September 30	<u>\$ 4,135,484</u>	<u>\$ 1,879,221</u>	<u>\$ 6,014,705</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 529,696	\$ (148,318)	\$ 381,378
Adjustments not affecting cash:			
Deferred outflows - pensions and OPEB	-	(3,182)	(3,182)
Deferred inflows - pensions and OPEB	-	(59,404)	(59,404)
Changes in assets and liabilities:			
Prepaid items	50,000	2,105	52,105
Net pension asset	-	(32,175)	(32,175)
Net pension liability	-	85,122	85,122
Accounts payable	(131,538)	64,285	(67,253)
Accrued payroll expenses	-	178	178
Accrued claims	(403,355)	(56,523)	(459,878)
Deposits	-	(1,761)	(1,761)
Other postemployment benefits	-	(621)	(621)
Net cash provided (used) by operating activities	<u>\$ 44,803</u>	<u>\$ (150,294)</u>	<u>\$ (105,491)</u>
NON-CASH INVESTING ACTIVITIES			
Increase (decrease) in fair value of investments	<u>(187,534)</u>	<u>(72,848)</u>	<u>(260,382)</u>
Cash and cash equivalents reconciliation at September 30			
Current assets:			
Equity in pooled investments	<u>\$ 4,135,484</u>	<u>\$ 1,879,221</u>	<u>\$ 6,014,705</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, 2022**

	Seized Assets	City of Cocoa Escrow	Custodial Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ 8,585,178	\$ 8,585,178
Equity in pooled investments	201,706	-	201,706
Total assets	201,706	8,585,178	8,786,884
LIABILITIES			
Accounts payable	-	2,744,087	2,744,087
Retainage payable	-	313,415	313,415
Total liabilities	-	3,057,502	3,057,502
NET POSITION			
Restricted for:			
Public safety, law enforcement	201,706	-	201,706
Capital improvements	-	5,527,676	5,527,676
Total net position	\$ 201,706	\$ 5,527,676	\$ 5,729,382

**CITY OF MELBOURNE, FLORIDA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET
 POSITION FIDUCIARY FUNDS - CUSTODIAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Seized Assets</u>	<u>City of Cocoa Escrow</u>	<u>Custodial Funds</u>
ADDITIONS			
Asset seizures	\$ 109,148	\$ -	\$ 109,148
Contributions from City of Cocoa	-	485,192	485,192
Investment earnings	-	81,155	81,155
Total additions	<u>109,148</u>	<u>566,347</u>	<u>675,495</u>
DEDUCTIONS			
Refunds of seized assets	8,030	-	8,030
Forfeitures to Law Enforcement Trust Fund	60,931	-	60,931
Legal expenses	118,058	-	118,058
Payments on behalf of City of Cocoa	-	6,731,868	6,731,868
Total deductions	<u>187,019</u>	<u>6,731,868</u>	<u>6,918,887</u>
Net decrease in fiduciary net position	(77,871)	(6,165,521)	(6,243,392)
Net position, October 1	<u>279,577</u>	<u>11,693,197</u>	<u>11,972,774</u>
Net position, September 30	<u>\$ 201,706</u>	<u>\$ 5,527,676</u>	<u>\$ 5,729,382</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, 2022

ASSETS

Current assets:

Cash and cash equivalents	\$ 19,414,774
Investments, at fair value	6,133,416
Receivables, trade (net of allowance of \$54,221)	546,865
Lease receivable	1,781,217
Other receivables	330,260
Interest receivable	18,891
Due from other governments	6,910,513
Due from other governments, restricted	2,919,195
Inventory	16,735
Prepaid items	<u>319,627</u>
Total current assets	<u>38,391,493</u>

Noncurrent assets:

Restricted assets:

Cash and cash equivalents	<u>312,871</u>
Lease receivables	332,577,636
Net pension asset, city general pension	<u>600,233</u>

Capital assets:

Nondepreciable:

Land	7,985,935
Construction in progress	61,452,310

Depreciable:

Buildings	134,982,460
Improvements other than buildings	119,988,165
Machinery and equipment	12,674,310
Intangibles, computer software	293,723
Right to use leased equipment	489,452
Less accumulated depreciation/amortization	<u>(117,927,386)</u>

Total capital assets, net of accumulated depreciation/amortization	<u>219,938,969</u>
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Total noncurrent assets	<u>553,429,709</u>
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Total assets	<u>591,821,202</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows, city general pensions	75,949
Deferred outflows, FRS pension	990,677
Deferred outflows, other postemployment benefits	<u>142,767</u>
Total deferred outflows of resources	<u>1,209,393</u>

LIABILITIES

Current liabilities:

Accounts payable	3,212,352
Accrued payroll expenses	264,129
Accrued interest payable	121,875
Due to primary government	155,163
Due to other governments	1,557,273
Unearned revenue	4,905,532
Compensated absences	176,235
Leases payable	60,654
Other postemployment benefits	26,378
Current Liabilities payable from restricted assets:	
Accounts payable	<u>2,919,195</u>
Total current liabilities	<u>13,398,786</u>

Noncurrent liabilities:

Liabilities payable from restricted assets, customer deposits	312,871
Compensated absences	384,487
Leases payable	153,871
Other postemployment benefits	789,665
Net pension liability, FRS pension	3,857,855
Revenue bonds payable from restricted assets	<u>15,000,000</u>
Total noncurrent liabilities	<u>20,498,749</u>
Total liabilities	<u>33,897,535</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows, city general pensions	210,767
Deferred inflows, FRS pension	116,932
Deferred inflows, other postemployment benefits	17,119
Deferred inflows, Leases	<u>332,707,374</u>
Total deferred inflows of resources	<u>333,052,192</u>

NET POSITION

Net investment in capital assets	201,575,893
Restricted for:	
Capital improvements	2,919,195
Unrestricted	<u>21,585,780</u>
Total net position	<u>\$ 226,080,868</u>

**CITY OF MELBOURNE, FLORIDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT
INTERNATIONAL AIRPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

OPERATING REVENUES

Airfield and hangar fees	\$ 2,838,423
Terminal and area building fees	4,366,620
Commercial business center fees	9,735,900
Tropical Haven fees	2,054,811
International/U.S. Customs/Foreign Trade Zone fees	31,565
Other	28,878
Total operating revenues	<u>19,056,197</u>

OPERATING EXPENSES

Salaries, wages and employee benefits	5,593,297
Contractual services, materials and supplies	15,166,450
Depreciation and amortization	8,441,938
Total operating expenses	<u>29,201,685</u>
Operating loss	<u>(10,145,488)</u>

NONOPERATING REVENUES (EXPENSES)

Federal and State grants	5,887,792
Passenger facility charges	1,319,122
Investment earnings (loss)	(101,831)
Customer facility charges	982,149
Contributions to private organizations	(206,711)
Interest expense	(292,938)
Gain on sale/disposal of capital assets	5,012,061
Other nonoperating revenue (expense)	<u>(5,869)</u>
Total nonoperating revenues (expenses)	<u>12,593,775</u>
Income before contributions	2,448,287
Capital contributions	<u>22,846,484</u>
Change in net position	25,294,771
Total net position, October 1	<u>200,786,097</u>
Total net position, September 30	<u>\$ 226,080,868</u>

**CITY OF MELBOURNE, FLORIDA
STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT
INTERNATIONAL AIRPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

1 of 2

INCREASE IN CASH AND CASH EQUIVALENTS

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 18,505,420
Cash payments to suppliers for goods and services	(16,911,649)
Cash payments for employee services	(5,613,147)
Other operating revenues	<u>28,878</u>
Net cash provided (used) by operating activities	<u>(3,990,498)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Operating grants and donations	7,214,281
Customer facility charges	905,625
Passenger facility charges	1,227,460
Other nonoperating revenue (expense)	<u>(5,869)</u>
Net cash provided (used) by noncapital financing activities	<u>9,341,497</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	(49,723,000)
Principal paid on lease obligations	(57,702)
Interest paid on lease obligations	(248,251)
Proceeds from revenue note	6,000,000
Proceeds from leases	
Proceeds from sale of capital assets	5,041,502
Capital grants	<u>22,437,058</u>
Net cash provided (used) by capital and related financing activities	<u>(16,550,393)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investment securities	(2,967,178)
Proceeds from sale and maturities of investment securities	3,041,167
Interest on investments	<u>128,429</u>
Net cash provided (used) by investing activities	<u>202,418</u>

Net increase (decrease) in cash and cash equivalents (10,996,976)

Cash and cash equivalents at October 1 30,724,621

Cash and cash equivalents at September 30 \$ 19,727,645

**CITY OF MELBOURNE, FLORIDA
STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT
INTERNATIONAL AIRPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(Continued)**

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

Operating loss	\$ (10,145,488)
Adjustments not affecting cash:	
Depreciation and amortization	8,441,938
Deferred outflows - pensions and other postemployment benefits	(66,701)
Deferred inflows - pensions and other postemployment benefits	(1,925,652)
Deferred inflows - leases	332,707,374
Changes in assets and liabilities:	
Receivables, trade	(2,020,161)
Other receivables	(132,904)
Due from other governments	(323)
Inventory	(1,224)
Prepaid items	(319,627)
Noncurrent lease receivables	(330,978,722)
Net pension asset	(327,203)
Net pension liability	2,248,808
Accounts payable	(1,483,128)
Accrued payroll expenses	57,104
Due to (from) primary government	58,653
Due to other governments	70,998
Unearned revenue	(168,034)
Other postemployment benefits	(6,206)
Net cash provided (used) by operating activities	<u>\$ (3,990,498)</u>

NON-CASH INVESTING ACTIVITIES

Decrease in fair value of investments	<u>\$ (327,788)</u>
Cash and cash equivalents reconciliation:	
Current assets:	
Cash and cash equivalents	\$ 19,414,774
Noncurrent assets:	
Cash and cash equivalents, restricted	312,871
Cash and cash equivalents at September 30	<u>\$ 19,727,645</u>

STATISTICAL SECTION

The Statistical Schedules presents 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 & 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 Assets by Component, Last Ten Fiscal Years
- 2 Changes in Net Assets, 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 & sewer

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 Tax Payers, 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, 2022
- 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 comprehensive annual financial reports for the relevant year.

CITY OF MELBOURNE, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities				
Net investment in capital assets	\$ 78,404,558	\$ 82,144,646	\$ 82,067,802	\$ 82,079,774
Restricted	22,841,609	22,826,912	22,960,162	24,564,405
Unrestricted	12,231,951	8,669,905	(34,403,547)	(32,099,072)
Total governmental activities net position	<u>\$ 113,478,118</u>	<u>\$ 113,641,463</u>	<u>\$ 70,624,417</u>	<u>\$ 74,545,107</u>
Business-type activities				
Net investment in capital assets	\$ 65,889,305	\$ 63,190,585	\$ 64,009,483	\$ 69,542,203
Restricted	14,849,906	14,489,407	12,253,588	10,677,396
Unrestricted	19,547,409	29,614,094	35,818,205	41,553,220
Total business-type activities net position	<u>\$ 100,286,620</u>	<u>\$ 107,294,086</u>	<u>\$ 112,081,276</u>	<u>\$ 121,772,819</u>
Primary government				
Net investment in capital assets	\$ 144,293,863	\$ 145,335,231	\$ 146,077,285	\$ 151,621,977
Restricted	37,691,515	37,316,319	35,213,750	35,241,801
Unrestricted	31,779,360	38,283,999	1,414,658	9,454,148
Total primary government net position	<u>\$ 213,764,738</u>	<u>\$ 220,935,549</u>	<u>\$ 182,705,693</u>	<u>\$ 196,317,926</u>

2013 restated for cumulative effect of implementation of GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities."

2015 and 2016 unrestricted reflects the adjustments to net position for disclosing full pension liability due to the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions."

2019 restated due to the golf courses being reclassified from an Enterprise fund into the General Fund.

Notes: Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net position is considered restricted only when an external party, such as the state or federal government, places a restriction on how the resources may be used, or through enabling legislation enacted by the City.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 81,588,488	\$ 89,050,264	\$ 95,990,767	\$ 96,584,680	\$ 102,906,862	\$ 70,228,641
27,329,441	30,148,113	33,548,509	38,106,525	39,331,983	78,094,300
<u>(28,259,345)</u>	<u>(14,157,843)</u>	<u>(6,232,398)</u>	<u>(5,050,527)</u>	<u>(548,062)</u>	<u>9,065,439</u>
<u>\$ 80,658,584</u>	<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>
\$ 73,725,381	\$ 76,184,071	\$ 82,061,735	\$ 89,585,114	\$ 92,216,884	\$ 98,978,735
10,454,252	11,211,084	11,105,262	11,135,165	11,355,652	10,773,519
<u>46,365,888</u>	<u>56,098,459</u>	<u>65,031,582</u>	<u>68,430,929</u>	<u>75,961,416</u>	<u>70,640,994</u>
<u>\$ 130,545,521</u>	<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>
\$ 155,313,869	\$ 165,234,335	\$ 178,052,502	\$ 186,169,794	\$ 195,123,746	\$ 169,207,376
37,783,693	41,359,197	44,653,771	49,241,690	50,687,635	88,867,819
<u>18,106,543</u>	<u>41,940,616</u>	<u>58,799,184</u>	<u>63,380,402</u>	<u>75,413,354</u>	<u>79,706,433</u>
<u>\$ 211,204,105</u>	<u>\$ 248,534,148</u>	<u>\$ 281,505,457</u>	<u>\$ 298,791,886</u>	<u>\$ 321,224,735</u>	<u>\$ 337,781,628</u>

CITY OF MELBOURNE, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses				
Governmental activities:				
General government	\$ 15,561,604	\$ 13,835,021 ⁽¹⁾	\$ 14,194,930	\$ 16,928,412 ⁽⁶⁾
Public safety - fire and police	40,168,100	41,353,221	33,441,611	40,329,521 ⁽⁶⁾
Public works	8,316,795	8,116,255 ⁽²⁾	7,108,185	8,145,791
Parks and recreation	6,254,656	6,711,448	6,437,870	6,927,039
Housing and urban improvement	2,574,619	1,883,401	1,289,586	1,298,756
Interest on long-term debt	497,222	467,651	445,221	394,519
Unallocated depreciation	<u>2,868,115</u>	<u>2,997,742</u>	<u>3,191,952</u>	<u>3,322,705</u>
Total governmental activities expenses	<u>76,241,111</u>	<u>75,364,739</u>	<u>66,109,355</u>	<u>77,346,743</u>
Business-type activities:				
Water and sewer	45,289,816	42,643,322 ⁽³⁾	43,578,657	45,201,038 ⁽⁶⁾
Golf courses	2,507,241	2,565,545	2,292,530	2,642,683
Stormwater utility	<u>1,099,665</u>	<u>1,174,732</u>	<u>1,180,219</u>	<u>1,323,778</u>
Total business-type activities expenses	<u>48,896,722</u>	<u>46,383,599</u>	<u>47,051,406</u>	<u>49,167,499</u>
Total primary government expenses	<u>\$ 125,137,833</u>	<u>\$ 121,748,338</u>	<u>\$ 113,160,761</u>	<u>\$ 126,514,242</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 10,456,884	\$ 9,523,800	\$ 10,072,902	\$ 10,784,839
Public safety - fire and police	1,776,557	1,873,093	1,810,164	1,836,711
Public works	976,080	1,091,551	1,157,906	1,188,363
Parks & recreation	815,759	834,368	898,132	1,114,217
Housing and urban development	13,500	19,685	1,250	-
Operating grants and contributions	7,084,093	6,133,822	6,999,122	7,117,618
Capital grants and contributions	<u>1,418,806</u>	<u>2,553,954</u>	<u>628,876</u>	<u>903,067</u>
Total governmental activities program revenues	<u>22,541,679</u>	<u>22,030,273</u>	<u>21,568,352</u>	<u>22,944,815</u>
Business-type activities:				
Charges for services:				
Water and sewer	47,370,637	50,164,115	53,391,431	54,089,987
Golf courses	2,286,132	2,078,840	2,029,093	2,019,697
Stormwater utility	2,290,742	2,275,789	2,720,436	2,773,816
Operating grants and contributions	-	-	-	-
Capital grants and contributions	<u>2,244,507</u>	<u>1,241,348</u>	<u>2,174,091</u>	<u>1,884,001</u>
Total business-type activities program revenues	<u>54,192,018</u>	<u>55,760,092</u>	<u>60,315,051</u>	<u>60,767,501</u>
Total primary government program revenues	<u>\$ 76,733,697</u>	<u>\$ 77,790,365</u>	<u>\$ 81,883,403</u>	<u>\$ 83,712,316</u>

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 17,484,202	\$ 17,801,811	\$ 18,165,483	\$ 20,653,067	\$ 16,927,939	\$ 17,155,253
42,771,938	38,947,712	41,630,408	43,655,115	47,530,483	45,636,915 ⁽¹⁴⁾
9,049,033 ⁽⁷⁾	9,126,029 ⁽²⁾	10,252,960	10,976,764 ⁽²⁾	8,590,528	8,622,125
6,986,112	7,060,525	7,393,800	9,426,419	9,720,823 ⁽¹²⁾	10,959,259
1,252,620	1,710,006	1,816,562	1,565,892	2,062,288	1,710,946
342,693	306,969	173,634	158,904	179,395	1,153,639
3,364,937	3,335,756	3,512,757	4,039,235	4,391,139	4,316,328
<u>81,251,535</u>	<u>78,288,808</u>	<u>82,945,604</u>	<u>90,475,396</u>	<u>89,402,595</u>	<u>89,554,465</u>
45,050,186	45,143,068	44,790,690	49,279,481	44,956,282 ⁽¹³⁾	49,257,922
2,404,043	2,387,867	2,100,973	-	- ⁽¹²⁾	-
2,023,246	2,165,265	1,920,703	1,800,298	1,841,792	2,324,917
<u>49,477,475</u>	<u>49,696,200</u>	<u>48,812,366</u>	<u>51,079,779</u>	<u>46,798,074</u>	<u>51,582,839</u>
<u>\$ 130,729,010</u>	<u>\$ 127,985,008</u>	<u>\$ 131,757,970</u>	<u>\$ 141,555,175</u>	<u>\$ 136,200,669</u>	<u>\$ 141,137,304</u>
\$ 11,432,709	\$ 10,838,171	\$ 9,585,217	\$ 10,318,084	\$ 10,845,205	\$ 10,580,800
1,715,871	1,818,858	2,037,871	1,607,878	1,775,088	1,995,354
1,161,085	1,161,313	1,180,060	1,108,541	1,127,761	998,504
1,128,470	1,145,208	1,236,613	2,696,898	2,888,401 ⁽¹²⁾	3,035,585
-	36,404	63,199	64,925	66,373	84,556
6,564,181	8,052,739	10,069,629	7,213,124 ⁽⁹⁾	8,716,673	8,744,838
997,676	12,056,046	5,696,923 ⁽⁸⁾	2,974,140	1,058,467	2,535,289
<u>22,999,992</u>	<u>35,108,739</u>	<u>29,869,512</u>	<u>25,983,590</u>	<u>26,477,968</u>	<u>27,974,926</u>
54,143,079	54,187,355	53,600,696	54,039,603	54,897,875	55,803,222
2,133,504	2,187,353	2,182,917	-	- ⁽¹²⁾	-
2,786,848	2,808,866	2,811,328	2,829,668	2,841,461	2,860,484
-	56,673	504,861	384,137	53,893	-
3,687,662	5,049,854	4,607,559	3,059,721	4,091,739	2,820,322
<u>62,751,093</u>	<u>64,290,101</u>	<u>63,707,361</u>	<u>60,313,129</u>	<u>61,884,968</u>	<u>61,484,028</u>
<u>\$ 85,751,085</u>	<u>\$ 99,398,840</u>	<u>\$ 93,576,873</u>	<u>\$ 86,296,719</u>	<u>\$ 88,362,936</u>	<u>\$ 89,458,954</u>

CITY OF MELBOURNE, FLORIDA
CHANGES IN NET POSITION (Continued)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net (Expense)/Revenue				
Governmental activities	\$ (53,699,432)	\$ (53,334,466)	\$ (44,541,003)	\$ (54,401,928)
Business-type activities	5,295,296	9,376,493 ⁽⁴⁾	13,263,645	11,600,002
Total primary government net expense	<u>\$ (48,404,136)</u>	<u>\$ (43,957,973)</u>	<u>\$ (31,277,358)</u>	<u>\$ (42,801,926)</u>
 General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property	\$ 21,896,644	\$ 24,328,815 ⁽⁵⁾	\$ 25,652,370	\$ 28,762,101
Utility and telecommunication	11,234,486	11,360,611	11,394,026	11,473,828
Franchise fees	6,246,963	6,614,483	6,785,031	6,668,887
Unrestricted grants and contributions	7,092,078	8,487,828	7,678,420	8,117,198
Investment earnings	149,243	125,364	384,988	657,927
Miscellaneous	-	-	-	-
Gain on sale of capital assets	3,500	1,600	41,013	-
Contributions to permanent funds	-	-	3,150	2,500
Extraordinary item	-	-	-	-
Transfers	2,139,845	2,579,110	2,671,942	2,640,177
Total governmental activities	<u>48,762,759</u>	<u>53,497,811</u>	<u>54,610,940</u>	<u>58,322,618</u>
Business-type activities:				
Unrestricted grants and contributions	-	-	-	-
Investment earnings	177,220	210,083	508,043	695,166
Gain on sale of capital assets	7,820	-	-	36,552
Transfers	(2,139,845)	(2,579,110)	(2,671,942)	(2,640,177)
Total business-type activities	<u>(1,954,805)</u>	<u>(2,369,027)</u>	<u>(2,163,899)</u>	<u>(1,908,459)</u>
Total primary government	<u>\$ 46,807,954</u>	<u>\$ 51,128,784</u>	<u>\$ 52,447,041</u>	<u>\$ 56,414,159</u>
 Change in Net Position				
Governmental activities	\$ (4,936,673)	\$ 163,345	\$ 10,069,937	\$ 3,920,690
Business-type activities	3,340,491	7,007,466	11,099,746	9,691,543
Total primary government	<u>\$ (1,596,182)</u>	<u>\$ 7,170,811</u>	<u>\$ 21,169,683</u>	<u>\$ 13,612,233</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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ (58,251,543)	\$ (43,180,069)	\$ (53,076,092)	\$ (64,491,806)	\$ (62,924,627)	\$ (61,579,539)
13,273,618	14,593,901	14,894,995	9,233,350	15,086,894	9,901,189
<u>\$ (44,977,925)</u>	<u>\$ (28,586,168)</u>	<u>\$ (38,181,097)</u>	<u>\$ (55,258,456)</u>	<u>\$ (47,837,733)</u>	<u>\$ (51,678,350)</u>
\$ 30,875,437	\$ 31,455,964	\$ 34,573,821 ⁽¹⁰⁾	\$ 37,584,468	\$ 38,264,108	\$ 41,618,002
11,523,700	11,992,531	11,966,296	11,990,191	12,435,162	13,195,286
6,873,844	7,035,821	7,154,634	6,855,830	7,214,333	8,555,628
9,512,376	10,453,445	10,340,833	9,552,382	11,489,437	12,864,496
506,200	539,344	3,401,963 ⁽¹¹⁾	3,330,445	279,091	(4,543,690)
-	-	-	-	-	-
-	-	119,235	118,208	281,371	266,946
2,100	12,350	4,050	1,500	6,850	9,650
-	-	-	-	-	-
5,071,363	3,046,607	3,815,993	1,366,185	5,004,380	5,310,818
<u>64,365,020</u>	<u>64,536,062</u>	<u>71,376,825</u>	<u>70,799,209</u>	<u>74,974,732</u>	<u>77,277,136</u>
-	-	-	-	-	-
563,796	676,055	3,590,799 ⁽¹¹⁾	3,068,008	254,139	(3,850,087)
6,651	69,947	35,164	43,853	46,091	119,012
<u>(5,071,363)</u>	<u>(3,046,607)</u>	<u>(3,815,993)</u>	<u>(1,366,185)</u>	<u>(5,004,380)</u>	<u>(5,310,818)</u>
<u>(4,500,916)</u>	<u>(2,300,605)</u>	<u>(190,030)</u>	<u>1,745,676</u>	<u>(4,704,150)</u>	<u>(9,041,893)</u>
<u>\$ 59,864,104</u>	<u>\$ 62,235,457</u>	<u>\$ 71,186,795</u>	<u>\$ 72,544,885</u>	<u>\$ 70,270,582</u>	<u>\$ 68,235,243</u>
\$ 6,113,477	\$ 21,355,993	\$ 18,300,733	\$ 6,307,403	\$ 12,050,105	\$ 15,697,597
8,772,702	12,293,296	14,704,965	10,979,026	10,382,744	859,296
<u>\$ 14,886,179</u>	<u>\$ 33,649,289</u>	<u>\$ 33,005,698</u>	<u>\$ 17,286,429</u>	<u>\$ 22,432,849</u>	<u>\$ 16,556,893</u>

CITY OF MELBOURNE, FLORIDA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General fund				
Non-spendable	\$ 1,316,565	\$ 1,472,121	\$ 1,186,384	\$ 831,098
Restricted	297,940	183,165	186,720	200,708
Committed ⁽¹⁾	-	1,000,000	1,000,000	666,667
Assigned	5,189,667	5,119,574	3,194,815 ⁽¹⁾	3,186,632
Unassigned	14,400,945	11,694,539	14,061,310	16,987,905
Total general fund	<u>\$ 21,205,117</u>	<u>\$ 19,469,399</u>	<u>\$ 19,629,229</u>	<u>\$ 21,873,010</u>
All Other Governmental funds				
Permanent fund				
Non-spendable	\$ 165,614	\$ 167,214	\$ 170,364	\$ 172,864
Restricted	22,411,090	22,495,728	22,620,233	24,203,945
Assigned	2,027,216	2,257,553	4,589,785	5,113,249
Unassigned	(46,257)	-	-	-
Total all other governmental funds	<u>\$ 24,557,663</u>	<u>\$ 24,920,495</u>	<u>\$ 27,380,382</u>	<u>\$ 29,490,058</u>

(1) Reflects the reduction in subsequent year budget for assigned.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 730,784	\$ 2,148,039	\$ 1,799,305	\$ 1,401,141	\$ 1,131,734	\$ 962,345
207,113	1,116,417	2,229,066	991,527	943,367	923,849
333,334	-	-	-	-	-
4,963,231	3,979,201	6,980,155	3,127,510	4,157,260	3,971,078
18,169,931	25,000,485	29,353,925	35,046,863	36,730,023	37,851,608
<u>\$ 24,404,393</u>	<u>\$ 32,244,142</u>	<u>\$ 40,362,451</u>	<u>\$ 40,567,041</u>	<u>\$ 42,962,384</u>	<u>\$ 43,708,880</u>
\$ 174,964	\$ 187,314	\$ 191,364	\$ 192,864	\$ 199,714	\$ 209,364
26,956,273	30,276,780	31,128,079	36,922,134	38,188,902	76,987,712
7,377,387	8,447,113	9,302,209	11,417,048	13,271,249	15,852,145
-	(1,427,857)	(1,110,505)	(794,399)	(317,865)	-
<u>\$ 34,508,624</u>	<u>\$ 37,483,350</u>	<u>\$ 39,511,147</u>	<u>\$ 47,737,647</u>	<u>\$ 51,342,000</u>	<u>\$ 93,049,221</u>

CITY OF MELBOURNE, FLORIDA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues				
Taxes				
Property	\$ 21,896,644	\$ 24,328,815	\$ 25,652,370	\$ 28,762,101
Utility and telecommunications	11,234,486	11,360,611	11,394,026	11,473,828
Franchise fees	6,246,963	6,614,483	6,785,031	6,668,887
Intergovernmental	15,098,505	14,472,033	15,963,669	16,891,197
Charges for services	9,840,594	8,575,679	9,255,551	9,566,648
Impact fees	856,742	1,867,890	659,517	763,169
Licenses and permits	2,394,206	2,635,612	2,562,653	3,401,098
Confiscated property	79,342	144,431	15,436	12,290
Fines, forfeitures, penalties and fees	306,942	318,348	276,967	259,230
Investment earnings	142,459	115,967	358,728	635,748
Perpetual care endowment additions	3,500	1,600	3,150	2,500
Other revenues	1,171,801	1,064,968	1,170,249	900,680
Total revenues	<u>69,272,184</u>	<u>71,500,437</u>	<u>74,097,347</u>	<u>79,337,376</u>
Expenditures				
General government	13,251,414	14,736,194	14,868,874	15,817,777
Public safety	37,806,771	41,033,892 ⁽³⁾	41,143,272	42,479,210
Public works	8,376,512	8,261,768	7,148,771	8,247,008
Parks and recreation	5,606,919	5,995,492	5,810,118	6,322,634
Housing and urban improvement	2,525,881 ⁽²⁾	1,799,654	1,218,370	1,201,873
Capital outlay	3,155,525	3,422,444	2,916,863	2,349,466
Debt service				
Principal	941,189	983,256	1,026,761	890,721
Interest	493,529	453,032	409,983	370,865
Bond issuance costs	-	-	-	-
Total expenditures	<u>72,157,740</u>	<u>76,685,732</u>	<u>74,543,012</u>	<u>77,679,554</u>
Excess of revenues over (under) expenditures	<u>(2,885,556)</u>	<u>(5,185,295)</u>	<u>(445,665)</u>	<u>1,657,822</u>
Other financing sources (uses)				
Revenue bonds issued	-	-	-	-
Debt issue expense	-	-	-	-
Capital leases	284,934 ⁽¹⁾	1,194,795 ⁽⁴⁾	-	-
Payment to refunding bond escrow agent	-	-	-	-
Sale of capital assets	67,531	38,504	102,170	45,208
Insurance recoveries	-	-	291,195	-
Transfers in	6,863,500	7,748,928	7,871,803	6,194,572
Transfers out	(4,723,655)	(5,169,818)	(5,199,786)	(3,544,145)
Other Expenditures	-	-	-	-
Total other financing sources (uses)	<u>2,492,310</u>	<u>3,812,409</u>	<u>3,065,382</u>	<u>2,695,635</u>
Net change in fund balances	<u>\$ (393,246)</u>	<u>\$ (1,372,886)</u>	<u>\$ 2,619,717</u>	<u>\$ 4,353,457</u>
Debt service as a percentage of noncapital expenditures	2.1%	2.0%	2.1%	1.7%

(1) Purchase of police vehicles and radios.

(2) Non-departmental general fund for appropriation to transportation projects and various funds for general capital projects.

(3) Purchase of fire truck and police video system, contractual salary increases and increased workers compensation medical claims.

(4) Purchase of aerial fire truck and police video system.

(5) Non-Ad Valorem Refunding Revenue Note, Series 2018, was issued to refund the Public Service/Utility Tax Revenue Bonds, Series 2003, Subordinate Electric Utility Tax Revenue Notes, Series 2005 and Series 2006.

(6) Increase is due to fair market value adjustment and interest earnings.

(7) Downtown CRA Revenue Note, Series 2020, issued to finance loan for the redevelopment incentive to Highline Apartments.

(8) Increase is due to Insurance Premium Tax for Police and Fire Pension and increase in retirement.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 30,875,437	\$ 31,455,964	\$ 34,573,821	\$ 37,584,468	\$ 38,264,108	\$ 41,618,002
11,523,700	11,992,531	11,966,296	11,990,191	12,435,162	13,195,286
6,873,844	7,035,821	7,154,634	6,855,830	7,214,333	8,555,628
16,647,167	20,684,026	26,401,911	20,332,261	21,499,415	25,374,338
9,323,674	9,177,758	8,508,486	9,787,764	10,033,471	10,344,834
1,640,134	2,045,713	1,870,525	1,277,900	2,081,001	1,989,613
3,993,327	3,411,519	3,381,036	3,995,498	4,547,173	4,137,903
7,242	96,329	317,554	16,129	36,852	73,850
241,941	248,616	230,963	223,649	370,287	335,470
489,895	521,092	3,272,783 ⁽⁶⁾	3,219,672	295,545	(4,738,094)
2,100	12,350	4,050	1,500	6,850	9,650
1,015,978	1,021,276	1,158,861	1,171,586	1,055,413	1,318,503
<u>82,634,439</u>	<u>87,702,995</u>	<u>98,840,920</u>	<u>96,456,448</u>	<u>97,839,610</u>	<u>102,214,983</u>
16,318,633	16,442,112	17,197,290	18,733,347	20,210,664	19,016,776
43,548,485	40,941,520	43,548,638	44,685,896	47,548,679	51,753,887 ⁽⁸⁾
9,381,894	9,259,707	10,605,320	11,215,669	8,560,357	8,711,059
6,314,782	6,294,569	6,733,844	8,366,146	9,668,028	9,954,699
1,173,495	1,644,592	1,778,928	1,508,004	2,023,613	1,713,394
2,297,239	6,338,533	11,623,518	7,970,180	8,624,785	11,850,393
926,151	963,078	1,019,493	725,000	740,000	1,050,272
334,598	336,450	239,286	193,741	207,138	173,317
-	-	-	-	-	233,048
<u>80,295,277</u>	<u>82,220,561</u>	<u>92,746,317</u>	<u>93,397,983</u>	<u>97,583,264</u>	<u>104,456,845</u>
2,339,162	5,482,434	6,094,603	3,058,465	256,346	(2,241,862)
-	6,490,000 ⁽⁵⁾	-	2,400,000 ⁽⁷⁾	- ⁽⁷⁾	39,069,396
-	-	-	(35,000)	-	-
-	-	-	-	473,896	-
-	(6,444,782) ⁽⁵⁾	-	-	-	-
139,018	1,788,439	235,510	150,923	292,666	315,365
-	-	-	-	-	-
10,283,963	12,436,680	12,891,334	20,145,676	17,165,642	16,623,887
(5,212,194)	(8,938,296)	(9,075,341)	(17,073,953)	(12,161,262)	(11,313,069)
-	-	-	-	(27,592)	-
<u>5,210,787</u>	<u>5,332,041</u>	<u>4,051,503</u>	<u>5,587,646</u>	<u>5,743,350</u>	<u>44,695,579</u>
<u>\$ 7,549,949</u>	<u>\$ 10,814,475</u>	<u>\$ 10,146,106</u>	<u>\$ 8,646,111</u>	<u>\$ 5,999,696</u>	<u>\$ 42,453,717</u>
1.7%	1.7%	1.6%	1.1%	1.1%	1.3%

SCHEDULE 5

CITY OF MELBOURNE, FLORIDA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Residential Property	Commercial Property⁽¹⁾	Less: Tax Exempt Property⁽²⁾	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2013	\$ 2,504,916,790	\$ 2,511,387,105	\$ 1,733,928,941	\$ 3,282,374,954	6.9000	\$ 3,647,083,282	90%
2014	2,705,952,860	2,603,573,641	1,864,230,555	3,445,295,946	7.3126	3,828,106,607	90%
2015	3,022,128,940	2,653,608,626	2,059,322,942	3,616,414,624	7.3125	4,018,238,471	90%
2016	3,367,691,320 ⁽³⁾	2,745,036,807 ⁽³⁾	2,247,871,092	3,864,857,035	7.6886	4,294,285,594	90%
2017	3,714,336,280	3,025,602,111	2,570,334,211	4,169,604,180	7.6886	4,632,893,533	90%
2018	4,278,357,730	3,408,427,908	3,128,614,611	4,558,171,027	7.1878	5,064,634,474	90%
2019	4,898,171,590	3,619,074,907	3,543,891,991	4,973,354,506	7.1878	5,525,949,451	90%
2020	5,271,224,050	3,864,818,169	3,719,476,252	5,416,565,967	7.1878	6,018,406,630	90%
2021	5,444,628,510	4,313,909,805	3,999,028,704	5,759,509,611	6.8685	6,399,455,123	90%
2022	5,940,387,010	6,884,225,367	5,918,807,031	6,905,805,346	7.0519	7,673,117,051	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.

CITY OF MELBOURNE, FLORIDA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(rate per \$1,000 of assessed value)

Fiscal Year	City of Melbourne	Overlapping Rates			Total Direct & Overlapping Rates
	Single Direct ⁽¹⁾ Rate	School Rate	County Rate	Multi- County ⁽²⁾ Rate	
2013	6.9000	8.0960	6.5199	0.4782	21.9941
2014	7.3126	7.6060	6.3979	0.4752	21.7917
2015	7.3125	7.3390	6.2310	0.4633	21.3458
2016	7.6886	7.2750	6.0692	0.4412	21.4740
2017	7.6886	6.9160	5.8548	0.4212	20.8806
2018	7.1878	6.5680	5.6025	0.3981	19.7564
2019	7.1878	6.2990	5.3540	0.3759	19.2167
2020	7.1878	6.0860	5.1891	0.3565	18.8194
2021	6.8685	5.9420	4.9681	0.3403	18.1189
2022	7.0519	5.4950	4.1716	0.3067	17.1069

Source: Brevard County Tax Collector

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

(2) Includes Florida Inland Navigation District, Sebastian Inlet District and St. Johns River Water Management District.

Note: The City's property tax rate may not be increased in excess of 10% from the previous year without a majority vote of the City's residents, as per Florida Statutes Chapter 200.101.

SCHEDULE 7

**CITY OF MELBOURNE, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Melbourne Airport Authority	\$ 151,558,000	1	1.99%	\$ 77,342,160	1	2.36%
Health First Physicians Real Estate ⁽¹⁾	43,930,549	2	0.58%	26,975,000	3	0.82%
MPT of Melbourne-Steward, LLC	36,108,810	3	0.47%			
L3Harris ⁽²⁾	34,913,400	4	0.46%	26,340,000	4	0.80%
Melbourne Square, LLC ⁽³⁾	31,797,870	5	0.42%	31,225,000	2	0.95%
Northland Caribbean Isle, LLC ⁽⁴⁾	25,756,000	6	0.34%	12,650,000	9	0.39%
Melbourne Addison Preserve	24,179,410	7	0.32%			
Preserve at Longleaf Partners, LLC	23,799,000	8	0.31%	14,575,000	7	0.44%
We Harbour	22,960,150	9	0.30%			
Wal-Mart Stores	22,853,520	10	0.30%	16,755,040	6	0.51%
Melbourne HMA, LLC				24,557,080	5	0.75%
KRC Melbourne, LTD				14,161,410	8	0.43%
Crane Creek Mob, LLC				12,525,000	10	0.38%
	<u>\$ 417,856,709</u>		<u>5.47%</u>	<u>\$ 257,105,690</u>		<u>7.83%</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	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 22,648,387	\$ 21,580,541	95.29%	\$ 47,870	\$ 21,628,411	95.50%
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	25,565,668	96.65%
2016	29,715,340	28,647,578	96.41%	33,890	28,681,468	96.52%
2017	32,127,957	30,738,701	95.68%	48,576	30,787,277	95.83%
2018	32,780,176	31,288,782	95.45%	25,242	31,314,024	95.53%
2019	35,746,579	34,431,758	96.32%	29,418	34,461,176	96.40%
2020	38,933,193	37,457,349	96.21%	33,373	37,490,722	96.30%
2021	39,559,192	38,117,048	96.35%	31,261	38,148,309	96.43%
2022	42,079,643	41,436,795	98.47%	-	41,436,795	98.47%

Sources: Brevard County Property Appraiser and City of Melbourne Financial Services.

SCHEDULE 9

**CITY OF MELBOURNE, FLORIDA
WATER AND SEWER CONSUMPTION, RATES AND REVENUE
LAST TEN FISCAL YEARS**

Fiscal Year	Gallons of Water Consumed ⁽¹⁾	Water Revenue ⁽⁴⁾	Total Direct Rate		Gallons of Sewer Treated ⁽¹⁾	Sewer Revenue ⁽⁴⁾	Total Direct Rate	
			Water Base Rate ⁽²⁾	Water Usage Rate ⁽³⁾			Sewer Base Rate ⁽²⁾	Sewer Usage Rate ⁽³⁾
2013	4,645,065	\$ 27,275,917	\$ 6.89	\$ 4.24	2,129,172	\$ 18,083,757	\$ 9.02	\$ 6.53
2014	4,672,892	28,638,534	7.58	4.33	2,127,061	19,292,642	11.21	6.49
2015	4,643,892	30,412,363	8.00	4.57	2,136,767	20,527,181	11.83	6.85
2016	4,768,201	30,984,020	8.00	4.57	2,214,882	20,817,696	11.83	6.85
2017	4,878,231	31,527,010	8.00	4.57	2,235,262	20,838,145	11.83	6.85
2018	4,768,179	31,246,858	8.00	4.57	2,208,216	21,000,231	11.83	6.85
2019	4,598,198	30,416,642	8.00	4.57	2,210,571	20,942,547	11.83	6.85
2020	4,784,495	31,268,642	8.00	4.57	2,178,786	20,945,200	11.83	6.85
2021	4,939,804	31,882,976	8.00	4.57	2,206,710	21,075,990	11.83	6.85
2022	5,011,647	32,851,819	8.00	4.57	2,224,695	21,056,012	11.83	6.85

Source: City Water and Sewer Department

- (1) Gallons are presented in thousands.
- (2) Rates are based on one equivalent residential connection (ERC) at the inside City rate.
- (3) Per 1,000 gallons of metered water at the inside City rate.
- (4) Revenues are not adjusted for bad debt.

CITY OF MELBOURNE, FLORIDA
PRINCIPAL WATER AND SEWER CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO

<u>Water Customer</u>	<u>2022</u>			<u>2013</u>		
	<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	\$ 4,338,290	1	13.23%	\$ 2,827,892	1	10.37%
Holmes Regional Medical Center	319,323	2	0.97%	352,895	2	1.29%
Florida Institute of Technology	284,356	3	0.87%	238,175	4	0.87%
School Board of Brevard County	242,328	4	0.74%	206,582	3	0.76%
Northrop Grumman Systems Corp	132,915	5	0.41%			
Steward Melbourne Hospital, Inc.	113,031	6	0.34%			
Prestige AB Ready Mix of Melbourne	108,945	7	0.33%			
We Harbours LLC	98,747	8	0.30%	85,630	7	0.31%
The Meadows	96,686	9	0.29%			
Titan Florida	95,988	10	0.29%			
HP Communities LLC				89,338	5	0.33%
L3Harris ⁽²⁾				86,480	6	0.32%
Landmark at Grand Meadow LLC				77,982	8	0.29%
Landmark at Ocean Breeze LLC				67,648	9	0.25%
Harvard Apartments				66,750	10	0.24%
Total	\$ 5,830,609		17.77%	\$ 4,099,372		15.03%

<u>Sewer Customer</u>	<u>2022</u>			<u>2013</u>		
	<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	\$ 477,365	1	2.27%	\$ 529,495	1	2.93%
Florida Institute of Technology	424,860	2	2.02%	356,471	2	1.97%
Northrop Grumman Systems Corp	198,660	3	0.94%			
School Board of Brevard County	196,296	4	0.93%	173,054	3	0.96%
Steward Melbourne Hospital	169,057	5	0.80%			
We Harbours LLC	147,685	6	0.70%	128,880	5	0.71%
The Meadows	144,541	7	0.69%			
Northland Caribbean Isle LLC	128,700	8	0.61%			
Manatee Cove Apts LLC	117,212	9	0.56%			
Rockwell-Collins ⁽¹⁾	113,857	10	0.54%			
L3Harris ⁽²⁾				129,040	4	0.71%
Manufactured Home Communities				92,842	10	0.51%
Landmark at Grand Meadow LLC				117,579	6	0.65%
Landmark at Ocean Breeze LLC				101,302	7	0.56%
Lake in the Woods				93,441	9	0.52%
Harvard Apartments				97,476	8	0.54%
Total	\$ 2,118,233		10.06%	\$ 1,819,580		10.06%

Source: City Water and Sewer Department

(1) Rockwell Collins was bought by UTC on November 27, 2018 and the name changed to Collins Aerospace.

(2) Harris Corporation and L3 merged as of June 29, 2019.

**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
2013	\$ 330,000	\$ 354,290	\$ 752,965	\$ 9,282,000	\$ 800,024	\$ -
2014	170,000	297,460	639,304	8,750,000	679,259	-
2015	-	238,385	521,153	8,196,000	553,724	-
2016	-	176,976	398,335	7,620,000	423,230	-
2017	-	113,142	270,666	7,021,000	287,582	-
2018	-	-	137,954	-	146,576	6,490,000
2019	-	-	-	-	-	5,755,000
2020	-	-	-	-	-	5,030,000
2021	-	-	-	-	-	4,290,000
2022	-	-	-	-	-	3,535,000

Fiscal Year	Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
2013	\$ 131,229,204	7.36%	\$ 1,697
2014	129,544,759	6.64%	1,659
2015	124,670,414	6.67%	1,566
2016	123,457,255	6.01%	1,535
2017	117,250,352	5.59%	1,448
2018	111,694,632	4.97%	1,361
2019	104,972,726	4.43%	1,259
2020	100,808,418	4.78%	1,194
2021	97,059,321	3.93%	1,131
2022	127,912,627	4.98%	1,470

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			
2020 Redevelopment Note	2022 General Obligation Bond	Capital Leases	Water and Sewer Bonds	Capital Leases	State Revolving Fund Loans	
\$ -	\$ -	\$ 684,624	\$ 112,749,277	\$ 467,732	\$ 5,808,292	
-	-	1,492,237	111,594,173	329,148	5,593,178	
-	-	1,138,327	107,951,135	188,385	5,883,305	
-	-	782,969	102,850,644	551,064	10,654,037	
-	-	568,841	98,004,834	392,944	10,591,343	
-	-	364,859	93,880,767	258,769	10,415,707	
-	-	301,080	88,913,402	121,010	9,882,234	
2,400,000	-	235,725	83,807,285	-	9,335,408	
2,400,000	-	524,466	81,069,963	-	8,774,892	
2,290,000	35,000,000	339,195	74,598,990	-	12,149,442	

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	\$ 35,000,000	0.51%	\$ 402

(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, 2022**

<u>Governmental Unit</u>	<u>Debt Outstanding</u> ⁽¹⁾	<u>Estimated Percentage Applicable</u> ^(*)	<u>City's Share of Overlapping Debt</u>
Debt repaid with property taxes			
Brevard County General Obligation Debt	\$ 5,615,000	12.99 % ⁽²⁾	\$ 729,389
South Brevard Recreation Special District	13,045,000	22.25 ⁽²⁾	2,902,513
Other debt			
Brevard County Sales Tax Bonds	6,910,000	9.78 ⁽³⁾	<u>675,798</u>
Subtotal, overlapping debt			<u>4,307,700</u>
City of Melbourne direct debt			
Leases			339,195
Public Improvement Bonds and Notes			<u>5,825,000</u>
Subtotal, direct debt			<u>6,164,195</u>
Total direct and overlapping debt			<u><u>\$ 10,471,895</u></u>

Notes: Overlapping governments are local and county governments that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Melbourne. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

(*) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's assessed value that is within the City's boundaries and dividing it by each unit's total assessed value. The percentage of fuel tax debt applicable to the City was estimated by dividing Melbourne's population by Brevard County's population. The applicable percentage of Brevard County Sales Tax Bonds based on the State of Florida sales tax percentage for the City of Melbourne.

Sources:

- (1) Brevard County Clerk of Court.
- (2) Assessed value data used to estimate applicable percentages is provided by the Brevard County Property Appraiser.
- (3) Florida Department of Revenue provided percentage of sales tax the City receives.

**CITY OF MELBOURNE, FLORIDA
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year	Pledged Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
1994 Sales Tax Bonds						
2013	\$ 3,707,972 ⁽¹⁾	\$ -	\$ 3,707,972	\$ 150,000	\$ 20,250	21.78
2014	3,896,683	-	3,896,683	160,000	12,500	22.59
2015	4,158,771	-	4,158,771	170,000	4,250	23.87
⁽¹⁾ Pledged revenues include local government 1/2 cent sales tax.						
2003 Utility Tax Bonds						
2013	\$ 6,901,061 ⁽²⁾	\$ -	\$ 6,901,061	\$ 54,671	\$ 16,154	97.44
2014	7,393,614	-	7,393,614	56,830	13,988	104.40
2015	7,543,411	-	7,543,411	59,075	11,725	106.55
2016	7,853,722	-	7,853,722	61,409	9,416	110.89
2017	8,076,949	-	8,076,949	63,834	6,990	114.04
⁽²⁾ Pledged revenues include electric utility taxes and gas utility taxes.						
2005 & 2006 Subordinate Electric Utility Tax Revenue Note						
2013	\$ 6,553,097 ⁽³⁾	\$ -	\$ 6,553,097	\$ 511,000	\$ 380,420	7.35
2014	7,030,112	-	7,030,112	532,000	359,519	7.89
2015	7,172,554	-	7,172,554	554,000	337,972	8.04
2016	7,488,265	-	7,488,265	576,000	315,426	8.40
2017	7,701,350	-	7,701,350	599,000	291,983	8.64
⁽³⁾ Pledged revenues include electric utility taxes.						
2003 Gas Tax Bonds						
2013	\$ 2,436,072 ⁽⁴⁾	\$ -	\$ 2,436,072	\$ 109,342	\$ 34,061	16.99
2014	2,493,210	-	2,493,210	113,661	29,730	17.39
2015	2,643,746	-	2,643,746	118,151	25,202	18.44
2016	2,926,058	-	2,926,058	122,818	20,585	20.40
2017	3,229,498	-	3,229,498	127,669	15,734	22.52
2018	3,165,499	-	3,165,499	132,712	10,691	22.07
2019	3,424,299	-	3,424,299	137,945	5,521	23.87
⁽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						
2013	\$ 863,941 ⁽¹⁾	\$ -	\$ 863,941	\$ 116,176	\$ 36,189	5.67
2014	907,221	-	907,221	120,765	31,600	5.95
2015	958,164	-	958,164	125,535	26,816	6.29
2016	1,054,035	-	1,054,035	130,494	21,857	6.92
2017	1,119,598	-	1,119,598	135,648	16,716	7.35
2018	1,173,441	-	1,173,441	141,006	11,343	7.70
2019	1,477,226	-	1,477,226	146,548	5,773	9.70

⁽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

⁽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

⁽⁴⁾ Pledged revenues include Downtown Community Redevelopment Agency revenues.

2022 General Obligation Bonds

2022	\$ - ⁽⁵⁾	\$ -	\$ -	\$ -	\$ -	-
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⁽⁵⁾ Pledged revenues include Ad Valorem taxes and begin in FY 23.

**CITY OF MELBOURNE, FLORIDA
PLEGGED REVENUE COVERAGE (Continued)
LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
Water and Sewer System Bonds						
2013	\$ 48,856,212 ⁽¹⁾	\$ 28,880,314 ⁽²⁾	\$ 19,975,898	\$ 5,025,000	\$ 2,997,351	2.49 ⁽³⁾
2014	51,620,232	27,386,863	24,233,369	5,245,000	3,154,311	2.89
2015	55,532,077	28,260,906	27,271,171	5,655,000	2,819,919	3.22
2016	56,501,605	30,210,477	26,291,128	5,680,000	2,775,716	3.11
2017	57,710,982	30,700,513	27,010,469	5,750,000	2,516,428	3.27
2018	60,696,591	30,327,884	30,368,707	5,695,000	2,449,248	3.73
2019	60,245,932	29,145,422	31,100,510	5,765,000	2,381,122	3.82
2020	60,697,233	34,276,474	26,420,759	5,835,000	2,302,300	3.25
2021	59,292,425	29,416,389	29,876,036	6,019,809	1,928,589	3.76
2022	59,108,128	33,803,615	25,304,513	6,390,772	1,844,518	3.07

Golf Course Bonds

2013	\$ 2,293,952 ⁽⁴⁾	\$ -	\$ 2,293,952	\$ 46,174	\$ 648	48.99 ⁽⁵⁾
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Notes:

- (1) Total gross operating revenues, grants, interest income (less construction interest income) and capital contributions up to pledged amount.
- (2) Total operating expenses, exclusive of depreciation and amortization, plus bad debt.
- (3) Required coverage is 1.15.
- (4) Total of operating and non-operating revenues.
- (5) Required coverage is 1.0 of gross revenues.

**CITY OF MELBOURNE, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population ⁽¹⁾	Personal Income (amounts expressed in thousands of dollars)	Per Capita Personal Income ⁽²⁾	Median Age ⁽²⁾	School Enrollment ⁽³⁾	Unemployment Rate ⁽⁴⁾
2013	77,394	1,783,622	23,046	45.6	12,864	6.4
2014	78,088	1,952,044	24,998	44.9	12,965	6.3
2015	79,600	1,869,963	23,492	44.8	13,079	5.3
2016	80,419	2,054,866	25,552	45.1	12,993	5.1
2017	80,982	2,099,296	25,923	45.4	12,634	3.8
2018	82,040	2,248,060	27,402	45.7	12,380	3.0
2019	83,349	2,369,529	28,429	45.3	12,344	3.1
2020	84,402	2,109,881	24,998	44.9	11,589	5.5
2021	85,800	2,468,981	28,776	42.6	11,787	4.1
2022	87,007	2,569,055	30,940	42.7	11,904	2.6

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	2022			2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Northrop Grumman	5,300	1	12.82%	1,279	6	3.48%
Health First, Inc. ⁽¹⁾	3,896	2	9.42%	3,694	1	10.05%
Florida Institute of Technology	2,500	3	6.05%	2,114	3	5.75%
L3Harris ⁽²⁾	1,711	4	4.14%	2,501	2	6.80%
Collins Aerospace ⁽³⁾	1,530	5	3.70%	1,411	5	3.84%
Brevard County School Board	1,367	6	3.31%	1,730	4	4.71%
Percepta	1,100	7	2.66%	645	9	1.75%
City of Melbourne	897	8	2.17%	844	7	2.29%
Embraer	859	9	2.08%			
Walmart	852	10	2.06%			
DRS NIS, Inc				649	8	1.77%
Health Management Associates, Inc				635	10	1.73%
Total	20,012		48.41%	13,572		38.27%

(1) Health First and MIMA merged in 2013.

(2) Harris Corporation and L3 merged as of June 29, 2019.

(3) Rockwell Collins was bought by UTC on November 27, 2018 and the name changed to Collins Aerospace.

Source: The companies listed above.

CITY OF MELBOURNE, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS ⁽¹⁾

Function/program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government	103	103	103	104	106 ⁽⁴⁾	106	108	109 ⁽⁴⁾	109	110
Police	241	239	239	239	241	237	246 ⁽⁶⁾	248 ⁽⁷⁾	250 ⁽⁷⁾	246 ⁽⁷⁾
Fire	164	164	165	165	167	165	169	172 ⁽⁷⁾	172	174
Public Works	63 ⁽²⁾	65	65	65	64	64	66	67 ⁽⁷⁾	67	67
Parks and recreation	82	84	87 ⁽³⁾	88	87	86	89 ⁽³⁾	95 ⁽³⁾	96	84
Housing and Urban Improvement	7	6	6	6	6	7	7	7	7	7
Water and Sewer System	175	178	179	183	186 ⁽⁵⁾	185	188 ⁽⁵⁾	189 ⁽⁵⁾	190 ⁽⁵⁾	189 ⁽⁵⁾
Stormwater Utility	4 ⁽²⁾	4	4	4	4	4	5	5	5	5
Golf courses	23	23	22	21	19	18	12	0 ⁽³⁾	0	0
Total	862	866	870	875	880	872	890	892	896	882
Component unit - Airport	52	49	52	55	60	61	62	63	60	60

Source: City of Melbourne Budget Department

Three (3) ARFF positions were approved at the March 22, 2022 City Council Meeting

371-Crane Creek Reserve Golf Course - added 1 Cart Attendant

373-Mallard's Landing Golf Course (renamed Harbor City Golf Course per Resolution No. 4107 at the 9/13/22 Regular City Council Meeting)

- added 1 Cart Attendant and 1 Equipment Operator I

550-Building Division - added 1 Permit Review Coordinator and 1 Administrative Assistant I

(1) Full-time equivalent employees per the adopted budget.

(2) The Stormwater Utility added one new position and reclassified two positions from the Streets Management Division of Public Works to meet federal mandates and regulatory compliance in 2013.

(3) In 2015, the Parks and Recreation department added three new positions to staff Wickham Park Community Center. In 2019, a new recreation aide position was created and positions were administratively transferred to the divisions to which they reported. In 2020, Golf Course Fund was transferred into the General Fund per Resolution 3936 passed at the June 9, 2020 City Council meeting. The 12 golf course positions were offset by a decrease in the part time summer positions that were not needed this year due to COVID-19.

(4) In 2017, the Human Resources department and Human Resources director position were created. In 2020, the Financial Services department added one position.

(5) In 2017, the Water and Sewer department added a three person valve and hydrant crew. In 2019, a two person valve maintenance crew was added. In 2020, Utility Billing & Collection added 1 new position. In 2021, the Wastewater Collection Division added a Utility Line Locator position.

(6) The Police department created positions for a Police Lieutenant, Training Technician, Background Investigator, Accounts Payable Clerk, and Clerical Assistant.

(7) The Police department added two positions in 2020 and 2021, the Fire department added three positions, and Traffic Engineering added one position to maintain service levels in 2020.

**CITY OF MELBOURNE, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

<u>Function/program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police				
Physical arrests	3,101	3,315	2,895	2,938
Parking violations	692	1,099	886	581
Traffic violations	20,061	15,861	12,193	17,870
Fire				
Emergency responses	14,986	15,650	16,787	17,394
Fires extinguished	245	208	210	225
Inspections	5,878	5,298	3,972	5,555
Public works				
Resurfacing (miles)	8.10	7.22	-	3.05
New streets (miles)	-	-	-	-
Parks and recreation				
Auditorium (number of events)	182	162	195	199
Recreation centers (attendance)	61,208	71,089	67,717	222,066 ⁽²⁾
Tennis courts (attendance)	23,337	21,694	20,858	33,152 ⁽³⁾
Golf courses (rounds played)	86,302	80,151	73,833	83,617
Water				
Average number of accounts	57,162	57,487	57,766	58,108
Average daily consumption (gallons)	12,726,206	12,802,444	12,722,993	13,063,565
Sewer				
Average number of accounts	28,878	29,026	29,132	29,250
Average daily sewage treatment (gallons)	5,833,348	5,827,564	5,854,155	6,068,169

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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
2,941	2,675	2,390	2,428	2,698	2,864
437	287	304	170	357	302
15,404	12,644	10,486	10,702	13,061	11,853
18,142	17,810	18,628	17,769	18,400	18,927
336	268	205	232	250	250
6,204	5,474	6,259	6,658	6,234	5,174
18.27 ⁽¹⁾	2.72	7.00	10.63	6.82	8.41
-	3.10	0.84	0.12	0.08	-
176	205	198	104 ⁽⁴⁾	114	165
188,334	213,454	211,324	64,724 ⁽⁴⁾	281,111	188,215
26,930	27,743	18,046	18,114	31,630	18,796
71,780	76,671	75,702	76,897	69,593	64,059
58,215	58,393	58,725	59,110	59,433	59,604
13,365,017	13,063,505	12,597,803	13,108,205	13,533,710	13,730,539
29,112	29,277	29,389	29,435	29,633	29,688
6,124,005	6,049,908	6,056,360	5,969,275	6,045,782	6,095,054

SCHEDULE 19

**CITY OF MELBOURNE, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

<u>Function/program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol vehicles	150	146	142	142	148	142	130 ⁽³⁾	122 ⁽⁴⁾	140 ⁽⁵⁾	147
Fire stations	8	8	8	8	8	8	8	8	8	8
Public works										
Streets (miles)	286	286	284	291	290	293	294	296	296	295
Streetlights	8,403	8,415	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	570	521 ⁽²⁾	521	521
Special use facilities	7	7	7	7	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	27	28	29	29	29
Water										
Mains (miles)										
Water transmission	149	149	149	149	157	157	180 ⁽²⁾	170 ⁽²⁾	163	162
Water distribution	730	730	730	730	710	709	758 ⁽²⁾	754 ⁽²⁾	703	703
Storage tanks ⁽¹⁾										
Quantity	7	7	7	7	7	7	6	6	6	6
Capacity (thousands of gallons)	16,000	16,000	16,000	16,000	16,000	16,000	15,000	15,000	15,000	15,000
Sewer (miles)										
Gravity sewer mains	257	257	258	258	258	259	259	259	261	261
Force mains	53	53	57	57	57	57	57	59	61	59
Stormwater sewers	201	201	201	201	201	240 ⁽²⁾	221 ⁽²⁾	249 ⁽²⁾	249	249
Reclaimed - Water mains	34	34	34	34	34	35	36 ⁽²⁾	37 ⁽²⁾	37	37

Sources: Various City departments.

(1) 5th Street, Oak Street and Tradewinds tanks were demolished in 2013, Patrick SFB tank taken out of service in 2016, demolished in 2021.

(2) Updated per City GIS survey

(3) Previous years included vehicles that are not used for patrol.

(4) Four patrol vehicles were totaled in crashes and four were taken out of service.

(5) Increase reflects City Council's dedicated millage program to address public safety vehicle and equipment replacement.

SINGLE AUDIT SECTION

The Single Audit Section contains various independent auditors' reports and schedules as required by the Single Audit Act of 1996 for state and local governments that receive federal financial assistance and as required by Chapter 215.97, Florida Statutes for local governments that receive grants from State agencies.





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

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

We have audited, in accordance with 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 aggregate 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, 2022, 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 17, 2023.

Report Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

The City of Melbourne, Florida's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

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

Melbourne, Florida
March 17, 2023



Carr, Riggs & Ingram, LLC
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Melbourne, Florida 32940

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INDEPENDENT AUDITORS' 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, 2022. The City's major federal programs and state projects are identified in the summary of auditors' 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, 2022.

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 Auditors' 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.

Auditors' 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 or state program 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 or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state 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 Auditors' 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, Riggs & Ingram, L.L.C.

Melbourne, Florida
March 17, 2023

**CITY OF MELBOURNE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE OF FLORIDA FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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 - 2020	16.738	2020-DJ-BX-0217	\$ 326	\$ -
Edward Byrne Memorial Justice Assistance Grant (JAG) Program - 2021	16.738	2020-VD-BX0184	4,647	-
COVID-19 Coronavirus Emergency Supplemental Funding Program - 2020	16.034	2020-VD-BX-0184	8,871	-
Equitable Sharing Program	16.922		15,000	-
Total U.S Department of Justice			28,844	-
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				
Community Development Block Grants/Entitlement Grants - 2019	14.218	B-19-MC-12-0012	91,506	-
Community Development Block Grants/Entitlement Grants - 2020	14.218	B-20-MC-12-0012	134,925	-
Community Development Block Grants/Entitlement Grants - 2021	14.218	B-21-MC-12-0012	391,175	87,972
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	B-20-MW-12-0012	423,848	-
Total Community Development Block Grants/Entitlement Grants Cluster			1,041,454	87,972
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT Pass through Brevard County:				
Home Program Income	14.239		17,325	-
Home Investment Partnerships Program - 2019	14.239	M-19-DC-12-00200	70,954	-
Home Investment Partnerships Program - 2020	14.239	M-20-DC-12-00200	148,868	-
Total Home Investment Partnerships Program			237,147	-
Total U.S Department of Housing & Urban Development			1,278,601	87,972
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Pass through State of Florida,				
Division of Emergency Management				
Hazard Mitigation Grant Program - Fire Station Hardening	97.039	4337-37-R	232,724	-
Total Federal Emergency Management Agency			232,724	-
U.S ENVIRONMENTAL PROTECTION ACT				
Pass through Florida Department of Environmental Protection:				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW050950	4,142,778	-
Total Drinking Water State Revolving Fund Cluster			4,142,778	-
U.S. DEPARTMENT OF TREASURY				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SLT - 3790	540,000	-
Total U.S. Department of Treasury			540,000	-
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	22,497	-
Highway Planning and Construction - NASA Boulevard from Gateway Drive to Eddie Allen Road	20.205	G1U05	44,096	-
Highway Planning and Construction - Pineapple Ave from Montreal Ave to Aurora Rd	20.205	G1M62	1,068,374	-
Highway Planning and Construction - Front Street from Melbourne Ave to New Haven	20.205	G1M64	888,245	-
Total Highway Planning and Construction Cluster			2,023,212	-
U.S. DEPARTMENT OF TRANSPORTATION				
Federal Aviation Administration				
Airport Improvement Program - Terminal Exp/Rehab-Public Space (Ph 1)	20.106	3-12-0046-048-2020	4,683,220	-
Airport Improvement Program - Terminal Exp-Passenger Boarding Bridge (2)	20.106	3-12-0046-050-2020	2,261,215	-
Airport Improvement Program - Terminal Exp/Rehab-Public Space (Ph 2)	20.106	3-12-0046-051-2020	2,657,572	-
COVID-19 Airport Improvement Program - CRRSA Grant-Concession Relief	20.106	3-12-0046-054-2021	206,711	-
COVID-19 Airport Improvement Program - CARES Act	20.106	3-12-0046-049-2020	5,614,441	-
Total Airport Improvement Program			15,423,159	-
Total U.S. Department of Transportation			17,446,371	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 23,669,318	\$ 87,972

Federal/State Agency, Pass-through Entity, Federal Program/State Project	Assistance Listing CSFA No.	Contract/ Grant No.	Expenditures	Transfers to Subrecipients
State Programs:				
FLORIDA HOUSING FINANCE CORPORATION				
State Housing Initiatives Partnership Program - 17/18	40.901		\$ (15,716)	\$ -
State Housing Initiatives Partnership Program - 18/19	40.901		75	-
State Housing Initiatives Partnership Program - 19/20	40.901		82,629	-
State Housing Initiatives Partnership Program - 20/21	40.901		8,160	-
State Housing Initiatives Partnership Program - 21/22	40.901		71,450	-
State Housing Initiatives Partnership Program - 22/23	40.901		28,466	-
Total Florida Housing Finance Corporation			175,064	-
FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION				
Statewide Water Quality Restoration Projects - Sherwood Park Stormwater Quality Project	37.039	NS013	45,958	-
Statewide Water Quality Restoration Projects - Melbourne Septic to Sewer Conversion Project	37.039	LPQ0015	5,076	-
Statewide Water Quality Restoration Projects - Melbourne Septic to Sewer Conversion Project	37.039	LPA0116	124,310	-
Total Florida Department of Environmental Protection			175,344	-
FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY				
Economic Development Tax Refund, Tax Credit and Grant Program - Northside Exp-Infrastructure Development	40.043	G0068	1,244,520	-
Total Florida Department of Economic Opportunity			1,244,520	-
FLORIDA DEPARTMENT OF TRANSPORTATION				
Joint Participation Agreements				
Aviation Grant Programs - Terminal Exp-Public Space	55.004	438452-1-94-03/G1175	3,306,550	-
Aviation Grant Programs - Northside Exp-St. Michael Place Ext	55.004	447465-1-94-01/G1M66	1,955,783	-
Aviation Grant Programs - Apron Rehab/Expansion (DRA)	55.004	447465-2-A8-01/G1U41	5,277,216	-
Total Aviation Grant Programs			10,539,549	-
Intermodal Access Development Program	55.014	4384521-1-94-04/G1175	600,000	-
Total Florida Department of Transportation			11,139,549	-
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			\$ 12,734,477	\$ -

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, 2022, the City elected not to use the rate.

NOTE C

The City did not receive any noncash assistance during the year ended September 30, 2022.

Assistance Listing- Federal Grants
CSFA- State Grants



THE CITY OF MELBOURNE, FLORIDA
Schedule of Findings and Questioned Costs
Fiscal Year Ended September 30, 2022

Section I—Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? X yes 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 10.550, 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>
20.205	Highway Planning and Construction Cluster
20.106	Airport Improvement Program
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
66.468	Drinking Water State Revolving Fund Cluster
<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, 2022

Section II—Financial Statement Findings

2022-001 REVENUE AND RECEIVABLES

Criteria: The National Council on Governmental Accounting (NCGA) Statement No. 1, *Governmental Accounting and Financial Reporting Principles*, establishes the standard for the modified-accrual recognition of revenues and other financial resource increments in governmental funds. It states that revenues should be recognized in the accounting period in which they become both measurable and available.

Condition: The City did not report revenues from school resources officers on the modified accrual basis. The payment received for services provided July 1, 2022 to September 30, 2022 in the amount of \$97,500 was incorrectly recorded as revenue for fiscal year 2023.

Cause: The City did not have proper cutoff between periods regarding receivables, including amounts due from other governments, and revenue recognition pursuant to NCGA Statement No. 1 and GASB Statement No. 33.

Potential Effect: Current year due from other governments and intergovernmental revenues were understated by \$97,500.

Recommendation: We recommend management review that all receivables that are measurable and available are properly recorded at the end of the fiscal year.

Management's Response: Management will review receipts to verify proper recording of revenue and receivables at fiscal year-end. This corrective action will take effect immediately.

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

2021-001 Timely Report Submissions

Federal Award: 20.019 Airport Improvement Program
2020 Funding
Federal Aviation Administration
Contract No: 3-12-00-46-051-2020

Status: Cleared



CORRECTIVE ACTION PLAN

March 17, 2023

The City of Melbourne respectfully submits the following corrective action plan for the year ended September 30, 2022.

Name and address of independent public accounting firm:

Carr Riggs & Ingram, LLC
215 Baytree Drive
Melbourne, FL 32940

Audit Period:

Fiscal year October 1, 2021 - September 30, 2022

The finding from the March 17, 2023 schedule of findings and questioned costs are discussed below. The finding is numbered consistently with the number assigned in the schedule.

2022-001: REVENUE AND RECEIVABLES

CRITERIA: The National Council on Governmental Accounting (NCGA) Statement No. 1, *Governmental Accounting and Financial Reporting Principles*, establishes the standard for the modified-accrual recognition of revenues and other financial resource increments in governmental funds. It states that revenues should be recognized in the accounting period in which they become both measurable and available.

CONDITION: The City did not report revenues from school resources officers on the modified accrual basis. The payment received for services provided July 1, 2022 to September 30, 2022 in the amount of \$97,500 was incorrectly recorded as revenue for fiscal year 2023.

CAUSE: The City did not have proper cutoff between periods regarding receivables, including amounts due from other governments, and revenue recognition pursuant to NCGA Statement No. 1 and GASB Statement No. 33.

POTENTIAL EFFECT: Current year due from other governments and intergovernmental revenues were understated by \$97,500.

RECOMMENDATION: We recommend management review that all receivables that are measurable and available are properly recorded at the end of the fiscal year.

RESPONSIBLE PARTY: Ross McGinn – Director of Finance

CORRECTIVE ACTION: Management will review receipts to verify proper recording of revenue and receivables at fiscal year-end. This corrective action will take effect immediately.



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INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Melbourne, Florida, as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated March 17, 2023.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards; Independent Auditors' Report on Compliance for Each Major Federal Program and State Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 17, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Corrective actions have been taken to address the findings 2021-001, and 2021-002 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 legal authorities for the City of Melbourne, Florida and its component unit are disclosed in the notes to the financial statements.

Financial Condition and Management

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

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

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

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 the schedule below. This information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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 **7**
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency. **\$5,593,297**
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency. **\$900,446**
- 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
50120 – Taxiway S Improvements Phase 1	\$ -	\$ 3,400,000
50121 – In Line Baggage System	529,954	1,024,944
50122 – Aerospace Dr Lift Station	-	100,000
50220 – Perimeter Airfield Road Rehab	-	125,000
50222 – Rental Car Parking Improvement	300,712	300,712
50320 – Passenger BB #5 Replacement	-	1,669,094
50418 – Lift Station - Aerospace Bldg	-	75,000
50419 – Replace Security System Design Phase 1	-	461,959
50520 – Aerospace Dr Lift Station Replacement	-	85,000
50619 – Airplane Deposit Facility	-	70,000
51119 – Airfield Utilities-Ga Dr & SO Lift	-	1,400,000
54319 – Terminal Expansion VIP Lounge	672,782	769,910
54320 – Northside expansion Taxiway T/W	-	3,930,000
54619 – Terminal Expansion CUTE	232,234	300,000
55319 – Terminal Expansion FF&E	694,284	600,000
Total	\$ 2,429,996	\$ 14,311,619

- 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:

To the Honorable Mayor and Members of City Council
City of Melbourne, Florida
Page Four

	Original Budget	Final Budget	Airport Actuals	Variance with Final Budget- Positive/(Negative)
OPERATING REVENUES				
Airfield and hangar fees	\$ 2,544,030	\$ 2,544,030	\$ 2,838,423	\$ 294,393
Terminal and area building fees	4,329,969	4,329,969	4,366,620	36,651
Commercial business center fees	9,831,251	9,831,251	9,735,900	(95,351)
Tropical Haven fees	2,070,900	2,070,000	2,054,811	(16,089)
International/U.S.				
Customs/Foreign trade zone fees	97,697	97,697	31,565	(66,132)
Other	37,135	37,135	28,878	(8,257)
Total operating revenues	18,910,982	18,910,982	19,056,197	145,215
OPERATING EXPENSES				
Salaries, wages and employee benefits	5,808,015	5,808,015	5,593,297	214,718
Contractual services, materials and supplies	15,174,470	16,012,064	15,166,540	845,614
Depreciation and amortization*	-	-	8,441,938	(8,441,938)
Total operating expenses	20,982,485	21,820,079	29,201,685	(7,381,606)
Operating loss	(2,071,503)	(2,909,097)	(10,145,488)	(7,236,391)
NONOPERATING REVENUES (EXPENSES)				
Federal and State grants	7,617,138	7,617,138	5,887,792	(1,729,346)
Passenger facility charges	1,301,510	1,301,510	1,319,122	17,612
Investment earnings	188,847	188,847	(101,831)	(290,678)
Customer facility charges	1,112,001	1,112,001	982,149	(129,852)
Contributions to private organizations	-	-	(206,711)	(206,711)
Interest expense	-	-	(292,938)	(292,938)
Gain on sale/disposal of capital assets	-	-	5,012,061	5,012,061
Other nonoperating revenue (expense)	(884,758)	(794,548)	(5,869)	778,679
Total nonoperating revenues (expenses)	9,424,948	9,424,948	12,593,775	3,168,827
Income before contributions	7,263,235	6,515,851	2,448,287	(4,067,564)
Capital contributions	-	-	22,846,484	18,778,920
Change in net position	7,263,235	6,515,851	25,294,771	18,778,920
Total net position, October 1	200,786,097	200,786,097	200,786,097	-
Total net position, September 30	\$ 208,049,332	\$ 207,301,948	\$226,080,868	\$ 18,778,920

* The Airport does not budget for depreciation and amortization

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 2021, 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.

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

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 17, 2023



Carr, Riggs & Ingram, LLC
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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

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

We have examined the City of Melbourne, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2022. Management is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

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

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, 2022.

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

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

Melbourne, Florida
March 17, 2023

SECONDARY MARKET DISCLOSURE SECTION

Rule 15c2-12 promulgated by the Securities and Exchange Commission requires certain ongoing disclosure of annual financial information and operating data for bonds sold on or after July 3, 1995. This section includes disclosures not found elsewhere in this Report for the following bonds:

- Water and Sewer Refunding Revenue Bonds, Series 2002B
- Water and Sewer Refunding and Improvement Revenue Bonds, Series 2012
- Water and Sewer Refunding Revenue Bonds, Series 2013
- Water and Sewer Refunding Revenue Bond, Series 2014
- Water and Sewer Refunding Revenue Bonds, Series 2016A
- Water and Sewer Refunding Revenue Bonds, Series 2016B
- Water and Sewer Refunding Revenue Bonds, Series 2020
- Water and Sewer Improvement Revenue Bonds, Series 2021
- Water and Sewer Refund Revenue Bonds, Series 2022





SECONDARY MARKET DISCLOSURE FOR THE YEAR ENDED SEPTEMBER 30, 2022

General

The City of Melbourne is required to provide ongoing disclosure for holders of its Water and Sewer Refunding Revenue Bonds, Series 2002B, Water and Sewer Refunding and Improvement Revenue Bonds, Series 2012, Water and Sewer Refunding Revenue Bonds, Series 2013 and Water and Sewer Refunding Revenue Bond, Series 2014, Water and Sewer Refunding Revenue Bonds, Series 2016A and Water and Sewer Refunding Revenue Bonds, Series 2016B, and 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 87,007), 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 162 miles of six (6) to 36-inch diameter transmission mains, and about 703 miles of two (2) to six (6)-inch diameter distribution mains.

The top ten water customers of the System are:

Customer	Annual Revenue
City of West Melbourne ⁽¹⁾	\$4,338,290
Holmes Regional Medical Center	319,323
Florida Institute of Technology	284,356
School Board of Brevard County	242,328
Northrop Grumman Systems Corp	132,915
Steward Melbourne Hospital, Inc.	113,031
Prestige AB of Ready Mix of Melbourne	108,945
We Harbours LLC	98,747
The Meadows	96,686
Titan Florida	95,988

(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
2018	58,393	16.2	18.9
2019	58,725	15.8	18.8
2020	59,110	16.6	19.9
2021	59,433	16.7	20.8
2022	59,604	17.9	20.9

(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 59 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	\$ 477,365
Florida Institute of Technology	424,860
Northrop Grumman Systems Corp	198,660
School Board of Brevard County	196,296
Steward Melbourne Hospital	169,057
We Harbours, LLC	147,685
The Meadows	144,541
Northland Caribbean Isles LLC	128,700
Manatee Cove Apts LLC	117,212
Rockwell-Collins	113,857

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
2018	29,277	4.54	3.84	8.38
2019	29,389	4.33	3.17	7.50
2020	29,435	4.28	3.15	7.43
2021	29,633	4.22	3.16	7.38
2022	29,688	4.30	3.41	7.71

(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 37 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, 2022, there were 654 accounts in the reclaimed water system, of which 457 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
2018	636	1.78	0.48	2.26
2019	642	1.91	0.52	2.43
2020	643	1.68	0.42	2.10
2021	649	1.70	0.58	2.28
2022	654	1.86	0.68	2.54

(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, 2021	\$ 8.00	\$ 8.80
October 1, 2022	8.00	8.80
October 1, 2023	8.44	9.28

In addition to the above established service charge, each customer pays a monthly gallonage charge per unit for each one thousand (1,000) gallons, or portion thereof, of water passed through the customer’s service meter in accordance with the schedule set forth below:

Effective Date	Inside City	Outside City
October 1, 2021	\$ 4.57	\$ 5.02
October 1, 2022	4.57	5.02
October 1, 2023	4.82	5.30

Sewer Rates

The rate charged for sewer service to each customer consists of a monthly service charge based on the number of equivalent residential connections (ERCs) being served at such connection as determined by the City periodically for the premise, which serves as the minimum bill, and a gallonage charge for each unit of one thousand (1,000) gallons or portion thereof. The rates charged are based on the customer's location. Customers located within the city limits pay the inside City rate. Customers located outside the city limits pay the outside City rate.

Effective Date	Rate per ERC – All Customers	
	Inside City	Outside City
October 1, 2021	\$ 11.83	\$ 14.78
October 1, 2022	11.83	14.78
October 1, 2023	12.48	15.59

Each customer connected to the City's sewer system to whom a monthly bill is rendered for water furnished by the water system of the City pays a charge per one thousand (1,000) gallons, or portion thereof, of water passed through the water meter for sewer services in accordance with the schedule set forth below:

Effective Date	Inside City	Outside City
October 1, 2021	\$ 6.85	\$ 8.56
October 1, 2022	6.85	8.56
October 1, 2023	7.22	9.03

Reclaimed Water Rates

All existing customers of reclaimed water who have active accounts on May 1, 2008, are charged a monthly service charge as follows:

Reclaimed Water Service Fees for Customers Active on May 1, 2008		
Effective Date	Rate for first ½ acre	Rate per acre of pervious area (after first ½ acre)
October 1, 2021	\$ 13.70	\$ 54.80
October 1, 2022	13.70	54.80
October 1, 2023	14.50	58.00

The rate charged for all new customers of reclaimed water after May 1, 2008 consists of a monthly service charge and a monthly gallonage charge. The rates for a ¾ meter in which 15,000 gallons are included in the service charge are as follows:

Reclaimed Water System Rates for New Customers	
Effective Date	Monthly service charge
October 1, 2021	\$ 8.55
October 1, 2022	8.55
October 1, 2023	9.00

In addition to the above established service charge, each customer pays a monthly gallonage charge for each 1,000 gallons, or a portion thereof, of reclaimed water that passes through the customer's service meter that is over and above the gallonage allocation as follows:

Gallonage Charges	
Effective Date	Monthly Charge
October 1, 2021	\$.57
October 1, 2022	.57
October 1, 2023	.60

Each customer requesting reclaimed water service from the City, prior to the installation of a flow meter for each connection to the reclaimed water main, pays the following amounts to defray the cost of the service provided:

Meter Size (Inches)	Reclaimed Water Connection Charge
¾	\$ 250
1	475
1-1/2	850
2	1,600
Over 2 inches	To be determined by the City on an individual basis

The full amount of the connection charge provided above must be paid prior to connection of each unit to the City's reclaimed water system. The meter shall be adequately sized to service the customer irrigation system.

Water Impact Fees

Each customer requesting capacity from the City's water system shall, prior to the installation of the connection to the water main, pay the following amounts to provide service to properties or customers and to all customers presently connected to the City's water system when additional development, structural changes, additions or changes in permitted use results in an additional impact to the City's water system. Water impact fees shall not be transferable from one property to another property.

(1) Single-family residence: All development which is considered an individually metered residential unit shall be considered one (1) ERC. The water impact fee per one (1) ERC shall be one thousand five hundred forty dollars (\$1,540).

(2) Multiple-family, condominium, mobile home trailer and motor home parks, including all related facilities not having individual water meter connections, or other multiple living units or developments of mobile-type homes: The water impact fees for each living unit served by a master meter shall be determined in accordance with the following schedule. If the development served by the master meter includes individually metered non-residential use, then the water impact fee for such individually metered non-residential use will be determined in addition to the applicable water impact fees as shown below for this customer designation.

	ERC Factor per Living Unit	Water Impact Fee
Duplex (1 or 2 Bedrooms)	0.833	\$ 1,283
Duplex (3 or more Bedrooms)	1.000	1,540
Multifamily (1 Bedroom)	0.583	898
Multifamily (efficiency less than 500 sq. ft.)	0.500	770
Multifamily (2 Bedrooms)	0.833	1,283
Multifamily (3 Bedrooms)	1.000	1,540
Mobile Home (1 or 2 Bedrooms)	0.667	1,027
Mobile Home (3 or more Bedrooms)	0.833	1,283

(3) Hotels and motels not having individual water connections: The water impact fees for each unit that is not individually metered shall be considered as 0.75 ERC's per unit. The water impact fee per each unit shall be one thousand one hundred fifty-five dollars (\$1,155) per unit.

(4) Housing for older persons not having individual water connections: The water impact fees for each unit of housing as defined by Florida Statute §760.29, as amended from time to time, that is not individually metered shall be considered as 0.75 ERC's per unit. The water impact fee per unit of housing shall be one thousand one hundred fifty-five dollars (\$1,155) per unit.

(5) Commercial customers: For all commercial and non-residential connections not specifically identified in one of the classifications listed above, the water impact fees shall be based on the average dependable daily capacity for the development of property identified by the applicant and as certified for the applicant by a registered Florida Professional Engineer using the City's potable water concurrency standards in Article IV, Chapter 3, Section 3.46 of Appendix D, Land Development Code and as approved by the city expressed on a gallons per day basis multiplied by \$6.417 per gallon of capacity. In no event will the water impact fee charged to a commercial customer property be less than one thousand five hundred forty dollars (\$1,540). For each commercial customer that is presently connected to the City's water system that constructs structural changes, additions, or changes in permitted use of such property that shall result in additional capacity impact to the City's water system, the water impact fee shall be based on the net increase in the average dependable daily capacity for the structural changes, additions, or changes in permitted use as determined above expressed on a gallons per day basis multiplied by \$6.417 per gallon of capacity.

To the extent that the average daily flow for a commercial connection during any consecutive twelve month period is greater than the average dependable daily capacity for which water impact fees have been paid, an additional water impact fee shall be assessed for the excess flow calculated in accordance with City code. No refund or credit shall be afforded to the owner of the property in the event that diminution of use occurs.

(6) Each customer requesting water service from the City shall, prior to the installation of a flow meter for each connection to the water main, pay the following amounts to defray the cost of the service provided:

Meter Size (Inches)	Water Connection Charge
¾	\$ 250
1	475
1-1/2	850
2	1,600
Over 2 inches	To be determined by the City on an individual basis

The full amount of the connection charge provided above must be paid prior to connection of each unit to the City's water system. The City reserves the right to determine the meter size that will be required for the service requested.

Sewer Impact Fees

Each customer requesting capacity from the City's sewer system, prior to connection to the system, pays the following amounts to provide service to properties and on all properties presently connected to the City's sewer system when structural changes, additions or changes in permitted use results in an additional impact to the City's sewer system. Sewer impact fees will not be transferable from one property to another property.

(1) Single-family residence: All development which is considered an individually metered residential unit shall be considered as one (1) ERC. The sewer impact fee per ERC shall be two thousand two hundred ten dollars (\$2,210).

(2) Multiple-family, condominium, mobile home trailer and motor home parks, including all related facilities not having individual sewer connections, or other multiple living units or developments of mobile type homes: The sewer impact fees for each living unit serviced by a master meter shall be determined in accordance with the following schedule. If the development served by the master meter includes individually metered non-residential use, then the sewer impact fee for such non-residential use will be determined in addition to the applicable sewer impact fees as shown on the next page for this customer designation.

	<u>ERC Factor per Living Unit</u>	<u>Sewer Impact Fee</u>
Duplex (1 or 2 Bedrooms)	0.833	\$ 1,841
Duplex (3 or more Bedrooms)	1.000	2,210
Multifamily (1 Bedroom)	0.583	1,288
Multifamily (efficiency less than 500 sq. ft.)	0.500	1,105
Multifamily (2 Bedrooms)	0.833	1,841
Multifamily (3 or more Bedrooms)	1.000	2,210
Mobile Home (1 or 2 Bedrooms)	0.667	1,474
Mobile Home (3 or more Bedrooms)	0.833	1,841

(3) Hotels and motels not having individual sewer connections: The sewer impact fee for each unit that is not individually metered shall be considered as 0.75 ERC's per unit. The sewer impact fee per each unit shall be one thousand six hundred fifty eight dollars (\$1,658) per unit.

(4) Housing for older persons not having individual sewer connections: The sewer impact fees for each unit of housing as defined by Florida Statute §760.29, as amended from time to time, that is not individually metered shall be considered as 0.75 ERC's per unit. The sewer impact fee per each unit of housing shall be one thousand six hundred fifty-eight dollars (\$1,658) per unit.

(5) Commercial customers: For all commercial and non-residential connections not specifically identified in one of the classifications listed above, the sewer impact fees shall be based on the average dependable daily capacity for the development or property identified by the applicant and as certified for the applicant by a registered Florida Professional Engineer using the City's potable water concurrency standards in Article IV, Chapter 3 of Appendix D, Land Development Code and as approved by the city expressed on a gallons per day basis multiplied by \$9.208 per gallon of capacity. In no event will the sewer impact fee charged to a commercial customer property be less than two thousand two hundred ten dollars (\$2,210). For each commercial customer that is presently connected to the City's sewer system that constructs structural changes, additions or changes in permitted use of such property that shall result in an additional capacity impact to the City's sewer system, the sewer impact fee shall be based on the net increase in the average dependable daily capacity for the structural changes, additions, or changes in permitted use as determined above expressed on a gallons per day basis multiplied by \$9.208 per gallon of capacity.

To the extent that the average daily flow for a commercial connection during a consecutive twelve month period is greater than the average dependable daily capacity for which sewer impact fees have been paid, an additional sewer impact fee shall be assessed for the excess flow calculated in accordance with City code. No refund or credit shall be afforded to the owner of the property in the event that a diminution of use occurs.

(6) Each customer requesting sewer service from the City shall be required to pay to the City an amount equal to the actual cost as determined by the City as incurred for any modification or extension of the sewer system required to provide sewer service to the property requiring such service. The minimum charge to be billed by the City for the cost of a sewer connection is one hundred dollars (\$100), regardless of meter size. The payment of the sewer connection charges shall be in addition to the payment of the sewer impact fees.

Comparison of Water and Sewer Rates (as of October 1, 2022)

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	0 Gallons	2,000 Gallons	5,000 Gallons	10,000 Gallons
City of Melbourne	\$8.00	\$17.14	\$30.85	\$53.70	\$76.55	\$111.83	\$25.53	\$46.08	\$80.33	\$114.58	\$19.83	\$42.67	\$76.93	\$134.03	\$191.13
Brevard County	18.53	\$18.53	30.11	64.30	106.35	23.88	33.98	49.13	74.38	84.48	42.41	52.51	79.24	138.68	190.83
City of Cocoa	16.01	23.41	34.51	70.96	122.76	19.20	34.76	58.10	97.00	112.56	35.21	58.17	92.61	167.96	235.32
City of Palm Bay	15.61	23.59	35.56	61.41	97.21	23.49	37.11	57.54	91.59	91.59	39.10	60.70	93.10	153.00	188.80
City of Titusville	10.91	17.97	28.56	55.06	90.41	15.90	32.76	58.05	100.20	142.35	26.81	50.73	86.61	155.26	232.76
* City of Vero Beach	12.45	14.35	22.90	41.90	72.30	23.04	31.40	43.94	64.84	73.20	35.49	45.75	66.84	106.74	145.50
City of West Melbourne	14.95	27.35	46.45	79.75	115.15	14.45	24.45	39.45	64.45	89.45	29.40	51.80	85.90	144.20	204.60

* City of Vero Beach rates went into effect on January 1, 2023.

Data prepared by City of Melbourne Financial Services Department

Historical Bond Service Coverage	For Fiscal Years Ending September 30				
	2018	2019	2020	2021	2022
Revenues					
Water sales	\$31,246,858	\$30,416,642	\$31,268,642	\$31,882,976	\$32,851,819
Sewer charges	21,000,231	20,942,547	20,945,200	21,075,990	21,056,012
Other revenues	3,476,805	3,364,006	4,082,916	2,359,507	2,656,118
Interest income	1,089,538	1,886,699	2,088,464	1,252,144	515,968
Total Operating Revenues⁽¹⁾	56,813,432	56,609,894	58,385,222	56,570,617	57,079,917
Operating Expense					
Salaries, wages and employee benefits	12,769,388	13,826,536	15,744,303	12,433,007	14,711,708
Other post employment benefits	(34,878)	(66,816)	(56,461)	19,394	19,287
Contractual services, materials, supplies	17,593,374	15,385,702	18,588,632	16,963,988	19,072,620
Total Operating Expense⁽¹⁾	30,327,884	29,145,422	34,276,474	29,416,389	33,803,615
Net Operating Income⁽¹⁾	26,485,548	27,464,472	24,108,748	27,154,228	23,276,302
Available Impact Fees⁽¹⁾	3,883,159	3,636,038	2,312,011	2,721,808	2,028,210
Available for Debt Service	\$30,368,707	\$31,100,510	\$26,420,759	\$29,876,036	\$25,304,512
Annual Debt Service Requirement					
Series 2002B	\$ 3,450,000	\$ 3,445,000	\$ 3,445,000	\$ 3,440,000	\$ 3,435,000
Series 2012	480,244	480,944	484,344	249,250	247,200
Series 2013	1,042,112	1,045,012	1,041,412	673,500	668,100
Series 2014	959,892	962,666	960,044	962,125	968,810
Series 2016A	1,488,750	1,489,250	1,483,250	1,486,000	1,487,000
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
Series 2022 ⁽²⁾	-	-	-	-	175,732
Total Debt Service	\$ 8,144,248	\$ 8,146,122	\$ 8,137,300	\$ 7,948,398	\$ 8,235,290
Coverage					
Net Revenue 100% Test	325%	337%	296%	342%	283%
With Impact Fees 115% Test	373%	382%	325%	376%	307%

(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
Interim City Manager

