

CITY OF WEST MELBOURNE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE
FISCAL YEAR ENDED
SEPTEMBER 30, 2018



West Melbourne

F L O R I D A

Prepared by:
THE FINANCE DEPARTMENT

CITY OF WEST MELBOURNE, FLORIDA

CITY COUNCIL

HAL J. ROSE, MAYOR

PAT BENTLEY, DEPUTY MAYOR

JOHN DITTMORE, COUNCIL MEMBER

ADAM GAFFNEY, COUNCIL MEMBER

BILL METTRICK, COUNCIL MEMBER

BARBARA SMITH, COUNCIL MEMBER

ANDREA YOUNG, COUNCIL MEMBER

CITY MANAGER

SCOTT MORGAN

CITY ATTORNEY

MORRIS RICHARDSON

FINANCE DIRECTOR

MARGI STARKEY

City of West Melbourne, Florida
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MAYOR
Hal J. Rose

DEPUTY MAYOR
Pat Bentley

COUNCIL MEMBERS
Daniel Batchelor
John Dittmore
Adam Gaffney
Barbara A. Smith
Andrea Young



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

March 14, 2019

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

The Comprehensive Annual Financial Report of the City of West Melbourne, Florida (the “City”), for the fiscal year ended September 30, 2018 is hereby submitted pursuant to Florida Statutes Chapter 218.39 and Chapter 10.550 of the Rules of the Auditor General of the State of Florida.

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

Carr, Riggs & Ingram, LLC, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City of West Melbourne’s financial statements for the year ended September 30, 2018. The independent auditors’ report is located at the front of the financial section of this report.

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

Profile of the government

The City of West Melbourne was founded in 1959 and incorporated on July 2, 1970, as a political subdivision of the State of Florida. It is located in east central Florida within Brevard County. It currently occupies 10.3 square miles and has an estimated population of 21,990. The City is empowered to levy a property tax on real property located within its boundaries, which the City has levied continuously since fiscal year 2006. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of West Melbourne has operated under the council-manager form of government since 1970. Policy making and legislative authority are vested in the City Council consisting of the mayor and six other members, all elected on a non-partisan basis. Council members, since 2014, serve staggered four year terms, and are elected to represent the City at large. The Council appoints the City Attorney, Police Chief and City Manager. The City Manager appoints the heads of various City departments.

The City of West Melbourne provides a full range of services, including police protection services, street maintenance and construction, building inspections, parks and recreation amenities, and stormwater planning and construction. The City also operates a water distribution and sewer collection and treatment system, both systems of which are a single legal enterprise and reported as a proprietary fund.

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

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

Local Economy

The City of West Melbourne is located in east central Florida, approximately forty five miles south of the Kennedy Space Center and encompassing an area of 10.3 square miles. The area is a major hub for technology driven industry such as RELM Wireless, Lockheed Martin, Confluent RF Systems, Mack Technologies, Terry Laboratories and USSI. Corporate headquarters, manufacturers, and technology oriented companies are located within the City of West Melbourne limits. The City's diverse business community includes traditional businesses, which encompass retail and wholesale trade, transportation, the utilities sector, the professional and business services sector, real estate, finance, and the construction sector, both light manufacturing and military contractors. The City remains attractive to such a vibrant mix of businesses because it maintains one of the lowest tax rates in Brevard County, which has given the City an edge as a better place to do business. The City continues to pursue technology oriented manufacturing, warehousing/distribution, and professional service companies seeking a competitive advantage in the marketplace.

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

In 1970, West Melbourne's population was approximately 3,050. Since 2000, the city has experienced the highest population growth percentage of any municipality in Brevard County. The most recent State population estimate for the City is 21,990. The population in the City is relatively young and well-educated with over 45% of its population under the age of 45. With a comparatively high median household income which exceeds State and County levels, combined with a relatively young and well-educated population, the City has ideal market conditions for the continued development of high-technology, knowledge-based businesses, as well as traditional businesses and service providers.

The unemployment rate for the State of Florida and Brevard County declined in 2018. As of September 30, 2018, the unemployment rate in the United States was 3.7%, down from 4.2% a year earlier. For Brevard County, the unemployment rate was 2.9%, down from 3.6% as reported by the Florida Department of Economic Opportunity. It is expected that the unemployment rate for Brevard County will not significantly change in the near term.

Long-term financial planning and major initiatives

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

The City is also cognizant of the other cities' financial challenges as a result of unmanaged expansion and excessive leverage. At the end of the current fiscal year, the unrestricted fund balance (which is the total of the committed, assigned, and unassigned components of the fund balance) in the general fund, was 20% of total general fund expenditures. This is a strong position which reduces the need to borrow to finance future construction and expansion projections.

Recently completed strategic projects for the City of West Melbourne include completion of the site improvements around the City's new, hurricane-resistant public works maintenance yard building, completion of the master planned improvements for West Melbourne Community Park, continuing to develop land use and transportation plans to encourage development of a new town center; completion of the partnership with the Florida Department of Transportation to install street lighting at the U.S. 192 entry into the City from I-95, and completion of four drainage improvement projects to reduce the risks of flooding in older neighborhoods of the City. In addition, the expansion and renovation of the police station is underway and will be completed in fiscal year 2018-2019. The cost of all these key initiatives have been funded without the issuance of new debt.

Since 2000, the City of West Melbourne has been, by percentage, the fastest growing municipality in Brevard County. Since 2010, the City's population has grown 19.8%. During fiscal year 2017-2018, the City issued 263 building permits for new single family homes. Building permit revenues, representing both residential and significant commercial activity, increased by 13.0% over the prior fiscal year. The trend of growth in commercial development is expected to extend into the near term. This is expected to be both with continued infill site commercial development, as well as some remaining opportunities within three large commercial centers in the City that still have some remaining commercial parcels that can yet be developed. These are the Hammock Landing, Coastal Commerce, and the West Melbourne Interchange Centers.

The City Council has updated the Capital Improvements Element of the Comprehensive Plan in accordance with Florida Statutes 163.3177(3)(b), and management has projected the capital improvement program for the next five years as financially feasible. The 2018 to 2023 projection matches future sources of revenues with planned capital expenditures that incorporate long range plans of the City, with major water projects estimated at \$10.3 million, sewer projects estimated at \$8.5 million, stormwater system improvements at \$6.5 million, and transportation system improvements estimated at \$3.2 million. Combined capital improvements for all major and secondary projects are estimated at \$29.0 million over the five year span.

The millage rate for the City of West Melbourne was 2.4633 for fiscal year 2017 - 2018. This was unchanged from the fiscal year 2016 - 2017 millage rate of 2.4633.

The City was most recently reviewed by Standard and Poors (S&P) on February 23, 2018. S&P upgraded the 2010D Florida Municipal Loan Council revenue bonds from AA- to AA.

Relevant Financial Policies

The City of West Melbourne has a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to or in excess of appropriations). Actual General Fund revenues exceeded the final budget by approximately \$2.3 million. During fiscal year 2018, General Fund appropriations increased approximately \$974,000 while actual expenditures were below the final budgeted. Overall, operational activity resulted in an excess of expenditures over revenues by \$2.5 million.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of West Melbourne for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2017. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated service of the Finance department. We wish to also express our appreciation to members of other City departments for their assistance in providing the data necessary to prepare this report. Credit must also be given to the Mayor and the City Council for their consistent support for management as it seeks to prudently manage the City of West Melbourne's finances.

Respectfully submitted,



Scott Morgan
City Manager



Margi Starkey
Finance Director

**City of West Melbourne, Florida
Principal Officials
September 30, 2018**

City Council

Hal J. Rose	Mayor
Andrea Young	Deputy Mayor
Pat Bentley	Deputy Mayor
Adam Gaffney	Council Member
Bill Mettrick	Council Member
Barbara Smith	Council Member
John Dittmore	Council Member

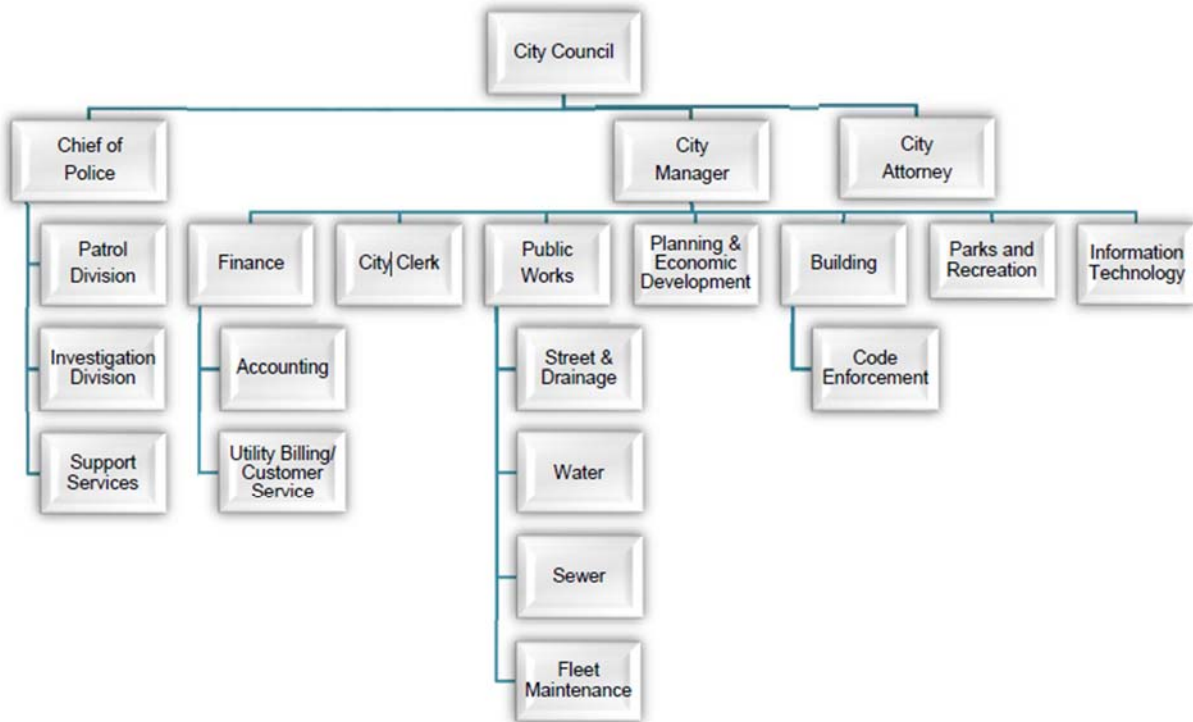


Executive Management Team

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

As of September 30, 2018

City of West Melbourne, Florida
Organizational Chart
September 30, 2018





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of West Melbourne
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Melbourne, Florida, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City of West Melbourne, Florida's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Melbourne, Florida, as of September 30, 2018, 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.

Change in Accounting Principle

As discussed in Note I.D.14 to the financial statements, in 2018 the City adopted new accounting guidance, GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Melbourne, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary schedules of nonmajor special revenue and capital projects funds, statistical section, and secondary market disclosures are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of state financial assistance, as required by Chapter 10.550, Rules of the Florida Auditor General, is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the budgetary schedules of nonmajor governmental funds, and the schedule of expenditures of state financial assistance are the

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2019 on our consideration of the City of West Melbourne, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of West Melbourne, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of West Melbourne, Florida's internal control over financial reporting and compliance.

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

Melbourne, Florida
March 14, 2019



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City of West Melbourne, Florida
Management's Discussion and Analysis
September 30, 2018

As management of the City of West Melbourne (“the City”), we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 5 – 8 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$90,029,564 (*net position*). Of this amount, \$16,719,358 represents unrestricted net position, which may be used to meet the government’s ongoing obligations to citizens and creditors.
- The City’s total net position increased by \$9,110,835 from fiscal year 2018 activities. The increase is largely due to an increase in capital grants and contributions.
- At the close of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$11,721,724 a decrease of \$5,352,902 in comparison with the prior year. Approximately 26% of this amount (\$3,003,945) is available for spending at the government’s discretion (*assigned and unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed, assigned, and unassigned* components of *fund balance*) for the general fund was \$3,644,615, or approximately 20% of total general fund expenditures.
- The City’s total outstanding long-term debt, not including compensated absences and other post-employment benefits, decreased by \$2,129,918 during the current fiscal year.

Overview of the Financial Statements

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

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

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

The statement of activities presents information showing how the City’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and

City of West Melbourne, Florida
Management's Discussion and Analysis
September 30, 2018

expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, recreation, and community development. The business-type activities of the City include a Water and Sewer System. The government-wide financial statements can be found on pages 28 – 31 of this report.

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 32 – 35 of this report.

City of West Melbourne, Florida
Management's Discussion and Analysis
September 30, 2018

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer System, which is considered to be a major fund. The basic proprietary fund financial statements can be found on pages 36 – 41 of this report.

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

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

The fiduciary fund financial statements can be found on pages 42 – 43 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 45 – 85 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's budgetary compliance and pension and other post-employment benefits obligations. The City adopts an annual appropriated budget for its general fund, community redevelopment agency fund, special revenue funds (recreation and storm water), and capital projects construction fund. Budgetary comparison statements have been provided for each of these funds to demonstrate compliance with this budget. The required supplementary information can be found on pages 89 – 102 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 105 – 109 of this report.

The Statistical Section includes tables and schedules to provide a more detailed picture of the financial condition of the City than those presented in the financial statements. These include the schedule of bonded debt and interest to maturity and assorted multi-year financial and statistical information and can be found on pages 115 – 136 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of West Melbourne, Florida, assets and deferred outflows of resources

City of West Melbourne, Florida
Management's Discussion and Analysis
September 30, 2018

exceeded liabilities and deferred inflows of resources by \$90,029,564 at the close of the most recent fiscal year.

City of West Melbourne's Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 14,178,509	\$ 18,484,244	\$ 17,346,519	\$ 13,862,137	\$ 31,525,028	\$ 32,346,381
Capital assets	30,504,931	21,610,816	45,951,699	46,020,305	76,456,630	67,631,121
Total assets	44,683,440	40,095,060	63,298,218	59,882,442	107,981,658	99,977,502
Deferred outflows	2,085,693	1,139,209	356,386	342,900	2,442,079	1,482,109
Long-term liabilities	3,718,125	3,149,323	11,352,145	13,337,757	15,070,270	16,487,080
Other liabilities	1,905,284	1,123,530	2,290,405	1,984,741	4,195,689	3,108,271
Total liabilities	5,623,409	4,272,853	13,642,550	15,322,498	19,265,959	19,595,351
Deferred inflows	1,069,069	897,559	59,145	27,872	1,128,214	925,431
Net position:						
Net investment in						
capital assets	29,479,624	21,230,403	35,497,462	33,382,704	64,977,086	54,613,107
Restricted	7,821,633	7,214,372	511,487	508,640	8,333,120	7,723,012
Unrestricted	2,775,398	7,619,082	13,943,960	10,983,628	16,719,358	18,602,710
Total net position	\$ 40,076,655	\$ 36,063,857	\$ 49,952,909	\$ 44,874,972	\$ 90,029,564	\$ 80,938,829

By far the largest portion of the City's net position (72.2%) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, machinery and equipment, and construction in progress), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (9.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$16,719,358 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

At September 30, 2018, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Statements of Activities

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

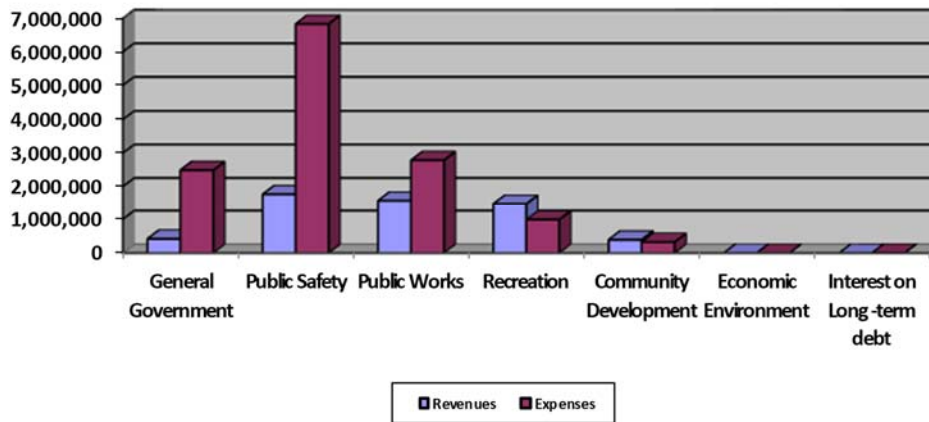
City of West Melbourne, Florida
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	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 3,154,259	\$ 2,813,111	\$ 11,600,678	\$ 11,185,565	\$ 14,754,937	\$ 13,998,676
Capital grants and contributions	2,473,014	2,036,754	5,032,423	5,253,638	7,505,437	7,290,392
General revenues:						
Local option gas tax	608,754	601,336	-	-	608,754	601,336
Property taxes	3,310,658	2,990,353	-	-	3,310,658	2,990,353
Public utility and telecommunication taxes	3,212,103	3,058,189	-	-	3,212,103	3,058,189
Payment in lieu of taxes	377,318	295,743	-	-	377,318	295,743
Franchise fees	1,798,337	1,671,784	-	-	1,798,337	1,671,784
Shared revenues	2,123,578	1,981,183	-	-	2,123,578	1,981,183
Unrestricted investment earnings	224,140	128,282	134,591	74,060	358,731	202,342
Miscellaneous	149,163	80,641	-	-	149,163	80,641
Transfers, net	18,900	6,100	(18,900)	(6,100)	-	-
Total revenues	17,450,224	15,663,476	16,748,792	16,507,163	34,199,016	32,170,639
Expenses:						
General government	2,487,264	2,369,589	-	-	2,487,264	2,369,589
Public safety	6,833,193	5,968,523	-	-	6,833,193	5,968,523
Public works	2,785,278	2,037,325	-	-	2,785,278	2,037,325
Recreation	988,794	746,068	-	-	988,794	746,068
Community development	323,027	311,233	-	-	323,027	311,233
Economic environment	420	176	-	-	420	176
Interest on long term debt	2,326	4,603	-	-	2,326	4,603
Water and sewer	-	-	11,667,879	11,139,291	11,667,879	11,139,291
Total expenses	13,420,302	11,437,517	11,667,879	11,139,291	25,088,181	22,576,808
Increase in net position	4,029,922	4,225,959	5,080,913	5,367,872	9,110,835	9,593,831
Net position - beginning of year as previously reported	36,063,857	31,837,898	44,874,972	39,507,100	80,938,829	71,344,998
Prior period adjustment (see Note I D.14)	(17,124)	-	(2,976)	-	(20,100)	-
Net position - beginning (restated)	36,046,733	31,837,898	44,871,996	39,507,100	80,918,729	71,344,998
Net position - ending	\$ 40,076,655	\$ 36,063,857	\$ 49,952,909	\$ 44,874,972	\$ 90,029,564	\$ 80,938,829

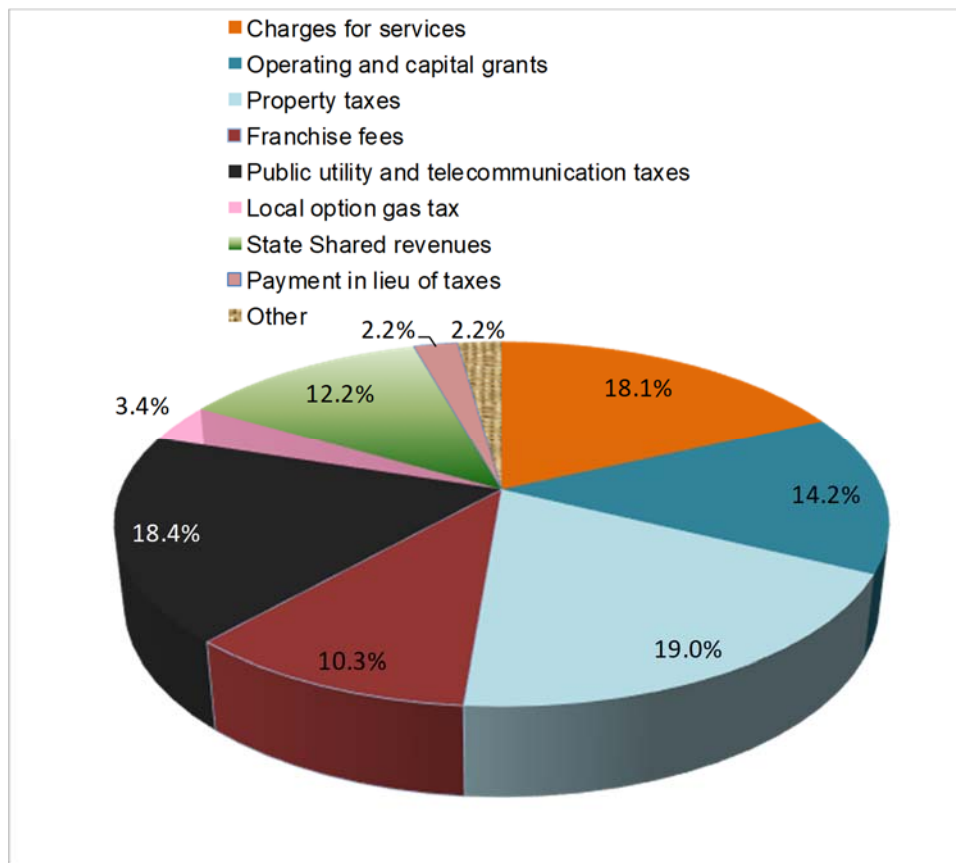
Governmental Activities. During the current fiscal year, net position for governmental activities increased by \$4,029,922 from the prior fiscal year. General revenues increased by approximately 9% due to increases in property taxes, payment in lieu of taxes, unrestricted investment earnings, miscellaneous revenues, and net transfers. Program revenues increased by approximately 16%, primarily from an increase in developer contributions and an FDEP grant of \$1.05 million for the West Melbourne Community Park Phase II construction.

Governmental expenditures increased \$1,982,785 (17%) compared to the fiscal year ending September 30, 2018. The primary reasons for this increase was an increase in wages and overtime, and repairs and maintenance. The first chart compares each program's expenses with the revenues generated by the program. The next chart displays the City's revenues by source. Public safety represents one of the City's major services and the majority of resources used to fund the service are not generated by the program. Revenues from taxes and other general resources provide the remaining funding necessary for public safety.

Expenses and Program Revenues-Governmental Activities



2018 Revenues by Source – Governmental Activities



Business-type Activities. Business-type activities increased the City’s net position by \$5,080,913. Revenues for the Water and Sewer System increased by \$241,629 and this is attributed primarily to an increase in connections for new homes and businesses. Operating expenses of the Water and Sewer System increased by \$528,588 due in part to an increase in expenditures for professional services and other contractual services, and an increase in depreciation expense.

Financial Analysis of Governmental Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,721,724, a decrease of \$5,353,902 in comparison with the prior year. Approximately 26% of this total amount (\$3,003,945) constitutes unassigned fund balance, which has not been appropriated for a specific purpose and is available for spending at the government's discretion. The remainder of fund balance represents a legally restricted funding source, has been committed to a specific purpose by City action or is not in liquid form available for new spending. The \$71,942 of prepaid items represents funds that have been disbursed for future expenditures, such as insurance or maintenance agreements. The restricted funds include confiscated funds of \$19,827 that can only be spent on law enforcement purposes. The advance of \$1,118,530 represents the long-term portion of interest bearing loans to the Water and Sewer System and the Stormwater Utility and a non-interest bearing loan to the Community Redevelopment Agency. These will become available to the fund for expenditure as the loans are satisfied.

The committed fund balances totaling \$824,204 in two of the non-major funds are being expended for replacement vehicles and recreation facilities. The \$570,297 in the Capital Projects Fund and \$3,520,586 in the General Fund are restricted for construction and maintenance of roads. The \$2,592,393 represents funds collected through permits and is restricted to enforcing the State's building code. The Stormwater Utility, and the Community Redevelopment Agency had a negative unassigned fund balance of \$110,693 and \$529,977 respectively at September 30, 2018, due to capital and flood mitigation projects. The Stormwater Utility and the Community Redevelopment Agency have received loans from the general fund.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,644,615, while total fund balance was \$10,967,893. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and assigned fund balance represents 20% of total General Fund expenditures, while total fund balance represents 60% of that same amount.

The fund balance of the City's General Fund decreased by \$2,580,200 during the current fiscal year, compared to a \$1,069,177 increase in the prior year. The City saw increased expenditures in the General Fund. Key factors in these results are as follows:

- Total revenues of the General Fund increased by \$2,985,339, largely as a result of an increase in property taxes revenues, FP&L franchise fees, and a grant from the State of Florida for the construction of Phase II improvements in West Melbourne Community Park.

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Management's Discussion and Analysis
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- General Fund expenditures increased \$4,556,211 compared to the prior year, largely in capital outlay as a result of developer-donated street construction for Lake Ibis, Pineapple Cove Classical Academy, and Eber Cove, along with construction of West Melbourne Community Park Phase II and ongoing construction of the police building modifications and expansion.

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 \$13,943,960. The total increase in net position for this fund was \$5,080,913. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

There was one budget revenue amendment of \$20,000 during the year ended September 30, 2018. There were three budget expenditure amendments totaling \$973,914 during the year ended September 30, 2018.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2018, amounted to \$76,456,630 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and other infrastructure items. The percentage increase from prior year (fiscal year 2017) in the City's investment in capital assets was 13%.

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 1,452,345	\$ 1,452,345	\$ 396,459	\$ 396,459	\$ 1,848,804	\$ 1,848,804
Construction in progress	2,368,773	2,159,213	188,653	90,783	2,557,426	2,249,996
Buildings	4,767,957	4,900,118	435,952	459,841	5,203,909	5,359,959
Improvements other than buildings	10,040,072	3,522,647	41,768,538	41,981,581	51,808,610	45,504,228
Machinery and equipment	1,996,935	1,537,020	3,162,097	3,091,641	5,159,032	4,628,661
Infrastructure	9,878,849	8,039,473	-	-	9,878,849	8,039,473
Total	\$ 30,504,931	\$ 21,610,816	\$ 45,951,699	\$ 46,020,305	\$ 76,456,630	\$ 67,631,121

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

- In the City's governmental activities, the developer street donations for Lake Ibis, Pineapple Cove Classical Academy, and Eber Cove, and the construction of West Melbourne Community Park – Phase II, as well as police station modifications and addition in progress were the significant impacts to the increases obtained.

City of West Melbourne, Florida
Management's Discussion and Analysis
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- In the City’s business-type activities, the City completed work on two belt press filters and purchased a freightliner vac-con. The City also received developer water and sewer system donations for Sawgrass Lakes, Lake Ibis, Pineapple Cove Classical Academy, and Eber Cove among others during the fiscal year.

Additional information on the City’s capital assets can be found in Note III D on pages 62-63 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt and loans outstanding of \$10,424,125, which represents obligations secured by business-type activities revenue sources.

City of West Melbourne’s Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Capital leases	\$ -	\$ 108,298	\$ -	\$ -	\$ -	\$ 108,298
Compensated absences	370,197	364,138	54,381	64,877	424,578	429,015
Other post employment benefit:	238,165	191,412	44,116	36,588	282,281	228,000
Revenue bonds	-	-	7,673,850	9,531,900	7,673,850	9,531,900
Loans payable	-	-	2,750,275	2,913,845	2,750,275	2,913,845
Total	\$ 608,362	\$ 663,848	\$ 10,522,622	\$ 12,547,210	\$ 11,130,984	\$ 13,211,058

Additional information on the City’s outstanding debt can be found in Note III F on pages 65 – 67 of this report. The City’s total debt was reduced by \$2,080,074 during the current fiscal year. Key factors in the City’s fiscal year 2018 long term debt decrease include the following:

- The City continued to pay off the bonded debt and loans payable as they fell due, and made an advance principal payment on the Water and Sewer Revenue Bonds, Series 2007.
- The liability for compensated absences decreased by \$4,437.
- The liability for other post-employment benefits increased by \$54,281.

Economic Factors and Next Year’s Budgets and Rates

The following economic factors currently affect the City of West Melbourne and were considered in developing the 2018-2019 fiscal year budget.

- As of the United States Census count of April 1, 2010, the City had an estimated population of 18,335 people residing within the City’s then 9.9-square miles. The population estimate issued for 2018 by the State of Florida, Office of Economic and Demographic Research shows the City’s population has increased to 21,990 within the City’s now 10.32-square mile area.
- During fiscal year 2018, the City issued building permits for the construction of 263 new single family homes. The City expects continued improvements in local economic conditions. The City has three large commercial centers, Hammock Landing, the West Melbourne Interchange Center and Coastal Commerce, where interest in new commercial development continues.

City of West Melbourne, Florida
Management's Discussion and Analysis
September 30, 2018

- As of September 2018, the unemployment rate in the United States was 3.7%. For the State of Florida, unemployment was 3.5%, down from 4.9% a year earlier. For Brevard County, the unemployment rate was 2.9% as reported by the Florida Department of Economic Opportunity. It is expected that the unemployment rate for Brevard County will not significantly change in 2019.
- The City was founded in 1959, primarily to prevent property taxes from being imposed by a neighboring municipality. The City continues to pride itself on its low tax rate. The millage rate for the City of West Melbourne was 2.4633 for fiscal year 2017 - 2018. This was unchanged from the fiscal year 2016 – 2017 millage rate of 2.4633.

All of these factors were considered in preparing the City's budget for the fiscal year ending September 30, 2019.

Requests for Information

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

CITY OF WEST MELBOURNE, FLORIDA

Basic Financial Statements

City of West Melbourne, Florida
Statement of Net Position

<i>September 30, 2018</i>	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 660,405	\$ 3,375,344	\$ 4,035,749
Investments	12,607,321	8,544,041	21,151,362
Receivables, net	848,685	1,695,637	2,544,322
Due from other governments	1,684,962	-	1,684,962
Inventory	-	132,033	132,033
Prepaid items	71,942	-	71,942
Interfund balances	(1,851,492)	1,851,492	-
Restricted assets:			
Cash and cash equivalents	156,686	1,747,972	1,904,658
Capital assets not being depreciated:			
Land	1,452,345	396,459	1,848,804
Construction in progress	2,368,773	188,653	2,557,426
Capital assets (net of accumulated depreciation):			
Buildings	4,767,957	435,952	5,203,909
Improvements other than buildings	10,040,072	41,768,538	51,808,610
Machinery and equipment	1,996,935	3,162,097	5,159,032
Infrastructure	9,878,849	-	9,878,849
Total assets	44,683,440	63,298,218	107,981,658
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	2,085,693	343,743	2,429,436
Deferred amount on advanced refunding	-	12,643	12,643
Total deferred outflows of resources	2,085,693	356,386	2,442,079

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

<i>September 30, 2018</i>	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts and contracts payable	1,231,515	998,339	2,229,854
Retainage payable	348,577	42,755	391,332
Accrued payroll and related liabilities	170,506	12,826	183,332
Payable from restricted assets:			
Accrued interest payable	-	227,684	227,684
Customer and developer escrow deposits	154,686	1,008,801	1,163,487
Noncurrent liabilities:			
Due within one year:			
Revenue bonds payable	-	1,033,500	1,033,500
Loans payable, net of unamortized discounts	-	170,000	170,000
Compensated absences	296,158	43,451	339,609
Due in more than one year:			
Revenue bonds payable	-	6,640,350	6,640,350
Loans payable	-	2,580,275	2,580,275
Total OPEB liability	238,165	44,116	282,281
Net pension liability	3,109,763	829,523	3,939,286
Compensated absences	74,039	10,930	84,969
Total liabilities	5,623,409	13,642,550	19,265,959
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	895,222	59,145	954,367
Deferred revenue - business tax receipts	173,847	-	173,847
Total deferred inflows of resources	1,069,069	59,145	1,128,214
NET POSITION			
Net investment in capital assets	29,479,624	35,497,462	64,977,086
Restricted for:			
Long term portion of advances	1,118,530	-	1,118,530
Debt service	-	511,487	511,487
Transportation	4,090,883	-	4,090,883
Law enforcement	19,827	-	19,827
Building code enforcement	2,592,393	-	2,592,393
Unrestricted	2,775,398	13,943,960	16,719,358
Total net position	\$ 40,076,655	\$ 49,952,909	\$ 90,029,564

City of West Melbourne, Florida
Statement of Activities

For the Year Ended September 30, 2018

Program Revenues

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 2,487,264	\$ 414,793	\$ -	\$ -
Public safety	6,833,193	1,759,180	-	9,353
Public works	2,785,278	373,159	-	1,201,391
Recreation	988,794	428,879	-	1,050,000
Community development	323,027	178,248	-	212,270
Economic environment	420	-	-	-
Interest on long-term debt	2,326	-	-	-
Total governmental activities	13,420,302	3,154,259	-	2,473,014
Business-type activities:				
Water and sewer	11,667,879	11,600,678	-	5,032,423
Total business-type activities	11,667,879	11,600,678	-	5,032,423
Total primary government	\$ 25,088,181	\$ 14,754,937	\$ -	\$ 7,505,437

General revenues:

Taxes:

Property taxes

Franchise fees

Local option gas tax

Public utility and telecommunication taxes

Payment in lieu of taxes

Intergovernmental shared revenue - unrestricted

Investment earnings

Miscellaneous revenue

Transfers, net

Total general revenues

Change in net position

Net position, beginning of year as previously reported

Prior period adjustment (see Note I.D.14)

Net position, beginning of year as restated

Net position, end of year

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

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (2,072,471)	\$ -	\$ (2,072,471)
(5,064,660)	-	(5,064,660)
(1,210,728)	-	(1,210,728)
490,085	-	490,085
67,491	-	67,491
(420)	-	(420)
(2,326)	-	(2,326)
(7,793,029)	-	(7,793,029)
-	4,965,222	4,965,222
-	4,965,222	4,965,222
(7,793,029)	4,965,222	(2,827,807)
3,310,658	-	3,310,658
1,798,337	-	1,798,337
608,754	-	608,754
3,212,103	-	3,212,103
377,318	-	377,318
2,123,578	-	2,123,578
224,140	134,591	358,731
149,163	-	149,163
18,900	(18,900)	-
11,822,951	115,691	11,938,642
4,029,922	5,080,913	9,110,835
36,063,857	44,874,972	80,938,829
(17,124)	(2,976)	(20,100)
36,046,733	44,871,996	80,918,729
\$ 40,076,655	\$ 49,952,909	\$ 90,029,564

City of West Melbourne, Florida
Balance Sheet - Governmental Funds

<i>September 30, 2018</i>	General	Stormwater Utility	Community Redevelopment	Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 273,055	\$ 387,350	\$ 660,405
Investments	9,322,184	1,678,784	-	1,606,353	12,607,321
Accounts receivable, net	848,685	-	-	-	848,685
Advance to other funds - current	276,036	-	-	-	276,036
Advance to other funds - long term	1,118,530	-	-	-	1,118,530
Due from other governments	1,472,692	-	212,270	-	1,684,962
Prepaid items	71,942	-	-	-	71,942
Restricted cash and cash equivalents	156,686	-	-	-	156,686
Total assets	\$ 13,266,755	\$ 1,678,784	\$ 485,325	\$ 1,993,703	\$ 17,424,567
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts and contracts payable	\$ 871,653	\$ 255,518	\$ 103,032	\$ 1,312	\$ 1,231,515
Retainage payable	264,317	84,260	-	-	348,577
Accrued payroll and related liabilities	168,994	1,512	-	-	170,506
Deposits	154,686	-	-	-	154,686
Advance from other funds - current	499,981	1,080,687	100,000	597,890	2,278,558
Advance from other funds - long term	-	367,500	600,000	-	967,500
Total liabilities	1,959,631	1,789,477	803,032	599,202	5,151,342
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - business tax receipts	173,847	-	-	-	173,847
Unavailable revenue	165,384	-	212,270	-	377,654
Total deferred inflows of resources	339,231	-	212,270	-	551,501

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

<i>September 30, 2018</i>	General	Stormwater Utility	Community Redevelopment	Nonmajor Funds	Total Governmental Funds
FUND BALANCES					
Nonspendable:					
Prepaid items	71,942	-	-	-	71,942
Long term portion of advances	1,118,530	-	-	-	1,118,530
Restricted for:					
Confiscated funds	19,827	-	-	-	19,827
Transportation	3,520,586	-	-	570,297	4,090,883
Building code enforcement	2,592,393	-	-	-	2,592,393
Committed for:					
Recreation	-	-	-	436,854	436,854
Vehicle replacement	-	-	-	387,350	387,350
Assigned for:					
Unassigned	3,644,615	(110,693)	(529,977)	-	3,003,945
Total fund balances	10,967,893	(110,693)	(529,977)	1,394,501	11,721,724
Total liabilities and fund balances	\$ 13,266,755	\$ 1,678,784	\$ 485,325	\$ 1,993,703	

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	30,504,931
Deferred outflows and deferred inflows related to pension and related earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	1,190,471
Some revenues will not be collected within 60 days after the close of the City's fiscal year-end and are not considered as "available" revenue in the governmental funds and, therefore, are reported as deferred inflows of resources. In the statement of net position, which is on the accrual basis, the revenue is fully recognized in the statement of activities.	377,654
Long-term liabilities, including capital lease obligations, compensated absences, net pension liability (asset) and the total OPEB liability are not due and payable in the current period and therefore are not reported in the funds.	(3,718,125)
Net position of governmental activities	\$ 40,076,655

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

<i>For the year ended September 30, 2018</i>	General	Stormwater Utility	Community Redevelopment	Nonmajor Funds	Total Governmental Funds
Revenues					
Taxes	\$ 8,321,098	\$ 373,159	\$ -	\$ -	\$ 8,694,257
Licenses and permits	1,766,648	-	-	-	1,766,648
Intergovernmental	3,791,685	-	377,318	-	4,169,003
Charges for services	351,905	-	-	363,927	715,832
Fines and forfeitures	244,705	-	-	-	244,705
Developer contributions	1,036,007	-	-	-	1,036,007
Investment income	173,186	22,756	-	28,198	224,140
Miscellaneous	100,142	-	-	-	100,142
Total revenues	15,785,376	395,915	377,318	392,125	16,950,734
Expenditures					
Current:					
General government	1,982,479	-	-	-	1,982,479
Public safety	6,363,198	-	-	-	6,363,198
Public works	1,414,085	226,687	-	-	1,640,772
Recreation	724,950	-	-	-	724,950
Community development	313,823	-	-	-	313,823
Economic environment	-	-	420	-	420
Capital outlay	7,379,062	2,275,617	1,294,669	364,317	11,313,665
Debt service:					
Principal	108,298	-	-	-	108,298
Interest	2,326	-	-	-	2,326
Total expenditures	18,288,221	2,502,304	1,295,089	364,317	22,449,931
Excess (deficiency) of revenues over (under) expenditures	(2,502,845)	(2,106,389)	(917,771)	27,808	(5,499,197)
Other financing sources (uses)					
Transfers in	-	-	-	223,650	223,650
Transfers out	(204,750)	-	-	-	(204,750)
Insurance proceeds	101,991	-	-	-	101,991
Proceeds from sale of capital assets	25,404	-	-	-	25,404
Net other financing sources (uses)	(77,355)	-	-	223,650	146,295
Net change in fund balances	(2,580,200)	(2,106,389)	(917,771)	251,458	(5,352,902)
Fund balances, beginning	13,548,093	1,995,696	387,794	1,143,043	17,074,626
Fund balances, ending	\$ 10,967,893	\$ (110,693)	\$ (529,977)	\$ 1,394,501	\$ 11,721,724

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

City of West Melbourne, Florida
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities

For the year ended September 30, 2018

Net change in fund balances - total governmental funds **\$ (5,352,902)**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. **8,918,574**

In the statement of activities, the gain (loss) on the disposal of capital assets is reported, whereas in the governmental funds, disposals are not reported. Thus, the change in net position differs from the change in fund balance by the net book value of the disposed capital assets. **(24,459)**

Some revenues will not be collected within 60 days after the close of the City's fiscal year-end and are not considered as "available" revenue in the governmental funds. In the statement of net position, presented on the accrual basis, these revenues are recognized. **377,654**

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the net effect of these differences in the treatment of long-term debt and related items. **108,298**

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, pension and OPEB expenses are reported regardless of when the financial resources are available. **(771,967)**

Deferred outflows and deferred inflows of resources related to pension costs are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting. **780,783**

Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. **(6,059)**

Change in net position of governmental activities **\$ 4,029,922**

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

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

<i>September 30, 2018</i>	Business-type Activities - Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,375,344
Restricted current assets:	
Cash and cash equivalents	1,463,650
Investments	8,544,041
Accounts receivable, net	972,543
Due from other funds	2,178,558
Accounts receivable earned, but not billed	609,302
Assessments receivable	113,792
Inventory	132,033
Total current assets	17,389,263
Noncurrent assets:	
Restricted cash and cash equivalents:	
Bond debt service account	284,322
Total restricted assets	284,322
Capital assets:	
Land	396,459
Buildings	2,512,496
Improvements other than buildings	75,877,510
Machinery and equipment	8,336,727
Construction in progress	188,653
Less accumulated depreciation	(41,360,146)
Total capital assets, net of accumulated depreciation	45,951,699
Total noncurrent assets	46,236,021
Total assets	63,625,284
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	343,743
Deferred amount on advanced refunding	12,643
Total deferred outflows of resources	356,386

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

September 30, 2018

Business-type
Activities -
Enterprise Fund

LIABILITIES

Current liabilities (payable from current assets):	
Accounts and contracts payable	998,339
Retainage payable	42,755
Accrued payroll and related liabilities	12,826
Compensated absences	43,451
Advance from other funds	176,036
Current portion of revenue bonds payable	1,033,500
Current portion of loans payable	170,000
Current liabilities (payable from restricted assets):	
Accrued interest	227,684
Customer and developer escrow deposits	1,008,801
Total current liabilities	3,713,392
Noncurrent liabilities:	
Advance from other funds	151,030
Compensated absences	10,930
Total OPEB liability	44,116
Loans payable, net of unamortized discount	2,580,275
Revenue bonds payable	6,640,350
Net pension liability	829,523
Total noncurrent liabilities	10,256,224
Total liabilities	13,969,616
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	59,145
Total deferred inflows of resources	59,145
NET POSITION	
Net investment in capital assets	35,497,462
Restricted for:	
Debt service	511,487
Unrestricted	13,943,960
Total net position	\$ 49,952,909



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City of West Melbourne, Florida
Statement of Revenues, Expenses and Changes in Fund Net Position -
Proprietary Fund

	Business-type Activities - Enterprise Fund
<i>For the Year Ended September 30, 2018</i>	
<hr/>	
Operating revenues:	
Charges for services	\$ 11,589,300
Other charges and fees	11,378
Total operating revenues	11,600,678
<hr/>	
Operating expenses:	
Personnel services	1,176,614
Contractual services	1,803,143
Supplies and other expenses	4,728,978
Depreciation	3,493,704
Total operating expenses	11,202,439
<hr/>	
Operating income	398,239
<hr/>	
Nonoperating revenues (expenses):	
Investment income	134,591
Interest expense	(465,440)
Total nonoperating revenues (expenses)	(330,849)
<hr/>	
Income before capital contributions and transfers	67,390
<hr/>	
Capital contributions	5,032,423
Transfers out	(18,900)
<hr/>	
Change in net position	5,080,913
Net position, beginning of year as previously reported	44,874,972
Prior period adjustment (see Note I.D.14)	(2,976)
Net position, beginning of year	44,871,996
Net position, end of year	\$ 49,952,909

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

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

	Business-type Activities - Enterprise Fund
<i>For the Year Ended September 30, 2018</i>	
<hr/>	
Cash flows from operating activities:	
Cash received from customers for sales and services	\$ 9,633,229
Cash payments to employees	(1,137,706)
Cash payments to suppliers for goods and services	(6,205,749)
Net cash provided by operating activities	2,289,774
Cash flows from noncapital financing activities:	
Cash paid to other funds to repay advances	(170,870)
Transfers (to) other funds	(18,900)
Net cash used in noncapital financing activities	(189,770)
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(3,428,759)
Collections of special assessment revenue	13,813
Principal paid on revenue bonds	(1,858,050)
Principal paid on loans	(165,000)
Capital contributions	5,032,423
Interest paid on long-term debt	(483,877)
Net cash used in capital and related financing activities	(889,450)
Cash flows from investing activities:	
Investment income	134,591
Purchase of investments	(449,955)
Net cash used in investing activities	(315,364)
Net increase in cash and cash equivalents	895,190
Cash and cash equivalents, beginning of year	4,228,126
<hr/>	
Cash and cash equivalents, end of year	\$ 5,123,316
Cash and cash equivalents reconciliation:	
Current assets:	
Cash and cash equivalents	\$ 3,375,344
Cash and cash equivalents, restricted	1,463,650
Noncurrent assets:	
Cash and cash equivalents, restricted	284,322
Total cash and cash equivalents	\$ 5,123,316

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

For the Year Ended September 30, 2018

Business-type
Activities -
Enterprise Fund

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

Operating income	\$ 398,239
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	3,493,704
Loss on disposal of assets	3,661
Change in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	208,411
Accounts receivable earned but not billed	(16,656)
Advance to other funds	(2,178,558)
Inventory	4,623
Deferred outflows of resources related to pensions	(16,848)
Increase (decrease) in liabilities:	
Accounts and contracts payable	321,749
Retainage payable	(41,952)
Accrued payroll and related liabilities	(19,044)
Total OPEB liability	4,551
Net pension liability	38,976
Customer and developer escrow deposits	57,645
Deferred inflows of resources related to pensions	31,273
Total adjustments	1,891,535
Net cash provided by operating activities	\$ 2,289,774

Noncash capital and related financing activities:

Amortization of bond discount	\$ 1,430
Amortization of deferred loss on refunding	\$ 3,362

City of West Melbourne, Florida
Statement of Fiduciary Net Position – Police Employees’ Pension Trust Fund

	Police Employees' Pension Trust Fund
<i>September 30, 2018</i>	
<hr/>	
ASSETS	
Cash and cash equivalents	\$ 226,279
Investments at fair value:	
Fixed income mutual funds	972,728
U.S. and international stock mutual funds	9,686,034
U.S. government obligations	2,083,768
Mortgage-asset backed securities	221,224
Corporate bonds	540,328
Real estate funds	1,520,733
Contribution receivable	13,157
Interest receivable	12,455
<hr/>	
Total assets	15,276,706
 LIABILITIES	
Accounts payable	21,310
<hr/>	
Total liabilities	21,310
 FIDUCIARY NET POSITION	
Restricted for pension benefits	\$ 15,255,396
<hr/> <hr/>	

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

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

Police
Employees'
Pension Trust
Fund

For the year ended September 30, 2018

ADDITIONS

Contributions:	
City	\$ 559,041
Employees	201,707
State	157,737
Total contributions	918,485
Investment income:	
Net appreciation in the fair value of investments	908,024
Interest, dividends and other income	348,285
Total investment gains	1,256,309
Less investment-related expense	(56,974)
Net investment gains	1,199,335
Total additions	2,117,820

DEDUCTIONS

Benefit payments	518,254
Administrative expenses	54,986
Total deductions	573,240
Change in net position	1,544,580
Fiduciary net position, beginning of year	13,710,816
Fiduciary net position, end of year	\$ 15,255,396

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



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NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

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

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

Blended component unit

West Melbourne–Brevard County Joint Redevelopment Agency – The West Melbourne-Brevard County Joint Community Redevelopment Agency (the “CRA” or “Community Redevelopment”) was organized under Section 163 of the Florida Statutes and formally came into existence during the fiscal year ended September 30, 2013. The Joint Community Redevelopment Agency uses property tax incremental revenues derived from taxable real property within the geographic boundaries of the community redevelopment area to finance development within that area. Although legally separate, the CRA is reported as if it were part of the City, as a special revenue fund, because it is governed by a board comprised primarily of the City’s elected Council members. Additionally, the services provided by the CRA create a primarily financial benefit relationship with the City. The CRA does not issue separate financial statements. Their financial statements are included in the City’s Comprehensive Annual Financial Report for the year ended September 30, 2018.

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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment,

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and fund financial statements (Continued)

and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The only proprietary fund is reported in the basic financial statements as a business-type activity.

C. Measurement focus, basis of accounting and financial statement presentation

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

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

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

The City reports the following major governmental funds:

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

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting and financial statement presentation (continued)

- The *Stormwater Utility Fund* is used to account for the proceeds of assessments to pay for drainage improvements within the City. The Stormwater Utility Fund is provided for in the City Code of Ordinances, Sections 58-411 and 58-412.

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund type:

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported in 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 *nonoperating* items. Operating revenues generally result from producing and delivering goods and providing services such as water and sewer to the general public. The principal operating revenues of the water and sewer enterprise fund are charges to customers for sales and services and connection fees. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting the definition of operating are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, followed by committed, assigned and unassigned amount when expenditures have been incurred for which resources in more than one classification can be used, then unrestricted resources as they are needed.

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity

1. Cash, cash equivalents and investments

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

Deposits available within various funds, except pension trust funds, were consolidated for investment purposes. Substantially all deposits at September 30, 2018, were invested using the pooled investment concept. Interest earned was allocated to the various funds based on their average cash and investment balances.

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

The City of West Melbourne is empowered by statute to invest in the following instruments and may divest itself of such investments, at prevailing market prices or rates subject to the limitations of Section 218.415 – a) the Local Government Surplus Funds Trust Fund, administered by the Florida State Board of Administration or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. 163.01, Florida Statutes; b) securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; c) savings accounts in state-certified qualified public depositories, as defined in Florida Statute 280.02; d) certificates of deposit and Repurchase Agreements in state-certified qualified public depositories, as defined in Florida Statute 280.02; e) direct obligations of the U.S. Treasury; and f) Federal agencies and instrumentalities.

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

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

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)

2. Receivables and payables

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

The City is permitted by State law to levy taxes up to 10 mills on assessed valuation. However, Chapter 74-430, Laws of Florida, a special act applicable only to governmental units in Brevard County, limits the annual increase to 10% of the prior year’s millage. During a Special Session in June 2007, the Florida Legislature adopted HB1B, which limits municipal property tax rates effective with the 2007-2008 fiscal year. This legislation establishes reductions in the millage rate based on a calculated growth in per capita taxes between the 2002 and 2007 fiscal years. The Legislature did authorize local governments to use the rolled back millage rate if approved by a super majority vote of the governing body. The West Melbourne City Council levy for the fiscal year ended September 30, 2018 was 2.4633 mills, which is higher than the rolled back rate.

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

3. Inventories and prepaid items

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

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

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)

4. Restricted assets

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

- **Customer and Developer Deposit Accounts** - Deposited in non-interest bearing accounts and refunded upon termination of service with the City and satisfaction of all obligations due.
- **Bond and Capital Lease Debt Service Accounts** – Includes certain proceeds from issuance of revenue bonds, as well as certain resources set aside for the repayment of bonds or capital lease obligations.
- **Law Enforcement Fines and Confiscated Property Account** - Fines and property generated and applied toward further education and enhancement of the police department.

5. Capital assets

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

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

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

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

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)

6. Deferred outflows of resources

The financial statement element, deferred outflows of resources, represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred amount for advance refunding of debt in the Water and Sewer fund, which is a result of the difference in the carrying value of refunded debt and its reacquisition price, is reported as a deferred outflow of resources in the amount of \$12,643 at September 30, 2018 and is being amortized over the shorter of the life of the refunded or refunding debt.

7. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation pay benefits. All vacation is accrued when incurred in the government-wide and proprietary fund type financial statements. A liability for this amount is reported in governmental funds only if it has matured, for example, as a result of employee resignations and retirements or if they will be liquidated with expendable, available financial resources.

8. Long-term debt and other long-term obligations

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

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium and discount.

9. Deferred inflows of resources

The financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a futures period and so will not be recognized as an inflow of resources (revenue) until that time. The City records its deferred business tax receipts in this category. This is a result of tax receipts received in advance of the associated tax year for which the receipts apply. This amount of \$173,847 at September 30, 2018 is deferred and recognized in the period it becomes available.

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's Police Officers' pension trust fund and the Florida Retirement System Pension

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)

10. Pensions (continued)

Plan and Health Insurance Subsidy Program and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

The deferred outflows and deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification (GASBC) Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*.

11. Other Postemployment Benefits

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

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

12. Fund equity

Fund balance, under Section 1800 of the GASB Codification, 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 of 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 governmental funds are presented below:

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

Restricted Fund Balance – Amounts that have externally enforceable limitations on use of resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)

12. Fund equity (continued)

Committed Fund Balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the 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 Fund Balance – Amounts that are constrained by the government's intent to be used for specific purposes that are neither considered restricted or committed. The authority to assign fund balance lies with the City Council and may occur through the budget process or formal action.

Unassigned Fund Balance – The residual classification for the General Fund resources. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes. According to the City's Fund Balance policy, the General Fund shall maintain an unassigned, unappropriated fund balance equivalent to a minimum of twenty (20%) of the current fiscal year expenditures less capital outlay and transfers out. At September 30, 2018, this minimum balance is \$2,018,857.

Restricted amounts shall be spent first unless there are legal documents/contracts prohibiting this, such as grant agreements. Further, the order of priority shall be Committed Fund Balance, followed by Assigned Fund Balance, and then Unassigned Fund Balance when expenditures are incurred for purposes for which amounts in any of the classifications could be used.

13. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

14. Recently issued and implemented accounting pronouncements

The City has implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The requirements of the GASB Statement are effective for the year ended September 30, 2018.

City of West Melbourne, Florida
Notes to Financial Statements

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)

14. Recently issued and implemented accounting pronouncements (continued)

This pronouncement required the restatement of the September 30, 2017 net position in the statement of governmental activities and business-type activities and statement of revenue, expenses and changes in net position of the proprietary fund. This change is in accordance with generally accepted accounting principles. The cumulative effect of the change is illustrated below:

	Governmental Activities	Business-type Activities/ Enterprise Fund	Total
Net position, September 30, 2017 as previously reported	\$ 36,063,857	\$ 44,874,972	\$ 80,938,829
Total OPEB liability adjustment	(17,124)	(2,976)	(20,100)
Net position, September 30, 2017 as restated	\$ 36,046,733	\$ 44,871,996	\$ 80,918,729

The Governmental Accounting Standards Board has issued statements that will become effective in future years. The statements address:

- Asset retirement obligations;
- Fiduciary activities;
- Leases;
- Disclosure related to debt; and
- Accounting for interest cost incurred before the end of a construction period.

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

NOTE II: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(3,718,125) difference are as follows:

City of West Melbourne, Florida
Notes to Financial Statements

NOTE II: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position (continued)

Total OPEB liability	\$ (238,165)
Net pension liability	(3,109,763)
Compensated absences	(370,197)
<hr/>	
Net adjustment to reduce fund balance - total governmental funds to arrive at <i>net position - governmental activities</i>	\$ (3,718,125)
<hr/>	

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net change in fund balances - total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.” The details of this \$8,918,574 difference are as follows:

Capital outlay	\$ 11,313,665
Depreciation expense	(2,395,091)
<hr/>	
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	\$ 8,918,574
<hr/>	

NOTE III: DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

At September 30, 2018, the City’s carrying amount of cash deposits was \$5,936,257, not including petty cash and change accounts totaling \$4,150, and the bank balance was \$6,777,677. At September 30, 2018, the City’s carry amount and bank balance of cash deposits in the City’s pension trust funds was \$226,279. As of September 30, 2018, \$500,000 of the City’s bank balances was covered by federal depository insurance (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public 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.

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and investments (continued)

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

The investing of public funds with the Florida State Board of Administration (SBA) Local Government Surplus Funds Trust Fund ("Florida PRIME") is governed by Section 218.407, Florida Statutes. The SBA is under regulatory oversight of the State of Florida. The investment pool consists largely of corporate notes and commercial paper. On September 30, 2018, the City had \$7,820,172 invested in the SBA. The fair value of the City's position in the pool is equal to the value of the pooled shares.

The Florida Local Government Investment Trust (Florida SAFE) is a common law trust organized under the laws of the State of Florida as an intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01 of the Florida Statutes. The investment pool consists of obligations guaranteed by the full faith and credit of the United States, U.S. government agency obligations, commercial paper, bank obligations and other obligations permitted by applicable Florida Statutes. At September 30, 2018, the City's share of Florida SAFE was \$7,218,507. The fair value of the City's position in the pool is equal to the value of the pooled shares.

The Florida Surplus Asset Fund Trust (FTIP) Day to Day Fund is a common law trust organized under the laws of the State of Florida as an intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01 of the Florida Statutes. The investment pool offers two open-ended managed funds available only to public entities in Florida. The investment pools consist of short-term to intermediate-term securities permitted by applicable Florida Statutes. At September 30, 2018, the City's share of the FTIP Day to Day Fund was \$4,090,455. The fair value of the City's position in the FTIP Day to Day Fund investment pool is equal to the value of the pooled shares.

Under GASB Codification 150: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of September 30, 2018, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the City's access to 100 percent of their account value in either external investment pool.

Cash with escrow and paying agents of \$511,487 accounted for in the Water and Sewer Fund represents reserves and balances to service outstanding bonds.

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and investments (continued)

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

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

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2018, the City’s pension investments are held in street name in the form of stock, debt securities and U.S. government bonds through a financial brokerage firms segregated out from the assets and investments held by other clients of the investment firm and their own assets.

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

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

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

City of West Melbourne, Florida
Notes to Financial Statements

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and investments (continued)

At September 30, 2018, the City had the following investments:

Investment type	Fair Value	Investment Maturities (in years)				Rating	Agency
		Less than 1	1-5	6-10	More than 10		
Primary government:							
State Board of Administration							
Florida Prime	\$ 7,820,172	\$ 7,820,172	\$ -	\$ -	\$ -	AAAm	S&P
Florida Trust Investment Pool							
Day to Day Fund	4,090,455	4,090,455	-	-	-	AAAm	S&P
Short Term Bond Fund	2,022,228	2,022,228	-	-	-	AAAf/S1	S&P
Florida SAFE Investment Pool							
Pool	7,218,507	7,218,507	-	-	-	AAAm	S&P
Total primary government investments	\$ 21,151,362	\$ 21,151,362	\$ -	\$ -	\$ -		
Pension trust funds:							
Money market funds	\$ 226,279	\$ 226,279	\$ -	\$ -	\$ -	Not Rated	
US and international stock mutual funds	9,686,034	9,686,034	-	-	-	3★	MS*
Corporate bonds:							
Corporate bonds (A)	540,328	-	262,465	277,863	-	AA+ -A-	S&P
Fixed income mutual funds	972,728	972,728	-	-	-	4★	MS*
US government obligations	2,083,768	384,984	1,104,069	594,715	-	BBB+ - BBB	
Mortgage/asset backed securities							
securities	221,224	-	40,041	9,816	171,367	Not Rated	
Real estate funds	1,520,733	-	-	-	1,520,733	Not Rated	
Total fiduciary fund investments	\$ 15,251,094	\$ 11,270,025	\$ 1,406,575	\$ 882,394	\$ 1,692,100		

* MS = Morningstar

Fair Value

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

City of West Melbourne, Florida
Notes to Financial Statements

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and investments (continued)

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

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

Level 2: Inputs to the valuation methodology include:

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

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

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

The following table sets forth by level, within the fair value hierarchy, the City's assets at fair value as of September 30, 2018:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Observable Inputs Other than Quoted Prices (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Fiduciary fund:				
Money market funds	\$ 226,279	\$ 226,279	\$ -	\$ -
Mutual funds - stock	9,686,034	9,686,034	-	-
Corporate bonds	540,328	-	540,328	-
Fixed income mutual funds	972,728	-	972,728	-
US government obligations	2,083,768	-	2,083,768	-
Mortgage/asset backed securities	221,224	-	221,224	-
Total investments measured by fair value level	13,730,361	\$ 9,912,313	\$ 3,818,048	\$ -

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and investments (continued)

	Fair Value
<hr/>	
Investments measured at the net asset value (NAV):	
Primary government:	
Florida Trust Investment Pool (FTIP)	
Short Term Bond Fund	2,022,228
Fiduciary fund:	
Real estate funds	1,520,733
<hr/>	
Total investments measured at NAV	3,542,961
<hr/>	
Total investments measured at fair value	\$ 17,273,322
<hr/>	

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2018.

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

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

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

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

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

City of West Melbourne, Florida
Notes to Financial Statements

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and investments (continued)

Fair Value of Investments in Entities that Use Net Asset Value (NAV)

The following table summarizes investments measured at fair value based on NAV per share as of September 30, 2018:

	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
FTIP Short Term Bond Fund	\$ 2,022,228	None	Monthly	None stated 30 days prior to last day of the quarter
Real estate funds	1,520,733	None	Quarterly	
Total investments measured at net asset value	<u>\$ 3,542,961</u>			

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

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

B. Restricted assets

The balances of the restricted asset accounts in the governmental activities and business-type activities at September 30, 2018 are as follows:

	Governmental Activities
Customer and developer deposit accounts	\$ 154,686
Law enforcement fines and confiscated property account	2,000
Total	<u>\$ 156,686</u>

	Business-type Activities
Customer and developer deposit accounts	\$ 1,008,801
Accrued interest	227,684
Bond debt service account - current	227,165
Bond debt service account - noncurrent	284,322
Total	<u>\$ 1,747,972</u>

City of West Melbourne, Florida
Notes to Financial Statements

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

C. Receivables

Receivables and amounts due from other governments as of fiscal year end for the individual major funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

Receivables:	Governmental Activities	Business-type Activities	Total
Taxes	\$ 277,357	\$ -	\$ 277,357
Solid waste	86,006	-	86,006
Utilities	-	1,700,531	1,700,531
Franchise fees	443,754	-	443,754
Special assessments	-	113,792	113,792
Other	41,568	-	41,568
Gross receivables	848,685	1,814,323	2,663,008
Less: allowance for uncollectible accounts	-	(118,686)	(118,686)
Total receivables, net	\$ 848,685	\$ 1,695,637	\$ 2,544,322

The City provides an allowance for water and sewer accounts receivable that may become uncollectible. At September 30, 2018, this allowance was \$118,686. No other allowances for doubtful accounts are maintained since all other accounts receivable are considered collectible at September 30, 2018.

D. Capital assets

Capital asset activity for the year ended September 30, 2018 was as follows:

Governmental activities:	Beginning Balance	Increases	Decreases / Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,452,345	\$ -	\$ -	\$ 1,452,345
Construction in progress	2,159,213	2,271,507	(2,061,947)	2,368,773
Total capital assets, not being depreciated	3,611,558	2,271,507	(2,061,947)	3,821,118
Capital assets, being depreciated:				
Buildings	7,431,559	116,108	-	7,547,667
Improvements other than buildings	5,484,753	7,175,982	-	12,660,735
Machinery and equipment	5,232,799	1,117,936	(451,765)	5,898,970
Infrastructure	12,638,946	2,694,079	-	15,333,025
Total capital assets being depreciated	30,788,057	11,104,105	(451,765)	41,440,397
Less accumulated depreciation for:				
Buildings	(2,531,441)	(248,269)	-	(2,779,710)
Improvements other than buildings	(1,962,106)	(658,557)	-	(2,620,663)
Machinery and equipment	(3,695,779)	(633,562)	427,306	(3,902,035)
Infrastructure	(4,599,473)	(854,703)	-	(5,454,176)
Total accumulated depreciation	(12,788,799)	(2,395,091)	427,306	(14,756,584)
Total capital assets being depreciated, net	17,999,258	8,709,014	(24,459)	26,683,813
Governmental activities capital assets, net	\$ 21,610,816	\$ 10,980,521	\$ (2,086,406)	\$ 30,504,931

City of West Melbourne, Florida
Notes to Financial Statements

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital assets (continued)

Business-type activities:	Beginning Balance	Increases	Decreases / Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 396,459	\$ -	\$ -	\$ 396,459
Construction in progress	90,783	188,653	(90,783)	188,653
Total capital assets, not being depreciated	487,242	188,653	(90,783)	585,112
Capital assets, being depreciated:				
Buildings	2,516,446	-	(3,950)	2,512,496
Improvements other than buildings	73,043,712	2,842,300	(8,502)	75,877,510
Machinery and equipment	7,974,697	488,589	(126,559)	8,336,727
Total capital assets being depreciated	83,534,855	3,330,889	(139,011)	86,726,733
Less accumulated depreciation for:				
Buildings	(2,056,605)	(21,321)	1,382	(2,076,544)
Improvements other than buildings	(31,062,131)	(3,055,343)	8,502	(34,108,972)
Machinery and equipment	(4,883,056)	(417,040)	125,466	(5,174,630)
Total accumulated depreciation	(38,001,792)	(3,493,704)	135,350	(41,360,146)
Total capital assets, being depreciated, net	45,533,063	(162,815)	(3,661)	45,366,587
Business-type activities capital assets, net	\$ 46,020,305	\$ 25,838	\$ (94,444)	\$ 45,951,699

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

Governmental activities:

General government	\$ 407,165
Public safety	622,724
Public works	1,125,693
Recreation	239,509
Total depreciation expense - governmental activities	\$ 2,395,091

Business-type activities:

Water and Sewer	\$ 3,493,704
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E. Interfund receivables, payable and transfers

Interfund balances – The composition of interfund balances as of September 30, 2018, is as follows:

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
Current:		
General Fund	Community Redevelopment Fund	\$ 100,000
General Fund	Water and Sewer Fund	176,036
Water and Sewer Fund	General Fund	499,981

City of West Melbourne, Florida
Notes to Financial Statements

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund receivables, payable and transfers (continued)

Receivable Fund	Payable Fund	Amount
Current (continued):		
Water and Sewer Fund	Stormwater Utility	1,080,687
Water and Sewer Fund	Nonmajor Governmental Funds	597,890
Total current		2,454,594
Noncurrent:		
General Fund	Community Redevelopment Fund	600,000
General Fund	Stormwater Utility	367,500
General Fund	Water and Sewer Fund	151,030
Total noncurrent		1,118,530
Total		\$ 3,573,124

Between the General Fund and the Water and Sewer Fund the advances are interfund loans to cover cash shortfalls and the cost of construction projects. The amount is being repaid to the General Fund with interest.

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

Between the General Fund and the Stormwater Utility Fund the advances are interfund loans used for working capital to purchase equipment. The amount is being repaid to the General Fund with interest.

Amounts receivable in the Water and Sewer Fund and payable in the General Fund, Stormwater Utility Fund, and nonmajor governmental funds are interfund loans to cover cash shortfalls. Amounts will be reallocated to the General Fund in fiscal year 2019.

Interfund transfers – The composition of interfund transfers as of September 30, 2018, is as follows:

Description	Total Transfers Out	Transfers In		
		Governmental		Proprietary
		General Fund	Nonmajor Governmental Funds	Water and Sewer Fund
Governmental funds:				
General Fund	\$ (204,750)	\$ -	\$ -	\$ -
Nonmajor governmental fund	-	-	223,650	-
Total - governmental funds	(204,750)	-	223,650	-
Proprietary funds:				
Water and Sewer Fund	(18,900)	-	-	-
Total	\$ (223,650)	\$ -	\$ 223,650	\$ -

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund receivables, payable and transfers (continued)

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

F. Long-term debt and liabilities

Revenue Bonds

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

Revenue bonds outstanding at year-end are as follows:

Business-type activities:	
Water and Sewer Revenue Bonds, Series 2007	\$ 4,508,550
Water and Sewer Revenue Refunding Bonds, Series 2014	3,165,300
Total business-type activities	\$ 7,673,850

Water and Sewer Revenue Bonds, Series 2007 – \$8,015,000 Water and Sewer Revenue Bonds, Series 2007 (\$4,508,550 remaining at September 30, 2018) - On July 25, 2007, the City issued the West Melbourne Water and Sewer Revenue Bonds, Series 2007 in the principal amount of \$8,015,000. These bonds were sold to: (i) pay the cost of constructing certain capital improvements to the System, and (ii) finance the costs of issuance of the Series 2007 Bonds. The Series 2007 bonds bear interest at 5.45706% per annum, payable semi-annually on April 1 and October 1. Principal is due annually beginning April 1, 2017, in amounts increasing from \$35,000 to \$860,000. The final maturity is April 1, 2026.

Water and Sewer Refunding Revenue Bonds, Series 2014 – On September 4, 2014, the City issued \$5,778,300 Water and Sewer Revenue Refunding Bonds, Series 2014 (\$3,165,300 remaining at September 30, 2018), a refunding bank loan. These bonds were sold to: (i) fully refund \$960,000 of outstanding Water and Sewer Revenue Refunding Bonds Series 1999, (ii) fully refund \$1,300,000 of outstanding Water and Sewer Revenue Refunding and Improvement Bonds, Series 2004, (iii) partially refund \$2,925,000 of outstanding Florida Municipal Loan Council Series 2005D, and (iv) partially refund \$1,200,000 of outstanding Water and Sewer Revenue Bonds, Series 2007. The Series 2014 bonds bear interest at 2.30% per annum, payable semi-annually on April 1 and October 1. Principal is due annually beginning October 1, 2014, in amounts that range from \$104,700 to \$1,039,500, until final maturity on October 1, 2026.

City of West Melbourne, Florida
Notes to Financial Statements

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-term debt and liabilities (continued)

Loan Payable

The City obtained a loan to pay the costs of constructing certain capital projects and to finance costs of issuance of revenue bonds. This loan is secured by and payable from the gross revenues of the City's water and sewer system. The loan outstanding at year end, excluding discounts, is as follows:

Business-type activities:

Florida Municipal Loan Council, Series 2010D	\$ 2,760,000
Total business-type activities	\$ 2,760,000

Loan Payable - Florida Municipal Loan Council, Series 2010D – \$3,820,000 loan payable (\$2,760,000 remaining at September 30, 2018) Florida Municipal Loan Council - On August 25, 2010, the City entered into a loan agreement to: (i) to pay the cost of constructing certain capital improvements to the System, and (ii) finance the City's pro-rata costs of issuance of the FMLC Series 2010D Bonds. The loan bears interest at rates ranging from 2.00% to 4.25% per annum, payable semi-annually on April 1 and October 1. Principal is due annually beginning October 1, 2011, in amounts increasing from \$160,000 to \$270,000 at final maturity on October 1, 2030.

Annual debt service requirements to maturity for revenue bonds and loans outstanding as of September 30, 2018 excluding premiums and discounts are as follows:

<i>Year ending September 30,</i>	Business-type Activities	
	Principal	Interest
2019	1,203,500	434,204
2020	1,246,200	368,285
2021	1,283,600	314,928
2022	1,329,200	260,521
2023	1,377,900	203,657
2024-2028	3,223,450	377,225
2029-2031	770,000	50,151
Totals	\$ 10,433,850	\$ 2,008,971

City of West Melbourne, Florida
Notes to Financial Statements

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-term debt and liabilities (continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2018, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases	\$ 108,298	\$ -	\$ (108,298)	\$ -	\$ -
Compensated absences	364,138	306,083	(300,024)	370,197	296,158
Governmental activities long-term liabilities	\$ 472,436	\$ 306,083	\$ (408,322)	\$ 370,197	\$ 296,158
Business-type activities:					
Bonds payable:					
Revenue bonds payable	\$ 9,531,900	\$ -	\$ (1,858,050)	\$ 7,673,850	\$ 1,033,500
Total bonds payable	9,531,900	-	(1,858,050)	7,673,850	1,033,500
Loan payable:					
Loans payable	2,925,000	-	(165,000)	2,760,000	170,000
Plus/less deferred amounts:					
For issuance discount	(11,155)	1,430	-	(9,725)	-
Total loans payable	2,913,845	1,430	(165,000)	2,750,275	170,000
Compensated absences	64,877	40,167	(50,663)	54,381	43,451
Business-type activities long-term liabilities	\$ 12,510,622	\$ 41,597	\$ (2,073,713)	\$ 10,478,506	\$ 1,246,951

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

NOTE IV: OTHER INFORMATION

A. Risk management

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

In fiscal year 2017 – 2018, the City was a member of the Preferred Governmental Insurance Trust (the "Trust"). The Trust is self-governed by a Board of Trustees and was created to provide worker's compensation, property, and casualty coverage to all segments of the public entity insurance marketplace, pursuant to various provisions of Florida Statutes. The Trust maintains minimal risk by purchasing excess of loss coverage at relatively low retention levels and program options include guaranteed cost, deductibles, self-insured retentions and basket aggregate products. Only workers

NOTE IV: OTHER INFORMATION (Continued)

A. Risk management (continued)

compensation is subject to audit thus avoiding additional premium charges beyond policy expirations.

There have been no significant reductions in insurance coverage during the fiscal year 2018. Also, there have been no settlements that exceeded insurance coverage for each of the past three fiscal years.

B. Employee retirement plans – defined contribution plan

General Employees' Retirement Plan

Plan Description. The City of West Melbourne General Employees' Retirement Plan is a defined contribution plan administered by ICMA Retirement Corporation. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All full time general employees hired prior to July 1, 2008 are eligible to participate after six months of service.

Employer contributions are vested according to the following schedule: 50% after three years of service; 75% after four years; 100% after five years. There are currently two employees participating in this plan.

Funding Policy. Contributions under the plan were established by the Plan & Trust adoption agreement with ICMA Retirement Corporation and may be amended at the City's discretion. Required contributions are 2% and 8% of eligible earnings for employees and employer, respectively. Administrative costs are financed through investment earnings. Required and actual contributions for the year ended September 30, 2018 were \$4,303 from employees and \$17,234 from the employer. Of the employer's portion, all was paid from forfeitures remaining in the plan.

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

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

NOTE IV: OTHER INFORMATION (Continued)

C. Employee retirement plans – defined benefit plans (continued)

Florida Retirement System

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees.

The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

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

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

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

City of West Melbourne, Florida
Notes to Financial Statements

NOTE IV: OTHER INFORMATION (Continued)

C. Employee retirement plans – defined benefit plans (continued)

Florida Retirement System (continued)

Contributions. The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The employer’s contribution rates as of September 30, 2018, were as follows:

	FRS	HIS
Regular class	6.60%	1.66%
Senior management service class	22.40%	1.66%
DROP from FRS	12.37%	1.66%

The employer’s contributions for the year ended September 30, 2018, were \$236,670 to the FRS and \$54,377 to the HIS.

Pension Liabilities and Pension Expense. In its financial statements for the year ended September 30, 2018, the City reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2018. The City’s proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net pension liability	\$ 2,418,611	\$ 1,043,790
Proportion at:		
Current measurement date	0.0080%	0.0099%
Prior measurement date	0.0077%	0.0093%
Increase (decrease) in proportionate share	0.0003%	0.0005%
Pension expense (benefit)	\$ 445,258	\$ 100,078

Deferred Outflows/Inflows of Resources Related to Pensions. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City of West Melbourne, Florida
Notes to Financial Statements

NOTE IV: OTHER INFORMATION (Continued)

C. Employee retirement plans – defined benefit plans (continued)

Florida Retirement System (continued)

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 204,893	\$ 7,437	\$ 15,980	\$ 1,773
Changes of assumptions	790,285	-	116,082	110,358
Difference between projected and actual earnings on pension plan investments	-	186,867	630	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	96,488	-	102,033	-
Employer contributions subsequent to the measurement date	67,484	-	14,951	-
Total	\$ 1,159,150	\$ 194,304	\$ 249,676	\$ 112,131

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2019. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<i>Year ending September 30,</i>	FRS	HIS
2019	\$ 342,806	\$ 36,806
2020	233,942	36,600
2021	47,301	31,064
2022	147,488	19,751
2023	106,107	(4,158)
Thereafter	19,718	2,531
Total	\$ 897,362	\$ 122,594

Actuarial Assumptions. The total pension liability for each of the defined benefit plans was measured as of June 30, 2018. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2018. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2017, rolled-forward using standard actuarial procedures. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

NOTE IV: OTHER INFORMATION (Continued)

C. Employee retirement plans – defined benefit plans (continued)

Florida Retirement System (continued)

	FRS	HIS
Inflation	2.60%	2.60%
Payroll growth, including inflation	3.25%	3.25%
Investment rate of return	7.00%	N/A
Discount rate	7.00%	3.87%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2018:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.10% to 7.00%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.58% to 3.87%.

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

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	3%	3%
Fixed income	18%	4%	4%
Global equity	54%	8%	6%
Real estate (property)	11%	7%	6%
Private equity	10%	11%	8%
Strategic investments	6%	6%	6%
Total	100%		

Discount Rate. The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.00%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

NOTE IV: OTHER INFORMATION (Continued)

C. Employee retirement plans – defined benefit plans (continued)

Florida Retirement System (continued)

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.87% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

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

	FRS			HIS		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Employer’s proportionate share of the net pension liability	\$ 4,414,067	\$ 2,418,611	\$ 761,267	\$ 1,188,816	\$ 1,043,790	\$ 922,903

Pension Plans’ Fiduciary Net Position. Detailed information about the pension plans’ fiduciary net position is available in the State’s separately issued financial reports.

Payables to the Pension Plans. As of September 30, 2018, the City had an outstanding payable to the plans of \$1,920 for regular employee and employer contributions that were legally required to be paid to the plans but not remitted prior to the end of the year.

Police Employees' Pension Plan

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

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

The Plan does not issue a stand-alone financial report. The Plan’s financial statements as of September 30 are included in the City’s Comprehensive Annual Financial Report. Pension plan data is provided from the respective actuarial reports as of September 30, 2018.

NOTE IV: OTHER INFORMATION (Continued)

C. Employee retirement plans – defined benefit plans (continued)

Police Employees' Pension Plan (continued)

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

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

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

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

Service incurred disability benefits are available to employees with no vesting period and provide monthly income (as defined by the plan payable until death or recovery). Non-service incurred disability benefits (available to employees with ten years of plan participation) provide monthly income (as defined by the Plan) payable until death or recovery. In the event of death, the Plan provides for a 10-year certain and life annuity benefit.

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

Contribution Requirements and Funding Policy. The employer, employee and State contribution requirements are actuarially determined on an annual basis. Most administrative costs of the Plan are financed through investment earnings of the Plan. Plan members hired on or after January 1, 2011 are required to contribute 8.44% of pensionable pay and Plan members hired before January 1, 2011 are required to contribute 8.54% of pensionable pay. The City recognized as revenues and expenditures on-behalf payments relating to contributions for its public safety employees that the

NOTE IV: OTHER INFORMATION (Continued)

C. Employee retirement plans – defined benefit plans (continued)

Police Employees' Pension Plan (continued)

State paid to the Plan in the amount of \$157,737. These contributions are funded by an excise tax levied on certain casualty and property insurance premiums. If the remittance from the State is less than estimated by the actuary, the City pays the balance required to fund the total actuarial requirement.

The City's contributions to the Plan for the year ended September 30, 2018 totaled \$716,778, which includes the amount contributed by the State. Plan members contributed \$201,707 for the same fiscal year.

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

Plan Membership as of October 1, 2017:

Inactive plan members or beneficiaries currently receiving benefits	15
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	41
Total plan members	60

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

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

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

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

NOTE IV: OTHER INFORMATION (Continued)

C. Employee retirement plans – defined benefit plans (continued)

Police Employees' Pension Plan (continued)

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

Pre-Retirement Death Benefits. Eligibility for pre-retirement death benefits vests after 10 years of credited service. The benefit is the member's accrued benefit paid as 50% of the actuarially equivalent 50% Joint and Survivor form of benefit.

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

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

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

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

Investment Policy. The following was the Board's adopted asset allocation policy as of September 30, 2018:

NOTE IV: OTHER INFORMATION (Continued)

C. Employee retirement plans – defined benefit plans (continued)

Police Employees' Pension Plan (continued)

Asset Class:	Target Allocation
Domestic equity	45.0%
International equity	15.0%
Real return assets	2.5%
Fixed income (Core)	22.5%
Global fixed income	5.0%
Real estate	10.0%
Total	100.0%

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

Rate of Return. For the year ended September 30, 2018, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 8.75%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program.

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

The DROP balance on September 30, 2018 was \$212,800.

Net Pension Liability of the Sponsor. The components of the net pension liability of the sponsor on September 30, 2018 were as follows:

Total pension liability	\$ 15,732,281
Plan fiduciary net position	(15,255,396)
Sponsor's net pension liability (asset)	\$ 476,885
 Plan fiduciary net position as a percentage of total pension liability	 96.97%

NOTE IV: OTHER INFORMATION (Continued)

C. Employee retirement plans – defined benefit plans (continued)

Police Employees' Pension Plan (continued)

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2017 updated to September 30, 2018 using the following actuarial assumptions applied to the September 30, 2018 measurement period:

Inflation	2.50%
Salary increases	Service based
Discount rate	6.95%
Investment rate of return	6.95%

Mortality assumptions were based on the RP-2000 Generational Table (100% Annuitant White Collar for females, 10% Annuitant White Collar / 90% Annuitant Blue Collar for males) using scale BB for active or inactive members. For disabled members, the mortality rates were based on 60% RP-2000 Disabled Female set forward 2 years / 40% Annuitant White Collar with no setback and no projection scale for females and 60% RP- 2000 Disabled Male setback 4 years / 40% Annuitant White Collar with no setback and no projection scale for males.

Plan changes. For the measurement period ended September 30, 2018, there were no changes in key plan provisions.

Actuarial assumption changes. Based on the actuarial experience study dated August 9, 2018, the following changes in actuarial assumptions occurred in 2018:

- Reduced interest rate from 7.10% to 6.95%.
- Modified salary increase rates to use a service-based table.
- Updated retirement rates.

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

These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018 are summarized in the following table:

City of West Melbourne, Florida
Notes to Financial Statements

NOTE IV: OTHER INFORMATION (Continued)

C. Employee retirement plans – defined benefit plans (continued)

Police Employees' Pension Plan (continued)

Asset Class:	Long Term Expected Real Rate of Return
Domestic equity	7.50%
International equity	8.50%
Real return assets	2.50%
Fixed income (Core)	2.50%
Global fixed income	3.50%
Real estate	4.50%

Discount Rate. The discount rate used to measure the total pension liability was 6.95%.

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

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 (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
Sponsor's net pension liability (asset)	\$ 2,816,143	\$ 476,885	\$ (1,425,647)

City of West Melbourne, Florida
Notes to Financial Statements

NOTE IV: OTHER INFORMATION (Continued)

C. Employee retirement plans – defined benefit plans (continued)

Police Employees' Pension Plan (continued)

Net Pension Liability and Changes in the Net Pension Liability. The net pension liability for the Plan was measured as of September 30, 2018 and the total pension liability used to calculate the net pension liability was also determined as of that date.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Reporting period ending September 30, 2017	\$ 13,592,766	\$ 13,710,816	\$ (118,050)
Changes for the year:			
Service cost	545,010	-	545,010
Interest	985,384	-	985,384
Change in excess State money	-	-	-
Share plan allocation	13,800	-	13,800
Differences between expected and actual experience	748,684	-	748,684
Changes of assumptions	364,891	-	364,891
Changes of benefit terms	-	-	-
Contributions - Employer	-	559,041	(559,041)
Contributions - State	-	157,737	(157,737)
Contributions - Employee	-	201,707	(201,707)
Net investment income	-	1,199,335	(1,199,335)
Benefit payments, including refunds of employee contributions	(518,254)	(518,254)	-
Administrative expense	-	(54,986)	54,986
Net changes	2,139,515	1,544,580	594,935
Reporting period ending September 30, 2018	\$ 15,732,281	\$ 15,255,396	\$ 476,885

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2018, the City will recognize pension expense of \$547,473 for the Police Employees' Pension Plan. At September 30, 2018, the City reported deferred outflows and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 629,649	\$ 147,638
Changes of assumptions	390,961	8,296
Net differences between projected and actual earnings on pension plan investments	-	491,998
Total	\$ 1,020,610	\$ 647,932

NOTE IV: OTHER INFORMATION (Continued)

C. Employee retirement plans – defined benefit plans (continued)

Police Employees' Pension Plan (continued)

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

<i>Year ending September 30:</i>	
2019	\$ 119,058
2020	(46,928)
2021	(3,791)
2022	118,743
2023	185,596
Thereafter	-
Total	\$ 372,678

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

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

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

D. Post-employment benefits other than pensions (OPEB)

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

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

NOTE IV: OTHER INFORMATION (Continued)

D. Post-employment benefits other than pensions (OPEB) (continued)

Funding Policy. Contribution rates for the insurance are established on an annual basis. Eligible retirees and their covered dependents receiving benefits contribute 100% of their premium costs for medical insurance. While the City does not directly contribute toward the costs of retiree premiums via an explicit subsidy, the ability of retirees to obtain health insurance coverage at a group rate which includes active employees constitutes a significant economic benefit to retirees, or an OPEB obligation of the City. The City is currently funding this OPEB obligation on a pay-as-you-go basis, contributing only those amounts necessary to provide for its portion of current year benefit costs and expenses. OPEB liabilities are liquidated by the respective funds that are obligated for the related costs. For governmental activities, OPEB liabilities are generally liquidated by the general fund. For the year ended September 30, 2018, the City estimated it subsidized \$5,255 of medical costs for its retirees and their covered dependents.

As of September 30, 2018, no trust has been established for the insurance.

Plan Membership. At October 1, 2017, OPEB membership consisted of the following:

	Number of covered individuals
Inactive members currently receiving benefits	4
Inactive members entitled to but not yet receiving benefits	-
Active members	112
Total	116

Actuarial Assumptions and Other Inputs. The total OPEB liability in the September 30, 2018 actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	3.00% projected annual salary increase
Discount rate	3.64% investment rate of return
Health care cost trend rates	8.00% using Society of Actuaries Long-Term Model

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

City of West Melbourne, Florida
Notes to Financial Statements

NOTE IV: OTHER INFORMATION (Continued)

D. Post-employment benefits other than pensions (OPEB) (continued)

In the October 1, 2017 actuarial valuation, the Entry Age Normal, Level Percent of Pay cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 8.00% initially, reduced by decrements to an ultimate rate of 5.00% after five years. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

At September 30, 2018, the City reported a total OPEB liability of \$282,281. The GASB 75 information has been provided as of the September 30, 2018 measurement date.

	Increase (Decrease)	Total OPEB
<u>Change in total OPEB liability</u>		Liability
Balance, September 30, 2017	\$	248,100
Changes for the year:		
Service cost		29,429
Interest		10,007
Benefit payments		(5,255)
Net changes		34,181
Balance, September 30, 2018	\$	282,281

The City reported no changes in assumptions since the prior measurement date. The methods, assumptions, and participant data used are detailed in the actuarial valuation report dated October 1, 2017. These calculations are based in the Entry Age Normal cost method required by GASBC P52.

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

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total OPEB Liability	\$ 317,138	\$ 282,281	\$ 252,059

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

	1% Decrease (7.00%)	Healthcare Cost Trend Rate (8.00%)	1% Increase (9.00%)
Total OPEB Liability	\$ 241,977	\$ 282,281	\$ 331,717

NOTE IV: OTHER INFORMATION (Continued)

D. Post-employment benefits other than pensions (OPEB) (continued)

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

For the fiscal year ended September 30, 2018, the City recognized an OPEB expense of \$34,181. The City did not report any deferred outflows of resources or deferred inflows of resources related to the OPEB plan in fiscal year 2018.

E. Concentration – Water Supply

The City purchases all of its residents' water needs from the City of Melbourne, Florida under an agreement dated May 16, 2013, which is currently scheduled to expire December 31, 2026, with an optional fifteen year extension. During the year, approximately \$3.5 million (605,868,000 gallons) of water was purchased and management believes it will be able to continue purchasing water from the City of Melbourne, Florida, sufficient to meet all of its residents' water needs, for the foreseeable future.

F. Litigation

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

G. Commitments and contingencies

In February of 2011, the City entered into a contract for the management, operation and maintenance of the wastewater treatment, collection and disposal facility. On December 15, 2015, the City Council approved a five-year extension of the contract. The term of the contract extension ends on April 30, 2021. The base fee for the first year was \$1,214,768 and is subject to annual adjustment. For fiscal year 2018, the City paid \$1,429,967 under this contract.

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

The City has active construction projects as of September 30, 2018 for various projects including the construction of the West Melbourne Community Park – Phase IIA and the Police Department Station renovation. At year-end, the City's commitments with contractors totaled \$1,491,780. The commitments are being financed by general revenues and from capital contributions received from developers.

NOTE IV: OTHER INFORMATION (Continued)

H. Subsequent Events

On October 2, 2018, the City Council awarded a contract to Asphalt Paving Systems, Inc., in the amount of \$434,474 for annual street resurfacing.

On October 2, 2018, the City Council awarded a contract to Menzi USA Sales, Inc., in the amount of \$367,209 for the equipment purchase of the Menzi Muck M340 machine.

On November 20, 2018, the City Council approved a collective bargaining agreement with the Coastal Florida Police Benevolent Association representing the City's forty-nine police officer positions participating in this agreement. The agreement increased budgeted 2018-2019 salary and benefit costs by an estimated \$174,500. The agreement term is through December 31, 2020.

On December 18, 2018, the City Council approved a classification and compensation study performed by a third party consultant. Implementation of the study increased salary and benefit costs for non-represented employees by an estimated \$123,400 in fiscal year 2018-2019.

On December 18, 2018, the City Council approved an agreement between Space Coast Field of Dreams, Inc. and the City of West Melbourne regarding future maintenance and operation of Field of Dreams sports complex, playground and programs. Effective March 8, 2019, the agreement transfers the buildings, equipment, fixtures, improvements, and personal property located at the Field of Dreams, as well as the organization's existing financial assets in the approximate amount of \$340,000, along with future donations, including approximately \$191,000 in donations presently pledged, to the City. The costs of maintaining and operating the Field of Dreams is now the City's responsibility.



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



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

Florida Retirement System (FRS)	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.0080%	0.0077%	0.0076%	0.0076%
Employer's proportionate share of the net pension liability (asset)	\$ 2,418,611	\$ 2,276,922	\$ 1,924,137	\$ 981,132
Employer's covered payroll ⁽²⁾	\$ 3,221,038	\$ 2,980,912	\$ 2,866,110	\$ 2,616,648
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	75.09%	76.38%	67.13%	37.50%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%
Health Insurance Subsidy Program (HIS)	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.0093%	0.0093%	0.0093%	0.0086%
Employer's proportionate share of the net pension liability (asset)	\$ 1,043,790	\$ 999,100	\$ 1,082,043	\$ 879,605
Employer's covered payroll ⁽²⁾	\$ 3,221,038	\$ 2,980,912	\$ 2,866,110	\$ 2,616,648
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	32.41%	33.52%	37.75%	33.62%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%

Notes to the schedule:

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

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

<i>Florida Retirement System (FRS)</i>	2018	2017	2016	2015
Contractually required contribution	\$ 236,670	\$ 205,301	\$ 199,039	\$ 185,321
Contributions in relation to the contractually required contribution	236,670	205,301	199,039	185,321
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll ⁽¹⁾	\$ 3,275,014	\$ 3,048,186	\$ 3,022,624	\$ 2,654,154
Contributions as a percentage of covered payroll	7.23%	6.74%	6.58%	6.98%
<i>Health Insurance Subsidy Program (HIS)</i>	2018	2017	2016	2015
Contractually required contribution	\$ 54,377	\$ 50,569	\$ 50,187	\$ 35,935
Contributions in relation to the contractually required contribution	54,377	50,569	50,187	35,935
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll ⁽¹⁾	\$ 3,275,014	\$ 3,048,186	\$ 3,022,624	\$ 2,654,154
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.35%

Notes to the schedule:

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

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

Police Employees' Pension Plan						
<i>For the year ended September 30,</i>	2018	2017	2016	2015	2014	2013
Total pension liability						
Service cost	\$ 545,010	\$ 426,777	\$ 431,817	\$ 373,517	\$ 349,217	\$ 325,155
Interest	985,384	917,986	881,847	852,748	802,323	753,170
Change in Excess State Money	-	(214,182)	-	-	-	-
Share Plan Allocation	13,800	121,800	-	-	-	-
Changes of benefit terms	-	(5,606)	-	-	-	-
Differences between expected and actual experience	748,684	(129,422)	10,052	(184,074)	-	-
Changes of assumptions	364,891	-	(14,515)	-	304,099	-
Benefit payments, including refunds of employee contributions	(518,254)	(493,963)	(740,129)	(652,537)	(304,307)	(572,002)
Net change in total pension liability	2,139,515	623,390	569,072	389,654	1,151,332	506,323
Total pension liability - beginning	13,592,766	12,969,376	12,400,304	12,010,650	10,859,318	10,352,995
Total pension liability - ending (a)	\$ 15,732,281	\$ 13,592,766	\$ 12,969,376	\$ 12,400,304	\$ 12,010,650	\$ 10,859,318
Plan fiduciary net position						
Contributions - employer	\$ 559,041	\$ 694,581	\$ 573,560	\$ 582,408	\$ 606,424	\$ 605,565
Contributions - state	157,737	141,328	138,223	119,977	117,718	110,917
Contributions - employee	201,707	194,487	161,203	151,179	139,016	135,524
Net investment income	1,199,335	1,463,500	1,078,301	(67,763)	1,003,043	948,930
Benefit payments, including refunds of employee contributions	(518,254)	(493,963)	(740,129)	(652,537)	(304,307)	(572,002)
Administrative expense	(54,986)	(46,693)	(48,793)	(46,398)	(41,892)	(36,475)
Net change in plan fiduciary net position	1,544,580	1,953,240	1,162,365	86,866	1,520,002	1,192,459
Plan fiduciary net position - beginning	13,710,816	11,757,576	10,595,211	10,508,345	8,988,343	7,795,884
Plan fiduciary net position - ending (b)	\$ 15,255,396	\$ 13,710,816	\$ 11,757,576	\$ 10,595,211	\$ 10,508,345	\$ 8,988,343
Net pension liability - ending (a) - (b)	\$ 476,885	\$ (118,050)	\$ 1,211,800	\$ 1,805,093	\$ 1,502,305	\$ 1,870,975
Plan fiduciary net position as a percentage of the total pension liability	96.97%	100.87%	90.66%	85.44%	87.49%	82.77%
Covered payroll⁽²⁾	\$ 2,389,899	\$ 2,304,347	\$ 1,899,385	\$ 1,938,150	\$ 1,635,200	\$ 1,599,176
Net pension liability as a percentage of covered payroll	19.95%	-5.12%	63.80%	93.13%	91.87%	117.00%

Notes to the schedule:

⁽¹⁾ The amounts presented for each fiscal year were determined as of September 30. The City implemented GASB Statement No. 67 for the fiscal year ended September 30, 2014. As a result this information is only available for the past six fiscal years.

⁽²⁾ During fiscal year ending September 30, 2017, the City implemented GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*. The covered payroll amounts shown are in compliance with GASB Statement No. 82, except for the 9/30/2015, 9/30/2014 and 9/30/2013 measurement periods, which include DROP payroll.

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

Police Employees' Pension Plan

<i>For the year ended September 30,</i>	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 494,231	\$ 539,217	\$ 502,767	\$ 532,371	\$ 567,905	\$ 588,816
Contributions in relation to the actuarially determined contributions	716,778	835,909	711,783	702,385	724,142	663,726
Contribution deficiency (surplus)	\$ (222,547)	\$ (296,692)	\$ (209,016)	\$ (170,014)	\$ (156,237)	\$ (74,910)
 Covered payroll ⁽²⁾	 \$ 2,389,899	 \$ 2,304,347	 \$ 1,899,385	 \$ 1,938,150	 \$ 1,635,200	 \$ 1,599,176
 Contributions as a percentage of covered payroll	 29.99%	 36.28%	 37.47%	 36.24%	 44.28%	 41.50%

Notes to the schedule:

⁽¹⁾ The amounts presented for each fiscal year were determined as of September 30. The City implemented GASB Statement No. 67 for the fiscal year ended September 30, 2014. As a result this information is only available for the past six fiscal years.

⁽²⁾ During fiscal year ending September 30, 2017, the City implemented GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*. The covered payroll amounts shown are in compliance with GASB Statement No. 82, except for the 9/30/2015, 9/30/2014 and 9/30/2013 measurement periods, which include DROP payroll.

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

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

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

Valuation Date: 10/1/2016

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

Methods and assumptions used to determine contribution rates:

Funding method: Frozen Entry Age Actuarial Cost Method.
Amortization method: Level dollar, closed.
Remaining amortization period: 30 Years (as of 10/01/2016 valuation)
Asset smoothing method: All assets are valued at market value with an adjustment made to uniformly spread actuarial gains and losses (as measured by actual market value investment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment returns against expected market value investment return) over a five-year period.)

Inflation: 2.5% per year.
Salary increases: 6.0% per year until the assumed retirement age. The assumed salary increases were utilized and carried over from the prior actuary.

Interest rate: 7.1% per year, compounded annually, net of investment related expenses
Payroll growth: None assumed for amortization of the Unfunded Actuarial Accrued Liability.

Normal Retirement Rates:

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

Early retirement rate: Commencing upon eligibility for Early Retirement, Members are assumed to retire with an immediate benefit at the rate of 5.0% per year. The assumed rates of Early Retirement were utilized and carried over from the prior actuary. We feel these rates are reasonable based on long-term expectations and based upon plan provisions.

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

Termination rates:

See table below.

Disability rates:

See table below.

Mortality rate:

Healthy Lives:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

Disabled Lives:

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.

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

The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in the July 1, 2015 FRS actuarial valuation report for special risk employees. We feel this assumption sufficiently accommodates future mortality improvements.

Terminating Rate Table

Age	% Terminating During the Year
20	12.4%
25	11.7%
30	10.5%
35	8.3%
40	5.7%
45	3.5%
50	1.5%
55	0.6%
60	0.5%

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

Disability Rate Table

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

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

Changes of benefit terms:

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

- * Provided clarification that the pre-retirement death benefit shall be reduced by 3% per year for each year that commencement precedes the Normal Retirement Date, with a maximum reduction of 15%.
- * Provided details regarding the treatment of the existing Excess State Monies Reserve and how future annual State Monies will be allocated between the City and the Share Plan.
- * Provided that members hired on or after January 2, 2011 will be able to participate in the Deferred Retirement Option Plan (DROP).

Changes of assumptions:

For measurement date 9/30/18, based on the actuarial experience study dated August 9, 2018, the Board reduced the interest rate to 6.95%, modified the salary increase rates to use a service-based table and updated retirement rates.

For measurement date 9/30/16, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees, the inflation assumption rate was lowered from 3.00% to 2.5%, and the investment rate of return was lowered from 7.20% to 7.10%.

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

<i>September 30,</i>	2018
Service cost	\$ 29,429
Interest	10,007
Benefit payments	(5,255)
Net change in total OPEB liability	34,181
Total OPEB liability - beginning	248,100
Total OPEB liability - ending	\$ 282,281
Covered-employee payroll	\$ 4,992,342
Total OPEB liability as a percentage of covered-employee payroll	5.65%

Notes to the schedule:

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

⁽²⁾ The following discount rate was used in each period:
9/30/2017 - 3.35%
9/30/2018 - 3.64%

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

<i>For the Year Ended September 30, 2018</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 7,995,800	\$ 7,995,800	\$ 8,321,098	\$ 325,298
Licenses and permits	1,106,800	1,106,800	1,766,648	659,848
Intergovernmental	3,809,000	3,809,000	3,791,685	(17,315)
Charges for services	322,600	322,600	351,905	29,305
Fines and forfeitures	173,400	173,400	244,705	71,305
Developer contributions	-	-	1,036,007	1,036,007
Investment income	65,000	65,000	173,186	108,186
Miscellaneous	49,300	49,300	100,142	50,842
Total revenues	13,521,900	13,521,900	15,785,376	2,263,476
Expenditures				
General government:				
City Council and Clerk	257,950	257,950	236,275	21,675
Executive and administration	394,700	394,700	396,347	(1,647)
Finance	364,200	364,200	277,302	86,898
Legal counsel	288,900	288,900	273,713	15,187
Information technology	492,400	492,400	484,636	7,764
Other general services	694,500	657,700	570,452	87,248
Total general government	2,492,650	2,455,850	2,238,725	217,125
Public Safety:				
Law enforcement	8,081,250	8,966,314	7,798,478	1,167,836
Protective inspections	886,500	886,100	887,903	(1,803)
Total public safety	8,967,750	9,852,414	8,686,381	1,166,033
Public works	3,137,400	2,851,150	2,868,410	(17,260)
Recreation	3,843,250	4,255,550	4,070,258	185,292
Community development	353,150	353,150	313,823	39,327
Debt service:				
Principal	108,300	108,300	108,298	2
Interest	2,400	2,400	2,326	74
Total expenditures	18,904,900	19,878,814	18,288,221	1,590,593
Excess (deficiency) of revenues over (under) expenditures	(5,383,000)	(6,356,914)	(2,502,845)	3,854,069
Other financing sources (uses)				
Transfers out	(204,750)	(204,750)	(204,750)	-
Insurance proceeds	3,900	23,900	101,991	78,091
Proceeds from sale of capital assets	30,000	30,000	25,404	(4,596)
Net other financing sources (uses)	(170,850)	(150,850)	(77,355)	73,495
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(5,553,850)	(6,507,764)	(2,580,200)	3,927,564
Fund balances, beginning of year	13,548,093	13,548,093	13,548,093	-
Fund balances, end of year	\$ 7,994,243	\$ 7,040,329	\$ 10,967,893	\$ 3,927,564

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

<i>For the Year Ended September 30, 2018</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 362,400	\$ 362,400	\$ 373,159	\$ 10,759
Investment income	9,600	9,600	22,756	13,156
Total revenues	372,000	372,000	395,915	23,915
Expenditures				
Current:				
Public works	1,084,450	2,764,450	2,502,304	262,146
Total expenditures	1,084,450	2,764,450	2,502,304	262,146
Excess (deficiency) of revenues over (under) expenditures	(712,450)	(2,392,450)	(2,106,389)	286,061
Fund balances, beginning of year	1,995,696	1,995,696	1,995,696	-
Fund balances, end of year	\$ 1,283,246	\$ (396,754)	\$ (110,693)	\$ 286,061

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

<i>For the Year Ended September 30, 2018</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 646,000	\$ 646,000	\$ 377,318	\$ (268,682)
Miscellaneous	-	-	-	-
Total revenues	646,000	646,000	377,318	(268,682)
Expenditures				
Current:				
Community development	683,450	1,283,450	1,294,669	(11,219)
Economic environment	-	-	420	(420)
Debt service:				
Principal	100,000	100,000	-	100,000
Total expenditures	783,450	1,383,450	1,295,089	88,361
Excess (deficiency) of revenues over (under) expenditures	(137,450)	(737,450)	(917,771)	(180,321)
Fund balances, beginning of year	387,794	387,794	387,794	-
Fund balances, end of year	\$ 250,344	\$ (349,656)	\$ (529,977)	\$ (180,321)

City of West Melbourne, Florida

Budgetary Notes to Required Supplementary Information

A. Budgetary information

An annual budget is prepared for all Funds of the City except for the Pension Trust Funds, which are effectively controlled through governing agreements and related City ordinances. The annual operating budgets are prepared on a basis consistent with generally accepted accounting principles except for the Enterprise Fund, which uses a modified basis that includes debt proceeds, capital contributions, capital outlay and debt service principal. Budgets are adopted by the City Council pursuant to City Charter using the following procedures:

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

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

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

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

B. Encumbrances

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

CITY OF WEST MELBOURNE, FLORIDA

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

Capital Projects Funds

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

Capital Improvement Construction – The Capital Improvement Construction Fund is used to purchase or construct certain capital assets, exclusive of capital improvements financed by proprietary funds or trust funds, including proceeds from an agreement with Brevard County to collect road impact fees from developers in the City.

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



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

<i>September 30, 2018</i>	<u>Special Revenue</u>	<u>Capital Projects</u>		Total Nonmajor Governmental Funds
	Recreation	Capital Projects	Vehicle Replacement	
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 387,350	\$ 387,350
Investments	518,633	1,087,720	-	1,606,353
Total assets	\$ 518,633	\$ 1,087,720	\$ 387,350	\$ 1,993,703
LIABILITIES				
Accounts payable	\$ 1,312	\$ -	\$ -	\$ 1,312
Due to other funds	80,467	517,423	-	597,890
Total liabilities	81,779	517,423	-	599,202
FUND BALANCES				
Restricted	-	570,297	-	570,297
Committed	436,854	-	387,350	824,204
Total fund balances	436,854	570,297	387,350	1,394,501
Total liabilities and fund balances	\$ 518,633	\$ 1,087,720	\$ 387,350	\$ 1,993,703

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

<i>For the year ended September 30, 2018</i>	<u>Special Revenue</u>	<u>Capital Projects</u>		Total Nonmajor Governmental Funds
	Recreation	Capital Projects	Vehicle Replacement	
REVENUES				
Charges for services	\$ 363,927	\$ -	\$ -	\$ 363,927
Investment income	9,180	19,018	-	28,198
Total revenues	373,107	19,018	-	392,125
EXPENDITURES				
Current:				
Capital outlay	364,317	-	-	364,317
Total expenditures	364,317	-	-	364,317
Excess (deficiency) of revenues over (under) expenditures	8,790	19,018	-	27,808
Other financing sources				
Transfers in	-	-	223,650	223,650
Net change in fund balances	8,790	19,018	223,650	251,458
Fund balances, beginning of year	428,064	551,279	163,700	1,143,043
Fund balances, end of year	\$ 436,854	\$ 570,297	\$ 387,350	\$ 1,394,501

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

<i>For the Year Ended September 30, 2018</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Charges for services	\$ -	\$ -	\$ 363,927	\$ 363,927
Investment income	2,500	2,500	9,180	6,680
Total revenues	2,500	2,500	373,107	370,607
Expenditures				
Current:				
Recreation	365,000	365,000	364,317	683
Total expenditures	365,000	365,000	364,317	683
Excess (deficiency) of revenues over (under) expenditures	(362,500)	(362,500)	8,790	371,290
Fund balances, beginning of year	428,064	428,064	428,064	-
Fund balances, end of year	\$ 65,564	\$ 65,564	\$ 436,854	\$ 371,290

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

<i>For the Year Ended September 30, 2018</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Investment income	\$ 5,000	\$ 5,000	\$ 19,018	\$ 14,018
Total revenues	5,000	5,000	19,018	14,018
Expenditures				
Current:				
Public works	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	5,000	5,000	19,018	14,018
Fund balances, beginning of year	551,279	551,279	551,279	-
Fund balances, end of year	\$ 556,279	\$ 556,279	\$ 570,297	\$ 14,018

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

<i>For the Year Ended September 30, 2018</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Current:				
Capital Outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources				
Transfers in	223,650	223,650	223,650	-
Net change in fund balance	223,650	223,650	223,650	-
Fund balances, beginning of year	163,700	163,700	163,700	-
Fund balances, end of year	\$ 387,350	\$ 387,350	\$ 387,350	\$ -



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STATISTICAL SECTION



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STATISTICAL SECTION

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

Table of Contents

A. Financial Trends

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

- Schedule A1** Net Position by Component
- Schedule A2** Changes in Net Position – Governmental Activities
- Schedule A3** Changes in Net Position – Business Type Activities
- Schedule A4** Changes in Net Position – Total Government
- Schedule A5** Fund Balances – Governmental Funds
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B. Revenue Capacity

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

- Schedule B1** Assessed Value and Estimated Actual Value of Taxable Property
- Schedule B2** Tax Revenues by Source Governmental Funds
- Schedule B3** Other Non-source Governmental Revenues
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- Schedule B5** Direct and Overlapping Property Tax Rates
- Schedule B6** Principal Property Taxpayers
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C. Debt Capacity

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

Schedule C1 Ratios of Outstanding Debt by Type

Schedule C2 Direct and Overlapping Governmental Activities Debt

Schedule C3 Pledged Revenue Coverage

Schedule C4 Ratios of General Bonded Debt Outstanding

Schedule C5 Legal Debt Margin Information

D. Demographic and Economic Information Financial Trends

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

Schedule D1 Demographic and Economic Statistics

Schedule D2 Principal Employers

E. Operating Information

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

Schedule E1 Employees by Function/Program

Schedule E2 Operating Indicators by Function/Program

Schedule E3 Capital Asset Statistics by Function/Program

Additional Notes

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

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

Schedule A1

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities										
Net investment in										
capital assets	\$ 29,479,624	\$ 21,230,403	\$ 18,758,700	\$ 17,684,340	\$ 16,495,227	\$ 16,539,186	\$ 17,064,967	\$ 16,332,610	\$ 16,410,297	\$ 16,315,773
Restricted	7,821,633	7,214,372	6,076,253	4,874,993	4,819,617	3,943,676	3,566,201	4,730,711	6,036,950	6,609,018
Unrestricted	2,775,398	7,619,082	7,002,945	7,174,709	10,199,474	9,737,050	8,651,915	7,870,008	4,501,006	3,022,598
Total governmental activities										
net position	40,076,655	36,063,857	31,837,898	29,734,042	31,514,318	30,219,912	29,283,083	28,933,329	26,948,253	25,947,389
Business-type activities										
Net investment in										
capital assets	35,497,462	33,382,704	30,394,742	29,978,165	27,276,931	27,230,064	27,697,548	26,335,220	25,464,007	29,455,192
Restricted	511,487	508,640	504,046	797,698	931,435	860,751	168,289	129,795	597,249	799,172
Unrestricted	13,943,960	10,983,628	8,608,312	6,276,583	6,325,820	6,808,543	7,074,313	8,350,179	8,828,740	3,781,171
Total business-type activities										
net position	49,952,909	44,874,972	39,507,100	37,052,446	34,534,186	34,899,358	34,940,150	34,815,194	34,889,996	34,035,535
Primary government										
Net investment in										
capital assets	64,977,086	54,613,107	49,153,442	47,662,505	43,772,158	43,769,250	44,762,515	42,667,830	41,874,304	45,770,965
Restricted	8,333,120	7,723,012	6,580,299	5,672,691	5,751,052	4,804,427	3,734,490	4,860,506	6,634,199	7,408,190
Unrestricted	16,719,358	18,602,710	15,611,257	13,451,292	16,525,294	16,545,593	15,726,228	16,220,187	13,329,746	6,803,769
Total primary government										
net position	\$ 90,029,564	\$ 80,938,829	\$ 71,344,998	\$ 66,786,488	\$ 66,048,504	\$ 65,119,270	\$ 64,223,233	\$ 63,748,523	\$ 61,838,249	\$ 59,982,924

Notes:

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

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

Schedule A2

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses:										
General government	\$ 2,487,264	\$ 2,369,589	\$ 2,129,445	\$ 2,021,970	\$ 1,862,813	\$ 1,735,188	\$ 2,043,225	\$ 1,511,738	\$ 1,485,649	\$ 1,849,272
Public safety	6,833,193	5,968,523	5,548,176	5,403,754	5,034,270	4,942,386	5,171,866	5,132,249	5,334,155	5,427,339
Public works	2,785,278	2,037,325	1,997,169	2,035,490	1,666,681	1,487,912	1,962,606	1,269,753	1,627,575	1,568,208
Recreation	988,794	746,068	1,714,308	2,859,495	775,071	765,755	681,544	490,099	408,002	413,426
Community development	323,027	311,233	260,560	263,056	295,950	280,870	270,453	259,291	280,768	308,491
Economic environment	420	176	6,956	15,000	-	-	-	-	-	-
Interest on long term debt	2,326	4,603	6,832	9,014	8,346	1,109	2,894	5,241	6,770	3,567
Total Expenses	13,420,302	11,437,517	11,663,446	12,607,779	9,643,131	9,213,220	10,132,588	8,668,371	9,142,919	9,570,303
Program Revenues:										
Charges for services:										
General government	414,793	386,096	412,040	375,474	362,026	248,423	357,434	1,482,850	1,001,515	1,264,487
Public safety	1,759,180	1,645,309	1,492,599	956,302	942,241	814,871	717,671	159,752	141,957	169,232
Public works	373,159	366,577	362,326	360,351	356,485	345,826	343,331	-	-	-
Recreation	428,879	177,282	351,800	69,165	153,527	107,632	151,600	54,613	2,627	145,388
Community development	178,248	237,847	202,729	344,996	271,592	139,910	100,802	123,014	156,677	75,465
Operating grants and contributions	-	-	-	-	-	275,000	194,171	25,206	312,779	318,112
Capital grants and contributions	2,473,014	2,036,754	4,273	404,657	10,553	10,020	110,603	900,000	329,613	1,588,948
Total Program Revenues	5,627,273	4,849,865	2,825,767	2,510,945	2,096,424	1,941,682	1,975,612	2,745,435	1,945,168	3,561,632
Net (Expense) Revenue	(7,793,029)	(6,587,652)	(8,837,679)	(10,096,834)	(7,546,707)	(7,271,538)	(8,156,976)	(5,922,936)	(7,197,751)	(6,008,671)
General Revenues:										
Property taxes	3,310,658	2,990,353	2,685,306	2,406,066	2,146,830	1,998,440	1,972,161	2,352,766	2,589,851	1,964,629
Franchise taxes	1,798,337	1,671,784	1,639,785	1,611,017	1,551,463	1,415,125	1,421,808	1,426,016	1,427,271	1,483,964
Local option gas tax	608,754	601,336	578,739	523,989	493,346	479,425	449,903	349,443	321,778	-
Public utility taxes	3,212,103	3,058,189	3,006,729	2,926,332	2,875,172	2,787,819	2,641,329	2,556,430	2,607,033	2,345,478
Payment in lieu of taxes	377,318	295,743	1,155,353	2,542,187	27,706	-	-	-	-	-
Intergovernmental shared revenue - unrestricted	2,123,578	1,981,183	1,810,749	1,704,254	1,561,377	1,442,388	1,309,239	1,155,303	1,116,715	1,084,702
Investment income	224,140	128,282	45,184	86,879	49,030	51,936	61,239	43,423	59,164	158,477
Miscellaneous revenue	149,163	80,641	19,690	6,787	136,189	33,234	48,221	24,631	76,803	43,483
Transfers, net	18,900	6,100	-	-	-	-	-	-	-	420,000
Total General Revenues	11,822,951	10,813,611	10,941,535	11,807,511	8,841,113	8,208,367	7,903,900	7,908,012	8,198,615	7,500,733
Change in Net Position	\$ 4,029,922	\$ 4,225,959	\$ 2,103,856	\$ 1,710,677	\$ 1,294,406	\$ 936,829	\$ (253,076)	\$ 1,985,076	\$ 1,000,864	\$ 1,492,062

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

Schedule A3

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses:										
Water and sewer	\$ 11,667,879	\$ 11,139,291	\$ 10,686,656	\$ 10,925,645	\$ 10,481,059	\$ 10,068,335	\$ 9,735,530	\$ 9,576,024	\$ 8,578,538	\$ 8,139,455
Total Expenses	11,667,879	11,139,291	10,686,656	10,925,645	10,481,059	10,068,335	9,735,530	9,576,024	8,578,538	8,139,455
Program Revenues:										
Charges for services:										
Water and sewer	11,589,300	11,155,390	10,449,117	9,843,569	9,255,274	8,853,461	8,739,148	8,438,991	8,089,606	7,538,292
Other charges and fees	11,378	30,175	11,280	61,599	13,290	14,731	11,570	39,036	-	-
Operating grants and contributions	-	-	-	-	-	-	63,500	-	-	-
Capital grants and contributions	5,032,423	5,253,638	2,653,015	3,918,895	1,019,375	1,158,156	1,037,225	999,903	1,310,947	2,628,596
Total Program Revenues	16,633,101	16,439,203	13,113,412	13,824,063	10,287,939	10,026,348	9,851,443	9,477,930	9,400,553	10,166,888
Net (Expense) Revenue	4,965,222	5,299,912	2,426,756	2,898,418	(193,120)	(41,987)	115,913	(98,094)	822,015	2,027,433
General Revenues:										
Interest income	134,591	74,060	27,898	25,238	6,343	1,195	9,043	23,292	32,445	68,003
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers, net	(18,900)	(6,100)	-	-	-	-	-	-	-	(420,000)
Total General Revenues	115,691	67,960	27,898	25,238	6,343	1,195	9,043	23,292	32,445	(351,997)
Change in Net Position	\$ 5,080,913	\$ 5,367,872	\$ 2,454,654	\$ 2,923,656	\$ (186,777)	\$ (40,792)	\$ 124,956	\$ (74,802)	\$ 854,460	\$ 1,675,436

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

Schedule A4

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses:										
Governmental activities	\$ 13,420,302	\$ 11,437,517	\$ 11,663,446	\$ 12,607,779	\$ 9,643,131	\$ 9,213,220	\$ 10,132,588	\$ 8,668,371	\$ 9,142,919	\$ 9,570,303
Business-type activities	11,667,879	11,139,291	10,686,656	10,925,645	10,481,059	10,068,335	9,735,530	9,576,024	8,578,538	8,139,455
Total Expenses	25,088,181	22,576,808	22,350,102	23,533,424	20,124,190	19,281,555	19,868,118	18,244,395	17,721,457	17,709,758
Program Revenues:										
Governmental activities	5,627,273	4,849,865	2,825,767	2,510,945	2,096,424	1,941,682	1,975,612	2,745,435	1,945,168	3,561,632
Business-type activities	16,633,101	16,439,203	13,113,412	13,824,063	10,287,939	10,026,348	9,851,443	9,477,930	9,400,553	10,166,888
Total Program Revenues	22,260,374	21,289,068	15,939,179	16,335,008	12,384,363	11,968,030	11,827,055	12,223,365	11,345,721	13,728,520
Net (Expense) Revenue	(2,827,807)	(1,287,740)	(6,410,923)	(7,198,416)	(7,739,827)	(7,313,525)	(8,041,063)	(6,021,030)	(6,375,736)	(3,981,238)
General Revenues:										
Governmental activities	11,822,951	10,813,611	10,941,535	11,807,511	8,841,113	8,208,367	7,903,900	7,908,012	8,198,615	7,500,733
Business-type activities	115,691	67,960	27,898	25,238	6,343	1,195	9,043	23,292	32,445	(351,997)
Total General Revenues	11,938,642	10,881,571	10,969,433	11,832,749	8,847,456	8,209,562	7,912,943	7,931,304	8,231,060	7,148,736
Change in Net Position	\$ 9,110,835	\$ 9,593,831	\$ 4,558,510	\$ 4,634,333	\$ 1,107,629	\$ 896,037	\$ (128,120)	\$ 1,910,274	\$ 1,855,324	\$ 3,167,498

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

Schedule A5

	2018	2017	2016	2015	2014	2013	2012	2011*	2010	2009
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,638,927	\$ 4,504,323
Unreserved	-	-	-	-	-	-	-	-	2,228,294	1,178,495
Nonspendable	1,190,472	1,105,899	1,398,180	894,365	1,103,899	1,220,001	1,517	62,030	-	-
Restricted	6,132,806	5,248,234	4,133,311	3,258,871	3,031,364	2,744,493	215,020	273,932	-	-
Committed	-	-	-	-	-	-	3,317,956	3,627,226	-	-
Assigned	-	2,894	51,623	155,779	206,048	206,048	-	-	-	-
Unassigned	3,644,615	7,191,066	6,895,802	7,594,271	7,124,662	5,646,888	5,044,908	4,081,845	-	-
Total General Fund	\$ 10,967,893	\$ 13,548,093	\$ 12,478,916	\$ 11,903,286	\$ 11,465,973	\$ 9,817,430	\$ 8,579,401	\$ 8,045,033	\$ 6,867,221	\$ 5,682,818
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,673,717	\$ 1,943,336
Unreserved, reported in										
Special revenue funds	-	-	-	-	-	-	-	-	2,138,704	2,063,586
Non-spendable	-	-	-	-	-	337	-	39	-	-
Restricted	570,297	939,073	645,006	804,328	796,967	1,199,183	957,653	2,051,590	-	-
Committed	824,204	2,587,460	2,502,820	2,333,426	2,516,167	2,513,709	2,392,011	2,343,120	-	-
Unassigned	(640,670)	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 753,831	\$ 3,526,533	\$ 3,147,826	\$ 3,137,754	\$ 3,313,134	\$ 3,713,229	\$ 3,349,664	\$ 4,394,749	\$ 3,812,421	\$ 4,006,922

* Beginning in FY 2011, GASB 54 was implemented classifying fund balances as nonspendable, restricted, committed, assigned or unassigned.

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

Schedule A6

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Taxes	\$ 8,694,257	\$ 8,086,903	\$ 7,694,146	\$ 7,303,766	\$ 6,929,950	\$ 6,547,210	\$ 6,378,629	\$ 6,691,869	\$ 6,953,768	\$ 6,227,332
Licenses and permits	1,766,648	1,714,142	1,589,162	1,007,632	955,661	874,496	777,293	819,462	890,762	1,108,439
Intergovernmental	4,169,003	2,919,512	3,549,114	4,772,241	2,092,982	2,206,833	2,063,916	2,429,952	1,681,659	1,490,373
Charges for services	715,832	500,737	658,953	507,942	508,704	360,969	352,927	250,022	270,057	376,884
Fines and forfeits	244,705	172,536	168,169	184,607	221,516	207,706	167,385	159,752	171,457	196,373
Developer contributions	1,036,007	1,995,504	-	-	-	-	-	-	-	-
Investment income	224,140	128,282	45,184	86,879	49,030	51,936	61,669	74,764	59,164	158,494
Miscellaneous	100,142	64,187	47,077	455,389	282,172	50,401	77,693	55,826	116,916	29,193
Total Revenues	16,950,734	15,581,803	13,751,805	14,318,456	11,040,015	10,299,551	9,879,512	10,481,647	10,143,783	9,587,088
Expenditures:										
General government	1,982,479	1,915,566	1,765,503	1,687,452	1,600,523	1,484,670	1,880,897	1,345,429	1,309,978	1,724,020
Public safety	6,363,198	6,114,550	5,340,909	5,051,196	4,789,545	4,702,132	5,011,051	5,066,521	5,079,371	5,252,830
Public works	1,640,772	1,208,491	1,235,765	1,299,929	1,063,471	927,617	1,242,174	819,315	1,195,661	1,206,399
Recreation	724,950	549,453	1,541,003	2,611,184	567,119	561,500	546,884	438,518	353,683	360,285
Community development	313,823	303,003	257,482	278,462	302,462	280,870	275,079	267,912	279,871	307,528
Economic environment	420	176	6,956	15,000	-	-	-	-	-	-
Capital outlay	11,313,665	4,035,502	2,923,358	3,032,901	1,394,338	1,277,442	1,369,943	769,812	869,577	4,271,437
Debt service:										
Principal retired	108,298	106,021	103,792	101,609	112,053	22,351	61,306	74,184	58,970	32,557
Interest	2,326	4,603	6,832	9,014	8,346	1,109	2,894	5,240	6,770	3,567
Total Expenditures	22,449,931	14,237,365	13,181,600	14,086,747	9,837,857	9,257,691	10,390,228	8,786,931	9,153,881	13,158,623
Excess (deficiency) of revenues over (under) expenditures	(5,499,197)	1,344,438	570,205	231,709	1,202,158	1,041,860	(510,716)	1,694,716	989,902	(3,571,535)
Other Financing Sources (Uses)										
Insurance proceeds	101,991	75,573	-	-	-	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-	522,120	-	65,424	-	183,015
Transfers in	223,650	97,800	65,900	-	-	-	-	-	-	1,763,890
Transfers out	(204,750)	(91,700)	(65,900)	-	-	-	-	-	-	(1,343,890)
Proceeds from sale of capital assets	25,404	21,773	15,497	30,224	46,290	37,614	-	-	-	-
Net other financing sources (uses)	146,295	103,446	15,497	30,224	46,290	559,734	-	65,424	-	603,015
Net Change in Fund Balances	\$ (5,352,902)	\$ 1,447,884	\$ 585,702	\$ 261,933	\$ 1,248,448	\$ 1,601,594	\$ (510,716)	\$ 1,760,140	\$ 989,902	\$ (2,968,520)
Debt Service as a % of Noncapital Expenditures	1.00%	1.10%	1.10%	1.02%	1.45%	0.29%	0.72%	1.00%	0.80%	0.41%

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

Schedule B1

Fiscal Year Ended September 30	Real Property	Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2018	\$ 1,708,466,860	\$ 91,455,621	\$ 406,728,438	\$ 1,393,194,043	\$ 2.4633	\$ 1,967,838,460	70.80%
2017	1,543,748,475	98,537,137	383,216,930	1,259,068,682	2.4633	1,712,215,741	73.53%
2016	1,405,729,894	94,515,457	369,581,311	1,130,664,040	2.4633	1,490,776,551	75.84%
2015	1,321,519,510	79,727,214	357,842,747	1,043,403,977	2.3850	1,303,447,014	80.05%
2014	1,162,011,200	72,647,356	335,035,441	899,623,115	2.2975	1,171,566,553	76.79%
2013	1,159,336,830	61,140,731	333,036,486	887,441,075	2.2975	925,900,650	95.85%
2012	1,326,472,340	71,618,712	350,293,610	1,047,797,442	2.2975	890,107,311	117.72%
2011	1,438,821,470	70,169,982	334,066,861	1,174,924,591	2.2975	1,094,995,651	107.30%
2010	1,592,050,010	68,429,240	389,672,684	1,270,806,566	2.2975	1,195,750,438	106.28%
2009	1,597,054,340	68,653,429	346,124,770	1,319,582,999	1.5899	1,420,699,000	92.88%

Source: Brevard County Property Appraiser

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

Schedule B2

Fiscal Year	Property Taxes	Utility Taxes and Franchise Fees	Inter- Governmental ⁽¹⁾	Other Inter- Governmental ⁽²⁾	Totals
2018	\$ 3,310,658	\$ 5,383,599	\$ 4,136,639	\$ 32,364	\$ 12,863,260
2017	2,990,353	5,096,550	2,887,943	31,569	11,006,415
2016	2,685,306	4,646,514	2,510,672	31,020	9,873,512
2015	2,406,066	4,897,700	2,282,524	31,985	9,618,275
2014	2,146,830	4,783,120	2,028,461	26,262	8,984,673
2013	1,998,440	4,548,770	1,896,041	25,772	8,469,023
2012	1,972,161	4,406,468	1,729,977	29,265	8,137,871
2011	2,352,766	4,339,103	1,483,399	21,347	8,196,615
2010	2,589,851	4,363,909	1,412,628	25,865	8,392,253
2009	1,964,629	4,262,702	1,361,682	19,500	7,608,513

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

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

Note: Includes General, Special Revenue, Capital Projects and Debt Service Funds, as applicable.
Source: Financial Statements and records, City of West Melbourne.

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

Schedule B3

Fiscal Year ended September 30,	Business Tax Receipts	Building Permits	Total Revenues
2018	\$ 253,218	\$ 1,513,430	\$ 1,766,648
2017	242,099	1,472,043	1,714,142
2016	264,587	1,324,575	1,589,162
2015	236,257	771,375	1,007,632
2014	234,882	720,779	955,661
2013	234,918	639,578	874,496
2012	213,699	563,593	777,292
2011	229,515	589,948	819,463
2010	207,018	683,744	890,762
2009	235,605	872,834	1,108,439

City of West Melbourne, Florida
Water and Sewer Consumption – Rates and Revenue
Last Ten Fiscal Years

Schedule B4

Fiscal Year	Gallons of Water Consumed	Water Revenue ⁽²⁾	Total Direct Rate		Gallons of Sewer Treated	Sewer Revenue ⁽²⁾	Total Direct Rate	
			Water Base Rate	Water Usage Rate ⁽¹⁾			Sewer Base Rate	Sewer Usage Rate
2018	560,679,460	\$ 6,448,955	13.88	6.25	655,310,000	\$ 5,140,345	13.87	4.93
2017	542,695,780	6,135,825	13.88	6.25	639,000,000	5,019,565	13.87	4.93
2016	526,709,790	5,746,972	13.88	6.25	633,100,000	4,702,145	13.87	4.93
2015	505,787,700	5,428,686	13.90	5.93	574,240,000	4,414,883	12.75	4.86
2014	492,565,900	5,124,447	13.90	5.93	593,380,000	4,130,827	12.75	4.86
2013	483,408,300	4,829,164	14.08	5.10	465,599,000	4,024,297	12.00	4.75
2012	484,424,200	4,794,699	14.08	5.10	465,519,400	3,944,449	12.03	4.60
2011	476,281,600	4,560,391	14.20	4.85	457,828,400	3,878,600	12.03	4.60
2010	464,586,000	3,942,966	14.30	4.67	444,153,400	4,146,640	21.20	4.60
2009	464,729,600	3,658,083	14.55	5.14	433,211,500	3,878,573	21.23	4.00

⁽¹⁾ Beginning in fiscal year 2011, the consumption rate for water was tiered to promote conservation. The rate shown is for zero to three thousand gallons.

⁽²⁾ Revenues are not adjusted for bad debt.

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

Schedule B5

Fiscal Year	City Direct Rate	Overlapping Rates				Total Overlapping and Direct
	Operating Millage	Brevard County	Brevard County Schools	Special Districts	Total Overlapping	
2018	2.4633	5.3540	6.2990	0.3759	12.0289	14.4922
2017	2.4633	6.0802	6.5680	0.3981	13.0463	15.5096
2016	2.4633	6.4626	6.9160	0.6953	14.0739	16.5372
2015	2.3850	6.4568	7.2750	0.4412	14.1730	16.5580
2014	2.2975	6.4492	7.6060	0.4782	14.5334	16.8309
2013	2.2975	6.7334	8.0960	0.4782	15.3076	17.6051
2012	2.2975	6.7334	8.1120	0.4782	15.3236	17.6211
2011	2.2975	5.9271	7.6530	0.5627	14.1428	16.4403
2010	2.2975	5.1398	7.6870	0.5627	13.3895	15.6870
2009	1.5899	5.2949	7.6610	0.5627	13.5186	15.1085

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

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

Schedule B6

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Passco Haven Distributors	\$ 35,800,000	1	2.57%			
WE Reserves of Melbourne LLC	20,800,000	2	1.49%			
Grand Oaks Pennington LLC	18,900,000	3	1.36%			
West Melbourne Town Center, LLC	15,809,620	4	1.13%			
Northland Lakeside LLC	15,350,000	5	1.10%			
ARC SMWMBFL001 LLC	14,492,360	6	1.04%			
Wal-Mart Stores East Inc.	10,974,590	7	0.79%	\$ 10,000,000	4	0.76%
Windover Station LLC	8,535,200	8	0.61%			
Target Corporation	7,235,160	9	0.52%			
Sam's East Inc	7,194,440	10	0.52%	6,000,000	8	0.45%
Alliance HC II Limited				19,000,000	1	1.44%
Kimco West Melbourne 668 Inc.				11,000,000	2	0.83%
BVF/APTCO Windover Apartments of Melbourne				10,500,000	3	0.80%
Charleston Apartments Limited				9,300,000	5	0.70%
BVF/APTCO Windover Apartments of Goldenpointe				7,500,000	6	0.57%
Cinemaworld of Florida, Inc.				6,790,000	7	0.51%
Publix Store on New Haven				6,000,000	9	0.45%
RDR Communities Inc				5,520,000	10	0.42%
Total taxable assessed value for principal property taxpayers	\$ 155,091,370		11.13%	\$ 91,610,000		6.94%

Sources:

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

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

Schedule B7

Fiscal Year Ended September 30,	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2018	\$ 3,433,258	\$ 3,310,658	96.4%	\$ -	\$ 3,310,658	96.4%
2017	3,095,920	2,990,353	96.6%	-	2,990,353	96.6%
2016	2,771,935	2,685,306	96.9%	-	2,685,306	96.9%
2015	2,488,332	2,406,066	96.7%	640	2,406,706	96.7%
2014	2,224,378	2,146,830	96.5%	-	2,146,830	96.5%
2013	2,067,347	1,998,440	96.7%	-	1,998,440	96.7%
2012	2,038,901	1,969,168	96.6%	1,677	1,970,845	96.7%
2011	2,407,318	2,225,208	92.4%	804	2,226,012	92.5%
2010	2,699,257	2,576,965	95.5%	15,074	2,592,039	96.0%
2009	2,029,902	1,964,629	96.8%	26,008	1,990,637	98.1%

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

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

Schedule C1

Fiscal Year	Governmental Activities	Business-type Activities		Total Outstanding Debt ⁽²⁾	Personal Income ⁽¹⁾	Percentage of		Debt per Capita
	Capital Leases	Water and Sewer Revenue Bonds	Notes and Loans Payable			Personal Income	Population	
2018	\$ -	\$ 7,673,850	\$ 2,750,275	\$ 10,424,125	573,782,152	1.82%	21,990	\$ 474
2017	108,298	9,531,900	2,913,845	12,554,043	562,862,617	2.23%	21,360	588
2016	214,319	11,623,400	3,085,000	14,922,719	557,289,720	2.68%	20,640	723
2015	318,111	12,414,000	3,455,829	16,187,940	535,855,500	3.02%	20,250	799
2014	419,720	12,593,300	3,834,257	16,847,277	550,823,000	3.06%	19,834	849
2013	531,773	10,805,344	7,175,776	18,512,893	534,092,160	3.47%	19,464	951
2012	31,974	11,355,324	7,533,550	18,920,848	524,597,920	3.61%	19,118	990
2011	93,115	11,884,329	7,866,288	19,843,732	522,064,800	3.80%	18,712	1,060
2010	101,906	12,393,334	8,063,994	20,559,234	579,485,705	3.55%	18,355	1,120
2009	160,876	12,347,339	4,269,909	16,778,124	489,113,260	3.43%	16,570	1,013

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

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

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

City of West Melbourne, Florida
Direct and Overlapping Governmental Activities Debt
As of September 30, 2018

Schedule C2

Governmental Unit	Net Debt Outstanding	Percentage of Debt Applicable to the City ⁽¹⁾	City's Share of Debt
Debt repaid with property taxes			
Brevard County General Obligation Debt			
Limited Ad Valorem Tax Refunding Bond, Series 2013	\$16,210,000	3.96%	\$ 641,916
South Brevard Recreation Special District, Limited			
Ad Valorem Tax Bonds, Series 2016	22,255,000	3.96%	881,298
Subtotal, overlapping debt			1,523,214
City of West Melbourne direct debt			
Capital Leases			-
Total direct and overlapping debt			\$ 1,523,214

Sources:

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

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

⁽¹⁾ The percentage of overlapping debt applicable is estimated using the taxable assessed value of properties located within the City of West Melbourne divided by the county's total taxable assessed value. FY2018 total taxable assessed value for City of West Melbourne is \$2,374,566,898 and the total County taxable assessed value is \$59,894,732,231

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

Schedule C3

Fiscal Year	Gross Revenues ^(a)	Less: Direct Operating Expense ^(b)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage ^(c)	Coverage ^(d)
				Principal	Interest	Total		
2018	\$ 15,070,110	\$ 7,708,734	\$ 7,361,375	\$ 2,023,050	\$ 465,440	\$ 2,488,490	2.96	1.61
2017	13,663,993	7,261,494	6,402,499	2,251,500	519,689	2,771,189	2.31	1.44
2016	12,839,769	6,968,263	5,871,506	1,175,600	527,208	1,702,808	3.45	2.36
2015	11,269,847	7,383,777	3,886,070	559,300	514,131	1,073,431	3.62	2.55
2014	10,294,282	6,962,321	3,331,961	980,000	741,080	1,721,080	1.94	1.41
2013	10,027,543	6,580,977	3,446,566	950,000	822,702	1,772,702	1.94	1.29
2012	9,860,486	6,326,095	3,534,391	905,000	856,140	1,761,140	2.01	1.42
2011	9,501,223	6,408,777	3,092,446	875,000	781,867	1,656,867	1.87	1.26
2010	9,432,998	5,893,677	3,539,321	865,000	727,707	1,592,707	2.22	1.40
2009	10,234,891	5,688,480	4,546,411	840,000	760,318	1,600,318	2.84	2.04

Notes:

^(a) Includes operating, non-operating revenue and connection fees.

^(b) Excludes depreciation expense, interest expense, amortization and non-recurring losses.

^(c) & ^(d) Coverage ratio required by most restrictive bond document is at least 1.1 without connection fees and 1.25 including connection fees. The 2018 coverage of 2.85 includes the connection fees and the coverage without connection fees was 1.60. Both requirements were met.

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

Schedule C4

The City of West Melbourne has no general bonded debt.

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

Schedule C5

The City of West Melbourne has no Legal debt limit.

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

Schedule D1

Year	Population ^(a)	Personal Income	Per Capita Income ^(b)	Public School Enrollment ^(c)	Unemployment Rate ^(d)
2018	21,990	573,782,152	36,188	3,405	2.9%
2017	21,360	562,862,617	26,351	3,431	3.6%
2016	20,640	557,289,720	27,000	3,314	4.3%
2015	20,250	535,855,500	26,462	3,497	5.6%
2014	19,834	550,823,000	27,772	3,787	6.5%
2013	19,464	534,092,160	27,440	3,498	7.2%
2012	19,118	524,597,920	27,440	3,445	8.8%
2011	18,712	522,064,800	27,900	3,394	11.0%
2010	18,355	579,485,705	31,571	3,442	11.0%
2009	16,570	489,113,260	29,518	2,664	10.9%

Sources:

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

Notes:

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

City of West Melbourne, Florida

Principal Employers

For the Current Year and Nine Years Prior

Schedule D2

Employer	2018		2009	
	Number of Employees	Rank	Number of Employees	Rank
Harris Corporation	462	1		
Publix Stores - Palm Bay Rd. #695	175	2	143	5
Publix Stores - New Haven #258	175	3	112	7
Harris Sanitation Inc	155	4		
Home Depot USA Inc.	137	5	168	4
City of West Melbourne	134	6	137	6
The Olive Garden	124	7		
Buena Vida Estates Inc	121	8		
Cinemaworld Of Florida Inc	119	9		
USSI Global	113	10		
	<u>1,715</u>			
Walmart Stores East Inc.			432	1
Walmart Stores East Inc. (Sam's Club)			216	2
Waste Management			183	3
Central Junior High			112	8
Meadowlane Elementary			92	9
Meadowlane Intermediate			50	10
			<u>1,645</u>	

Source:

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

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

Schedule E1

<i>Function</i>	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government										
City Council/City Clerk	7	7	9	9	9	8	9	9	9	9
City Administration	4	4	3	3	3	2	2	3	2	2
Legal	2	2	2	2	2	2	2	2	2	2
Finance	11.5	11	14	14	11	10	10	9	8	8
Non-Departmental	0	0	0	0	0	0	0	0	1	1
Information Technology	2.5	2	2	2	2	2	2	2	2	3
Total General Government	27	26	30	30	27	24	25	25	24	25
Public Safety										
Police	51	51	52	48	45	46	46	50	48	53
Code Enforcement	12	12	12	9	9	9	9	11	13	14
Total Public Safety	63	63	64	57	54	55	55	61	61	67
Highways and Streets										
Public Works	11	11	11	12	10	10	8	10	12	15
Public Works - Water	8	9	8	8	9	7	10	10	10	11
Total Highways and Streets	19	20	19	20	19	17	18	20	22	26
Recreation and Parks										
Community Development	9	9	9	9	9	10	10	9	9	9
Community Development	4	3	3	4	4	4	4	4	4	4
Total Employees	122	121	125	120	113	110	112	119	120	131

Source: City payroll report

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

Schedule E2

<i>Function</i>	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police										
Dispatched calls	37,929	24,763	26,463	24,751	27,332	30,244	23,603	25,444	26,485	26,215
Alarms	1,633	743	921	862	525	728	755	768	723	533
Physical arrests	731	565	471	462	522	616	514	819	792	622
Traffic accidents	1,220	1,072	1,334	1,051	841	621	617	656	636	650
Traffic citations	3,851	2,932	2,008	2,363	3,157	3,495	3,311	4,546	7,126	7,754
Finance										
Purchase orders issued	665	592	590	682	660	716	608	696	506	831
Accounts payable checks	4,873	4,530	4,806	4,644	4,165	4,905	4,041	3,957	3,166	3,127
Highways and streets										
Street resurfacing (miles)	6.12	6.00	2.07	1.80	2.40	1.95	0.50	1.25	0.72	1.25
Culture and Recreation										
Recreation fees	\$ 363,927	\$ 94,298	\$ 271,483	\$ -	\$ 65,208	\$ 9,506	\$ 59,366	\$ 2,941	\$ 2,475	\$ 141,522
Building/Code Enforcement										
Permits issued (construction)	263	307	375	147	147	172	194	183	208	158
Licenses issued/renewed	1,806	1,248	1,132	1,802	1,835	1,763	1,623	1,968	1,972	1,846
Building Inspections	16,191	17,867	13,094	14,488	10,159	15,224	11,636	11,854	16,882	12,147
Municipal Water Department										
New connections	284	398	282	135	128	174	180	174	218	456
Average daily consumption ⁽¹⁾	1,520,316	1,486,838	1,443,205	1,385,720	1,349,496	1,324,406	1,327,190	1,304,881	1,365,851	1,303,672
Wastewater										
Average daily sewage treatment	1,780,000	1,700,000	1,700,000	1,570,000	1,640,000	1,624,000	1,627,000	1,605,000	1,666,000	1,604,000

Notes:

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

Source: Various City Departments

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

Schedule E3

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government:										
General government buildings	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Public Works:										
Public works buildings	3	3	3	1	1	1	1	1	1	1
Paved streets (lane miles)	99	99	99	98	98	98	98	98	98	98
Unpaved streets (lane miles)	0.65	0.65	0.65	3	3	3	3	3	3	3
Recreation and Community Development:										
Parks acreage	53	53	50	50	50	50	50	50	50	32
Parks	7	7	7	7	7	7	7	7	7	7
Tennis courts	4	4	4	4	4	4	4	4	4	4
Racquet ball courts	2	2	2	2	2	2	2	2	2	2
Exercise Trail	1	1	1	1	1	1	1	1	1	1
Water										
Potable Water lines (linear miles)	124	118	118	118	118	118	117	117	114	109
Sewer										
Sanitary sewer lines (linear miles)	110	100	100	100	100	100	100	97	97	97
Permitted sewer capacity(gallons)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Lift stations	73	73	63	63	63	63	63	63	63	58

Source: Various city departments

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Melbourne, Florida, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City of West Melbourne, Florida's basic financial statements, and have issued our report thereon dated March 14, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

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

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 result 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.

Car, Riggs & Ingram, L.L.C.

Melbourne, Florida

March 14, 2019

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY CHAPTER 10.550,
RULES OF THE FLORIDA AUDITOR GENERAL**

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

Report on Compliance for Each Major State Project

We have audited the City of West Melbourne, Florida's compliance with the types of compliance requirements described in the *Florida Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on the City of West Melbourne, Florida's major state project for the year ended September 30, 2018. The City of West Melbourne, Florida's major state project is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state financial assistance applicable to its state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City of West Melbourne, Florida's major State project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General. Those standards and Chapter 10.550 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the City of West Melbourne, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State project. However, our audit does not provide a legal determination of the City of West Melbourne, Florida's compliance.

Opinion on Each Major State Project

In our opinion, the City of West Melbourne, Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state project for the year ended September 30, 2018.

Report on Internal Control Over Compliance

Management of the City of West Melbourne, Florida is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of West Melbourne, Florida's internal control over compliance with the types of requirements that could have a direct and material effect on the major State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major State project and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Florida Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The City of West Melbourne, Florida's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Chapter 10.550, Rules of the Florida Auditor General. Accordingly, this report is not suitable for any other purpose.

Car, Riggs & Ingram, L.L.C.

Melbourne, Florida
March 14, 2019

City of West Melbourne, Florida
Schedule of Expenditures of State Financial Assistance
For the Year Ended September 30, 2018

State Agency/ Pass-through Grantor/ Program Title	CSFA Number	Contract/ Grant Number	Expenditures	Payments to Subrecipients
State Projects:				
<u>Florida Department of Environmental Protection</u>				
Direct Program:				
Grants and Aids to Local Governments and Nonstate Entities - Fixed Capital Outlay				
Local Parks	37.085	LI602	\$ 1,050,000	\$ -
Total Department of Environmental Protection			1,050,000	-
Total Expenditures of State Financial Assistance			\$ 1,050,000	\$ -

Note: The Schedule of Expenditures of State Financial Assistance is a summary of the activity of the City's State award programs presented on the modified accrual basis of accounting in accordance with generally accepted accounting principles.

City of West Melbourne, Florida
Notes to the Schedule of Expenditures of State Financial Assistance
For the Year Ended September 30, 2018

Basis of Presentation

The accompanying schedule of expenditures of state financial assistance includes the state spending of the City of West Melbourne, Florida and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.550, Rules of the Florida Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

City of West Melbourne, Florida
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2018

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

State Financial Assistance

Internal control over major state project:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified? ___ yes X none reported

Type of auditors’ report issued on compliance for major state projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, Rules of the Florida Auditor General? ___ yes X no

Identification of major state project:

<u>State CSFA Numbers</u>	<u>State Project or Cluster</u>
37.085	Grants and Aids to Local Governments and Nonstate Entities - Fixed Capital Outlay Local Parks

Dollar threshold used to distinguish between type A and B programs was \$300,000 for major state projects.

City of West Melbourne, Florida
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended September 30, 2018

Section II – Financial Statement Findings

A. Internal Control Over Financial Reporting

No matters were reported.

B. Compliance and Other Matters

No matters were reported.

Section III – State Financial Assistance Findings and Questioned Costs

No matters were reported.

Section IV – Summary Schedule of Prior Audit Findings

No Summary Schedule of Prior Audit Findings is required because there were no prior year findings related to state projects in the prior year.

INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of West Melbourne, Florida (the "City") as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated March 14, 2019.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an Examination Conducted in Accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports, which are dated March 14, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual 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 authority of the City of West Melbourne, Florida and its component units are disclosed in the footnotes. The City of West Melbourne, Florida includes the following component units:

<u>Component Unit:</u>	<u>Established by:</u>
1. City of West Melbourne Police Officers' Retirement System	City Ordinance
2. City of West Melbourne – Brevard County Joint Community Redevelopment Agency	City Ordinance

Financial Condition

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we do not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address 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 which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

IC 2018-001 SEGREGATION OF DUTIES

Criteria: Fundamental elements of internal control include the segregation of duties, which provides that, to the extent feasible, the key processes of authorization, custody and recording should be assigned to different employees.

Condition: The Utility Billing Specialist, who oversees the utilities billing function, had access to enter cash receipts transactions into the City's accounting system.

Cause: To allow for the Utility Billing Specialist to assist in the update of cash receipts to customer accounts at the end of the billing cycle to capture all payments made prior to applying late charges to customer accounts, the Utility Billing Specialist's access to the City's accounting system included the ability to post receipts to customer accounts.

Effect: Utility revenue could be understated due to misappropriation of assets.

Recommendation: The Utility Billing Specialist's access to the accounting system should not include access to posting to customer accounts. If limitations on human resources are such that removal of this access is not feasible, we recommend that once a month, the Utility Accounts Coordinator or the Finance Director run a report to identify any days for which the Utility Billing Specialist entered receipts into the accounting system. For those days, the Utility Accounts Coordinator should review a report of daily billing adjustments.

Management Response: Management concurs with the recommendation as noted above. The City will meet with the Utility Billing Specialist to determine which recommended action plan is most feasible and will implement the action plan promptly upon that determination.

Purpose of this Letter

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

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

Melbourne, Florida
March 14, 2019



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

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

We have examined the City of West Melbourne, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018. Management of the City of West Melbourne, Florida is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

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

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

In our opinion, the City complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018.

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

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

Melbourne, Florida
March 14, 2019



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SECONDARY MARKET DISCLOSURES



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**City of West Melbourne, Florida
Secondary Market Disclosures
Historical Non-Ad Valorem Revenues**

Revenues	FY2014	FY2015	FY2016	FY2017	FY2018
Total Governmental Funds	\$ 11,040,015	\$ 14,318,456	\$ 13,751,805	\$ 13,586,299	\$ 16,950,734
Less: Grant Revenue	-	(2,050,000)	(1,007,422)	(41,250)	(2,473,014)
Less: Ad Valorem Revenues	(2,146,830)	(2,406,066)	(2,685,306)	(2,990,353)	(3,310,658)
Total Governmental Non-Ad Valorem Revenues	8,893,185	9,862,390	10,059,077	10,554,696	11,167,062
Less: Restricted Funds					
Capital Projects Fund	-	-	-	-	-
Community Redevelopment Agency Nonmajor Funds	(27,706)	(86,267)	(152,204)	(295,743)	-
Adjusted Non-Ad Valorem Revenues	8,440,413	9,400,982	9,261,000	9,768,434	10,596,765

Expenditures					
Essential Expenditures					
Public Safety	4,789,545	5,051,196	5,340,909	6,114,550	6,363,198
General Government	1,600,523	1,687,452	1,765,503	1,915,566	1,982,479
Total Essential Expenditures	6,390,068	6,738,648	7,106,412	8,030,116	8,345,677
Less: Ad-Valorem Revenues Available to pay Essential Expenditures	(2,146,830)	(2,406,066)	(2,685,306)	(2,990,353)	(3,310,658)
Adjusted Essential Expenditures	4,243,238	4,332,582	4,421,106	5,039,763	5,035,019
Net Non-Ad Valorem Revenues available for Debt Service	\$ 4,197,175	\$ 5,068,400	\$ 4,839,894	\$ 4,728,671	\$ 5,561,746

Maximum Annual Debt Service on 2010D \$ (281,475) \$ (281,475) \$ (281,475) \$ (281,475) \$ (281,475)

Legally Available Non-Ad Valorem Revenues after MADS \$ 3,915,700 \$ 4,786,925 \$ 4,558,419 \$ 4,447,196 \$ 5,280,271

Existing Coverage 14.91 18.01 17.19 16.80 19.76