Annual Comprehensive Financial Report
City of Satellite Beach, Florida



Fiscal Year Ended
September 30, 2021



City of Satellite Beach, Florida

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2021

City of Satellite Beach, Florida
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CITY OF SATELLITE BEACH, FLORIDA

565 Cassia Boulevard 32937-3116
Satellite Beach, FL 32937
(321) 773-4407
FAX: (321) 779-1388

INCORPORATED 1957

March 16, 2022

To the Honorable Mayor, Members of the Governing Council and City of Satellite Beach:

State law requires that every general-purpose local government publish, within nine months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2021.

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 has been 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 Certified Public Accountants & Advisors have issued an unqualified ("Clean") opinion on the City of Satellite Beach's financial statements for the year ended September 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Government

The City of Satellite Beach, incorporated in 1957, is a coastal community spanning the barrier island between the Banana River segment of the Indian River Lagoon on the west and the Atlantic Ocean on the east. It currently occupies 3.8 square miles, of which 2.9 miles are land and 617 acres are navigable water in the Banana River and the City's canals. The population for the City of Satellite Beach was 11,332 in 2021.

The City of Satellite Beach operates under the Council-Manager form of government. This form of local government combines the strong political leadership of elected officials in the form of a council, with the strong managerial experience of a City Manager. The City has a five-member Council. All Council Members are elected to four-year terms, and elections are staggered with three elected one year, and two being elected two years later. The City of Satellite Beach Council hires/appoints the City of Satellite Beach Manager, who in turn hires City department directors.

The City of Satellite Beach provides a full range of services, including police and fire, street, and storm water maintenance, planning and zoning, recreation, and parks, as well as general administration services. The City of Melbourne provides water to the City of Satellite Beach and is

responsible for the maintenance of the water lines, and Brevard County provides sewer services and is responsible for the maintenance of the sewer lines.

The annual budget serves as a foundation for the City's financial planning. Budget requests are required to be submitted to the City Manager by department directors. These requests are used as a starting point for developing the proposed budget. The City Manager is required by City Charter to present the proposed budget to City Council. Public hearings are required to be held by City Council on the proposed budget. The annual budget must be adopted by City Council by September 30, the City's fiscal year end. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

Local Economy and Outlook

The City of Satellite Beach is primarily a residential community with strong property values, a family-oriented community, and beautiful beaches (40% of the City's 2.8 miles of oceanfront property is City owned for public access). The City is approximately 96% built-out. The largest remaining tract of vacant land includes a nearly 100-acre parcel in the northeast quadrant of the City that was formerly used for Patrick Space Force Base military housing that was demolished in 2012. Although currently no plans have been submitted to the City regarding this parcel, the City has seen an increase in residential, multi-family, and commercial development on remaining available land citywide, as well as significant improvements and renovations made to existing residential properties as property values increase and the City continues to be a highly desirable community within Brevard County.

The Brevard Public School system is ranked third in the state with 98% of schools making a grade of "A" or "B", and all the schools in Satellite Beach are "A" rated. According to the Space Coast Economic Development Commission, the Space Coast area boasts 48 engineers per 1,000 workers, more than any other metro area in the state. The City's economy has benefited from its proximity to Patrick Space Force Base, Kennedy Space Center, and the growth of the rocket industry out of Cape Canaveral. The City has also been positively impacted by the relocation/expansion of major corporations within Brevard County, including Boeing, Embraer Executive Jets, General Electric, Lockheed Martin, Northrop Grumman, and the world headquarters of L3Harris Corporation.

Long-term Financial Planning and Major Initiatives

The City of Satellite Beach prepared a five-year Capital Improvement Plan (CIP), which is updated annually. The City has not formally adopted a long-term financial plan, however the financial policies and the Capital Improvement Plan (CIP) address the City's long-term financial plans.

The latest CIP was adopted by the City Council for the Fiscal Year 2021-2022 through Fiscal Year 2025-2026. The City desires to maintain current service levels and improve upon and maintain facilities and infrastructure.

To achieve long-term plans, the City annually updates its goals and objectives for each calendar year. The City desires to continue to invest in technology and training to consistently improve service delivery and communication. City Council's goals for 2021-2022 included several major initiatives, and continued efforts on long-range goals, including working to make the City more financially sustainable, and fiscally able to respond to natural disasters; continuing to work renewing the City's facilities and infrastructure; seeking grant opportunities to help offset costs and

unforeseen expenditures; identifying projects and strategies to protect and restore the Indian River Lagoon; developing employee training; establishing a citizen's academy focused on sustainable practices; and continuing working to complete the City's Sustainability Action Plan Green Achievement Targets.

Relevant Financial Policies

The City of Satellite Beach has adopted comprehensive financial policies. The City of Satellite Beach has a policy that requires the adoption of a balanced annual operating budget. Within the General Fund, the City was able to maintain a positive unassigned reserve of $451,212 for fiscal year 2020-2021 an increase of $37,986 from the prior year. The City budgets for all positions and when there are positions that are unable to filled immediately those funds are able to be added to the City's unassigned reserves. The City also had lower worker's compensation rates than originally anticipated in the original budget.

The City of Satellite Beach created a Stabilization Reserve Policy in 2013. This policy was created to maintain or manage the General Fund Stabilization Reserve (committed funds in the City's reserves) to help restore stability to the City's finances following several years of economic downturn. This Stabilization Reserve was established to fund expenditures incurred in response to major disasters, fund other non-routine emergency expenditures approved by formal action of the City Council, and to protect the City's credit rating by ensuring the City's ability to continue to make prompt payments to creditors/vendors when emergencies occur. This reserve is not permitted to fund new programs or other expenditures that should be funded with operating revenues, contingences, or unassigned General Fund reserves. By October 1, 2023, at least 60 days of budgeted operating expenditures, excluding capital costs and transfers from the General Fund Balance (City reserves), are planned to be committed to the Stabilization Reserve. To use these funds, City Council is required to formally recognize the natural disaster or other non-routine occasion before making final decisions on using the Stabilization Reserves. 80% of the net position for fiscal year 2020-2021 increased the Stabilization Reserve from $2,384,718 to $2,536,661. 60 days of operating expenditures for fiscal year 2020-2021 is $1,975,724. The City is projected to follow the Stabilization Reserve Policy by October 1, 2023.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Distinguished Budget Presentation Award to the City of Satellite Beach for its annual budget document dated October 1, 2020. To qualify for the Distinguished Budget Presentation Award, the City's budget document must be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The Government Finance Officers Association of the United State and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting for its annual comprehensive financial report (ACFR) dated September 30, 2020. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by government and its management. The ACFR has been judged by an impartial panel to meet the highest standards of the program, which includes demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the ACFR.

The preparation of these reports would not have been possible without the skill, effort, and dedication of the entire Support Services Department. We wish to thank the City for their assistance in providing the data necessary to prepare this report. Credit is also due to the Mayor and the Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Satellite Beach's finances.

Respectfully submitted,

Courtney Barker
City Manager

Brittany Jumper-Retherford
Support Services Director/Comptroller

City of Satellite Beach, Florida
City Officials
Year Ended September 30, 2021

Mayor
Steve Osmer

Vice Mayor
Dominick Montanaro

Council Members
Mindy Gibson
Jodi Rozycki
David Vigliotti

City Attorney
James P. Beadle

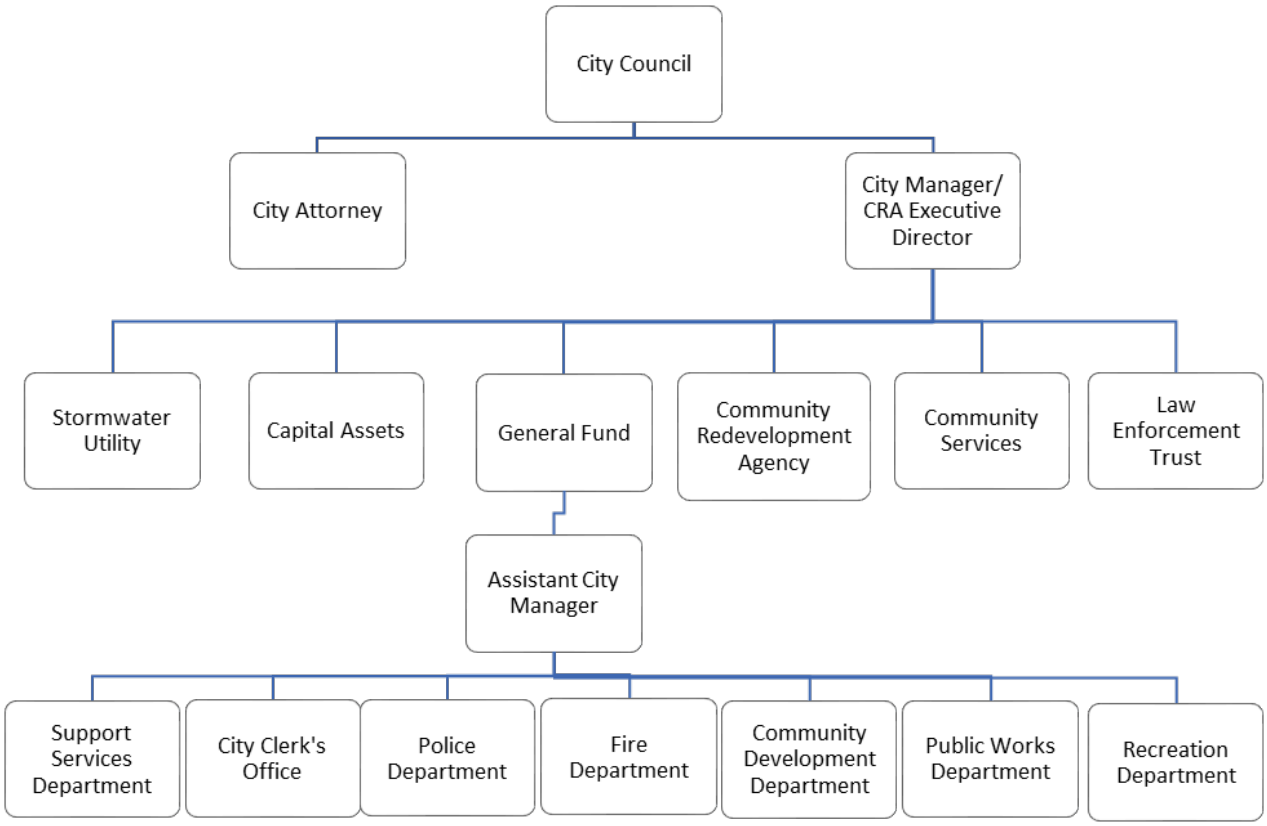
City Manager
Courtney Barker

City Clerk
Gwen Peirce

Assistant City Manager
Liz Alward

Support Services Director / Comptroller
Brittany Jumper

City of Satellite Beach, Florida
Organizational Chart
Year Ended September 30, 2021



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Satellite Beach Florida

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morrill

Executive Director/CEO



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CRI CARR RIGGS & INGRAM
CPAs and Advisors

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
City of Satellite Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Satellite Beach, Florida (the "City") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Satellite Beach, 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 auditor considers 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, each major fund and the aggregate remaining fund information of the City of Satellite Beach, Florida as of September 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 – 26, the budgetary comparison information on pages 85 – 88 and the defined benefit pension plan information and the other postemployment benefits information on pages 89 – 97 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 Satellite Beach, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary schedules of nonmajor funds and capital asset fund and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section and statistical section 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 15, 2022 on our consideration of the City of Satellite Beach, 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 Satellite Beach, 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 Satellite Beach, Florida's internal control over financial reporting and compliance.

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

Melbourne, Florida
March 15, 2022



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As management of the City of Satellite Beach, Florida (the "City"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City of Satellite Beach, Florida, for the fiscal year ended September 30, 2021.

Financial Highlights

- The assets and deferred inflows of resources of the City of Satellite Beach, Florida, exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $22,723,122 (net position). Of this amount, ($7,696,211) represents the unrestricted net deficit due to recording of the total OPEB obligation and related deferred inflows and outflows of $5,028,087; pension liabilities and related deferred inflows and outflows of $5,425,050; and compensated absences of $354,465 which are not currently funded.
- The City's total net position increased by $3,817,887, primarily due to increases in tax revenues and charges for services combined with a decrease in expenses.
- As of the close of the current fiscal year, the City of Satellite Beach, Florida's governmental funds reported combined ending fund balances of $5,921,248, a decrease of $238,059 in comparison with the prior year. This is mainly due to the loan proceeds for the public works buildings beginning to be spent down.
- The City of Satellite Beach, Florida's total long-term liabilities (excluding pension and OPEB liabilities) increased by $1,879,923 during the current fiscal year. The increase is due to a net increase in notes payable of $2,238,930 offset by decreases in capital leases of $116,716 and compensated absences of $242,291.

Overview of the Financial Statements

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Satellite Beach, Florida's finances, in a manner like a private-sector business. All the City's activities are reported as governmental activities in the government-wide financial statements.

The statement of net position presents information on all the City of Satellite Beach, Florida's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the elements 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 of Satellite Beach, Florida is improving or deteriorating.

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

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 of Satellite Beach, Florida, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City of Satellite Beach, Florida can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City of Satellite Beach, Florida, maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Community Redevelopment Agency fund, the Capital Assets Fund, the Stormwater Utility, and the American Rescue Plan Fund, which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation called "nonmajor funds".

The basic governmental fund financial statements can be found on pages 32-38 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Satellite Beach, Florida's own programs. Fiduciary fund financial statements are prepared using the accrual basis of accounting.

The basic fiduciary fund financial statements can be found on pages 39-40 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 41-82 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) concerning the City of Satellite Beach, Florida's budgetary compliance, other postemployment benefits and pension obligations. The City of Satellite Beach, Florida adopts an annual appropriated budget for its general fund and all of its major special revenue funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with the budgets.

Required supplementary information can be found on pages 85-97 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a City's financial position. In the case of the City of Satellite Beach, Florida, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $22,723,122 at the close of the most recent fiscal year.

The following table reflects the condensed statement of net position:

CITY OF SATELLITE BEACH, FLORIDA'S Net Position

	2021	2020
Current and other assets	**$ 10,744,670**	$ 7,688,789
Capital assets	**39,695,409**	35,322,122
Total assets	**50,440,079**	43,010,901
Deferred outflows of resources	**1,769,916**	2,656,925
Long-term liabilities outstanding	**17,576,280**	22,313,885
Other liabilities	**4,498,939**	1,214,275
Total liabilities	**22,075,219**	23,528,160
Deferred inflows of resources	**7,411,654**	3,234,431
Net position:		
Net investment in Capital assets	**27,510,228**	25,460,939
Restricted	**2,909,105**	3,185,696
Unrestricted (deficit)	**(7,696,211)**	(9,741,400)
Total net position	**$ 22,723,122**	$ 18,905,235

By far the largest portion of the City of Satellite Beach, Florida's net position reflects its investment in capital assets (e.g., land, buildings, improvements, equipment, and infrastructure); less any related debt used to acquire those assets still outstanding.

The City of Satellite Beach, Florida, uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Satellite Beach, Florida reports net investment in capital assets, 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 $2,909,105 of the City's net position represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the City of Satellite Beach, Florida, is only able to report a positive balance in its net investment in capital assets and restricted net position. The City reported an unrestricted net deficit of ($7,696,211) primarily due to recording of the net OPEB obligation of $3,172,526, compensated absences of $354,465 and net pension liability of $2,065,902 and related deferred inflows of resources of $7,190,393 offset by deferred outflows of resources of $1,769,916. These liabilities are not currently funded.

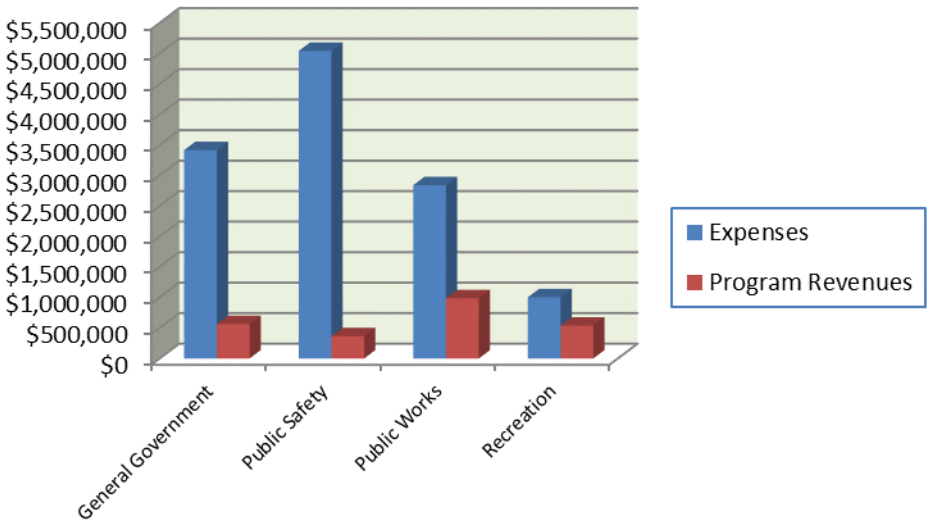
The following table shows condensed revenue and expense data:

CITY OF SATELLITE BEACH, FLORIDA'S Changes in Net Position

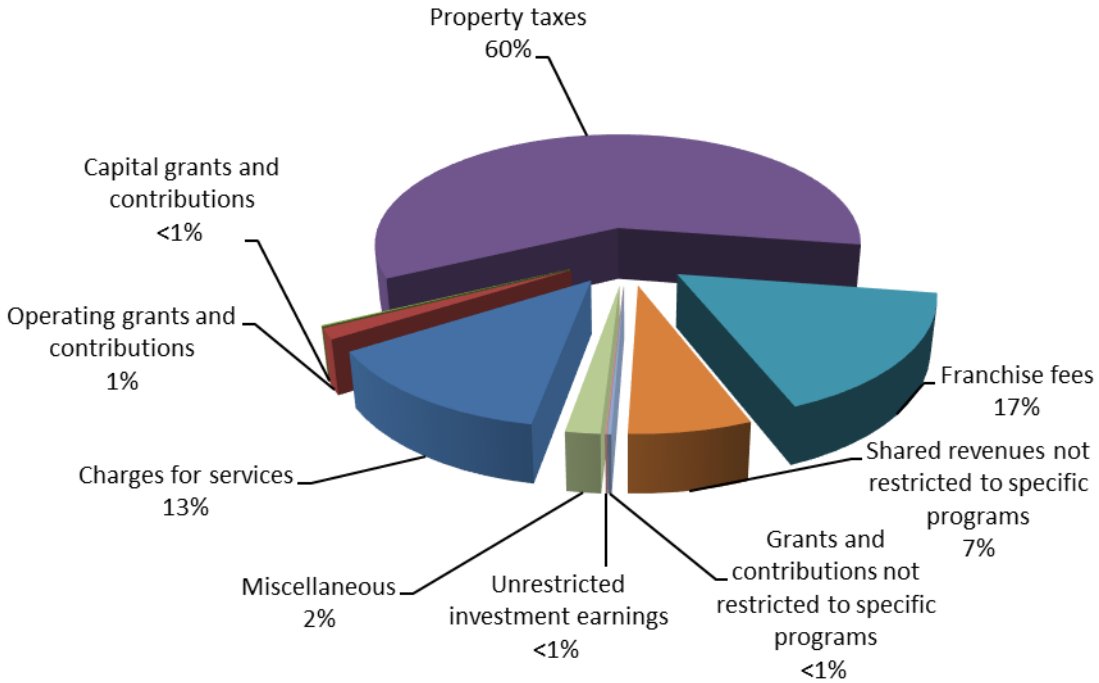
	2021	2020
Program revenues:		
Charges for services	**$ 2,188,948**	$ 1,890,794
Operating grants and contributions	**238,888**	50,898
Capital grants and contributions	**27,780**	14,168
General revenues:		
Property taxes	**9,792,447**	8,792,095
Franchise fees and other taxes	**2,731,231**	2,759,077
Shared revenues not restricted to specific programs	**1,080,144**	990,429
Grants and contributions not restricted to specific programs	**33,905**	41,952
Unrestricted investment earnings	**12,342**	92,707
Miscellaneous	**305,990**	344,960
Total revenues	**16,411,675**	14,977,080
Program expenses:		
General government	**3,414,609**	3,619,660
Public safety	**5,040,014**	6,066,516
Public works	**2,838,554**	2,808,928
Recreation	**1,002,740**	748,686
Interest on long term debt	**297,871**	336,377
Total expenses	**12,593,788**	13,580,167
Change in net position	**3,817,887**	1,396,913
Net position – beginning	**18,905,235**	17,508,322
Net position – ending	**$ 22,723,122**	$ 18,905,235

The City's net position increased by $3,817,887 during the current fiscal year.

Statement of Activities – Government-wide
Expenses and Program Revenues



Statement of Activities – Government-wide
Revenues by Source



Financial Analysis of the City's Funds

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

Governmental funds. The focus of the City of Satellite Beach, Florida'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 of Satellite Beach, Florida'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 of Satellite Beach, Florida's governmental funds reported combined ending fund balances of $5,921,248, a decrease of $238,059 in comparison with the prior year. The fund balances of nonspendable, restricted or committed indicate that it is not available for new spending because it is obligated for prepaid items $(31,330), restricted for specific purposes $(2,901,916) or committed to pay for obligations previously authorized by the City $(2,536,661). Unrestricted unassigned fund balance was $451,341 at year end.

The General Fund is the chief operating fund of the City of Satellite Beach, Florida. At the end of the current fiscal year, unassigned fund balance was $451,212, while total fund balance was $3,012,014. The fund balance of the City of Satellite Beach, Florida's General Fund increased by $38,403 during the current fiscal year. The increase is primarily due to worker's compensation rates being less than anticipated along with vacancies taking longer to fill.

The Community Redevelopment Agency Special Revenue Fund has a total fund balance of $1,404; this is due to a new requirement from State Statutes. Community Redevelopment Agency's are no longer allowed to carry forward a fund balance, they must provide remaining funds back to the taxing authorities. This small balance remaining at year-end was to take care of any miscellaneous final expenditures after the final budget amendment.

The Capital Assets Fund has a total fund balance of $244,957, all is restricted for capital asset purchases. The net $2,217,604 decrease in fund balance during the current year in the Capital Assets Fund was due to the public works building being almost completed and the transfer from the General Fund to take care of the remaining projects.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget (net increase of $440,103 in appropriated expenditures and transfers out) can be briefly summarized as follows:

- $93,592 in decreases in General Government Services, Legislative, City Clerk's office and Support Services
- $188,454 in decreases in Police and Fire
- $48,737 in increases in Public Works and Community Development
- $32,395 in decreases in Recreation
- $705,807 in increases in Transfers out

This decrease in department expenditures is due to worker's compensation rates being lower than originally anticipated and vacancies, mainly in the police department, throughout the fiscal year. The increase in transfers out is due to moving general revenue to the capital asset fund to cover projects.

Capital Asset and Debt Administration

Capital assets. The City of Satellite Beach, Florida's investment in capital assets as of September 30, 2021, amounts to $39,695,409 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, and construction in progress. The total increase in the City of Satellite Beach, Florida's investment in capital assets for the current fiscal year was approximately 19 percent.

CITY OF SATELLITE BEACH, FLORIDA'S Capital Assets
(net of depreciation)

	2021	2020
Land	**$ 11,406,744**	$ 11,406,744
Buildings	**3,920,772**	2,967,693
Improvements other than buildings	**2,272,002**	2,497,306
Equipment	**3,292,182**	3,423,193
Infrastructure	**12,098,240**	12,549,472
Construction in progress	**6,705,469**	2,477,704
Total	**$ 39,695,409**	$ 33,322,122

Additional information on the City of Satellite Beach, Florida's capital assets can be found in Note 2 on page 58-59 of this report.

Notes payable. At the end of the current fiscal year, the City of Satellite Beach, Florida, had notes payable outstanding of $11,983,387.

The City's notes payable balances increased by $2,238,930 during the current fiscal year due to adding a new Revenue Note, Series 2021, net of current year debt payments.

Capital leases payable. At the end of the current fiscal year, the City of Satellite Beach, Florida, had no capital leases outstanding; the leases have been fully paid.

CITY OF SATELLITE BEACH, FLORIDA'S Outstanding Debt -
Capital Leases

	2021	2020
Capital lease City vehicles	$ -	$ 82,958
Capital lease Police Records Mgmt.	-	33,758
Total capital leases	$ -	$ 116,716

The City's total capital lease obligations had a net decrease of $116,716 during the current fiscal year.

Compensated absences. Employees are permitted to accrue earned and unused vacation leave up to a maximum of one and one-half times the annual rate of accrual.

Sick leave is permitted to accrue up to 1,080 hours for employees who are scheduled for forty (40) hours a week and 1,620 hours for employees who are scheduled for fifty-six (56) hours a week.

Upon termination, with restrictions, employees will be paid fifty percent (50%) of up to seven hundred twenty (720) hours or a maximum of three hundred sixty (360) hours of unused sick leave and one hundred percent (100%) of accrued vacation leave.

At the end of the current fiscal year, the City of Satellite Beach, Florida, had total compensated absences of $354,465. Total compensated absences decreased by a net amount of $242,291 during the year, which includes additions of $383,387 and reductions of $625,678.

It is estimated that $354,465 of these compensated absences will be due within one year based upon average usage over the three prior years.

Additional information on the City of Satellite Beach, Florida's long-term debt can be found in Note 2 on pages 60-64 of this report.

Economic Factors and Next Year's Budgets and Rates

Inflationary trends in the region compared to national indices. Among other factors, this was considered in preparing the City of Satellite Beach, Florida's budget for the 2020/2021 fiscal year.

The City of Satellite Beach, Florida, in 2020/2021 did allocate an additional $151,943 of the total fund balance as a committed balance to be utilized as an emergency reserve per Ordinance 936. In addition, the City increased the unassigned fund balance by $37,986 from the previous fiscal year. In 2013, Council adopted Ordinance 936 establishing an emergency reserve to assist in managing future unforeseen circumstances. These reserves will assist the City in managing any unforeseen future economic factors that may negatively affect the City. Based on past experience FEMA reimbursement is not expected to be completely received and the City will have to take in consideration other alternatives in order to continue capital projects along with keeping up the services currently provided to our residents.

Requests for Information

This financial report is designed to provide a general overview of the City of Satellite Beach, Florida's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Support Services Department, City of Satellite Beach, 565 Cassia Blvd., Satellite Beach, Florida, 32937.

BASIC FINANCIAL STATEMENTS

City of Satellite Beach, Florida
Statement of Net Position - Government-wide

September 30, 2021	Governmental Activities
ASSETS	
Cash and cash equivalents	**$ 5,241,824**
Investments	**4,418,064**
Accounts receivable	**275,689**
Due from other governments	**397,625**
Prepaid items	**31,330**
Derivative instrument - interest rate swap	**174,370**
Net pension asset	**205,768**
Capital assets not being depreciated:	
Land	**11,406,744**
Construction in progress	**6,705,469**
Capital assets, net of accumulated depreciation	
Buildings	**3,920,772**
Improvements other than buildings	**2,272,002**
Equipment	**3,292,182**
Infrastructure	**12,098,240**
Total assets	**50,440,079**
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to other post employment benefits	**513,534**
Deferred outflows related to pensions	**1,256,382**
Total deferred outflows of resources	**1,769,916**

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

September 30, 2021	Governmental Activities
LIABILITIES	
Accounts payable	**701,345**
Due to other governments	**682,051**
Accrued expenses	**225,747**
Accrued interest payable	**102,546**
Unearned revenue	**2,787,250**
Noncurrent liabilities:	
Due within one year	
Compensated absences	**354,465**
Notes payable	**2,446,846**
Due in more than one year	
Notes payable	**9,536,541**
Other post employment benefits	**3,172,526**
Net pension liability	**2,065,902**
Total liabilities	**22,075,219**
DEFERRED INFLOWS OF RESOURCES	
Accumulated increase in fair value of derivative instrument - interest rate swap	**174,370**
Deferred revenue - business tax receipts	**46,891**
Deferred inflows related to other post employment benefits	**2,369,095**
Deferred inflows related to pensions	**4,821,298**
Total deferred inflows of resources	**7,411,654**
NET POSITION	
Net investment in capital assets	**27,510,228**
Restricted for:	
Community Redevelopment Agency	**1,404**
Community services	**280,105**
Law enforcement	**35,653**
Capital assets	**244,957**
Stormwater	**2,346,986**
Unrestricted (deficit)	**(7,696,211)**
Total net position	**$ 22,723,122**

City of Satellite Beach, Florida
Statement of Activities - Government-wide

For the year ended September 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities:				
General government	**$ 3,414,609**	**$ 388,114**	**$ 176,204**	**$ -**
Public safety	**5,040,014**	**300,949**	**36,801**	**27,780**
Public works	**2,838,554**	**962,900**	**24,391**	**-**
Recreation	**1,002,740**	**536,985**	**1,492**	**-**
Interest and related costs on long-term debt	**297,871**	**-**	**-**	**-**
Total governmental activities	**$ 12,593,788**	**$ 2,188,948**	**$ 238,888**	**$ 27,780**

General revenues:	
Property taxes	
Franchise fees and other taxes	
Shared revenues not restricted to specific programs	
Grants and contributions not restricted to specific programs	
Unrestricted investment earnings	
Miscellaneous	
Total general revenues	
Change in net position	
Net position, beginning of year	
Net position, end of year	

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

Net (Expense) Revenue and Change in Net Position
$ (2,850,291)
(4,674,484)
(1,851,263)
(464,263)
(297,871)
(10,138,172)
9,792,447
2,731,231
1,080,144
33,905
12,342
305,990
13,956,059
3,817,887
18,905,235
$ 22,723,122

City of Satellite Beach, Florida
Balance Sheet – Governmental Funds

September 30, 2021	General	Community Redevelopment Agency	Capital Assets
ASSETS			
Cash and cash equivalents	**$ 1,344,421**	**$ 563,779**	**$ 95,046**
Investments	**1,029,773**	**119,583**	**437,156**
Accounts receivable	**181,800**	**-**	**87,889**
Due from other funds	**746,486**	**-**	**-**
Due from other governments	**238,309**	**-**	**-**
Prepaid items	**24,141**	**-**	**-**
Total assets	**$ 3,564,930**	**$ 683,362**	**$ 620,091**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	**$ 278,147**	**$ 2,038**	**$ 375,134**
Accrued expenses	**225,747**	**-**	**-**
Unearned revenue	**-**	**-**	**-**
Due to other funds	**-**	**-**	**-**
Due to other governments	**2,131**	**679,920**	**-**
Total liabilities	**506,025**	**681,958**	**375,134**
Deferred inflows of resources:			
Deferred revenue - business tax receipts	**46,891**	**-**	**-**
Fund balances:			
Nonspendable	**24,141**	**-**	**-**
Restricted	**-**	**1,404**	**244,957**
Committed	**2,536,661**	**-**	**-**
Unassigned	**451,212**	**-**	**-**
Total fund balances	**3,012,014**	**1,404**	**244,957**
Total liabilities and fund balances	**$ 3,564,930**	**$ 683,362**	**$ 620,091**

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

Stormwater Utility	American Rescue Plan	Nonmajor Funds	Total Governmental Funds
$ 2,960,000	**$ 120**	**$ 278,458**	**$ 5,241,824**
33,231	**2,787,259**	**11,062**	**4,418,064**
-	**-**	**6,000**	**275,689**
-	**-**	**-**	**746,486**
135,909	**-**	**23,407**	**397,625**
7,189	**-**	**-**	**31,330**
$ 3,136,329	**$ 2,787,379**	**$ 318,927**	**$ 11,111,018**

$ 42,857	**$ -**	**$ 3,169**	**$ 701,345**
-	**-**	**-**	**225,747**
-	**2,787,250**	**-**	**2,787,250**
746,486	**-**	**-**	**746,486**
-	**-**	**-**	**682,051**
789,343	**2,787,250**	**3,169**	**5,142,879**
-	**-**	**-**	**46,891**
7,189	**-**	**-**	**31,330**
2,339,797	**-**	**315,758**	**2,901,916**
-	**-**	**-**	**2,536,661**
-	**129**	**-**	**451,341**
2,346,986	**129**	**315,758**	**5,921,248**
$ 3,136,329	**$ 2,787,379**	**$ 318,927**	**$ 11,111,018**



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

For the year ended September 30, 2021

Total fund balances for governmental funds	**$ 5,921,248**
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	**39,695,409**
Net pension assets are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	**205,768**
Deferred outflow of resources related to pensions and other post employment benefits are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	**1,769,916**
Deferred inflows of resources related to pensions and other post employment benefits are not recognized in the funds; however, they are recorded in the statement of net position under full accrual accounting.	**(7,190,393)**
Long-term liabilities, including OPEB liability, net pension liability and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	**(17,576,280)**
Interest on long-term debt is not accrued in governmental funds but rather is recognized as an expenditure when due.	**(102,546)**
Net position of governmental activities	**$ 22,723,122**

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

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

	General	Community Redevelopment Agency	Capital Assets
Revenues			
Taxes	$ 10,813,064	$ 841,822	$ 868,792
Licenses and permits	394,269	-	-
Intergovernmental	1,223,811	-	33,180
Charges for services	770,036	-	-
Fines and forfeitures	35,230	-	-
Investment and other income	127,921	1,079	62,746
Total revenues	13,364,331	842,901	964,718
Expenditures			
Current:			
General government	3,077,182	683,233	2,691
Public safety	5,640,597	-	-
Public works	2,333,347	-	-
Recreation	803,219	-	-
Capital outlay	-	178,873	3,966,977
Debt service:			
Principal retired	-	370,700	639,235
Interest and other	-	98,199	177,951
Total expenditures	11,854,345	1,331,005	4,786,854
Excess (deficiency) of revenues over (under) expenditures	1,509,986	(488,104)	(3,822,136)
Other financing sources (uses)			
Transfers in	1,731,296	2,002,879	1,604,532
Transfers out	(3,202,879)	(1,513,371)	-
Proceeds from the issuance of debt	-	-	-
Net other financing sources (uses)	(1,471,583)	489,508	1,604,532
Net change in fund balances	38,403	1,404	(2,217,604)
Fund balances, beginning of year	2,973,611	-	2,462,561
Fund balances, end of year	$ 3,012,014	$ 1,404	$ 244,957

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

Stormwater Utility	American Rescue Plan	Nonmajor Funds	Total Governmental Funds
$ -	$ -	$ -	$ 12,523,678
-	-	-	394,269
161,277	-	-	1,418,268
962,864	-	949	1,733,849
-	-	-	35,230
2,310	129	113,196	307,381
1,126,451	129	114,145	16,412,675
-	-	-	3,763,106
-	-	3	5,640,600
57,781	-	71,309	2,462,437
-	-	1,362	804,581
1,675,107	-	5,117	5,826,074
-	-	-	1,009,935
-	-	-	276,150
1,732,888	-	77,791	19,782,883
(606,437)	129	36,354	(3,370,208)
-	-	-	5,338,707
(622,457)	-	-	(5,338,707)
3,132,149	-	-	3,132,149
2,509,692	-	-	3,132,149
1,903,255	129	36,354	(238,059)
443,731	-	279,404	6,159,307
$ 2,346,986	$ 129	$ 315,758	$ 5,921,248

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

For the year ended September 30, 2021

Net change in fund balances - total governmental funds		**$ (238,059)**
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 exceeds depreciation in the current period.		
Capital outlay	$ 5,826,074	
Depreciation expense	(1,439,563)	**4,386,511**
In the statement of activities, only the gain (loss) on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the capital assets sold.		**(13,215)**
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		**(2,122,214)**
Some expenses, such as compensated absences and accrued interest expense are reported in the statement of activities when earned or incurred. As they do not require the use of current financial resources, they are not reported as expenditures in governmental funds until they have matured. This is the amount of such expenses reported in the statement of activities in the prior year that have matured in the current year.		**220,570**
Expenses related to the City's net pension obligations 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.		**1,270,158**
Expenses related to the City's OPEB obligation 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.		**314,136**
Change in net position of governmental activities		**$ 3,817,887**

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

City of Satellite Beach, Florida
Statement of Fiduciary Net Position - Pension Trust Funds

September 30, 2021

ASSETS		
Receivables:		
Contributions	**$**	**110,124**
Investments, at fair value:		
Florida Municipal Investment Trust Fund		**34,825,813**
Total assets		**34,935,937**
LIABILITIES		**-**
NET POSITION		
Net position restricted for pension benefits	**$**	**34,935,937**

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

City of Satellite Beach, Florida
Statement of Changes in Fiduciary Net Position - Pension Trust Funds

For the year ended September 30, 2021

ADDITIONS		
Contributions:		
Employees	**$**	**202,526**
City		**1,030,448**
State		**199,380**
Total contributions		**1,432,354**
Investment earnings:		
Net appreciation in fair value of investments		**5,710,888**
Total additions		**7,143,242**
DEDUCTIONS		
Benefit payments		**1,585,123**
Administrative expenses		**77,578**
Total deductions		**1,662,701**
Change in net position		**5,480,541**
Net position, beginning of year		**29,455,396**
Net position, end of year	**$**	**34,935,937**

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Satellite Beach, Florida (the "City") was created pursuant to Chapter 73-129, Laws of Florida, in 1957. The City currently provides the following services: public safety, stormwater management, public works, planning and zoning, community development, recreation, and general administrative services. Education, public utilities, and sanitation are administered by other governmental entities. The City is a municipal corporation governed by an elected mayor and four member governing council (the "Council"). The accompanying financial statements present the City and its component units, entities for which the City is considered financially accountable. Blended component units are, in substance, part of the primary government's operations even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The City has no discretely presented component units. The accounting policies of the City conform to generally accepted accounting principals (GAAP) as applied to governmental units. The more significant accounting policies used by the City are described below.

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

Blended Component Units

The Community Redevelopment Agency (the "Agency") was established by the City Council in June 2002 to promote the rehabilitation, conservation and/or redevelopment of the Community Redevelopment Area (the "Area"). The Agency is governed by a board comprised of five commissioners who also serve as members of the City Council. Revenue sources for the Agency consist primarily of property taxes from the Area and support from the City's general fund. Any bond issue authorizations are approved by the City Council and the legal liability for the general obligation portion of the Agency's debt remains with the government. The Agency is reported as a major special revenue fund for the year ended September 30, 2021.

The City of Satellite Beach police officers and firefighters participate in the City of Satellite Beach Police Officers' and Firefighters' Retirement System (Police Officers' and Firefighters' System). The Police Officers' and Firefighters' System functions for the benefit of these employees and are governed by a five-member pension board of trustees. The City appoints two members and the police and firefighters select two members to serve as trustees. The four-member board elects the fifth member who is appointed by City Council in a ministerial duty to serve as a trustee. The City is authorized to establish benefit levels and to approve the actuarial assumptions used in the determination of contribution levels.

The City of Satellite Beach general employees participate in the City of Satellite Beach General Employees' Retirement System (General Employees' System) if they were hired prior to September 30, 1996 or the General Employees' Money Purchase Pension Plan (Money Purchase Plan) if they were hired subsequent to September 30, 1996.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Units (Continued)

Both plans function for the benefit of all regular city employees, but the General Employees' System is governed by a five-member pension board of trustees. The City appoints three members and the employees select two members to serve as trustees. The City is authorized to establish benefit levels and to approve the actuarial assumptions used in the determination of contribution levels for the General Employees' System and also is financially responsible for funding the Money Purchase Plan.

The Police Officers' and Firefighters' System and the General Employees' System are recorded as pension trust funds in the fiduciary funds. Complete financial statements for each of the individual component units may be obtained at the City's administrative offices located at:

565 Cassia Blvd
Satellite Beach, Florida 32937

Excluded from the Reporting Entity

The Satellite Beach Volunteer Fire Department, Inc. is a nonprofit organization separate from the City. This potential component unit is excluded from the reporting entity because the City does not exert significant influence or control over the volunteer fire department, nor does it have the right to the surplus of the volunteer fire department.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) 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, except for interfund services provided and used which are not eliminated in the process of consolidation. *Governmental activities* are those which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions.

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental or proprietary funds are reported as separate columns in the fund financial statements. The City has no proprietary funds.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within twelve months of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

The *General Fund* is the government'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 *Community Redevelopment Agency Fund* accounts for the resources accumulated and payments made for the rehabilitation, conservation and/or redevelopment of the Community Redevelopment Area. The Community Redevelopment Agency fund is presented separately as a major fund, which is also in compliance with Florida Statute 163.387. This fund receives special incremental ad-valorem tax levies to pay for rehabilitation and redevelopment of the specified area in need of improvement to sustain the tax base.

The *Capital Assets Fund* accounts for the proceeds from utility service taxes. These funds are to be used to fund the acquisition and construction of certain capital assets and expenditures for services approved by the City Council that substitute or outsource a capital asset need identified in the capital improvements plan.

The *Stormwater Utility Fund* is used to account for the proceeds of the stormwater utility fee – an annual assessment on each property in the City – to pay for stormwater-drainage system improvements and maintenance within the City.

The *American Rescue Plan Fund* is used to account for the government proceeds made to support public health expenditures, address negative economic impacts caused by the public health emergency, replace lost public sector revenue, provide premium pay for essential workers and invest in water, sewer, and broadband infrastructure.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

Additionally, the government reports the following fund types:

The *pension trust funds* account for the activities of the City's single-employer, defined benefit pension plan that covers all police and fire employees (which includes a defined contribution plan component) and its single-employer, defined benefit pension plan that covers all general employees hired prior to September 30, 1996. The plans accumulate resources for pension benefit payments to qualified employees.

The City's nonmajor governmental funds consist of a community services fund and a law enforcement trust fund.

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

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

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

Budgetary Information

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

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

Cash and cash equivalents

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Investments

Investments for the City are reported at fair value (generally based on quoted market prices) except for the positions in Public Assets for Liquidity Management (Florida PALM), the Florida Municipal Investment Trust (FMIvT), the State of Florida State Board of Administration Local Government Surplus Trust Fund (Florida PRIME), and the Special Purpose Investment Account (SPIA), which are local government investment pools.

These pools meet all of the specified criteria in GASB Codification Section I50: *Investments* to qualify to elect to measure their investments at amortized cost. Accordingly, the fair value of the City's position in the pools is equal to the value of the pooled shares.

Receivables and payables

Receivables are comprised primarily of franchise fees and utility taxes. All receivables are considered to be fully collectible, therefore, an allowance for doubtful accounts is not considered necessary.

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 liened 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.

Accrued expenses primarily consist of amounts accrued for salaries and related liabilities.

Interfund Activities and Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" within the fund financial statements. Long-term borrowings between funds are classified as "advances to other funds" or "advances from other funds" in the fund financial statements. These amounts are eliminated in the government-wide statement of net position.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Interfund Activities and Transactions (Continued)

Interfund transactions are reflected as services provided, reimbursements, or transfers. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when on fund incurs a cost, charges the appropriate benefitting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Prepaid items

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

Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of three years. The prior definition included assets with an initial cost of greater than or equal to $2,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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 outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	20-40
Building improvements	12-20
Infrastructure	60
Vehicles	5-12
Equipment	3-18
Leased property	3-12

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred outflows / inflows of resources

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

The City has two (2) items that qualify for reporting as deferred outflows of resources, the deferred *outflows related to other postemployment benefits* (OPEB) and the *deferred outflows related to pensions*, both reported in the government-wide and proprietary funds statements of net position. The *deferred outflows related to pensions* are an aggregate of items related to pensions as calculated in accordance with Section P20: *Pension Activities – Reporting for Benefits through Trusts That Meet Specified Criteria* of the GASB Codification. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability (asset) in future reporting years. The *deferred outflows related to other postemployment benefits* are an aggregate of items related to pensions as calculated in accordance with Section P50: *Pension Activities – Other Postemployment Benefits* of the GASB Codification. The deferred outflows related to OPEB will be recognized as either expense or a reduction in the OPEB liability in future reporting years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The City has four items that qualify for reporting as deferred inflows of resources. The *deferred inflows related to pensions* are an aggregate of items related to pensions as calculated in accordance with Section P20: *Pension Activities – Reporting for Benefits through Trusts That Meet Specified Criteria* of the GASB Codification. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years. The *deferred inflows related to other postemployment benefits (OPEB)* are an aggregate of items related to OPEB as calculated in accordance with GASB Codification Section P52: *Postemployment Benefits Other Than Pensions – Reporting Benefits Not Provided through Trusts That Meet Specified Criteria.*

The *deferred revenue - business tax receipts (BTR)* relate to a non-exchange transaction where the City has received funds, however it does not meet the requirement for recognition of revenue in the current period, and will be recognized in a future period. The *accumulated increase in fair value of derivative instrument - interest rate swap* relate to a transaction the City entered into where it exchanged the variable interest rate on a note payable for a fixed rate. The variable rate is currently lower than the fixed rate, resulting in a negative fair value at September 30, 2021. The deferred inflows related to the swap will be recognized as an adjustment to interest expense in future reporting years.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Swap agreements

The City has engaged in effective interest rate swap agreements and has recorded the swap agreements at fair value in accordance with Section I50: *Investments* of the GASB Codification.

Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits which are eligible for payment upon separation from service with the City. All sick and vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. In accordance with GASB Codification Section I30: *Interest Costs – Imputation*, debt issuance costs are expensed in the period incurred except for prepaid insurance costs.

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

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB) Liability

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments set aside for the OPEB liability as this is a pay-as-you-go plan.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Categories and Classification of Fund Equity

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

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

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

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

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Committed fund balance (Continued) – On August 7, 2013, the City adopted a fund balance stabilization policy. The City's General Fund stabilization reserve policy is to commit a minimum of 60 days of the prior year's operating expenditures, excluding capital outlay and transfers from the General Fund balance by October 1, 2023. 80% of the current fiscal year's additions to reserves are to be added to committed fund balance in the General Fund and used to fund expenditures for critical services in response to major natural disasters upon City Council approval.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The governing council (Council) has by resolution authorized the finance director to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

Revenues and Expenditures/Expenses

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

Property taxes – 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 Satellite Beach City Council levy for the fiscal year ended September 30, 2021 was 8.7000 mills, which was .4095 higher than the roll back rate of 8.2905.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 15, 2022 and determined there were no events that occurred that required disclosure.

Recently Issued and Implemented Accounting Pronouncements

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

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021.

For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases,* as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

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

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

Deposits

At September 30, 2021, the primary government's carrying amount of deposits was $5,241,824 including $2,245 of petty cash, and the bank balance was $2,275,950. As of September 30, 2021, $250,000 of the City's bank balances is covered by the Federal Depository Insurance Corporation (FDIC).

Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the City pursuant to Section 280.08, Florida Statutes.

Investments

The City's investment policies are governed by state statutes and City policy, except the City's Police Officers' and Firefighters' Pension Trusts and the General Employees' Pension Trust, which are separately managed under the direction of their respective Pension Boards and are restricted to investments as defined under State statutes; specifically, Section 175.071(a) and (b), Florida Statutes, and Section 185.06(a) and (b), Florida Statutes, and Section 112.661, Florida Statutes, respectively.

At the close of the fiscal year, the City held investments in the Local Government Surplus Funds Trust Fund ("Florida PRIME") external investment pool. The Florida PRIME is administered by the Florida State Board of Administration (SBA), who provides regulatory oversight.

During the year ended September 30, 2021, the City also participated in Florida Public Assets for Liquidity Management, (Florida PALM), external investment pool. The Florida PALM is a common law trust established under the laws of the State of Florida and is designed to meet the cash management and short term needs of its participants.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

The Fund is sponsored by the Florida School Boards Association and the Florida Association of District School Superintendents and is directed by a board of trustees.

During the year ended September 30, 2021, the City also participated in a Special Purpose Investment Account (SPIA) of the Florida Treasury Investment Pool. The SPIA is authorized by Section 17.61(1), Florida Statutes, and is administered by the Florida State Treasury.

During the year ended September 30, 2021, the investments of both of the Police Officers' and Firefighters' pension plans and the General Employees' pension plans were held with the Florida Municipal Investment Trust (FMIvT). The FMIvT is a Local Government Investment Pool (LGIP) and is considered an external investment pool for reporting purposes. The plans own shares in one or more FMIvT portfolios. The plans' investments are the FMIvT portfolios, not the individual securities held within each FMIvT portfolio.

Florida PRIME, Florida PALM, the SPIA, and the FMIvT currently meet all necessary criteria set forth in Section In5: *Investment Pools (External)* of the GASB Codification for the City to measure its investments in these pools at amortized cost; therefore, the City's account balance in these is reported at amortized cost.

Under GASB Codification Section I50: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost, it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements.

As of September 30, 2021, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the City's or pension plans access to 100 percent of their account value in the Florida PRIME, Florida PALM, SPIA, or FMIvT external investment pools.

The City pools the investments of its governmental funds. Investment earnings of the pool are allocated to the participating funds at the end of each month based on the ratio of each participant funds' investment to the total pooled investment.

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.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. The General Employees' and the Police Officers' and Firefighters' Retirement Trusts investment policies limits interest rate risk by requiring that securities mature concurrent with cash needs to meet anticipated demands, thereby avoiding the need to sell securities in the open market prior to maturity. The City's investment policy does not address interest rate risk.

Credit risk – Section I50: *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 Police Officers' and Firefighters' and the General Employees' Pension Trusts do not address credit rate risk.

Foreign currency risk – The City's primary government's and pension trust funds' investments are not exposed to foreign currency risk. The City's investment policy and the investment policy of the City's pension trust funds do not address foreign currency risk.

Concentration of credit risk – Section I50: *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.

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

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

Level 1 (L1): Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

Level 2 (L2): Inputs to the valuation methodology include:

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

Level 3 (L3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

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

Investment type	Fair Value	Weighted Average to Maturity (WAM)	Effective Duration	Rating	Agency
Primary government:					
SBA (Florida PRIME)	$ 110,523	50 days	-	AAAm	S&P
SPIA	186,351	-	2.65 years	A+f	S&P
Florida PALM	4,121,190	50 days	-	AAAm	S&P
Truist	2,960,000	-	-	Not rated	
Primary government total	$ 7,378,064				

Investment type	Fair Value	Weighted Average to Maturity (WAM)	Effective Duration	Rating	Agency
Pension trust funds:					
Florida Municipal Investment Trust (FMIvT)	$ 34,825,813				
Broad Market HQ Bond Fund		6.60	-	AAf/S4	Fitch
Core Plus Fixed Income		5.82	-	Not rated	
Large Cap Equity		-	-	Not rated	
Diversified Small to Mid Cap		-	-	Not rated	
International Equity		-	-	Not rated	
Core Real Estate		-	-	Not rated	
Pension trust funds total	$ 34,825,813				

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

Interest Rate SWAP

The City's investment in the interest rate swap derivative investment of $(174,370) is valued using a market approach that considers benchmark interest rates (Level 2 inputs).

Capital Assets

Capital asset activity for the year ended September 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 11,406,744	$ -	$ -	$ 11,406,744
Construction in progress	2,477,704	5,131,801	(904,036)	6,705,469
Total capital assets, not being depreciated	13,884,448	5,131,801	(904,036)	18,112,213
Capital assets, being depreciated:				
Buildings	5,487,613	267,747	904,036	6,659,396
Improvements other than buildings	5,647,566	34,526	-	5,682,092
Equipment	6,780,164	392,000	(292,719)	6,879,445
Infrastructure	23,312,870	-	-	23,312,870
Total capital assets being depreciated	41,228,213	694,273	611,317	42,533,803

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Less accumulated depreciation for:				
Buildings	(2,519,920)	(218,704)	-	(2,738,624)
Improvements other than buildings	(3,150,260)	(259,830)	-	(3,410,090)
Equipment	(3,356,970)	(509,797)	279,504	(3,587,263)
Infrastructure	(10,763,398)	(451,232)	-	(11,214,630)
Total accumulated depreciation	(19,790,548)	(1,439,563)	279,504	(20,950,607)
Total capital assets being depreciated, net	21,437,665	(745,290)	890,821	21,583,196
Governmental activities capital assets, net	$ 35,322,113	$ 4,386,511	$ (13,215)	$ 39,695,409

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

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

Governmental activities:		
General government	$	255,582
Public safety		353,794
Physical environment		595,662
Recreation		234,525
Total depreciation expense - governmental activities	$	1,439,563

Interfund receivables, payables, and transfers

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

	Due to:	
	General Fund	Total
Due from:		
Stormwater utility fund	$ 746,486	$ 746,486
Total	$ 746,486	$ 746,486

The balance from the stormwater utility fund due to the general fund is to cover cash shortfalls while the fund awaits receipt of State Revolving Fund (SRF) drawdowns.

Interfund transfers for the year ended September 30, 2021:

	Transfers in:			
	General Fund	CRA Fund	Capital Asset	Total
Transfers out:				
General fund	$ -	$ 2,002,879	$ 1,200,000	$ 3,202,879
Community redevelopment fund	1,513,371	-	-	1,513,371
Stormwater utility fund	217,925	-	404,532	622,457
Total	$ 1,731,296	$ 2,002,879	$ 1,604,532	$ 5,338,707

Transfers are used to (1) move revenues from the fund that is required (per statute or budget) to collect them to the fund that is required (per statute or budget) to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) return excess revenues not expended during the year back to the general fund at year-end in accordance with state statues (i.e. Community Redevelopment Agency Fund).

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities

Notes payable

Community Redevelopment Agency Variable Rate Tax Increment Revenue Note: On May 4, 2006, the Community Redevelopment Agency entered into a loan agreement with a bank in an amount not to exceed $8,000,000 to purchase real property and various capital improvements. The initial amount drawn on the note was $6,250,000. Quarterly payments ranging from $114,291 to $117,988, including principal and interest, are due through the maturity date of May 1, 2026.

The note is secured by revenues of the Community Redevelopment Agency fund. Principal and interest paid for the current fiscal year was $468,899. As of September 30, 2021, principal and interest to maturity in 2026 to be paid from pledged future revenues totaled $2,173,145. At September 30, 2021 accrued interest for the Community Redevelopment Agency Variable Rate Tax Increment Revenue Note is $14,024.

As a means of lowering its borrowing costs, when compared against fixed rate borrowings at the time of issuance in May 2006, the City entered into an interest rate swap agreement with the bank issuing it a $6,250,000 variable rate note. The intention of the swap was to effectively change the City's variable rate note to a synthetic fixed rate of 4.23%. Under the swap agreement, the City pays the counterparty interest calculated at a fixed rate of 4.23%. In return, the counterparty owes the City interest based on 63.7% of the London Interbank Offering Rate (LIBOR) plus a spread of 0.50%. Only the net difference in the interest payments is actually exchanged with the counterparty. The $6,250,000 in note principal is not exchanged; it is only the basis on which the interest payments are calculated. The swap agreement has a term of 20 years and a notional amount of $1,989,200 as of September 30, 2021. The associated variable-rate note has a $1,989,200 principal amount as of the same date and has a like term. There are no embedded options on the swap agreements and no cash was paid or received when the swap agreements were entered into.

The debt service requirements of the variable-rate debt and net swap payments are shown below assuming current interest rates remain the same. The current variable rate on the $6,250,000 note is 0.56% as of September 30, 2021. Therefore, the interest rate related to the $6,250,000 swap is 3.67% as of the same date, calculated as the difference between the synthetic fixed rate of 4.23% and the 0.59% variable rate.

The interest rate swap agreement has a negative fair value of $174,370 as of September 30, 2021. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate note payable, creating lower synthetic rates. Because the payments on the City's variable-rate notes payable adjust to changing interest rates, the note payable does not have corresponding fair value increases. The fair value of the swap was obtained from the counterparty and is based on the quoted market price using the mark-to-market method. The change in fair value for the year ended September 30, 2021 is a positive of approximately $94,694.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities

As of September 30, 2021, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the City would be exposed to credit risk in the amount of the derivatives' fair value. As of September 30, 2021, the swap's counterparty was rated AA by Fitch. The calculation of variable interest payments is an estimate. It is calculated based upon the total interest to be paid less the calculated amount of swap interest to be paid.

The derivative (interest rate swap) contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the contracts. If the swap was terminated, the variable-rate notes and bonds would no longer carry synthetic interest rates. Also, if at the time of termination a swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value as of that date. As of September 30, 2021, the City has no intention of terminating its swap agreement.

Utility Tax Revenue Refunding Note, Series 2018: On June 22, 2018, the City entered into an agreement with a bank in an amount of $947,596 with a fixed interest rate of 3.13% for the purpose of refunding the Utility Tax Revenue Note, Series 2017 and the 2014 fire truck capital lease.

The note requires annual principle payments of $189,519 beginning on June 1, 2019 and variable bi-annual payments of interest ranging from $2,956 to $14,789 on June 1 and December 1, beginning on December 1, 2018. At September 30, 2021 accrued interest for the Utility Tax Revenue Refunding Note, Series 2018 is $3,965.

Utility Tax Revenue Note, Series 2019: On May 21, 2019, the City entered into a loan agreement with a bank in an amount of $3,537,000 with a fixed interest rate of 2.65% to fund various capital improvement projects within the City. The note requires semi-annual interest payments ranging from $3,154 to $49,469 and annual principal payments ranging from $83,000 to $238,000 through the maturity date of June 1, 2039.

Interest payments are due each December 1 and payments of principal and interest are due each June 1. At September 30, 2021 accrued interest for the Utility Tax Revenue Note, Series 2019 is $29,680.

Half-Cent Sales Tax Revenue Note, Series 2019: On July 2, 2019, the City entered into a loan agreement with a bank in an amount of $1,463,000 with a fixed interest rate of 2.55% to fund various capital improvement projects within the City. The note requires semi-annual interest payments ranging from $1,492 to $18,653 and annual principal payments ranging from $70,000 to $117,000 through the maturity date of June 1, 2034.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (Continued)

Interest payments are due each December 1 and payments of principal and interest are due each June 1. At September 30, 2021 accrued interest for the Half-Cent Sales Tax Revenue Note, Series 2019 is $11,127.

Utility Tax Revenue Refunding Note Series 2020: On April 6, 2020, the City entered into a loan agreement with a bank in an amount of $1,969,000 with a fixed interest rate of 1.66% for the purpose of refunding the Utility Tax Revenue Note, Series 2015. The note requires semi-annual interest payments ranging from $1,619 to $15,889 and annual principal payments ranging from $155,000 to $195,000 through the maturity date of October 1, 2030.

Interest payments are due semi-annually each April 1 and October 1 and payments of principal and interest are due each October 1. At September 30, 2021 accrued interest for the Utility Tax Revenue Refunding Note, Series 2020 is $15,056.

Revenue Note Series 2021: On January 28, 2021, the City entered into a loan agreement with a financial institution in an amount of $2,975,000 with a fixed interest rate of 1.95% for the purpose of funding stormwater improvements while the City's application with the Florida Department of Environmental Protection, State Revolving Fund was being processed.

The note requires semi-annual interest payments of interest and principal $765,272 beginning December 1, 2021 through the maturity date of March 1, 2023. At September 30, 2021 accrued interest for the Utility Tax Revenue Refunding Note, Series 2021 is $28,694.

Florida Department of Environmental Protection, State Revolving Fund: On February 24, 2021, the City entered into a loan agreement with the Florida Department of Environmental Protection, with a maximum note value of $932,763, and a stated interest rate of 0%. The agreement allows for the City to periodically submit qualifying expenses to be reimbursed with note proceeds through September 15, 2021. After September 15, 2021, the note balance was fixed and requires semi-annual payments of debt and imputed interest of $23,785 beginning March 15, 2022.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (Continued)

Pledged revenues and principal and interest payments are as follows:

Pledged Revenue	Amount of issue	Future Principal and Interest	Current Pledged Revenue	Current Principal & Interest	Current Percentage of Revenue
Community Redevelopment Agency Variable Rate Tax Increment Revenue Note	$ 6,250,000	$2,173,145	$ 2,809,363	$ 451,553	16%
Utility Tax Revenue Refunding Note Series 2018	947,596	396,834	868,792	207,315	24%
Utility Tax Revenue Note Series 2019	3,537,000	4,290,415	868,792	185,543	21%
Half-Cent Sales Tax Revenue Note, Series 2019	1,463,000	1,554,530	696,003	119,531	17%
Utility Tax Revenue Refunding Note Series 2020	1,969,000	2,154,964	868,792	186,385	21%
Revenue Note, Series 2021	2,975,000	3,061,088	1,120,013	1,530,544	137%
Florida Department of Environmental Protection, State Revolving Fund	157,149	157,149	962,864	44,203	5%

Annual debt service requirements to maturity for the City's notes payable are as follows:

September 30,	Principal	Interest	Interest (swap)	Total
2022	$ 2,446,846	$ 290,842	$ 11,086	$ 2,748,774
2023	2,514,076	227,742	8,931	2,750,749
2024	892,177	172,800	6,683	1,071,660
2025	894,688	147,591	4,338	1,046,617
2026	782,600	121,482	1,893	905,975
2027-2031	2,374,000	427,474	-	2,801,474
Thereafter	2,079,000	231,053	-	2,310,053
Totals	$ 11,983,387	$ 1,618,984	$ 32,931	$ 13,635,302

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (Continued)

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes from direct borrowings:					
Note payable – CRA	$ 2,359,900	$ -	$ (370,700)	$ 1,989,200	$ 386,800
Notes payable - Capital asset fund	7,384,557	-	(522,519)	6,862,038	545,519
Notes Payable - Stormwater fund	-	3,132,149	-	3,132,149	1,514,527
Total notes from direct borrowings	9,744,457	3,132,149	(893,219)	11,983,387	2,446,846
Capital leases payable	116,716	-	(116,716)	-	-
Compensated absences	596,756	383,387	(625,678)	354,465	354,465
Total long-term liabilities	$ 10,457,929	$ 3,515,536	$ (1,635,613)	$ 12,337,852	$ 2,801,311

For the governmental activities, compensated absences are generally liquidated by the General fund. Notes payable – Stormwater fund is generally liquidated by the Stormwater fund. The note payable – CRA is liquidated by tax revenues received by the Community Redevelopment Agency fund. The utility tax notes are liquidated by the Capital Asset fund. The Half-Cent Sales Tax Revenue Note, Series 2019 is secured by pledged general fund revenues; however the City intends to liquidate it by the Capital Asset fund.

Asset Retirement Obligations

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

The City has an underground fuel storage tank which is regulated by Florida Administrative Code (FAC) 62-762, and requires certain activities if use of the fuel storage tank is discontinued. The City has determined the fair value of the liability for disposal of this item is immaterial at September 30, 2021 and, accordingly, has not recorded an asset retirement obligation for this matter.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Governmental Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned 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 constraints placed on fund balance for the major governmental funds and all other governmental funds are as follows:

	General Fund	Community Redevelopment	Capital Asset	Stormwater Utility Fund	American Rescue Plan Act	Nonmajor Funds
Nonspendable:						
Prepaid items	$ 24,141	$ -	$ -	$ 7,189	$ -	$ -
Restricted for:						
Community services	-	-	-	-	-	280,105
Economic development	-	1,404	-	-	-	-
Capital assets	-	-	244,957	-	-	-
Law enforcement	-	-	-	-	-	35,653
Stormwater	-	-	-	2,339,797	-	-
Committed:						
Stabilization	2,536,661	-	-	-	-	-
Unassigned	451,212	-	-	-	129	-
Total fund balances	$ 3,012,014	$ 1,404	$ 244,957	$ 2,346,986	$ 129	$ 315,758

Net investment in Capital Assets

September 30, 2021		Governmental Activities
Capital assets (net)	$	39,695,409
Retainage payable		(201,794)
Outstanding debt related to capital assets		(11,983,387)
Net investment in capital assets	$	27,510,228

Note 3: RETIREMENT PLANS

The City maintains three retirement plans covering its regular employees. A single-employer, defined benefit pension plan that covers all regular police and fire employees, the City of Satellite Beach Police Officers' and Firefighters' Plan (the "Police Officers' and Firefighters' Plan"); a single-employer, defined benefit pension plan that covers all general employees hired prior to September 30, 1996, the City of Satellite Beach General Employees' Retirement System (the "General Employees' Plan"); and a defined contribution plan for general employees hired after September 30, 1996, the City of Satellite Beach Money Purchase Plan (the "Money Plan").

Note 3: RETIREMENT PLANS (Continued)

Defined Contribution Money Purchase Plan

Plan description and funding requirements: The City of Satellite Beach Money Purchase Plan (the "Money Plan") is a defined contribution pension plan established on October 1, 1996 under City Ordinance No. 655 and is administered by a third party. The Money Plan provides benefits at retirement to all full-time employees, except police officers and firefighters, hired after October 1, 1996. At September 30, 2021, there were 59 active plan members.

The Money Plan members are required to contribute 5% of their annual salary to the Money Plan, and the City is required to contribute a matching amount of 5%, except for certain senior management for which the City contributes at a higher rate. Money Plan provisions and contribution requirements are established and may be amended by the City Council. The City and the employees contributed $131,004 and $124,363, respectively, to the Plan for fiscal year 2021.

Summary of Significant Accounting Policies (All Plans)

Basis of Accounting

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

Method Used to Value Investments

All plan investments are reported at fair value. The fair value of investments in external investment pools is determined through measurement of the fair value of the underlying securities using market or market-corroborated data.

The City recognized as revenues and expenditures on-behalf payments relating to pension contributions for its public safety employees that the State of Florida paid to the retirement plan in the amount of $199,380 to partially fund the Police Officers' and Firefighters' Plan. These contributions are funded by an excise tax, collected by the State, on property and casualty insurance gross receipts of premiums from policy holders.

Funding policy

The contribution requirement for the Police Officers' and Firefighters' Plan and the General Employees' Plan employer contributions are actuarially determined; employees must contribute 8.00% of pensionable earnings; employee contribution requirements may be amended by City ordinance, but the employer contribution requirement is subject to State minimums. Administrative costs are financed through investment earnings. The Pension liability is expected to be liquidated by the General Fund.

Note 3: RETIREMENT PLANS (Continued)

Summary of Significant Accounting Policies (All Plans) (Continued)

The City uses the Entry Age Normal Cost Method for the Police Officers' and Firefighters' Pension Plan to determine required contributions under its retirement system because it provides for the systematic funding of the normal cost and any unfunded actuarial accrued liabilities. This is an acceptable method to the State of Florida. The liability is being funded over a 30 year period for the Police Officers' and Firefighters' Pension Plan.

Defined Benefit Plans

The General Employees' Pension Plan uses the Aggregate Cost Method to determine required contributions under its retirement system. This is an acceptable method to the State of Florida. Under this method, the actuarial accrued liability is equal to the accumulated assets, therefore, no unfunded accrued liability is developed.

Police Officers' and Firefighters' and General Employees' Pension Plans description: The Police Officers' and Firefighters' Plan is governed by a Board of Trustees which is comprised of four members appointed by resolution of the City Council. The General Employees' Plan is governed by a Board of Trustees which is comprised of three members appointed by resolution of the City Council.

Plan membership as of October 1, 2021:	Police Officers' and Firefighters' Plan	General Employees' Plan
Inactive plan members or beneficiaries currently receiving benefits	27	23
Inactive plan members entitled to but not yet receiving benefits	13	1
Active plan members	41	4
Total	81	28

Plan benefits	Police Officers' and Firefighters' Plan	General Employees' Plan
Employees covered	Full-time firefighters and police officers employed by the City.	Only participants as of September 30, 1986 are eligible to continue participation.
Types of benefits offered	Retirement, disability, and pre-retirement death benefits.	
Basic pension formula	3% of average monthly earnings multiplied by years of credited service.	3% of average earnings multiplied by Credited Service prior to October 1, 2010 plus 2% of average earnings multiplied by credited service earned after September 30, 2010.

Note 3: RETIREMENT PLANS (Continued)

Defined Benefit Plans (Continued)

Plan benefits	Police Officers' and Firefighters' Plan	General Employees' Plan
Early retirement adjustment	Retirement benefit is reduced by 3% for each year early retirement age precedes normal retirement age.	Basic pension formula is reduced by 1/15 for each of the first 5 years plus 1/30 of the next five years for each year prior to normal retirement age.
Disability pension	For a service connected disability, the larger of basic pension formula or 42% of average earnings. For a non-service connected disability, provided the participant has earned 10 years of service, the larger of basic pension formula or 25% of average earnings.	
Pre-retirement death benefit	Basic pension formula payable for 10 years to the beneficiary of a vested participant beginning at the participant's early or normal retirement age or return of accumulated employee contributions payable to the beneficiary of a non-vested participant.	
Normal retirement age	52 with five years of service.	62 with five years of service.
Early retirement age	50 with 10 years of service.	55 with 10 years of service. Any age with 35 years of service.
Vesting requirement	100% after 5 years of service.	5 years of service.
Form of payment	Actuarially equivalent single life annuity; 10-year certain and life annuity; Actuarially equivalent 50%, 66.67%, 75%, or 100% joint and contingent annuity; or any other actuarially equivalent form of payment approved by the Board of Trustees.	
Average earnings	Average of the highest consecutive three years of pensionable earnings out of the last 10 years.	
Cost of living adjustment	No automatic cost-of-living adjustment is provided.	
Deferred Retirement Option Plan (DROP)	A DROP is available for those participants who have attained their normal retirement age. Individuals may participate in DROP for up to 60 months. DROP accounts are credited with interest based on the actual investment.	A DROP option is available for those participants who are at least age 57 and have attained early or normal retirement age. Individuals may participate in DROP for up to 60 months. DROP accounts are credited with interest based on the actual investment less a 0.1875% quarterly administrative charge.
DROP balance as of October 1, 2020	$426,866	$275,202

Note 3: RETIREMENT PLANS (Continued)

Defined Benefit Plans (Continued)

	Police Officers' and Firefighters' Plan	General Employees' Plan
Legal authority	Plan was established May 22, 1973 pursuant to City ordinance, and has since amended.	Plan was established May 22, 1973 pursuant to City ordinance, and has since amended.
Changes	No significant plan changes were adopted since the prior measurement date.	The benefit terms did not change from the prior measurement date.

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

	Police Officers' and Firefighters' Plan	General Employees' Plan
Total pension liability	$ 27,384,474	$ 8,746,840
Less: Fiduciary net position	(25,318,572)	(8,952,608)
Net pension liability (asset)	$ 2,065,902	$ (205,768)
Plan Fiduciary Net Position as a percentage of the total pension liability (asset)	92%	102%

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of October 1, 2020 updated to September 30, 2021 using the following actuarial assumptions:

	Police Officers' and Firefighters' Plan	General Employees' Plan
Discount rate	7.00% per annum (2.62% per annum is attributable to long-term inflation); this rate was used to discount all future benefit payments.	
Salary increases	For both plans, 4.75% per annum.	
Cost-of-living increases	For both plans, none assumed.	
Non-investment expenses	1.25% of future payroll.	1.75% of future payroll.
Future contributions	Contributions from the employer and employees are assumed to be made as legally required.	
Other decrements	Assumed employment termination is based on the Scale 155 Table; assumed disability is based on the Wyatt 1985 Disability Study (Class 4).	Assumed employment termination is based on the Scale 155 Table; assumed disability is based on the Wyatt 1985 Disability Study (Class 1).

Note 3: RETIREMENT PLANS (Continued)

Defined Benefit Plans (Continued)

	Police Officers' and Firefighters' Plan	General Employees' Plan
Mortality basis	For non-retired participants, sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Employee Mortality Table for public safety employees (Below Median table for males), with full generational improvements in mortality using Scale MP-2018 and with ages set forward one year (pre-retirement mortality); for non-disabled retirees, sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Healthy Retiree Mortality Table for public safety employees (Below Median table for males), with full generational improvements in mortality using Scale MP-2018 and with ages set forward one year; for disabled retirees, sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Disabled Retiree Mortality Table (80% general employee rates plus 20% public safety employee rates), with full generational improvements in mortality using Scale MP-2018.	Pre-retirement mortality is based on the sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Below Median Employee Mortality Table for general employees, with full generational improvements in mortality using Scale MP-2018 and with male ages set back one year; post-retirement mortality is based on the sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Below Median Healthy Retiree Mortality Table for general employees, with full generational improvements in mortality using Scale MP- 2018 and with male ages set back one year.
Retirement	100% retirement is assumed to occur at age 52 with five years of service; participants who are age 50 with 10 years of service are assumed to retire at the rate of 2.50% per year; participants who have attained normal retirement age are assumed to retire no earlier than one year after the valuation date.	100% retirement is assumed at age 62 with five years of service or 5.00% retirement per year is assumed with 35 years of service or 2.50% retirement per year is assumed at age 55 with 10 years of service; a participant who has attained his normal retirement age as of the valuation date is assumed to retire one year later.

Note 3: RETIREMENT PLANS (Continued)

Defined Benefit Plans (Continued)

	Police Officers' and Firefighters' Plan	General Employees' Plan
Changes	Since the prior measurement date, the mortality basis was changed from the RP-2000 Combined Mortality Table with generational improvements in mortality using Scale BB to selected PUB-2010. Mortality Tables with generational improvements in mortality using Scale MP-2018.	No assumption changes were made since the prior measurement period.

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 real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021 are summarized in the following table:

Investment Category	Target Allocation	Expected Long-Term Real Return
Core bonds	15%	1.60% per annum
Core plus	15%	2.10% per annum
U.S. large cap equity	25%	4.60% per annum
U.S. small cap equity	14%	5.50% per annum
Non U.S. equity	21%	6.70% per annum
Core real estate	10%	5.00% per annum
Total or weighted arithmetic average	100%	4.38% per annum

Discount rate: The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumes that plan member contributions will be made at the current contribution rate and that 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 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.

Note 3: RETIREMENT PLANS (Continued)

Defined Benefit Plans (Continued)

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

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Police Officers' and Firefighters' Plan			
Net pension liability (asset)	$ 5,179,445	$ 2,065,902	$ (521,319)
General Employees' Plan			
Net pension liability (asset)	593,211	(205,768)	(893,019)
Total net pension liability (asset)	$ 5,772,656	$ 1,860,134	$ (1,414,338)

Net pension liability (asset) and changes in the net pension liability (asset): The City's net pension liability (asset) was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability (asset) for the Police Officers' and Firefighters' Plan and for the General Employees' Plan was also determined as of that date.

	Increase (Decrease)		
Police Officers' and Firefighters' Plan	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Reporting period ending September 30, 2020	$ 27,184,205	$ 20,894,773	$ 6,289,432
Changes due to:			
Service cost	685,483	-	685,483
Expected interest growth	1,906,984	1,463,358	443,626
Unexpected interest income	-	2,939,403	(2,939,403)
Demographic experience	(215,450)	-	(215,450)
Contributions - employer	-	847,479	(847,479)
Contributions - employee	-	183,254	(183,254)
Benefit payments and refunds	(958,620)	(958,620)	-
Administrative expenses	-	(51,075)	51,075
Assumption changes	(1,218,128)	-	(1,218,128)
Net changes	200,269	4,423,799	(4,223,530)
Reporting period ending September 30, 2021	**$ 27,384,474**	**$ 25,318,572**	**$ 2,065,902**

Note 3: RETIREMENT PLANS (Continued)

Defined Benefit Plans (Continued)

	Increase (Decrease)		
General Employees' Plan	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Reporting period ending September 30, 2020	$ 9,225,611	$ 8,084,440	$ 1,141,171
Changes due to:			
Service cost	47,058	-	47,058
Expected interest growth	626,337	542,988	83,349
Unexpected interest income	-	991,385	(991,385)
Demographic experience	(121,301)	-	(121,301)
Contributions - Employer	-	282,660	(282,660)
Contributions - Employee	-	19,271	(19,271)
Benefit payments and refunds	(941,634)	(941,634)	-
Administrative expenses	-	(26,502)	26,502
Assumption changes	(89,231)	-	(89,231)
Net changes	(478,771)	868,168	(1,346,939)
Reporting period ending September 30, 2021	**$ 8,746,840**	**$ 8,952,608**	**$ (205,768)**

Pension expense and deferred outflows and deferred inflows of resources related to pensions: For the year ended September 30, 2021, the City has recognized pension expense of $194,317 and ($334,335) for the Police Officers' and Firefighters' Pension Plan and the General Employees' Pension Plan, respectively. At September 30, 2021, the City reported deferred outflows and deferred inflows of resources from the following sources:

Police Officers' and Firefighters' Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Investment gain/loss	$ -	$ 2,171,999
Demographic gain/loss	1,790	675,379
Assumption changes	1,254,592	1,234,960
Total - Police Officers' and Firefighters' Plan	1,256,382	4,082,338
General Employees' Plan		
Investment gain/loss	-	738,960
Total - General Employees' Plan	-	738,960
Total deferred outflows and deferred inflows of resources related to pensions	$ 1,256,382	$ 4,821,298

Note 3: RETIREMENT PLANS (Continued)

Defined Benefit Plans (Continued)

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

Fiscal Year Ending September 30,	Police Officers' and Firefighters' Plan	General Employees' Plan
2022	$ (849,275)	$ (176,109)
2023	(560,891)	(169,559)
2024	(578,251)	(195,015)
2025	(837,539)	(198,277)
2026	-	-
Total	$ (2,825,956)	$ (738,960)

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

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

Defined contribution plan component – share plan: The City has established a defined contribution plan component (the "Share Plan") as part of the City's Police Officers' and Firefighters' Pension Plan, in accordance with sections 175.351(6) and 185.35(6), Florida Statutes. The Share Plan provides special benefits to firefighters, police officers and public safety officers who are members of the defined benefit plan. The Share Plan is funded solely and entirely by insurance premium tax monies (as set forth in Chapters 175 and 185, Florida Statutes) that have been allocated to the Share Plan either by (1) mutual consent of the City and the Plan members' collective bargaining representative or (2) operation of sections 175.351(1)(a)-(f) and 185.35(1)(a)-(f), Florida Statutes. The changes and balance of the Share Plan is presented in the combining fund schedules on the following page.

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

Both Plans hold their investments in the Florida Municipal Pension Trust Fund, an external investment pool established for the purpose of funding individually designed employee pension plans and certain other post-employment benefit plans of participating municipalities, public agencies and political subdivisions of the State of Florida. The Florida Municipal Pension Trust Fund issues a stand-alone financial report each year, which contains a Schedule of Member Balances by Plan Type that lists the Plans' balances.

Note 3: RETIREMENT PLANS (Continued)

Defined Benefit Plans (Continued)

This report is available to the public at the Florida Municipal Pension Trust Fund's administrative office: Retirement Department, Florida League of Cities, Inc., P.O. Box 1757, Tallahassee, FL 32302.

Combining fund information. The pension trust funds fiduciary activity as of September 30, 2021 and the change in fiduciary net position for the year ended:

	Police Officers' and Firefighters' Defined Benefit Plan	Police Officers' and Firefighters' Share Plan	General Employees'	Total
ASSETS				
Receivables:				
Contributions	$ 110,124	$ -	$ -	$ 110,124
Investments, at fair value:				
Florida Municipal Investment Trust Fund	25,208,448	664,757	8,952,608	34,825,813
Total assets	25,318,572	664,757	8,952,608	34,935,937
LIABILITIES	-	-	-	-
NET POSITION				
Held in trust for pension benefits	$ 25,318,572	$ 664,757	$ 8,952,608	$ 34,935,937

The pension trust funds change in fiduciary net position activity as of September 30, 2021 was as follows:

	Police Officers' and Firefighters' Defined Benefit Plan	Police Officers' and Firefighters' Share Plan	General Employees'	Total
ADDITIONS				
Contributions:				
Employees	$ 183,255	$ -	$ 19,271	$ 202,526
City	747,788	-	282,660	1,030,448
State	99,771	99,609	-	199,380
Total contributions	1,030,814	99,609	301,931	1,432,354
Total investment earnings:				
Net appreciation in fair value of investments	4,087,550	88,965	1,534,373	5,710,888
Total additions	5,118,364	188,574	1,836,304	7,143,242
DEDUCTIONS				
Benefit payments	643,489	-	941,634	1,585,123
Administrative expenses	51,076	-	26,502	77,578
Total deductions	694,565	-	968,136	1,662,701
Change in net position	4,423,799	188,574	868,168	5,480,541
Net position, beginning of year	20,894,773	476,183	8,084,440	29,455,396
Net position, end of year	$ 25,318,572	$ 664,757	$ 8,952,608	$ 34,935,937

Note 3: RETIREMENT PLANS (Continued)

Defined Benefit Plans (Continued)

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

Plan Description		Pension Expense
Defined contribution plans:		
Money purchase plan	$	131,004
Police Officers' and Firefighters' share plan		117,277
Defined benefit plans:		
Police Officers' and Firefighters' plan		194,317
General Employees' plan		(334,335)
Total pension expense	$	108,263

Note 4: 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* (OPEB) of the GASB Codification, for certain postemployment health care benefits provided by the City.

Plan description

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

Employees and their dependents may elect to remain in the Plan upon retirement up to age 65. After age 65, the City's insurance coverage becomes secondary to the retiree's Medicare insurance. At the last valuation, the Plan has 15 retirees and spouses receiving benefits and has a total of 99 active participants and dependents. Of that total, 84 are not yet eligible to receive benefits.

Benefit provisions for the Plan were established by City Council on April 3, 1996 and may only be amended by City Council. The City has not established a trust or agency fund for the Plan. The City does not issue stand-alone financial statements for this Plan. All financial information related to the Plan is accounted for in the City's basic financial statements and the Plan does not issue stand-alone financial reports.

Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Funding policy

The City is funding the Plan on a pay-as-you-go basis. For employees hired prior to April 4, 1996, the City pays 100% of the insurance premiums for those employees' health insurance, which represents an explicit subsidy. The OPEB liability is expected to be liquidated by the General Fund.

Retirees may also elect to have their dependents covered, but must pay the premiums for such coverage. For employees hired April 4, 1996 and after, the employees and their dependents are required to pay 100% of the insurance premiums charged by the carrier. There is an implied subsidy in the insurance premiums for these employees because the premium charged for retirees is the same as the premium charged for active employees, who are younger than retirees on average.

For the year ended September 30, 2021, the City will recognize an OPEB expense of $(314,136), which includes both an estimate of the implied subsidy contributions described above and the explicit subsidy contributions paid on behalf of eligible retirees. Contributions of plan members not eligible for an explicit subsidy totaled $34,872 for the year ended September 30, 2021.

Plan membership

Plan membership as of October 1, 2019 (the valuation date) was:

	Number of covered individuals
Inactive members currently receiving benefits	15
Inactive members entitled to but not yet receiving benefits	-
Active members	84
Total	99

Actuarial Assumption and Other Inputs

The OPEB liability was determined based on the following assumptions and information:

Employer's reporting date:	September 30, 2021
Measurement date:	September 30, 2021
Valuation date:	October 1, 2019
Discount rate:	2.43%
Salary increases:	4.75%

The discount rate is based on the return on the S&P Municipal Bond 20-year High Grade Index as of the measurement date.

Cost of living increases: Retiree contributions, health insurance premiums, and the implied subsidy have been assumed to increase in accordance with the healthcare cost trend rates.

Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Actuarial Assumption and Other Inputs (Continued)

Healthcare cost trend rate: Increases in healthcare costs are assumed to be 6.50% for the 2019/20 fiscal year graded down by 0. 50% per year to 5. 00% for the 2022/23 and later fiscal years.

Implied subsidy: Because the insurance carrier charges the same monthly rate for health insurance regardless of age, an implied monthly subsidy of $400 for the retiree and $250 for the retiree's spouse under the HMO plan and $200 for the retiree and $125 for the retiree's spouse under the POS plan has been assumed at age 62 for the 2019/20 fiscal year; at other ages, the implied subsidy was developed based on the age-related morbidity assumption and, for other fiscal years, the implied subsidy was increased in accordance with the healthcare cost trend rates.

Mortality basis: Sex-distinct rates set forth in the PUB-2010 Mortality Table (without income adjustments) for general and public safety employees, with full generational improvements in mortality using Scale MP-2020.

Retirement: With respect to general employees, retirement is assumed to occur upon the attainment of age 62 with at least five years of service, except that those participants who have attained their normal retirement age as of the valuation date are assumed to retire one year after the valuation date; alternatively with respect to general employees, participants who have earned at least 35 years of service are assumed to retire at the rate of 5.00% per annum and participants who have attained age 55 with between 10 years of service and 35 years of service are assumed to retire at the rate of 2.50% per annum; with respect to public safety employees, retirement is assumed to occur upon the attainment of age 52 with at least five years of service, except that those participants who have attained their normal retirement age as of the valuation date are assumed to retire one year after the valuation date; alternatively with respect to public safety employees, participants who have attained age 50 with at least 10 years of service are assumed to retire at the rate of 2.50% per annum.

Other decrements: Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 1 rates were used for general employees and Class 4 rates were used for public safety employees).

Healthcare coverage elections: 25% of employees who are not eligible for an explicit subsidy from the City are assumed to elect medical coverage until age 65 upon retirement or disability; 100% of employees who are eligible for an explicit subsidy from the City are assumed to elect medical coverage for life upon retirement or disability.

Spouses and dependents: Husbands are assumed to be three years older than wives; of those electing coverage, spousal coverage is assumed in accordance with the employee's or retiree's current election; retirees are not assumed to have any dependent children.

Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Actuarial Assumption and Other Inputs (Continued)

COBRA: Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation; because the COBRA premium is determined periodically based on plan experience, the COBRA premium to be paid by the participant is assumed to fully cover the cost of providing healthcare coverage during the relevant period.

Changes: Since the prior measurement date, the discount rate was increased from 2.14% per annum to 2.43% per annum, the implied monthly subsidy under the HMO plan at age 62 for the 2019/20 fiscal year was increased from $375 for the retiree and $241 for the retiree 's spouse to $400 for the retiree and $250 for the retiree's spouse, the implied monthly subsidy under the POS plan at age 62 for the 2019/20 fiscal year was decreased from $428 for the retiree and $294 for the retiree's spouse to $200 for the retiree and $125 for the retiree 's spouse, and the mortality improvement scale was updated from Scale MP-2017 to Scale MP-2020.

The components of the OPEB liability at September 30, 2021 were as follows:

Total OPEB liability	Fiduciary net position	OPEB liability	Funded percentage
$ 3,172,526	$ -	$ 3,172,526	0%

The changes in the OPEB liability for the year ended September 30, 2021 were as follows:

	Total OPEB Liability	Fiduciary Net Position	OPEB Liability
Balance as of September 30, 2020	$ 4,425,353	$ -	$ 4,425,353
Service cost	53,001	-	53,001
Expected interest growth	107,006	-	107,006
Demographic experience	(592,424)	-	(592,424)
Benefit payments and refunds	(150,500)	-	(150,500)
Assumption changes	(669,910)	-	(669,910)
Balance as of September 30, 2021	$ 3,172,526	$ -	$ 3,172,526

Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Sensitivity of the 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 1.43%	Discount rate 2.43%	1% increase 3.43%
OPEB liability	$ 3,615,192	$ 3,172,526	$ 2,817,085

The following presents the City's 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 in trend rate (4.00% - 5.50%)	Current trend rate (5.00% - 6.50%)	1% increase in trend rate (6.00% - 7.50%)
OPEB liability	$ 2,767,341	$ 3,172,526	$ 3,671,183

Deferred inflows and outflows: On September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Other Post Employment Benefits	Deferred Outflows of Resources	Deferred Inflows of Resources
Demographic gain/loss	$ -	$ 1,848,530
Assumption changes	513,534	520,565
Total deferred outflows and deferred inflows of resources related to other post employment benefits	$ 513,534	$ 2,369,095

Future amortization of deferred inflows and outflows related to OPEB is as follows:

Fiscal Year Ending September 30,	
2022	$ (323,643)
2023	(312,895)
2024	(291,069)
2025	(291,069)
2026	(291,069)
Thereafter	(345,816)
Total	$ (1,855,561)

Note 5: COMMITMENTS AND CONTINGENCIES

Operating leases

The City leases certain equipment under noncancelable operating leases. The total costs of such leases were $99,927 for the year ended September 30, 2021. The future minimum lease payments for the leases are as follows:

Year Ending September 30:		
2022	$	96,647
2023		94,307
2024		81,260
2025		53,712
2026		23,237
Total	$	349,163

Construction commitments

The City has active or awarded construction projects with various contractors for construction projects within the City. The remaining commitment on these projects totaled $1,602,322 at September 30, 2021.

Note 6: RISK MANAGEMENT

Litigation

Various 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 action 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.

Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance through Preferred Government Insurance Trust (PGIT). Coverage provided by PGIT includes general liability, auto liability, property and workers' compensation. Employee health insurance coverage (health, dental, vision, etc.) is provided through commercial carriers.

Note 7: SUBSEQUENT EVENTS

On December 15, 2021, the City repaid the Series 2021 revenue note and accrued interest in full.

On December 15, 2021, City Council approved the use of investment funds in the amount of $504,000 to prepay for a Pierce Custom Fire Truck Pumper.

On December 15, 2021, the City entered into a 20-year loan agreement through the State Revolving Fund (FRF) in the amount of $2,666,218 with a 0% interest rate. The City will owe semi-annual payments of $67,989 beginning February 15, 2023. Additionally, the City was awarded $559,467 from the St. John's River Management District through their Cost-Share grant funds. The total of these two funding sources will be used to fund the Lori Laine Trunkline replacement, which was awarded to the lowest bidder on December 15, 2021. The project total is $3,032,931.

On January 19, 2022, City Council approved the Road Resurfacing FY21/22 contract to the lowest bidder in the amount of $295,365.

Note 8: UNCERTAINTIES

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

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS



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

For the year ended September 30, 2021	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	$ 10,542,696	$ 10,793,159	$ 10,613,683	$ (179,476)
Licenses and permits	401,400	394,269	394,269	-
Intergovernmental	1,020,556	1,219,247	1,223,811	4,564
Charges for services	837,900	770,036	770,036	-
Fines and forfeitures	38,450	35,230	35,230	-
Investment and other income	27,900	127,881	127,921	40
Total revenues	12,868,902	13,339,822	13,164,950	(174,872)
Expenditures				
Departments:				
General governmental services	3,181,528	3,087,936	3,077,182	10,754
Public safety	5,726,806	5,538,352	5,441,216	97,136
Public works	2,288,386	2,337,123	2,333,347	3,776
Recreation	836,294	803,899	803,219	680
Total expenditures	12,033,014	11,767,310	11,654,964	112,346
Excess of revenues over expenditures	835,888	1,572,512	1,509,986	(62,526)
Other financing sources (uses)				
Transfers in	1,914,818	1,731,296	1,731,296	-
Transfers out	(2,497,072)	(3,202,879)	(3,202,879)	-
Net other financing sources (uses)	(582,254)	(1,471,583)	(1,471,583)	-
Net change in fund balances	253,634	100,929	38,403	(62,526)
Fund balances, beginning of year	2,973,611	2,973,611	2,973,611	-
Fund balances, end of year	$ 3,227,245	$ 3,074,540	$ 3,012,014	$ (62,526)

Reconciliation of budgetary basis to the basic financial statements:

Tax revenue on the budgetary basis	$ 10,613,683
Insurance premium taxes - Police	112,024
Insurance premium taxes - Fire	87,357
Tax revenue as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	$ 10,813,064

Public safety expenditures on the budgetary basis	$ 5,441,216
Insurance premium taxes passed through to the pension trust	199,381
Public safety expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	$ 5,640,597

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

For the year ended September 30, 2021	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	$ 841,822	$ 841,822	$ 841,822	$ -
Investment and other income	6,000	1,079	1,079	-
Total revenues	847,822	842,901	842,901	-
Expenditures				
Department:				
General government	711,351	683,510	683,233	277
Capital outlay	-	180,000	178,873	1,127
Debt service:				
Principal retired	355,600	370,700	370,700	-
Interest	123,932	98,199	98,199	-
Total expenditures	1,190,883	1,332,409	1,331,005	1,404
Deficiency of revenues under expenditures	(343,061)	(489,508)	(488,104)	1,404
Other financing sources (uses)				
Transfers in	2,002,879	2,002,879	2,002,879	-
Transfers out	(1,659,818)	(1,513,371)	(1,513,371)	-
Net other financing sources (uses)	343,061	489,508	489,508	-
Net change in fund balances	-	-	1,404	1,404
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	$ -	$ -	$ 1,404	$ 1,404

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

For the Year Ended September 30, 2021	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	$ -	$ 161,277	$ 161,277	$ -
Charges for services	1,005,000	962,864	962,864	-
Investment and other income	8,000	2,310	2,310	-
Total revenues	1,013,000	1,126,451	1,126,451	-
Expenditures				
Current:				
Public works	10,100	41,906	57,781	(15,875)
Capital outlay	852,900	1,675,107	1,675,107	-
Total expenditures	863,000	1,717,013	1,732,888	(15,875)
Excess of revenues over expenditures	150,000	(590,562)	(606,437)	(15,875)
Other financing sources (uses)				
Transfers out	(255,000)	(622,457)	(622,457)	-
Proceeds from the issuance of debt	-	-	3,132,149	3,132,149
Total other financing uses	(255,000)	(622,457)	2,509,692	3,132,149
Net change in fund balances	(105,000)	(1,213,019)	1,903,255	3,116,274
Fund balances, beginning of year	443,731	443,731	443,731	-
Fund balances, end of year	$ 338,731	$ (769,288)	$ 2,346,986	$ 3,116,274

Note 1. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles for all governmental funds, except that insurance premium taxes received by the City that are passed through to the Police Officers' and Firefighters' Pension Plan are not included in the appropriations. All annual appropriations lapse at fiscal year-end. Certain special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.

The City did not adopt a budget for the American Rescue Plan Fund as it had no material income or expenses.

The City Manager or their designee may make transfers of appropriations within a department as long as the total budget of the department is not increased. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The Council made several supplemental budgetary appropriations during the year.

Encumbrance accounting is employed in governmental funds. Open 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., 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 Satellite Beach, Florida
Required Supplementary OPEB Information
Schedule of Changes in Total OPEB Liability and Related Ratios
Last Four Fiscal Years

September 30,	**2021**	2020	2019	2018
Total OPEB liability - beginning	**$ 4,425,353**	$ 3,728,912	$ 5,589,327	$ 5,413,248
Changes due to:				
Service cost	**53,001**	111,864	239,420	167,637
Expected interest growth	**107,006**	80,126	400,473	184,043
Demographic experience	**(592,424)**	-	(2,107,150)	-
Assumption changes	**(669,910)**	698,590	(51,343)	-
Benefit payments and refunds	**(150,500)**	(194,139)	(341,815)	(175,601)
Net changes in total OPEB liability	**(1,252,827)**	696,441	(1,860,415)	176,079
Total OPEB liability - ending (a)	**$ 3,172,526**	$ 4,425,353	$ 3,728,912	$ 5,589,327
Plan fiduciary net position				
Contributions - employer	**$ 150,500**	$ 194,139	$ 341,815	$ 175,601
Benefit payments	**(150,500)**	(194,139)	(341,815)	(175,601)
Net changes in plan fiduciary net position	**-**	-	-	-
Plan fiduciary net position - beginning	**-**	-	-	-
Plan fiduciary net position - ending (b)	**$ -**	$ -	$ -	$ -
OPEB liability - ending (a) - (b)	**$ 3,172,526**	$ 4,425,353	$ 3,728,912	$ 5,589,327
Covered-employee payroll for the measurement period	**$ 4,711,851**	$ 4,167,591	$ 4,167,591	$ 3,755,183
OPEB Liability as a percentage of covered-employee payroll	**67.33%**	106.18%	89.47%	148.84%

Notes:

(1) The City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Pensions* , in 2018. The employer must eventually 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 City does not accumulate assets in a trust that meets the criteria in paragraph 4 of GASBS No. 75 to pay related benefits.

(3) The amounts shown in this schedule are presented for the measurement period.

(4) There is no actuarial determined contribution to the OPEB plan.

City of Satellite Beach, Florida
Required Supplementary Pension Information
Schedule of Changes in Net Pension Liability and Related Ratios
Police Officers' and Firefighters' Pension Plan – Last Eight Fiscal Years

Police Officers' and Firefighters' Pension Plan				
For the year ended September 30,	**2021**	**2020**	**2019**	**2018**
Total Pension Liability				
Service cost	**$ 685,483**	$ 735,330	$ 696,923	$ 731,362
Expected interest growth	**1,906,984**	1,869,174	1,786,927	1,702,438
Demographic experience	**(215,450)**	(339,369)	(440,088)	(353,509)
Benefit payments and refunds	**(958,620)**	(1,579,307)	(864,859)	(746,538)
Assumption changes	**(1,218,128)**	-	-	-
Net change in total pension liability	**200,269**	685,828	1,178,903	1,333,753
Total pension liability - beginning	**27,184,205**	26,498,377	25,319,474	23,985,721
Total pension liability - ending (a)	**27,384,474**	27,184,205	26,498,377	$ 25,319,474
Plan Fiduciary Net Position				
Expected interest growth	**$ 1,463,358**	$ 1,387,332	$ 1,325,420	$ 1,221,028
Unexpected investment income	**2,939,403**	(88,898)	(317,639)	4,354
Contributions - employer	**847,479**	992,960	906,257	938,295
Contributions - employee	**183,254**	200,809	192,542	198,453
Benefit payments and refunds	**(958,620)**	(1,579,307)	(864,859)	(746,538)
Administrative expense	**(51,075)**	(52,446)	(53,067)	(42,035)
Net change in plan fiduciary net position	**4,423,799**	860,450	1,188,654	1,573,557
Plan fiduciary net position - beginning	**20,894,773**	20,034,323	18,845,669	17,272,112
Plan fiduciary net position - ending (b)	**25,318,572**	20,894,773	20,034,323	$ 18,845,669
Net pension liability - ending (a) - (b)	**$ 2,065,902**	$ 6,289,432	$ 6,464,054	$ 6,473,805
Plan fiduciary net position as a percentage of the total pension liability	**92.46%**	76.86%	75.61%	74.43%
Covered payroll	**$ 2,406,752**	$ 2,463,643	$ 2,292,753	$ 2,419,522
Net pension liability as a percentage of covered payroll	**85.84%**	255.29%	281.93%	267.57%

Notes to the schedule:

(1) The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in 2015. Ten-year trend data is presented when available; otherwise, comparative information is presented from September 30, 2014.

Police Officers' and Firefighters' Pension Plan			
2017	2016	2015	2014
$ 713,303	$ 590,076	$ 372,463	$ 466,047
1,478,789	1,120,821	1,542,236	1,291,782
377,868	5,636	(724,920)	-
(699,053)	(675,359)	(670,595)	(682,024)
1,332,146	3,952,648	(1,681,706)	-
3,203,053	4,993,822	(1,162,522)	1,075,805
20,782,668	15,788,846	16,951,368	15,875,563
$ 23,985,721	$ 20,782,668	$ 15,788,846	$ 16,951,368
$ 1,048,032	$ 940,589	$ 1,205,916	$ 977,638
974,179	200,914	(1,211,301)	93,909
1,085,748	732,952	682,374	773,093
200,058	189,218	174,323	170,359
(699,053)	(675,359)	(670,595)	(987,787)
(39,960)	(36,881)	(37,244)	(36,101)
2,569,004	1,351,433	143,473	991,111
14,703,108	13,351,675	13,208,202	12,217,091
$ 17,272,112	$ 14,703,108	$ 13,351,675	$ 13,208,202
$ 6,713,609	$ 6,079,560	$ 2,437,171	$ 3,743,166
72.01%	70.75%	84.56%	77.92%
$ 2,366,291	$ 2,102,177	$ 2,023,912	$ 1,980,916
283.72%	289.20%	120.42%	188.96%

City of Satellite Beach, Florida
Required Supplementary Pension Information
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
General Employees' Pension Plan – Last Eight Fiscal Years

General Employees' Pension Plan				
For the year ended September 30,	**2021**	**2020**	**2019**	**2018**
Total Pension Liability				
Service cost	**$ 47,058**	$ 66,874	$ 70,157	$ 64,653
Expected interest growth	**626,337**	618,506	610,071	615,783
Demographic experience	**(121,301)**	62,100	(56,035)	(266,265)
Benefit payments and refunds	**(941,634)**	(566,840)	(500,343)	(507,590)
Assumption changes	**(89,231)**	-	-	-
Net change in total pension liability	**(478,771)**	180,640	123,850	(93,419)
Total pension liability - beginning	**9,225,611**	9,044,971	8,921,121	9,014,540
Total pension liability - ending (a)	**$ 8,746,840**	$ 9,225,611	$ 9,044,971	$ 8,921,121
Plan Fiduciary Net Position				
Expected interest growth	**542,988**	539,357	528,037	502,616
Unexpected investment income	**991,385**	(16,314)	(127,283)	32,752
Contributions - employer	**282,660**	288,302	306,047	354,222
Contributions - employee	**19,271**	21,758	22,474	23,561
Benefit payments & refunds	**(941,634)**	(566,840)	(500,343)	(507,590)
Administrative expense	**(26,502)**	(25,858)	(25,068)	(18,525)
Net change in plan fiduciary net position	**868,168**	240,405	203,864	387,036
Plan fiduciary net position - beginning	**8,084,440**	7,844,035	7,640,171	7,253,135
Plan fiduciary net position - ending (b)	**$ 8,952,608**	$ 8,084,440	$ 7,844,035	$ 7,640,171
Net pension liability - ending (a) - (b)	**$ (205,768)**	$ 1,141,171	$ 1,200,936	$ 1,280,950
Plan fiduciary net position as a percentage of the total pension liability	**102.35%**	87.63%	86.72%	85.64%
Covered payroll	**$ 223,181**	$ 299,375	$ 298,165	$ 281,381
Net pension liability as a percentage of covered payroll	**-92.20%**	381.18%	402.78%	455.24%

Notes to the schedule:

(1) The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in 2015. Ten-year trend data is presented when available; otherwise, comparative information is presented from September 30, 2014.

General Employees' Pension Plan			
2017	2016	2015	2014
$ 63,643	$ 78,648	$ 47,281	$ 57,216
560,761	464,555	636,922	560,156
101,155	147,878	11,264	-
(537,145)	(515,793)	(577,609)	(484,450)
578,190	1,275,317	(574,972)	-
766,604	1,450,605	(457,114)	132,922
8,247,936	6,797,331	7,254,445	7,121,523
$ 9,014,540	$ 8,247,936	$ 6,797,331	$ 7,254,445
$ 452,897	$ 428,775	$ 571,279	$ 475,890
426,663	92,895	(555,367)	32,305
349,352	341,136	370,855	428,556
22,233	33,168	31,458	30,262
(537,145)	(515,793)	(577,609)	(469,255)
(24,005)	(23,534)	(22,473)	(22,674)
689,995	356,647	(181,857)	475,084
6,563,140	6,206,493	6,388,350	5,913,266
$ 7,253,135	$ 6,563,140	$ 6,206,493	$ 6,388,350
$ 1,761,405	$ 1,684,796	$ 590,838	$ 866,095
80.46%	79.57%	91.31%	88.06%
$ 273,990	$ 400,181	$ 386,980	$ 366,815
642.87%	421.01%	152.68%	236.11%

City of Satellite Beach, Florida
Required Supplementary Pension Information
Schedule of Contributions
– Last Eight Fiscal Years

Police Officers' and Firefighters' Pension Plan					
For the year ended September 30,	**2021**	**2020**	**2019**	**2018**
Actuarially determined contribution	**$ 847,479**	$ 998,959	$ 903,329	$ 933,442
Contributions recognized by the plan	**847,479**	992,960	906,257	938,295
Contribution deficiency (excess)	**$ -**	$ 5,999	$ (2,928)	$ (4,853)
Covered payroll	**$ 2,406,752**	$ 2,463,643	$ 2,292,753	$ 2,419,522
Contributions as a percentage of covered payroll	**35.21%**	40.30%	39.53%	38.78%

General Employees' Pension Plan				
For the year ended September 30,	**2021**	**2020**	**2019**	**2018**
Actuarially determined contribution	**$ 282,660**	$ 288,302	$ 306,047	$ 354,222
Contributions recognized by the plan	**$ 282,660**	288,302	306,047	354,222
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -
Covered payroll	**$ 223,181**	$ 299,375	$ 298,165	$ 281,381
Contributions as a percentage of covered payroll	**126.65%**	96.30%	102.64%	125.89%

Notes to the schedule:

(1) The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in 2015. Ten-year trend data is presented when available; otherwise, comparative information is presented from September 30, 2014.

Police Officers' and Firefighters' Pension Plan				
2017	**2016**	**2015**	**2014**
$ 796,903	$ 732,952	$ 745,554	$ 773,093
1,085,748	847,559	682,374	483,397
$ (288,845)	$ (114,607)	$ 63,180	$ 289,696
$ 2,366,291	$ 2,102,177	$ 2,023,912	$ 1,980,916
45.88%	40.32%	33.72%	24.40%

General Employees' Pension Plan			
2017	**2016**	**2015**	**2014**
$ 349,352	$ 341,136	$ 370,855	$ 428,556
349,352	341,136	370,855	428,556
$ -	$ -	$ -	$ -
$ 273,990	$ 400,181	$ 386,980	$ 366,815
127.51%	85.25%	95.83%	116.83%

City of Satellite Beach, Florida
Required Supplementary Pension Information –
Schedule of Investment Returns
Last Eight Fiscal Years

Police Officers' and Firefighters' Pension Plan								
For the year ended September 30,	**2021**	2020	2019	2018	2017	2016	2015	2014
Annual expected long-term real return on investments Weighted arithmetic average	**4.38%**	4.23%	4.23%	4.08%	4.08%	4.08%	5.48%	4.48%

General Employees' Pension Plan								
For the year ended September 30,	**2021**	2020	2019	2018	2017	2016	2015	2014
Annual expected long-term real return on investments Weighted arithmetic average	**4.38%**	4.23%	4.23%	4.08%	4.08%	4.08%	5.48%	4.48%

Notes to the schedule:

(1) The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in 2015. Ten-year trend data is presented when available; otherwise, comparative information is presented from September 30, 2014.

City of Satellite Beach, Florida
Required Supplementary Pension Information
Notes to Schedules

	Police Officers' and Firefighters' Plan	General Employees' Plan
Valuation date	October 1, 2020	October 1, 2020
	Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which the contributions are reported.	
Funding method	Entry Age Normal Cost Method	Aggregate Cost Method
Amortization method	Level dollar	Not applicable
Amortization period	30 years	15 years
Asset valuation method	Equal to the prior year's actuarial value of assets adjusted for contributions, benefit payments and expenses. This is further adjusted by the average return on the market value of assets for the preceding 4 years. The actuarial value of assets is restricted to 80% - 120% of the market value.	
Inflation	2.62% per annum	2.62% per annum
Salary increases	4.75% per annum unless actual amounts are known.	
Interest rate	7.00% per annum	7.00% per annum
Retirement age	52 with 5 years of service	62 with 5 years of service
Early retirement rate	50 with 10 years of service	55 with 10 years of service or any age with 35 years of service
Termination rates	Sex-distinct rates set forth in the Scale 155 Table.	
Disability rates	Sex-distinct rates set forth in the Wyatt 1985 Disability Study (Class 4).	Sex-distinct rates set forth in the Wyatt 1985 Disability Study (Class 1).
Mortality	Sex-distinct rates set forth in the RP-2000 Combined Mortality Table, with full generational improvements in mortality using Scale BB.	
Expenses	Administrative expenses are assumed to be 1.25% of future payroll. The interest rate assumed is net of investment expenses and commissions.	Administrative expenses are assumed to be 1.75% of future payroll. The interest rate assumed is net of investment expenses and commissions.
Changes	None	



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CITY OF SATELLITE BEACH, FLORIDA

Nonmajor Governmental Funds and Capital Projects Funds

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

Community Services Fund – With revenues obtained primarily from donations, this fund aggregates the activity of the following six funds: the Advanced Life Support Trust Fund, the Beautification Trust Fund, the Police Donations Trust Fund, the Recreation Trust Fund, the Recycling Trust Fund and the Samsons Island Trust Fund.

These funds are used to purchase advanced life support equipment for the Satellite Beach Fire Department, items for the police department not covered by other funds, improvements to the City's recreation facilities and for the development and maintenance of Samsons Island Nature Park.

Law Enforcement Trust Fund – The Law Enforcement Trust Fund is used primarily to account for the proceeds of forfeitures from felony arrests which, pursuant to State law, can only be used for law enforcement investigations, training and equipment not normally funded by the General Fund.

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Capital Assets Fund – This fund is used to fund capital expenditures or items which replace a capital need. The funds primary source of revenue is from utility taxes and debt.

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

September 30, 2021	Special Revenue: Community Services	Special Revenue: Law Enforcement Trust	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	**$ 244,728**	**$ 33,730**	**$ 278,458**
Investments	**9,139**	**1,923**	**11,062**
Accounts receivable	**6,000**	**-**	**6,000**
Due from other governments	**23,407**	**-**	**23,407**
Total assets	**$ 283,274**	**$ 35,653**	**$ 318,927**
LIABILITIES			
Accounts payable	**$ 3,169**	**$ -**	**$ 3,169**
Total liabilities	**3,169**	**-**	**3,169**
FUND BALANCES			
Restricted	**280,105**	**35,653**	**315,758**
Total fund balances	**280,105**	**35,653**	**315,758**
Total liabilities and fund balances	**$ 283,274**	**$ 35,653**	**$ 318,927**

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

For the Year Ended September 30, 2021	Special Revenue: Community Services	Special Revenue: Law Enforcement Trust	Total Nonmajor Governmental Funds
Revenues			
Charges for services	**$ 949**	**$ -**	**$ 949**
Investment and other income	**112,225**	**971**	**113,196**
Total revenues	**113,174**	**971**	**114,145**
Expenditures			
Current:			
Public safety	**-**	**3**	**3**
Public works	**71,309**	**-**	**71,309**
Recreation	**1,362**	**-**	**1,362**
Capital outlay	**5,117**	**-**	**5,117**
Total expenditures	**77,788**	**3**	**77,791**
Net change in fund balances	**35,386**	**968**	**36,354**
Fund balances, beginning of year	**244,719**	**34,685**	**279,404**
Fund balances, end of year	**$ 280,105**	**$ 35,653**	**$ 315,758**

City of Satellite Beach, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Community Services Fund

For the year ended September 30, 2021	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Charges for services	$ 600	$ 949	$ 949	$ -
Investment and other income	31,800	112,223	112,225	2
Total revenues	32,400	113,172	113,174	2
Expenditures				
Current:				
Public works	51,071	94,717	71,309	23,408
Recreation	-	1,362	1,362	-
Capital outlay	-	5,117	5,117	-
Total expenditures	51,071	101,196	77,788	23,408
Net change in fund balances	(18,671)	11,976	35,386	23,410
Fund balances, beginning of year	244,719	244,719	244,719	-
Fund balances, end of year	$ 226,048	$ 256,695	$ 280,105	$ 23,410

City of Satellite Beach, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – Law Enforcement Trust Fund

For the Year Ended September 30, 2021	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Investment and other income	$ -	$ -	$ 971	$ 971
Total revenues	-	-	971	971
Expenditures				
Current:				
Public safety	-	-	3	(3)
Total expenditures	-	-	3	(3)
Net change in fund balances	-	-	968	968
Fund balances, beginning of year	34,685	34,685	34,685	-
Fund balances, end of year	$ 34,685	$ 34,685	$ 35,653	$ 968

City of Satellite Beach, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – Capital Asset Fund

For the Year Ended September 30, 2021	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	$ 813,000	$ 868,792	$ 868,792	$ -
Intergovernmental	-	-	33,180	33,180
Interest and other	30,000	52,728	62,746	10,018
Total revenues	843,000	921,520	964,718	43,198
Expenditures				
Current				
General government	56,620	2,813	2,690	123
Capital outlay	504,913	4,123,797	3,966,977	156,820
Debt service:				
Principal retired	639,115	638,316	639,235	(919)
Interest and other	177,490	178,750	177,951	799
Total expenditures	1,378,138	4,943,676	4,786,853	156,823
Deficiency of revenues under expenditures	(535,138)	(4,022,156)	(3,822,135)	200,021
Other financing uses				
Transfers in	-	-	1,604,532	1,604,532
Net other financing uses	-	-	1,604,532	1,604,532
Net change in fund balances	(535,138)	(4,022,156)	(2,217,603)	1,804,553
Fund balances, beginning of year	2,462,561	2,462,561	2,462,561	-
Fund balances, end of year	$ 1,927,423	$ (1,559,595)	$ 244,958	$ 1,804,553

STATISTICAL SECTION

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

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

Schedule A3 Fund Balances – Governmental Funds

Schedule A4 Changes in Fund Balances – Governmental Funds

B. Revenue Capacity

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

Schedule B1 Assessed Value and Estimated Actual Value of Taxable Property

Schedule B2 Tax Revenues by Source – Governmental Funds

Schedule B3 Direct and Overlapping Property Tax Rates

Schedule B4 Principal Property Taxpayers

Schedule B5 Property Tax Levies and Collections

C. Debt Capacity

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

Schedule C1 Ratio of Outstanding Debt by Type

Schedule C2 Direct and Overlapping Governmental Activities Debt

Schedule C3 Pledged Revenue Coverage

Schedule C4 Ratios of General Bonded Debt Outstanding

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 Annual Comprehensive Financial Report (ACFR) (or financial statements) for the relevant year.



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

Fiscal Year ended September 30,	**2021**	2020	2019	2018
Governmental activities				
Net investment in capital assets	**$ 27,510,228**	$ 25,460,939	$ 22,804,907	$ 27,017,454
Restricted	**2,909,105**	3,185,696	5,510,086	941,307
Unrestricted	**(7,696,211)**	(9,741,400)	(10,806,671)	(11,463,063)
Total governmental activities net position	**22,723,122**	18,905,235	17,508,322	16,495,698
Primary government				
Net investment in capital assets	**27,510,228**	25,460,939	22,804,907	27,017,454
Restricted	**2,909,105**	3,185,696	5,510,086	941,307
Unrestricted	**(7,696,211)**	(9,741,400)	(10,806,671)	(11,463,063)
Total primary government net position	**$ 22,723,122**	$ 18,905,235	$ 17,508,322	$ 16,495,698

Source: City of Satellite Beach Support Services Department

Schedule A1

2017	2016	2015	2014	2013	2012
$ 26,078,307	$ 25,272,490	$ 24,900,824	$ 24,600,877	$ 24,203,216	$ 23,346,919
1,468,861	1,619,299	4,072,434	1,441,474	1,607,635	2,128,047
(7,654,678)	(5,481,463)	(7,791,388)	(1,516,601)	(1,782,751)	(1,812,099)
19,892,490	21,410,326	21,181,870	24,525,750	24,028,100	23,662,867
26,078,307	25,272,490	24,900,824	24,600,877	24,203,216	23,346,919
1,468,861	1,619,299	4,072,434	1,441,474	1,607,635	2,128,047
(7,654,678)	(5,481,463)	(7,791,388)	(1,516,601)	(1,782,751)	(1,812,099)
$ 19,892,490	$ 21,410,326	$ 21,181,870	$ 24,525,750	$ 24,028,100	$ 23,662,867

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

Fiscal Year ended September 30,	**2021**	2020	2019	2018
Expenses:				
Governmental activities:				
General government	**$ 3,414,609**	$ 3,619,660	$ 3,783,019	$ 2,904,285
Public safety	**5,040,014**	6,066,516	6,145,653	6,333,268
Public works	**2,838,554**	2,808,928	3,545,573	2,672,181
Recreation	**1,002,740**	748,686	865,768	860,047
Interest and related costs on long term debt	**297,871**	336,377	269,538	271,391
Total expenses - governmental activities	**12,593,788**	13,580,167	14,609,551	13,041,172
Program revenues:				
Governmental activities:				
Charges for Services:				
General Government	**$ 388,114**	$ 347,199	$ 273,052	$ 286,774
Public Safety	**300,949**	256,554	279,803	139,136
Public Works	**962,900**	962,962	967,806	498,839
Recreation	**536,985**	324,079	598,230	595,078
Operating Grants and Contributions				
General Government	**176,204**	7,697	95,461	-
Public Safety	**36,801**	14,850	25,382	22,015
Public Works	**24,391**	23,961	23,276	22,665
Recreation	**1,492**	4,390	800	300
Capital Grants and Contributions				
Public Safety	**27,780**	-	16,343	-
Public Works	**-**	14,168	727,741	-
Recreation	**-**	-	120,000	41,500
Total program revenues - governmental activities	**2,455,616**	1,955,860	3,127,894	1,606,307
Net (expense) revenue - governmental activities	**(10,138,172)**	(11,624,307)	(11,481,657)	(11,434,865)

Schedule A2

2017	2016	2015	2014	2013	2012
$ 3,973,747	$ 2,825,504	$ 2,156,505	$ 2,327,860	$ 2,586,470	$ 2,383,884
5,935,564	5,170,779	4,454,959	4,260,007	4,261,342	4,520,260
2,610,724	2,401,705	2,251,199	2,170,032	1,889,881	1,951,699
815,610	825,813	743,255	713,537	740,695	691,930
270,548	327,277	282,025	270,351	287,553	320,364
13,606,193	11,551,078	9,887,943	9,741,787	9,765,941	9,868,137
$ 365,836	$ 166,775	$ 173,258	$ 164,886	$ 151,936	$ 127,927
137,209	132,088	128,765	127,559	130,331	136,460
425,057	497,699	498,609	315,315	314,332	317,378
563,425	631,519	625,639	586,734	581,961	532,645
-	-	-	-	-	-
30,086	213,429	31,556	57,225	52,141	49,549
29,471	23,880	14,230	37,079	101,804	11,293
101	350	100	4,621	-	-
1,000	1,000	180,104	9,888	30,000	1,481
-	-	-	11,397	266,890	1,163,130
32	50,185	715	10,369	6,542	129,550
1,552,217	1,716,925	1,652,976	1,325,073	1,635,937	2,469,413
(12,053,976)	(9,834,153)	(8,234,967)	(8,416,714)	(8,130,004)	(7,398,724)

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

Fiscal Year ended September 30,	**2021**	2020	2019	2018
General revenues:				
Governmental activities:				
Property taxes	**9,792,447**	8,792,095	8,415,825	7,254,925
Franchise fees and other taxes	**2,731,231**	2,759,077	2,721,062	2,627,465
Share revenues not restricted to specific programs	**1,080,144**	990,429	1,015,263	999,801
Grants and contributions not restricted to specific programs	**33,905**	41,952	1,776	10,935
Unrestricted investment earnings	**12,342**	92,707	111,830	36,049
Miscellaneous	**305,990**	344,960	228,525	587,146
Total general revenues - governmental activities	**13,956,059**	13,021,220	12,494,281	11,516,321
Change in net position - governmental activities	**3,817,887**	1,396,913	1,012,624	81,456
Change in net position - total government	**$ 3,817,887**	$ 1,396,913	$ 1,012,624	$ 81,456

(Continued from previous page)

Source: City of Satellite Beach Support Services Department

Schedule A2 (Continued)

2017	2016	2015	2014	2013	2012
6,783,312	6,371,353	5,998,358	5,606,772	5,283,753	5,255,269
2,596,137	2,633,925	2,285,666	2,310,949	2,193,001	2,150,263
957,349	899,109	870,604	826,339	787,425	758,676
2,051	1,484	9,850	665	23,561	31,421
27,603	32,328	26,277	17,143	18,914	33,867
169,688	124,410	114,860	152,496	188,583	144,248
10,536,140	10,062,609	9,305,615	8,914,364	8,495,237	8,373,744
(1,517,836)	228,456	1,070,648	497,650	365,233	975,020
$ (1,517,836)	$ 228,456	$ 1,070,648	$ 497,650	$ 365,233	$ 975,020

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

Fiscal year ended September 30,	**2021**	2020	2019	2018
General Fund				
Nonspendable	**$ 24,141**	$ 175,667	$ 130,814	$ 152,565
Restricted	**-**	-	-	-
Committed	**2,536,661**	2,384,718	1,635,635	852,745
Unassigned (deficit)	**451,212**	413,226	225,955	(213,044)
Total General Fund	**$ 3,012,014**	$ 2,973,611	$ 1,992,404	$ 792,266
All other governmental funds:				
Nonspendable	**$ 7,189**	$ 7,189	$ 10,482	$ 51,607
Restricted	**2,901,916**	3,178,507	5,510,086	941,307
Unassigned, reported in:				
Special revenue funds	**129**	-	-	-
Total all other governmental funds	**$ 2,909,234**	$ 3,185,696	$ 5,520,568	$ 992,914

Source: City of Satellite Beach Support Services Department

Schedule A3

2017	2016	2015	2014	2013	2012
$ 87,165	$ 113,249	$ 49,457	$ 139,410	$ 81,682	$ 165,958
-	-	-	149,868	149,868	149,868
852,745	852,745	852,745	562,244	367,274	84,853
(307,572)	421,069	532,183	309,688	260,947	-
$ 632,338	$ 1,387,063	$ 1,434,385	$ 1,161,210	$ 859,771	$ 400,679
$ 80,563	$ 265,080	$ 51,429	$ 49,942	$ 7,959	$ 870
1,468,861	1,619,299	4,072,434	1,286,953	1,457,767	1,977,309
-	-	-	-	-	-
$ 1,549,424	$ 1,884,379	$ 4,123,863	$ 1,336,895	$ 1,465,726	$ 1,978,179

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

Fiscal year ended September 30,	**2021**	2020	2019	2018
Revenues:				
Taxes	**$ 12,523,678**	$ 11,551,172	$ 11,136,887	$ 9,882,390
Licenses and permits	**394,269**	344,809	275,381	278,451
Intergovernmental	**1,418,268**	1,337,196	2,161,933	1,412,978
Charges for services	**1,733,849**	1,486,001	1,779,294	1,177,239
Fines and forfeitures	**35,230**	33,366	39,401	38,678
Interest and other	**307,381**	223,537	229,279	331,523
Total revenues	**16,412,675**	14,976,081	15,622,175	13,121,259
Expenditures:				
Current:				
General government	**3,763,106**	3,465,542	3,441,324	2,901,189
Public safety	**5,640,600**	5,690,981	5,439,259	5,432,558
Public works	**2,462,437**	2,141,429	1,977,289	2,022,736
Recreation	**804,581**	674,831	794,005	758,407
Capital outlay - small dollar items	**-**	-	-	63,013
Capital outlay	**5,826,074**	3,063,771	2,588,713	1,976,024
Debt service:				
Principal retired	**1,009,935**	992,478	972,047	1,741,124
Interest and other	**276,150**	367,928	244,821	288,890
Total expenditures	**19,782,883**	16,396,960	15,457,458	15,183,941
Excess (deficiency) of revenues over (under) expenditures	**(3,370,208)**	(1,420,879)	164,717	(2,062,682)
Other financing sources (uses):				
Transfers in	**5,338,707**	2,939,582	2,591,900	1,880,235
Transfers out	**(5,338,707)**	(2,905,368)	(2,591,900)	(1,880,235)
Refunding note issues	**-**	1,969,000	-	-
Proceeds from issurance of debt	**3,132,149**	-	5,000,000	947,596
Capital lease proceeds	**-**	-	-	718,505
Insurance proceeds	**-**	-	-	-
Payment to refund note escros	**-**	(1,936,000)	-	-
Proceeds from sale of fixed assets	**-**	-	563,075	-
Total other financing sources (uses)	**3,132,149**	67,214	5,563,075	1,666,101
Net change in fund balances	**$ (238,059)**	$ (1,353,665)	$ 5,727,792	$ (396,581)
Debt Service as a Percentage of Noncapital Expenditures	10%	11%	10%	18%

Source: City of Satellite Beach Support Services Department

Schedule A4

2017	2016	2015	2014	2013	2012
$ 9,379,449	$ 9,005,278	$ 8,284,024	$ 7,917,721	$ 7,476,754	$ 7,405,532
352,094	160,259	168,765	157,751	143,214	117,067
1,092,446	1,025,845	1,183,288	1,027,435	1,320,520	2,218,402
1,067,431	1,208,085	1,199,362	976,143	970,811	922,994
45,657	43,538	45,748	47,522	54,415	63,729
151,280	336,529	77,404	87,918	149,240	99,746
12,088,357	11,779,534	10,958,591	10,214,490	10,114,954	10,827,470
2,841,906	2,716,039	2,182,951	2,209,815	2,241,669	2,285,849
5,338,401	4,692,448	4,384,001	4,104,501	4,010,613	4,276,053
1,994,331	1,740,589	1,581,961	1,515,572	1,324,307	1,436,564
749,825	778,573	731,330	697,086	727,624	683,080
271,075	-	-	-	-	-
1,354,830	3,258,577	588,574	1,245,634	838,416	1,243,026
772,453	616,719	653,824	837,949	787,186	746,726
264,330	263,395	275,807	272,298	290,512	323,187
13,587,151	14,066,340	10,398,448	10,882,855	10,220,327	10,994,485
(1,498,794)	(2,286,806)	560,143	(668,365)	(105,373)	(167,015)
2,374,472	1,877,527	1,480,134	1,073,342	1,048,402	862,015
(2,374,472)	(1,877,527)	(1,480,134)	(1,073,342)	(1,048,402)	(862,015)
-	-	-	-	-	-
-	-	2,500,000	-	-	-
408,364	-	-	796,141	38,193	-
-	-	-	11,232	10,919	6,987
-	-	-	-	-	-
750	-	-	33,600	2,900	2,100
409,114	-	2,500,000	840,973	52,012	9,087
$ (1,089,680)	$ (2,286,806)	$ 3,060,143	$ 172,608	$ (53,361)	$ (157,928)
9%	9%	10%	13%	13%	12%

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

Fiscal Year Ended September 30,	Taxable Value Real Property for Operating Purposes	Personal Property for Operating Purposes	Gross Taxable Value
2021	**$ 1,054,565,675**	**$ 15,439,162**	**$ 1,070,004,837**
2020	956,568,541	14,447,091	971,015,632
2019	904,489,814	13,121,899	917,611,713
2018	834,517,167	12,832,337	847,349,504
2017	776,785,520	12,007,698	788,992,439
2016	725,000,652	12,007,698	737,008,350
2015	677,596,138	18,663,326	696,259,464
2014	634,110,040	17,507,111	651,617,151
2013	594,293,870	16,119,343	610,413,213
2012	578,336,330	11,777,901	590,114,231

Source: Brevard County Property Appraiser

Schedule B1

New Construction Taxable Value	Adjusted Taxable Value	Final Taxable Value	Millage Rate Per $1,000
$ 67,581,541	**$ 1,002,423,296**	**$ 1,072,175,051**	**8.6312**
5,373,199	965,642,433	970,808,070	8.7000
2,318,960	915,292,753	915,229,667	8.8212
3,629,950	843,719,554	846,112,825	8.1518
4,006,655	784,985,784	783,329,385	8.1518
9,570,160	727,438,190	732,126,873	8.2900
2,826,100	693,433,364	694,558,891	8.3206
4,342,390	647,274,761	651,162,743	8.3206
8,942,693	601,470,520	613,335,462	8.3979
9,136,790	580,997,441	593,792,397	8.5285

City of Satellite Beach, Florida
Tax Revenues by Source – Governmental Funds
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Property Taxes	Community Redevelopment	Local Option Gas Taxes	Communications Service Tax
2021	**$ 8,950,625**	**$ 841,822**	**$ 465,205**	**$ 370,987**
2020	8,160,178	631,917	450,516	396,054
2019	7,801,789	614,035	477,362	386,233
2018	6,680,787	574,138	446,200	393,709
2017	6,257,854	525,458	481,213	377,634
2016	5,895,283	476,070	483,307	403,528
2015	5,574,093	424,265	437,585	428,137
2014	5,229,663	377,109	412,020	452,746
2013	4,948,763	334,990	392,344	492,286
2012	4,922,711	332,558	392,096	497,722

Source: City of Satellite Beach Support Services Department

Schedule B2

Local Business Tax	Insurance Premium Tax (Pension)	Utility and Franchise Taxes	Total	% Change over Prior Year
$ 31,184	**$ 199,381**	**$ 1,664,474**	**$ 12,523,678**	8%
31,445	249,122	1,631,940	11,551,172	4%
49,653	227,857	1,579,958	11,136,887	13%
42,674	220,026	1,524,856	9,882,390	5%
48,583	202,278	1,486,429	9,379,449	4%
40,597	235,710	1,470,783	9,005,278	9%
50,817	208,658	1,160,469	8,284,024	5%
43,679	238,563	1,163,941	7,917,721	6%
47,566	219,955	1,040,850	7,476,754	1%
50,388	145,565	1,064,492	7,405,532	-3%

City of Satellite Beach, Florida
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

City of Satellite Beach			Overlapping Rates	
Fiscal Year ended Steptember 30,	Operating Millage	Total Direct Rate	Brevard County School Board	Brevard County
2021	**8.6312**	**8.6312**	**5.9420**	**3.6929**
2020	8.7000	8.7000	6.3798	3.8196
2019	8.8212	8.8212	6.2990	3.9456
2018	8.1518	8.1518	6.2990	3.9456
2017	8.1518	8.1518	6.5680	4.1550
2016	8.2900	8.2900	6.9160	4.3631
2015	8.3206	8.3206	7.3390	4.6814
2014	8.3206	8.3206	7.6060	4.8239
2013	8.3559	8.3559	8.0960	4.9063
2012	8.5285	8.5285	8.1120	4.9063

Source: Brevard County Tax Collector

Schedule B3

Brevard County Special Districts	Overlapping Rates: St. Johns Water Management District	Overlapping Rates: Fla Inland Navigation District	Total Direct and Overlapping
1.2752	**0.2287**	**0.0320**	19.8020
1.0757	0.2414	0.0320	20.2485
1.4084	0.2562	0.0320	20.7624
1.4084	0.2562	0.0320	20.0930
1.4475	0.2724	0.0320	20.6267
1.4917	0.2885	0.0320	21.3813
1.5496	0.3164	0.0345	22.2415
1.5740	0.3283	0.0345	22.6873
1.6136	0.3313	0.0345	23.3376
1.6136	0.3313	0.0345	23.5262

City of Satellite Beach, Florida
Principal Property Taxpayers
Current Year and Nine Years Prior
Schedule B4

	September 30, 2021			9/30/2012*		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Assesed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Woodshire Brevard LLC	$ 11,234,000	1	1.05%			0.00%
New Plan Venture Direct	8,291,430	2	0.77%			0.00%
Las Olas Beach Club Assoc. Inc.	6,110,750	3	0.57%			0.00%
Regency Center, LLC	2,850,150	4	0.27%			0.00%
Limestone WGFL LLC	2,228,570	5	0.21%			0.00%
Sand 905 LLC	2,035,510	6	0.19%			0.00%
Simon, Catherine	1,988,640	7	0.19%			0.00%
304 Lansing Island Revocable Tst.	1,954,460	8	0.18%			0.00%
Castellon, Mauricio	1,858,970	9	0.17%			0.00%
Satellite Beach Pharmacy, LLC	1,846,320	10	0.17%			0.00%
Total taxable assessed value for principal property taxpayers	$ 40,398,800		3.77%	$ -		0.00%

Source: Brevard County Tax Collector

* Historical information not available due to system conversion at the Brevard County Tax Collector's office.

City of Satellite Beach, Florida
Property Tax Levies and Collections
Last Ten Fiscal Years
Schedule B5

	Year of the Levy				Total Collections to Date	
Fiscal Year Ended September 30,	Total Tax Levy for Fiscal Year	Amount Collected	Percentage of Levy	Delinquent Taxes Collected	Amount Collected	Percentage of Levy
2021	**$ 9,235,426**	**$ 8,817,725**	96%	**$ 132,900**	**$ 8,950,625**	97%
2020	8,447,836	7,905,289	94%	254,889	8,160,178	97%
2019	8,094,436	7,680,512	95%	121,278	7,801,789	96%
2018	6,907,424	6,595,105	95%	85,682	6,680,787	97%
2017	6,431,709	6,257,854	97%	-	6,257,854	97%
2016	6,109,799	5,857,461	96%	37,822	5,895,283	96%
2015	5,793,296	5,452,035	94%	122,058	5,574,093	96%
2014	5,421,846	5,229,663	96%	-	5,229,663	96%
2013	5,126,189	4,805,952	94%	142,811	4,948,763	97%
2012	5,032,789	4,744,055	94%	178,656	4,922,711	98%

Source: Brevard County Tax Collector

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

	Governmental Activities					
Fiscal Year Ended September 30,	Notes Payable	Capital Leases	Total Outstanding Debt	Total Personal Income	Percentage of Personal Income	Debt Per Capita
2021	**$ 11,983,387**	**$ -**	**$ 11,983,387**	**$ 471,025,912**	**2.54%**	**1,058**
2020	9,744,457	116,716	9,861,173	452,529,042	2.18%	906
2019	10,556,576	264,075	10,820,651	421,282,560	2.57%	1,019
2018	6,384,317	408,381	6,792,698	346,508,232	1.96%	657
2017	6,048,060	819,662	6,867,722	368,427,800	1.86%	654
2016	6,633,525	598,286	7,231,811	367,761,375	1.97%	690
2015	7,150,490	698,040	7,848,530	373,540,521	2.10%	754
2014	5,202,033	800,321	6,002,354	344,632,680	1.74%	583
2013	5,730,034	314,128	6,044,162	338,530,634	1.79%	586
2012	6,233,775	559,380	6,793,155	337,548,060	2.01%	659

Source: City of Satellite Beach Support Services Department

City of Satellite Beach, Florida
Direct and Overlapping Governmental Activities Debt
As of September 30, 2021
Schedule C2

Governmental Unit	Debt Outstanding (1)	Applicable Percentage (2)	City's Estimated Share of Direct and Overlapping Debt
Brevard County	$ 23,174,475	3.10%	$ 718,487
City of Satellite Beach Direct Debt (Governmental Activity)			
Total Notes Payable & Capital Leases			11,983,387
Total Direct and Overlapping Debt			$ 12,701,874

Sources: (1) City of Satellite Beach Support Services Department
(2) Brevard County Finance Department

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

Fiscal Year Ended September 30,	Debt Coverage Revenues	Debt Service Requirements	Debt Service Coverage
2021	**$ 5,494,171**	**$ 2,737,688**	**2.01**
2020	3,564,394	1,177,906	3.03
2019	2,817,875	903,755	3.12
2018	2,510,657	680,560	3.69
2017	2,301,510	674,125	3.41
2016	2,105,016	513,014	4.10
2015	1,638,743	467,256	3.51
2014	1,062,911	467,325	2.27
2013	950,849	467,780	2.03
2012	910,636	468,317	1.94

Note: Detail regarding the City's outstanding debt can be found in the notes to the financial statements.

Source: City of Satellite Beach Support Services Department

City of Satellite Beach, Florida
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
Schedule C4

Fiscal Year Ended September 30,	Population (2)	Assessed Value(1)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2021	**11,332**	**$ 1,072,175,051**	**-**	**0.00%**	**0.00**
2020	10,887	970,808,070	-	0.00%	0.00
2019	10,617	915,229,667	-	0.00%	0.00
2018	10,346	846,112,825	-	0.00%	0.00
2017	10,504	783,329,385	-	0.00%	0.00
2016	10,485	732,126,873	-	0.00%	0.00
2015	10,403	694,558,891	-	0.00%	0.00
2014	10,290	651,162,743	-	0.00%	0.00
2013	10,322	613,335,462	-	0.00%	0.00
2012	10,315	593,792,397	-	0.00%	0.00

As of September 30, 2021 the City of Satellite Beach has no General Bonded Debt.

Sources: (1) Brevard County Property Appraiser
(2) University of Florida Bureau of Economic and Business Research

City of Satellite Beach, Florida
Legal Debt Margin Information
Last Ten Fiscal Years

Fiscal year ended September 30,	**2021**	2020	2019	2018
Debt limit	$ 53,608,753	$ 48,540,404	$ 45,761,483	$ 42,305,641
Total net debt applicable to limit	11,983,387	9,861,173	10,820,651	6,792,698
Legal debt margin	$ 41,625,366	$ 38,679,231	$ 34,940,832	$ 35,512,943
Total net debt applicable to the limit as a percentage of the debt limit	22%	20%	24%	16%

Source: City Ordinance 1019 limits the City's total outstanding indebtedness to less than 5% of the assessed value of all taxable property, as determined by the most recent assessment.

Schedule C5

2017	2016	2015	2014	2013	2012
$ 42,318,446	$ 39,166,469	$ 34,727,945	$ 32,558,137	$ 30,666,773	$ 29,689,620
6,867,722	7,231,811	7,848,530	6,002,354	6,044,162	6,793,155
$ 35,450,724	$ 31,934,658	$ 26,879,415	$ 26,555,783	$ 24,622,611	$ 22,896,465
16%	18%	23%	18%	20%	23%

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

Fiscal Year Ended September 30,	Population (1)	Median Age (2)	Per Capita Income (2)	Median Household Income (2)	Public School Enrollment (2)	Unemployment Rate (3)
2021 *	**11,332**	**44.3**	**$ 41,566**	**$ 79,082**	**3,077**	1.7%
2020	10,887	44.3	41,566	79,082	3,077	1.7%
2019	10,617	45.4	39,680	74,800	2,572	2.3%
2018	10,346	43.1	33,492	63,793	2,910	5.2%
2017	10,504	43.1	35,075	63,170	2,697	3.6%
2016	10,485	43.1	35,075	63,170	2,697	5.2%
2015	10,403	42.9	35,907	65,000	2,694	5.8%
2014	10,290	43.9	33,492	63,793	2,623	6.7%
2013	10,322	45.3	32,797	63,014	2,470	8.1%
2012	10,315	45.0	32,724	61,712	2,545	9.0%

Sources: (1) University of Florida Bureau of Economic and Business Reasearch
(2) US Census Bureau
(3) Bureau of Labor Statistics (Not Seasonally Adjusted)

* Current information from the Bureau of Labor Statistics is not availble for certain indicators and prior year information has been carried forward.

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

	2021		2012	
Employer	**Number of Employees**	**Rank**	Number of Employees	Rank
Publix Super Market Inc.	**100-249**	**1**	100-249	2
City of Satellite Beach	**101-249**	**2**	100-249	3
A P T Research Inc.	**50-99**	**3**		
Long Doggers III Inc.	**10-49**	**4**		
Pappagallos Inc.	**10-49**	**5**		
Amwins Brokerage of Florida Inc.	**10-49**	**6**		
USPS Mel-Satellite Beach Branch	**10-49**	**7**	10-49	7
McDonald's Restaurant	**10-49**	**8**	10-49	8
Taco Bell US Leader	**10-49**	**9**		
Satellite Family Dentistry PA	**10-49**	**10**		
Raytheon Technical Services Company			250-500	1
Millennium Engineering and Integration			50-99	4
SatCom Direct Inc.			50-99	5
W A V Team Inc.			10-49	6
Blackbaud Inc.			10-49	9
Mojo's of Brevard Inc.			10-49	10
Totals	**		**	

Source: Economic Development Commission of Florida's Space Coast

Note: Figures are for zip code 32937

** Total and exact number of employees is no longer available.

City of Satellite Beach, Florida
Employees by Function/Program
Last Ten Fiscal Years

Full-time Equivalent Employees	**2021**	2020	2019	2018
Function				
General Government				
City Clerk	**3**	3	2	2
Support Services	**9**	8	8	8
Police	**40**	40	40	38
Fire	**20**	19	18	18
Community Redevelopment	**4**	5	5	5
Public Works	**24**	20	18	18
Recreation	**8**	8	8	8
Total	**108**	103	99	97

Source: City Support Services Department
Notes: Full-Time Equivalents are calculated, every 3 part time equals 1 full time.

Schedule E1

2017	2016	2015	2014	2013	2012
2	2	3	3	3	3
9	7	7	6	6	6
38	38	35	33	32	32
18	18	17	17	17	18
4	4	3	3	4	4
18	17	17	16	16	18
8	8	9	13	13	13
97	94	91	91	91	94

City of Satellite Beach, Florida
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	**2021**	2020	2019	2018
Community Development				
Building permits issued	**1,992**	1,983	1,971	2,006
Building inspections conducted	**3,496**	3,273	3,444	3,408
Police				
Arrests/Traffic Arrests	**182**	114	200	322
DUI's	**97**	36	64	91
Tickets	**1,728**	801	1,183	1,348
Fire				
Structure/Other Fires	**18**	21	22	13
Incidents/Call Outs	**2,332**	2,121	1,633	1,398
Annual Inspections	**535**	133	315	264
Public Works				
Replacement stormwater pipe (feet)	**2,950**	44	60	40
Replacement of storm drain inlets	**56**	33	1	10
Replacement of curbs (feet)	**8,086**	-	-	-
Replacement of sidewalk (feet)	**1,274**	113	113	208
Replacement of gutter (feet)	**-**	146	120	97
Asphalt patching (tons)	**1,158**	71	18	21

Source: Various City of Satellite Beach Departments

Note [A]: Indicates data was stored on a previous computer software and is no longer available.

Schedule E2

2017	2016	2015	2014	2013	2012	
1,594	1,366	1,582	1,477	1,408	1,316	
2,232	2,023	2,126	2,036	1,908	1,644	
327	325	325	310	313	379	
71	76	67	71	88	97	
1,263	1,494	1,453	1,664	1,846	2,074	
22	25	30	35	26	14	
1,501	1,377	1,350	1,385	1,211	1,195	
285	273	226	178	131	128	
775	398	180	451	316	[A]	
15	16	7	13	10	[A]	
295	1,181	-	492	246	[A]	
230	984	300	505	402	[A]	
-	-	80	27	53	[A]	
-	10	16	8	12	[A]	

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

Function/Program	**2021**	2020	2019	2018	2017	2016	2015	2014	2013	2012
Schools										
Elementary	**2**	2	2	2	2	2	2	2	2	2
Middle School	**1**	1	1	1	1	1	1	1	1	1
High School	**1**	1	1	1	1	1	1	1	1	1
Police										
Station	**1**	1	1	1	1	1	1	1	1	1
Police Officers	**23**	23	23	21	21	21	21	21	21	21
Fire										
Station	**1**	1	1	1	1	1	1	1	1	1
Firefighters	**17**	17	17	15	15	15	15	15	15	15
Other Public Works										
Streets (linear miles)	**37**	37	37	37	37	37	37	37	37	37
Streetlights	**475**	475	435	435	435	435	435	435	435	435
Parks and Recreation										
Oceanfront Parks	**4**	4	4	4	4	4	4	4	4	4
Desoto Park Tennis Courts	**8**	8	8	8	8	8	8	8	8	8
Samsons Island Nature Park	**1**	1	1	1	1	1	1	1	1	1
Football Field	**1**	1	1	1	1	1	1	1	1	1
Soccer Field	**3**	3	3	3	3	3	3	3	3	3
Baseball Field	**3**	3	3	3	3	3	3	3	3	3
Skatepark	**1**	1	1	1	1	1	1	1	1	1
Dog Park	**1**	1	1	1	1	1	1	1	1	1

Source: Various City of Satellite Beach Departments

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

Honorable Mayor and City Council
City of Satellite Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Satellite Beach, Florida, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Satellite Beach, Florida's basic financial statements, and have issued our report thereon dated March 15, 2022

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as below, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency identified as MW 2021-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies identified as SD 2021-002 and SD 2021-003 to be significant deficiencies.

MW 2021-001 PROCEEDS FROM THE ISSUANCE OF DEBT

Criteria: The City's governmental funds should record revenue from the proceeds of debt issuance when the City incurs the obligation, including if the funds are held in escrow for the benefit of the City.

Condition: The City entered into a debt agreement for the purpose of funding the period between when stormwater improvements were constructed and approval of an application with the Florida Department of Environmental Protection State Revolving Fund for a loan. The funds were held in an escrow account, and were unused as of September 30, 2021.

Cause: The City did not receive the cash funds into their operating account, nor make payments during the period; however the controls were not designed appropriately to detect and correct a resulting transaction where the funds were held in escrow without activity during the year or to record debt issuance costs and accrued interest incurred by the City as a result of this transaction.

Effect: The Stormwater fund other financing sources was understated by $2,975,000 and fund expenditures were understated by $15,000 for the debt issuance costs incurred. Additionally, the City did not include in its calculations of long-term debt the government-wide accrued interest liability and related interest expense of $28,694 for the period ended September 30, 2021.

Recommendation: The City should revise its controls around the recognition of proceeds from the issuance of debt to include those situations where there is no cash effect in the current period.

Management Response: The City has implemented controls to review all financial agreements monthly to verify the proper recording of each to avoid this condition in the future.

SD 2021-002 REVENUE RECEIPTING AND RECONCILIATION

Criteria: Fundamental elements of internal control include the segregation of duties whereby no single individual is charged with custody of an asset, recordkeeping, and review and approval of the transaction.

Condition: Revenue, in the form of cash, checks, and credit cards, are collected in various locations throughout the City. Due to the size and number of City staff present at locations not within City Hall, segregation of duties is not consistently possible and the City has implemented secondary, compensating controls. In the recreation department, course instructors are not City employees, and do not perform cash handling, recordkeeping, or review and approval. The City's compensating control in the recreation department is a requirement for course instructors to take attendance records which are then reconciled by the department head to tuition charged and collected. This compensating control serves to verify tuition revenue is recorded, completely, accurately, and timely.

Cause: The compensating control over instructor recorded attendance records, and reconciliation to tuition control did not operate as designed. It was determined the course instructors did not take accurate attendance records, and the reconciliation to revenue was not performed in a timely manner to identify and correct the attendance control failure.

Effect: There is the potential that errors or defalcation of tuition revenue could occur and not be detected by the City's system of internal controls on a timely basis.

Recommendation: The City should implement procedures to periodically verify the accuracy of attendance records taken by course instructors, and perform the reconciliation of attendance records to tuition no less than monthly.

Management Response: The City has implemented having the attendance records from the instructors when reconciling for payment to avoid having this condition in the future.

SD 2021-003 REVIEW OF INFORMATION PROVIDED TO FLORIDA DEPARTMENT OF RETIREMENT

Criteria: Fundamental elements of internal control include the review of information prepared by others in sufficient detail to detect and correct an error.

Condition: The City through its third party administrator for the Police and Fire Pension Plan supplied inaccurate salary information to the Florida Department of Retirement, which resulted in an over allocation and excess payment of Firefighters premium tax distributions in a prior period. As a result the City has recorded revenue in prior years which it has not earned.

Cause: The City did not provide for review of the information provided by the pension third party administrator to the Florida Department of Retirement by someone other than the preparer in sufficient detail to detect and correct the error.

Effect: The exact amount of the error has not been determined; however, it is estimated at $50,000 and the Department of Retirement has indicated it will be corrected by a reduced distribution in a subsequent period.

Recommendation: When performing a review of information, the control should be designed to include sufficient detail to detect and correct a significant error.

Management Response: The City has implemented with the third-party administrator to be on the submission to the Florida Department of Retirement to allow for additional review of the information before final submittal.

Compliance and Other Matters

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

City of Satellite Beach, Florida's Responses to Findings

The City of Satellite Beach, Florida's responses to the findings identified in our audit are described above. The City of Satellites Beach, Florida's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

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

Melbourne, Florida
March 15, 2022

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INDEPENDENT AUDITORS' MANAGEMENT LETTER

The Honorable Mayor and City Council
City of Satellite Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Satellite Beach, Florida (the "City") as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated March 15, 2022.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 15, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Prior Year Management Letter Comments:	
IC 2017-001 Revenue receipting and reconciliation	Corrected
IC 2020-001 Recordkeeping	Corrected

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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 Satellite Beach, Florida and its component units is disclosed in the footnotes. The City of Satellite Beach, Florida includes the following component units:

Component Unit:	Established by:
1. City of Satellite Beach Police Officers' and Firefighters' Retirement System	City Ordinance
2. City of Satellite Beach General Employees Retirement System	City Ordinance
3. City of Satellite Beach Community Redevelopment Agency	City Ordinance

Financial Condition and Management

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

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

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

Special District Component Unit

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

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

Melbourne, Florida
March 15, 2022



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

The Honorable Mayor and City Council
City of Satellite Beach, Florida

We have examined the City of Satellite Beach, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, Local Government Investment Policies, during the year ended September 30, 2021. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

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

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

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

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

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

Melbourne, Florida
March 15, 2022