


# City of Satellite Beach, Florida

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

**For the Fiscal Year Ended September 30, 2022**

# City of Satellite Beach, Florida
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# Year Ended September 30, 2022


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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 24, 2023

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 six 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, 2022.

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 unmodified ("Clean") opinion on the City of Satellite Beach's financial statements for the year ended September 30, 2022. 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 auditors' 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 11,393 in 2022.

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 is 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 Harris 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 2022-2023 through Fiscal Year 2026-2027. 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 2022-2023 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; continue to work renewing the City's facilities and infrastructure; seek grant opportunities to help offset costs and unforeseen

expenditures; projects and strategies to protect and restore the Indian River Lagoon; develop employee training; a citizen's academy focused on sustainable practices; and continue 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. The City was able to maintain a positive unassigned reserve of $732,570 for fiscal year 2021-2022 an increase of $129,286 from the prior year. The City budgets for all positions and when there are positions that are unable to be filled immediately those funds are able to add to the City's unassigned reserves.

The City of Satellite Beach created a Stabilization Reserve Policy in 2013. This policy was created to maintain and 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 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, and 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 2021-2022 increased the Stabilization Reserve from $2,536,661 to $2,902,378. 60 days of operating expenditures for fiscal year 2021-2022 is $2,167,761. 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, 2022. 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, 2021.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
Assistant City Manager/Support Services Director

# City of Satellite Beach, Florida
# City Officials
# Year Ended September 30, 2022

Mayor
Steve Osmer

Vice Mayor
Jodi Rozycki

Council Members
Mindy Gibson
Dominick Montanaro
David Vigliotti

City Attorney
James P. Beadle

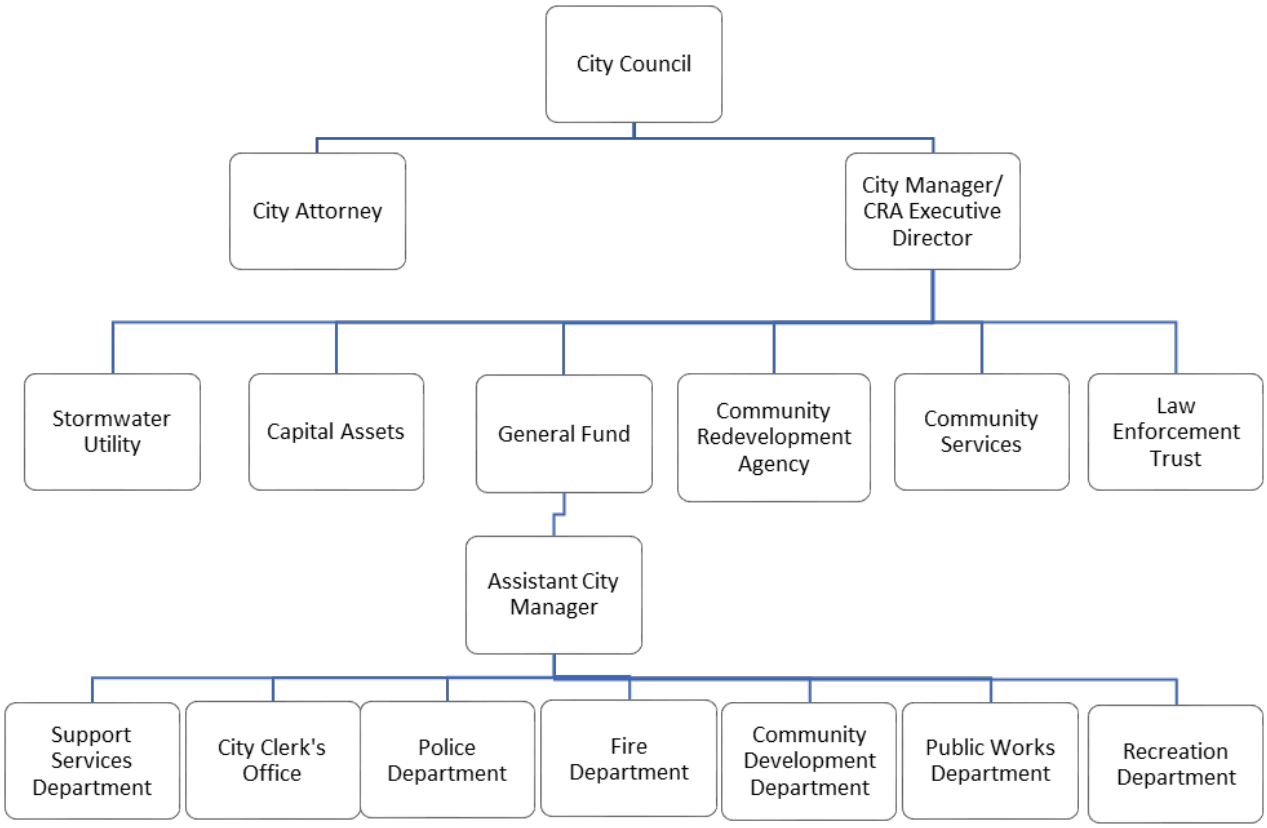
City Manager
Courtney Barker

City Clerk
Gwen Peirce

Assistant City Manager / Support Services Director
Brittany Retherford

Comptroller
Nick Walsh

# City of Satellite Beach, Florida
# Organizational Chart
# Year Ended September 30, 2022



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, 2021

Christopher P. Morrill

Executive Director/CEO




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CRI CARR RIGGS & INGRAM
CPAs and Advisors

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

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**INDEPENDENT AUDITORS' REPORT**

To the City Council
City of Satellite Beach, Florida

**Report on the Audit of the Financial Statements**

***Opinions***

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, 2022, 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.

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, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Satellite Beach, Florida and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Emphasis of Matter***

As described in Note 2 to the financial statements, in fiscal year 2022, the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Satellite Beach, Florida's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Satellite Beach, Florida's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

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

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Satellite Beach, Florida's basic financial statements. The accompanying combining nonmajor fund financial statements and the budgetary comparison schedules of nonmajor funds and the capital asset fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the budgetary comparison schedules 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.

***Other Information***

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

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

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

Melbourne, Florida
March 24, 2023

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, 2022.

## 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 $25,986,080 (net position). Of this amount, ($8,397,013) represents the unrestricted net deficit due to recording of the total OPEB obligation and related deferred inflows and outflows of $4,915,387; pension liabilities and related deferred inflows and outflows of $5,547,506; and compensated absences of $779,923 which are not currently funded.
- The City's total net position increased by $3,262,958, primarily due to increases in capital assets and deferred inflows & outflows of resources related to pensions and other post-employment benefits.
- As of the close of the current fiscal year, the City of Satellite Beach, Florida's governmental funds reported combined ending fund balances of $3,003,471, a decrease of $2,917,777 in comparison with the prior year. This is mainly due to paying off the loan with Florida Department of Environmental Protection for the purpose of funding stormwater projects while awaiting the State Revolving Fund loans.
- The City of Satellite Beach, Florida's total long-term liabilities (excluding pension and OPEB liabilities) decreased by $3,135,745 during the current fiscal year. The decrease is due to a net decrease in notes payable and financed purchases of $3,519,145 and a net decrease in the lease liability of $42,058 offset by a net increase compensated absences of $425,458.

## 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 $25,986,080 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**

| | 2022 | 2021 |
|---|---|---|
| Current and other assets | **$ 9,736,968** | $ 10,744,670 |
| Capital assets, net | **42,991,745** | 39,695,409 |
| Total assets | **52,728,713** | 50,440,079 |
| Deferred outflows of resources | **5,530,331** | 1,769,916 |
| Long-term liabilities outstanding | **21,684,892** | 17,576,280 |
| Other liabilities | **6,702,969** | 4,498,939 |
| Total liabilities | **28,387,861** | 22,075,219 |
| Deferred inflows of resources | **3,885,103** | 7,411,654 |
| Net Position: | | |
| Net investment in capital assets | **34,100,017** | 27,510,228 |
| Restricted | **283,076** | 2,909,105 |
| Unrestricted (deficit) | **(8,397,013)** | (7,696,211) |
| Total net position | **$ 25,986,080** | $ 22,723,122 |

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 $283,076 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 ($8,397,013), primarily due to recording of the OPEB obligation of $4,339,884, compensated absences of $779,923 and aggregate net pension liability of $7,868,647 and related deferred inflows of resources of $3,885,103 offset by deferred outflows of resources of $5,530,331. These liabilities are not currently funded.

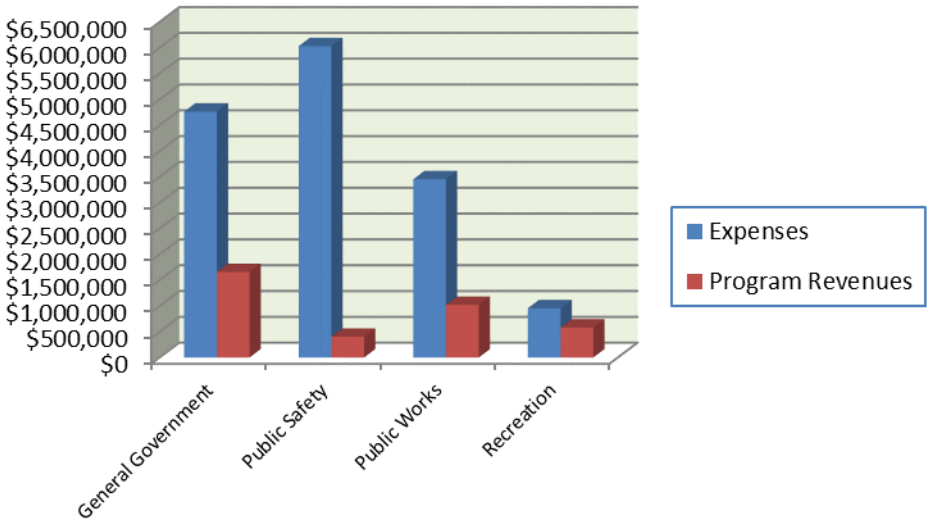
The following table shows condensed revenue and expense data:

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

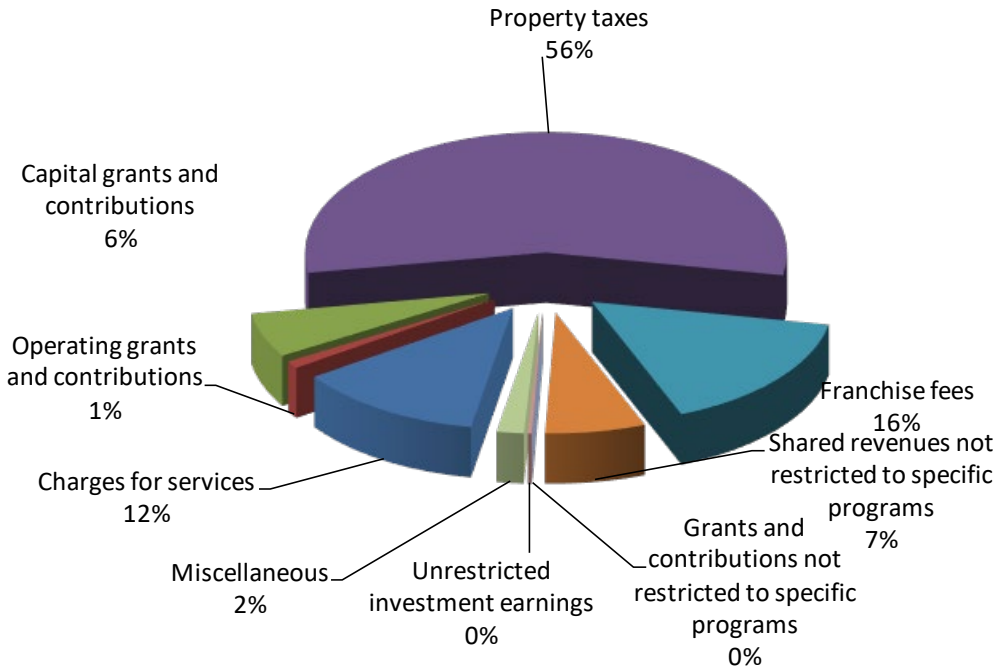
| | **2022** | 2021 |
|---|---|---|
| Program Revenues: | | |
| Charges for services | **$ 2,358,614** | $ 2,188,948 |
| Operating grants and contributions | **182,179** | 238,888 |
| Capital grants and contributions | **1,115,244** | 27,780 |
| General revenues: | | |
| Property taxes | **10,429,297** | 9,792,447 |
| Franchise fees and other taxes | **2,984,743** | 2,731,231 |
| Shared revenues not restricted to specific programs | **1,260,528** | 1,080,144 |
| Grants and contributions not restricted to specific programs | **210** | 33,905 |
| Unrestricted investment earnings | **48,948** | 12,342 |
| Miscellaneous | **340,028** | 305,990 |
| Total revenues | **18,719,791** | 16,411,675 |
| Program expenses: | | |
| General government | **4,762,470** | 3,414,609 |
| Public safety | **6,029,889** | 5,040,014 |
| Public works | **3,451,619** | 2,838,554 |
| Recreation | **952,427** | 1,002,740 |
| Interest on long term debt | **260,428** | 297,871 |
| Total expenses | **15,456,833** | 12,593,788 |
| Change in net position | **3,262,958** | 3,817,887 |
| Net position- beginning | **22,723,125** | 18,905,238 |
| Net position- ending | **$ 25,986,083** | $ 22,723,125 |

The City's net position increased by $3,262,958 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 $3,003,471, a decrease of $2,917,777 in comparison with the prior year. The fund balances of nonspendable, restricted, committed or assigned indicate that it is not available for new spending because it is obligated for prepaid items ($595,988) restricted for specific purposes ($283,076), committed for specific projects ($31,066) or assigned to pay for obligations previously authorized by the City ($3,096,748). Unrestricted, unassigned fund deficit was $(1,003,407) 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 $591,234, while total fund balance was $3,725,075. The fund balance of the City of Satellite Beach, Florida's General Fund increased by $713,061 during the current fiscal year. The increase is primarily due to revenues being higher than estimated, vacancies, and transfers to the capital asset fund less than originally anticipated.

The Community Redevelopment Agency Special Revenue Fund has a total fund balance of $0, this is due to a new requirement from State Statute. Community redevelopment agencies are no longer allowed to carry forward a fund balance; they must provide remaining funds back to the taxing authorities.

The Capital Assets Fund has a total fund deficit of $(339,582). The net $584,539 decrease in fund balance during the current year in the Capital Assets Fund was due to the public works building not being completed until Summer 2022 and having overruns in project costs.

The Stormwater Utility Fund has a total fund deficit of $(696,164) at year-end. The net decrease of $3,043,150 was primarily due to the retirement of the notes payable during the year.

**General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget (net increase of $666,391 in appropriated expenditures and transfers out) can be briefly summarized as follows:

- $214,716 in increases in the budget for General Government Services, Legislative, City Clerk's office and Support Services to support increases in personnel and vendor costs.
- $596,586 in increases in the budget for transfers out for the City's support of projects in the Stormwater Utility and Capital Projects funds.

Differences between the final amended budget and actual expenditures and transfers out can be briefly summarized as follows:

- $40,839 in decreases in General Government Services, Legislative, City Clerk's office and Support Services
- $65,108 in decreases in Police and Fire
- $10,028 in decreases in Public Works and Community Development
- $6,451 in decreases in Recreation
- $358,105 in increases in Transfers out

This decrease in department expenditures is due to worker's compensation rates being lower than originally anticipated and vacancies throughout the fiscal year. The increase in transfers out is due to moving general revenue to 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, 2022, amounts to $42,991,745 (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 7 percent.

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

| | **2022** | 2021 |
|---|---|---|
| Land | **$ 11,406,744** | $ 11,406,744 |
| Buildings | **3,701,713** | 3,920,772 |
| Improvements other than buildings | **3,920,523** | 2,272,002 |
| Equipment | **3,211,252** | 3,292,181 |
| Infrastructure | **13,210,442** | 12,098,240 |
| Right-to-use lease assets | **227,688** | - |
| Construction in progress | **7,313,383** | 6,705,469 |
| Total | **$ 42,991,745** | $ 39,695,408 |

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 and financed purchases.** At the end of the current fiscal year, the City of Satellite Beach, Florida, had notes payable outstanding of $8,464,242.

The City's notes payable and financed purchases balance decreased by $3,519,145 during the current fiscal year due to paying off Revenue Note, Series 2021.

**Lease liability**. At the end of the current fiscal year, the City of Satellite Beach, Florida, had $232,196 in outstanding lease liabilities.

**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 $779,923. Total compensated absences increased by a net amount of $425,458 during the year, which includes additions of $634,325 and reductions of $208,867.

It is estimated that $504,421 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 2021/2022 fiscal year.

The City of Satellite Beach, Florida, in 2021/2022 did allocate an additional $560,087 of the total fund balance as an assigned balance to be utilized as an emergency reserve per Ordinance 936. In addition, the City increased the unassigned fund balance by $140,022 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, 2022* | Governmental Activities |
|---|---|
| **ASSETS** | |
| Cash and cash equivalents | **$ 2,325,193** |
| Investments | **5,963,910** |
| Accounts receivable | **297,153** |
| Due from other governments | **517,077** |
| Prepaid items | **595,988** |
| Derivative instrument - interest rate swap | **37,647** |
| Capital assets not being depreciated: | |
| Land | **11,406,744** |
| Construction in progress | **7,313,383** |
| Capital assets, net of accumulated depreciation/amortization: | |
| Buildings | **3,701,713** |
| Improvements other than buildings | **3,920,523** |
| Equipment | **3,211,252** |
| Infrastructure | **13,210,442** |
| Right-to-use lease assets | **227,688** |
| Total assets | **52,728,713** |
| **DEFERRED OUTFLOWS OF RESOURCES** | |
| Deferred outflows related to other post employment benefits | **1,377,421** |
| Deferred outflows related to pensions | **4,152,910** |
| Total deferred outflows of resources | **5,530,331** |

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

| *September 30, 2022* | Governmental Activities |
|---|---|
| **LIABILITIES** | |
| Accounts payable | **528,114** |
| Due to other governments | **744,268** |
| Accrued expenses | **380,322** |
| Accrued interest payable | **69,882** |
| Unearned revenue | **4,980,383** |
| Noncurrent liabilities: | |
| Due within one year | |
| Compensated absences | **504,421** |
| Notes payable | **1,000,578** |
| Lease liabilities | **85,213** |
| Due in more than one year | |
| Compensated absences | **275,502** |
| Notes payable | **7,463,664** |
| Lease liability | **146,983** |
| Other post employment benefits | **4,339,884** |
| Net pension liability | **7,868,647** |
| Total liabilities | **28,387,861** |
| **DEFERRED INFLOWS OF RESOURCES** | |
| Accumulated increase in fair value of derivative instrument - interest rate swap | **37,647** |
| Deferred revenue - business tax receipts | **62,763** |
| Deferred inflows related to other post employment benefits | **1,952,924** |
| Deferred inflows related to pensions | **1,831,769** |
| Total deferred inflows of resources | **3,885,103** |
| **NET POSITION** | |
| Net investment in capital assets | **34,100,017** |
| Restricted for: | |
| Community services | **245,519** |
| Law enforcement | **37,557** |
| Unrestricted (deficit) | **(8,397,013)** |
| Total net position | **$ 25,986,080** |

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

*For the year ended September 30, 2022*

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions |
|---|---|---|---|---|
| Governmental activities: | | | | |
| General government | **$ 4,762,470** | **$ 433,292** | **$ 124,134** | **$ 1,098,118** |
| Public safety | **6,029,889** | **337,168** | **54,835** | **9,125** |
| Public works | **3,451,619** | **1,007,868** | **3,210** | **8,000** |
| Recreation | **952,427** | **580,286** | **-** | **1** |
| Interest and related costs on long-term debt | **260,428** | **-** | **-** | **-** |
| Total governmental activities | **$ 15,456,833** | **$ 2,358,614** | **$ 182,179** | **$ 1,115,244** |

| | |
|---|---|
| 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 |
|---|
| **$ (3,106,926)** |
| **(5,628,761)** |
| **(2,432,541)** |
| **(372,140)** |
| **(260,428)** |
| **(11,800,796)** |
| **10,429,297** |
| **2,984,743** |
| **1,260,528** |
| **210** |
| **48,948** |
| **340,028** |
| **15,063,754** |
| **3,262,958** |
| **22,723,122** |
| **$ 25,986,080** |

## City of Satellite Beach, Florida
## Balance Sheet – Governmental Funds

| *September 30, 2022* | General | Community Redevelopment Agency | Capital Assets |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | $ **1,507,937** | $ **622,584** | $ **-** |
| Investments | **1,031,140** | **121,684** | **10,776** |
| Accounts receivable | **195,692** | **-** | **97,413** |
| Due from other funds | **1,280,848** | **-** | **-** |
| Due from other governments | **266,995** | **-** | **-** |
| Prepaid items | **37,093** | **-** | **551,706** |
| Total assets | $ **4,319,705** | $ **744,268** | $ **659,895** |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES** | | | |
| Liabilities: | | | |
| Accounts payable | $ **206,132** | $ **-** | $ **27,783** |
| Accrued expenses | **325,735** | **-** | **-** |
| Unearned revenue | **-** | **-** | **504,000** |
| Due to other funds | **-** | **-** | **467,694** |
| Due to other governments | **-** | **744,268** | **-** |
| Total liabilities | **531,867** | **744,268** | **999,477** |
| Deferred inflows of resources: | | | |
| Deferred revenue - business tax receipts | **62,763** | **-** | **-** |
| Fund balances: | | | |
| Nonspendable | **37,093** | **-** | **551,706** |
| Restricted | **-** | **-** | **-** |
| Committed | **-** | **-** | **-** |
| Assigned | **3,096,748** | **-** | **-** |
| Unassigned | **591,234** | **-** | **(891,288)** |
| Total fund balances (deficits) | **3,725,075** | **-** | **(339,582)** |
| Total liabilities and fund balances (deficits) | $ **4,319,705** | $ **744,268** | $ **659,895** |

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

| Stormwater Utility | American Rescue Plan | Nonmajor Funds | Total Governmental Funds |
|---|---|---|---|
| $ - | $ - | $ 194,672 | $ 2,325,193 |
| 34,110 | 4,749,599 | 16,601 | 5,963,910 |
| - | - | 4,048 | 297,153 |
| - | - | - | 1,280,848 |
| 124,133 | - | 125,949 | 517,077 |
| 7,189 | - | - | 595,988 |
| $ 165,432 | $ 4,749,599 | $ 341,270 | $ 10,980,169 |

| | | | |
|---|---|---|---|
| $ 163,362 | $ 72,643 | $ 58,194 | $ 528,114 |
| 26,133 | 28,454 | - | 380,322 |
| - | 4,476,383 | - | 4,980,383 |
| 672,101 | 141,053 | - | 1,280,848 |
| - | - | - | 744,268 |
| 861,596 | 4,718,533 | 58,194 | 7,913,935 |
| - | - | - | 62,763 |
| 7,189 | - | - | 595,988 |
| - | - | 283,076 | 283,076 |
| - | 31,066 | - | 31,066 |
| - | - | - | 3,096,748 |
| (703,353) | - | - | (1,003,407) |
| (696,164) | 31,066 | 283,076 | 3,003,471 |
| $ 165,432 | $ 4,749,599 | $ 341,270 | $ 10,980,169 |




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

*September 30, 2022*

| | |
|---|---|
| Total fund balances for governmental funds | **$ 3,003,471** |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | **42,991,745** |
| 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. | **5,530,331** |
| 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. | **(3,784,693)** |
| Long-term liabilities, including OPEB liability, net pension liability, lease liability and compensated absences, are not due and payable in the current period and therefore are not reported in the funds. | **(21,684,892)** |
| Interest on long-term debt is not accrued in governmental funds but rather is recognized as an expenditure when due. | **(69,882)** |
| Net position of governmental activities | **$ 25,986,080** |

*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

*For the year ended September 30, 2022*

| | General | Community Redevelopment Agency | Capital Assets |
|---|---|---|---|
| **Revenues** | | | |
| Taxes | $ 11,631,579 | $ 876,279 | $ 906,182 |
| Licenses and permits | 481,038 | - | - |
| Intergovernmental | 1,383,274 | - | - |
| Charges for services | 827,358 | - | - |
| Fines and forfeitures | 56,504 | - | - |
| Investment and other income | 54,819 | 3,228 | 48,599 |
| Total revenues | 14,434,572 | 879,507 | 954,781 |
| **Expenditures** | | | |
| Current: | | | |
| General government | 3,325,880 | 749,957 | - |
| Public safety | 5,951,785 | - | - |
| Public works | 2,683,609 | - | - |
| Recreation | 893,242 | - | - |
| Capital outlay | 97,052 | - | 1,476,745 |
| Debt service: | | | |
| Principal retired | 85,629 | 386,800 | 555,534 |
| Interest and other | 14,768 | 78,219 | 165,165 |
| Total expenditures | 13,051,965 | 1,214,976 | 2,197,444 |
| Excess (deficiency) of revenues over (under) expenditures | 1,382,607 | (335,469) | (1,242,663) |
| **Other financing sources (uses)** | | | |
| Transfers in | 2,047,764 | 2,156,238 | 658,124 |
| Transfers out | (2,814,362) | (1,822,173) | - |
| Proceeds from the issuance of debt | 53,481 | - | - |
| Lease proceeds | 43,571 | - | - |
| Net other financing sources (uses) | (669,546) | 334,065 | 658,124 |
| Net change in fund balances | 713,061 | (1,404) | (584,539) |
| Fund balances, beginning of year | 3,012,014 | 1,404 | 244,957 |
| Fund balances (deficits), end of year | $ 3,725,075 | $ - | $ (339,582) |

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

| Stormwater Utility | American Rescue Plan | Nonmajor Funds | Total Governmental Funds |
|---|---|---|---|
| $ - | $ - | $ - | $ 13,414,040 |
| - | - | - | 481,038 |
| 124,134 | 1,098,118 | - | 2,605,526 |
| 965,443 | - | 515 | 1,793,316 |
| - | - | - | 56,504 |
| 2,375 | 30,937 | 229,409 | 369,367 |
| 1,091,952 | 1,129,055 | 229,924 | 18,719,791 |
| | | | |
| - | 37,775 | - | 4,113,612 |
| - | - | 17,554 | 5,969,339 |
| 171,542 | 34,721 | 171,325 | 3,061,197 |
| - | - | 7,385 | 900,627 |
| 1,072,737 | 1,025,622 | 66,342 | 3,738,498 |
| | | | |
| 3,011,992 | - | - | 4,039,955 |
| 34,940 | - | - | 293,092 |
| 4,291,211 | 1,098,118 | 262,606 | 22,116,320 |
| | | | |
| (3,199,259) | 30,937 | (32,682) | (3,396,529) |
| | | | |
| - | - | - | 4,862,126 |
| (225,591) | - | - | (4,862,126) |
| 381,700 | - | - | 435,181 |
| - | - | - | 43,571 |
| | | | |
| 156,109 | - | - | 478,752 |
| (3,043,150) | 30,937 | (32,682) | (2,917,777) |
| 2,346,986 | 129 | 315,758 | 5,921,248 |
| $ (696,164) | $ 31,066 | $ 283,076 | $ 3,003,471 |

## 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, 2022*

| | | |
|---|---|---|
| Net change in fund balances - total governmental funds | | **$ (2,917,777)** |
| 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/amortization expense. This is the amount by which capital outlay exceeds depreciation/amortization in the current period. | | |
| Capital outlay | $ 3,738,498 | |
| Depreciation expense | (632,398) | **3,106,100** |
| 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. | | **(84,018)** |
| 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. | | **3,561,203** |
| 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. | | **(392,794)** |
| 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. | | **(122,456)** |
| 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. | | **112,700** |
| Change in net position of governmental activities | | **$ 3,262,958** |

*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, 2022*

| | | |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | | |
| Receivables: | | |
| Contributions | **$** | **72,655** |
| Due from other governments | | **103,280** |
| Investments, at fair value: | | |
| Florida Municipal Investment Trust Fund | | **29,769,388** |
| Total assets | | **29,945,323** |
| **LIABILITIES** | | |
| Benefits payable | | **-** |
| Total liabilities | | **-** |
| **NET POSITION** | | |
| Net position restricted for pension benefits | **$** | **29,945,323** |

*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, 2022*

| | | |
|---|---|---|
| **ADDITIONS** | | |
| Contributions: | | |
| Employees | **$** | **207,503** |
| City | | **921,780** |
| State | | **206,560** |
| Total contributions | | **1,335,843** |
| Investment earnings: | | |
| Net appreciation in fair value of investments | | **(4,572,150)** |
| Total additions | | **(3,236,307)** |
| **DEDUCTIONS** | | |
| Benefit payments | | **1,657,162** |
| Administrative expenses | | **97,145** |
| Total deductions | | **1,754,307** |
| **Change in net position** | | **(4,990,614)** |
| **Net position, beginning of year** | | **34,935,937** |
| **Net position, end of year** | **$** | **29,945,323** |

*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, 2022.

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

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

*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, right-to-use lease assets 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. 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 |
| Right-to-use lease assets | 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 assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The City has two (2) items that qualify for reporting as deferred outflows of resources, the *deferred outflows related to 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*, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

The City has four 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, 2022. 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.

*Leases*

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

*Pensions*

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

*Pensions (Continued)*

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.

*Categories and Classification of Net Position and Fund Balance*

*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).

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

*Categories and Classification of Net Position and Fund Balance (Continued)*

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

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

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

*Committed fund balance* – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. As of September 30, 2022, the City had no committed fund balance.

*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.

On August 7, 2013, the City adopted a fund balance stabilization policy. The City's General Fund stabilization reserve policy is to assign 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 assigned fund balance in the General Fund and used to fund expenditures for critical services in response to major natural disasters upon City Council approval.

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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, 2022 was 8.2312 mills, which was .444 higher than the roll back rate of 8.1872.

***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 24, 2023 and determined there were no events that occurred that required disclosure.

***Recently Issued and Implemented Accounting Pronouncements***

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Additional information about the changes to the financial statements related to the implementation of this Statement can be found in Note 2.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Recently Issued and Implemented Accounting Pronouncements (Continued)***

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

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

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

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

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

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

**Note 2: ACCOUNTING CHANGES**

***Change in Accounting Principle***

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

| | Governmental Activities |
|---|---|
| Net position, September 30, 2021, as previously reported | $ 22,723,122 |
| Right-to-use lease assets | 274,254 |
| Lease liabilities | (274,254) |
| Net position, September 30, 2022, restated | $ 22,723,122 |

***Reclassification of Account Balances***

As of October 1, 2021, the City reclassified $2,536,661 of fund balance committed for stabilization to assigned fund balance, pursuant to re-evaluation of the criteria set forth in GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

As of October 1, 2021, as part of the conversion of the capital asset records into the City's new accounting software, the City reclassified depreciable assets and related accumulated depreciation as noted in the table below.

| | *Balances as of September 30, 2021* | | |
|---|---|---|---|
| | As Previously Reported | Reclassifications | As Restated |
| **Governmental activities:** | | | |
| Capital assets, being depreciated: | | | |
| Buildings | $ 6,659,396 | $ (129,452) | $ 6,529,944 |
| Improvements other than buildings | 5,682,092 | 559,456 | 6,241,548 |
| Equipment | 6,879,445 | 119,289 | 6,998,734 |
| Infrastructure | 23,312,870 | (549,293) | 22,763,577 |
| Total capital assets being depreciated | $ 42,533,803 | $ - | $ 42,533,803 |
| Accumulated depreciation for: | | | |
| Buildings | $ (2,738,624) | $ - | $ (2,738,624) |
| Improvements other than buildings | (3,410,090) | 824,551 | (2,585,539) |
| Equipment | (3,587,263) | (821,512) | (4,408,775) |
| Infrastructure | (11,214,630) | (3,039) | (11,217,669) |
| Total accumulated depreciation | $ (20,950,607) | $ - | $ (20,950,607) |

## Note 3: DETAILED NOTES ON ALL FUNDS

### *Deposits and Investments*

*Deposits*

At September 30, 2022, the primary government's carrying amount of deposits was $2,325,193 including $2,253 of petty cash, and the bank balance was $2,351,567. As of September 30, 2022, $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, 2022, 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. 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.

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

***Deposits and Investments (Continued)***

During the year ended September 30, 2022, 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 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, 2022, 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 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.

*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.

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

***Deposits and Investments (Continued)***

*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.

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.

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

***Deposits and Investments (Continued)***

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, 2022, the City had the following investments:

| Investment type | | Fair Value | Weighted Average to Maturity (WAM) | Effective Duration | Rating | Agency |
|---|---|---|---|---|---|---|
| Primary government: | | | | | | |
| SBA (Florida PRIME) | $ | 111,465 | 28 days | - | AAAm | S&P |
| Florida PALM | | 5,852,445 | 26 days | - | AAAm | S&P |
| Primary government total | $ | 5,963,910 | | | | |
| Pension trust funds: | | | | | | |
| Florida Municipal Investment Trust (FMIvT) | $ | 29,769,388 | 7.81 | - | AAf/S4 | Fitch |
| Pension trust funds total | $ | 29,769,388 | | | | |

*Interest Rate SWAP*

The City's investment in the interest rate swap derivative investment of $(37,647) 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, 2022 was as follows:

| *For the year ended September 30, 2022* | Beginning Balance * | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Governmental activities:** | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | $ 11,406,744 | $ - | $ - | $ 11,406,744 |
| Construction in progress | 6,705,469 | 2,629,033 | (2,021,119) | 7,313,383 |
| Total capital assets, not being depreciated | 18,112,213 | 2,629,033 | (2,021,119) | 18,720,127 |

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

***Capital Assets (Continued)***

| *For the year ended September 30, 2022* | Beginning Balance * | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| Capital assets, being depreciated: | | | | |
| Buildings | 6,529,944 | 1,975 | - | 6,531,919 |
| Improvements other than buildings | 6,241,548 | 303,695 | - | 6,545,243 |
| Equipment | 6,998,734 | 664,841 | (256,242) | 7,407,333 |
| Infrastructure | 22,763,577 | 2,116,502 | (44,147) | 24,835,932 |
| Right-to-use lease assets | | | | |
| Equipment | 140,940 | - | - | 140,940 |
| Vehicles | 133,314 | 43,571 | - | 176,885 |
| Total capital assets being depreciated | 42,808,057 | 3,130,584 | (300,389) | 45,638,252 |
| Less accumulated depreciation for: | | | | |
| Buildings | (2,738,624) | (91,582) | - | (2,830,206) |
| Improvements other than buildings | (2,585,539) | (39,181) | - | (2,624,720) |
| Equipment | (4,408,775) | (1,470) | 214,164 | (4,196,081) |
| Infrastructure | (11,217,669) | (410,028) | 2,207 | (11,625,490) |
| Right-to-use lease assets | | | | |
| Equipment | - | (45,435) | - | (45,435) |
| Vehicles | - | (44,702) | - | (44,702) |
| Total accumulated depreciation | (20,950,607) | (632,398) | 216,371 | (21,366,634) |
| Total capital assets being depreciated, net | 21,857,450 | 2,498,186 | (84,018) | 24,271,618 |
| Governmental activities capital assets, net | $ 39,969,663 | $ 5,127,219 | $ (2,105,137) | $ 42,991,745 |

***** *September 30, 2021 balance is restated with the implementation of GASB Statement No. 87. See Note 2.*

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

| | |
|---|---|
| Governmental activities: | |
| General government | $ 225,189 |
| Public safety | 159,407 |
| Community Redevelopment | 117,140 |
| Physical environment | 83,442 |
| Recreation | 47,220 |
| Total depreciation/amortization expense - governmental activities | $ 632,398 |

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

***Interfund receivables, payables, and transfers***

The composition of interfund balances as of September 30, 2022, is as follows:

| | General Fund | Total |
|---|---|---|
| Due from: | | |
| Capital asset | $ 467,694 | $ 467,694 |
| ARPA | 141,053 | 141,053 |
| Community redevelopment | - | - |
| Stormwater utility fund | 672,101 | 672,101 |
| Total | $ 1,280,848 | $ 1,280,848 |

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. ARPA transfers were to reimburse the general fund, and to the Capital Asset fund for project overages.

Interfund transfers for the year ended September 30, 2022:

| | Transfers in: | | | |
|---|---|---|---|---|
| | General Fund | CRA Fund | Capital Asset | Total |
| Transfers out: | | | | |
| General fund | $ - | $ 2,156,238 | $ 658,124 | $ 2,814,362 |
| Community Redevelopment Fund | 1,822,173 | - | - | 1,822,173 |
| Stormwater utility fund | 225,591 | - | - | 225,591 |
| Nonmajor funds | - | - | - | - |
| Total | $ 2,047,764 | $ 2,156,238 | $ 658,124 | $ 4,862,126 |

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).

***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.

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

***Long-Term Debt and Liabilities (Continued)***

*Notes payable (continued)*

The note is secured by revenues of the Community Redevelopment Agency fund. Principal and interest paid for the current fiscal year was $465,019. As of September 30, 2022, principal and interest to maturity in 2026 to be paid from pledged future revenues totaled $1,719,355. At September 30, 2022 accrued interest for the Community Redevelopment Agency Variable Rate Tax Increment Revenue Note is $12,863.

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 $1,602,400 as of September 30, 2022. The associated variable-rate note has a $1,602,400 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 1.72% as of September 30, 2022. Therefore, the interest rate related to the $6,250,000 swap is 2.51% as of the same date, calculated as the difference between the synthetic fixed rate of 4.23% and the 1.72% variable rate.

The interest rate swap agreement has a negative fair value of $37,647 as of September 30, 2022. 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, 2022 is a positive of approximately $136,723.

As of September 30, 2022, 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, 2022, 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.

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

***Long-Term Debt and Liabilities (Continued)***

*Notes payable (continued)*

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, 2022, 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, 2022 accrued interest for the Utility Tax Revenue Refunding Note, Series 2018 is $1,983.

**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, 2022 accrued interest for the Utility Tax Revenue Note, Series 2019 is $32,545.

**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.

Interest payments are due each December 1 and payments of principal and interest are due each June 1. At September 30, 2022 accrued interest for the Half-Cent Sales Tax Revenue Note, Series 2019 is $10,395.

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

***Long-Term Debt and Liabilities (Continued)***

*Notes payable (continued)*

**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, 2022 accrued interest for the Utility Tax Revenue Refunding Note, Series 2020 is $13,662.

**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. This note was paid in full in fiscal year 2022.

**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 City has not imputed interest due to GASBC I30 102.f. The agreement allows for the City to periodically submit qualifying expenses to be reimbursed with note proceeds through completion of the project construction. Semiannual loan payments in the amount of $18,496 began on March 15, 2022 and are payable semiannually thereafter on September 15 and March 15 of each year through fiscal year 2042. The semiannual payment amounts will be adjusted by amendment as additional funds are drawn on the loan.

**Florida Department of Environmental Protection, State Revolving Fund:** On February 16, 2022, the City entered into a loan agreement with the Florida Department of Environmental Protection, with a maximum note value of $2,666,218, and a stated interest rate of 0%. The City has not imputed interest due to GASBC I30 102.f. The agreement allows for the City to periodically submit qualifying expenses to be reimbursed with note proceeds through completion of the project construction. Semiannual loan payments in the amount of $67,989 are scheduled to begin on February 15, 2023 and are payable semiannually thereafter on August 15 and February 15 of each year for 20 years until the loan is paid in full. The semiannual payment amounts will be adjusted by amendment as funds are drawn on the loan. As of September 30, 2022, the City had not drawn any funds on this loan.

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

***Long-Term Debt and Liabilities (Continued)***

*Notes payable (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 | $ 1,719,355 | $ 2,997,179 | $ 464,876 | 16% |
| Utility Tax Revenue Refunding Note Series 2018 | 947,596 | 195,451 | 906,182 | 201,383 | 22% |
| Utility Tax Revenue Note Series 2019 | 3,537,000 | 4,099,375 | 906,182 | 191,040 | 21% |
| Half-Cent Sales Tax Revenue Note, Series 2019 | 1,463,000 | 1,435,150 | 788,318 | 119,380 | 15% |
| Utility Tax Revenue Refunding Note Series 2020 | 1,969,000 | 1,771,862 | 906,182 | 197,121 | 22% |
| Florida Department of Environmental Protection, State Revolving Fund | 538,849 | 523,702 | 965,443 | 36,992 | 4% |

*Financed purchase*

On July 1, 2021, the City entered into a financing agreement to purchase equipment in the amount of $53,481 with a fixed interest rate of 3.29%. The equipment was delivered to the City and placed in service in October 2021. The agreement requires annual payments of $11,775 including interest through the maturity date of July 1, 2026.

*Annual debt service requirements*

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

| *September 30,* | Principal | Interest | Interest (swap) | Total |
|---|---|---|---|---|
| 2023 | $ 990,233 | $ 201,874 | $ 8,931 | $ 1,201,038 |
| 2024 | 872,114 | 172,800 | 6,683 | 1,051,597 |
| 2025 | 900,214 | 147,591 | 4,338 | 1,052,143 |
| 2026 | 809,014 | 121,482 | 1,893 | 932,389 |
| 2027 | 481,414 | 106,284 | - | 587,698 |
| 2028-2032 | 2,360,070 | 375,942 | - | 2,736,012 |
| Thereafter | 2,007,717 | 176,301 | - | 2,184,018 |
| Totals | $ 8,420,776 | $ 1,302,274 | $ 21,845 | $ 9,744,895 |

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

***Long-Term Debt and Liabilities (Continued)***

*Annual debt service requirements (Continued)*

Annual debt service requirements to maturity for the City's obligation under the financed purchase agreement are as follows:

| *Fiscal Year Ending September 30,* | Principal | Interest | Total |
|---|---|---|---|
| 2023 | $ 10,345 | $ 1,430 | $ 11,775 |
| 2024 | 10,685 | 1,090 | 11,775 |
| 2025 | 11,036 | 738 | 11,774 |
| 2026 | 11,400 | 375 | 11,775 |
| Total | $ 43,466 | $ 3,633 | $ 47,099 |

*Leases*

The City has entered into lease agreements to obtain the right-to-use vehicles and office equipment. The total annual rent for the leases the City paid for the fiscal year ended September 30, 2022 was $100,397. The lease agreements have monthly payments ranging from $302 to $1,336, with agreements expiring in fiscal year 2024 through 2027.

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

| *Year Ending September 30:* | |
|---|---|
| 2023 | $ 85,213 |
| 2024 | 73,326 |
| 2025 | 44,345 |
| 2026 | 21,318 |
| 2027 | 7,994 |
| Total | $ 232,196 |

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

***Long-Term Debt and Liabilities (Continued)***

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

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Notes from direct borrowings: | | | | | |
| Note payable – CRA | $ 1,989,200 | $ - | $ (386,800) | $ 1,602,400 | $ 403,300 |
| Notes payable - Capital asset fund | 6,862,038 | - | (545,519) | 6,316,519 | 560,519 |
| Notes Payable - Stormwater fund | 3,132,149 | 381,700 | (3,011,992) | 501,857 | 26,414 |
| Total notes from direct borrowings | 11,983,387 | 381,700 | (3,944,311) | 8,420,776 | 990,233 |
| Financed purchase | - | 53,481 | (10,015) | 43,466 | 10,345 |
| Lease liability | 274,254 | 43,571 | (85,629) | 232,196 | 85,213 |
| Compensated absences | 354,465 | 634,325 | (208,867) | 779,923 | 504,421 |
| Total long-term liabilities | $ 12,612,106 | $ 1,113,077 | $ (4,248,822) | $ 9,476,361 | $ 1,590,212 |

For the governmental activities, compensated absences are generally liquidated by the General Fund. Notes payable – Stormwater fund is generally liquidated by the Stormwater Utility 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, 2022 and, accordingly, has not recorded an asset retirement obligation for this matter.

**Note 3: 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 Redevelop-ment | Capital Asset | Stormwater Utility Fund | American Rescue Plan Act | Nonmajor Funds |
|---|---|---|---|---|---|---|
| **Nonspendable:** | | | | | | |
| Prepaid items | $ 37,093 | $ - | $ 551,706 | $ 7,189 | $ - | $ - |
| **Restricted for:** | | | | | | |
| Community services | - | - | - | - | - | 245,519 |
| Law enforcement | - | - | - | - | - | 37,557 |
| **Committed:** | | | | | | |
| Special projects | - | - | - | - | 31,066 | - |
| **Assigned:** | | | | | | |
| Stabilization | 3,096,748 | - | - | - | - | - |
| **Unassigned** | 591,234 | - | (891,288) | (703,353) | - | - |
| Total fund balances | $ 3,725,075 | $ - | $ (339,582) | $ (696,164) | $ 31,066 | $ 283,076 |

***Net Investment in Capital Assets***

| *September 30, 2022* | Governmental Activities |
|---|---|
| Capital assets (net) | $ 42,991,745 |
| Contracts payable included in accounts payable | (142,432) |
| Retainage payable | (52,858) |
| Outstanding debt related to capital assets | (8,696,438) |
| Net investment in capital assets | $ 34,100,017 |

***Deficit Fund Balances***

*Capital Asset Fund* – The Capital Asset fund had a deficit fund balance of $339,582 at September 30, 2022. This deficit was the result of timing differences between project spending and inflows of funds, in this case, transfers in from the General Fund. The deficit will be recovered through utility tax revenue collected in the next fiscal year and transfers in from the General Fund.

*Stormwater Utility Fund* – The Stormwater Utility fund had a deficit fund balance of $696,164 at September 30, 2022. The deficit was a result of current year capital spending. The deficit will be recovered through stormwater utility fees and draws on the state revolving loan fund note.

**Note 4: 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").

***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, 2022, there were 70 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 $152,274 and $145,040, respectively, to the Plan for fiscal year 2022.

***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 $206,560 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.

**Note 4: RETIREMENT PLANS (Continued)**

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

*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.

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 | 24 |
| Inactive plan members entitled to but not yet receiving benefits | 17 | 1 |
| Active plan members | 43 | 3 |
| Total | 87 | 28 |

**Note 4: RETIREMENT PLANS (Continued)**

***Defined Benefit Plans (Continued)***

| *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. |
| 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. | |

**Note 4: RETIREMENT PLANS (Continued)**

***Defined Benefit Plans (Continued)***

| *Plan benefits* | Police Officers' and Firefighters' Plan | General Employees' Plan |
|---|---|---|
| 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, 2021 | $988,089 | $301,565 |
| Legal authority | Plan was established May 22, 1973 pursuant to City ordinance, and has since been amended. | Plan was established May 22, 1973 pursuant to City ordinance, and has since been 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 of the sponsor:** The components of the net pension liability of the sponsor on September 30, 2022 were as follows:

| | Police Officers' and Firefighters' Plan | General Employees' Plan |
|---|---|---|
| Total pension liability | $ 28,043,397 | $ 8,987,902 |
| Less: Fiduciary net position | (21,820,739) | (7,341,913) |
| Net pension liability (asset) | $ 6,222,658 | $ 1,645,989 |
| Plan Fiduciary Net Position as a percentage of the total pension liability (asset) | 78% | 82% |

**Note 4: RETIREMENT PLANS (Continued)**

***Defined Benefit Plans (Continued)***

**Actuarial assumptions**: The total pension liability was determined by an actuarial valuation as of October 1, 2021 updated to September 30, 2022 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. | |
| 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. |

**Note 4: RETIREMENT PLANS (Continued)**

***Defined Benefit Plans (Continued)***

| | Police Officers' and Firefighters' Plan | General Employees' Plan |
|---|---|---|
| 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. |
| 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). |
| Changes | No assumption changes were made since the prior measurement period. | 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, 2022 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 |

**Note 4: RETIREMENT PLANS (Continued)**

***Defined Benefit Plans (Continued)***

**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.

**Sensitivity of the net pension liability to changes in the discount rate:** The following presents the net pension liability of the City, calculated using the discount rate, as well as what the City's net pension liability 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 | $ 9,358,885 | $ 6,222,658 | $ 3,615,039 |
| *General Employees' Plan* | | | |
| Net pension liability | 2,445,862 | 1,645,989 | 956,577 |
| Total net pension liability | $ 11,804,747 | $ 7,868,647 | $ 4,571,616 |

**Net pension liability and changes in the net pension liability:** The City's net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability 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, 2021 | $ 27,384,474 | $ 25,318,572 | 2,065,902 |
| Changes due to: | | | |
| Service cost | 650,221 | - | 650,221 |
| Expected interest growth | 1,911,741 | 1,770,236 | 141,505 |
| Unexpected interest income | - | (5,208,094) | 5,208,094 |
| Demographic experience | (901,363) | - | (901,363) |
| Contributions - employer | - | 816,513 | (816,513) |
| Contributions - employee | - | 188,515 | (188,515) |
| Benefit payments and refunds | (1,001,676) | (1,001,676) | - |
| Administrative expenses | - | (63,327) | 63,327 |
| Net changes | 658,923 | (3,497,833) | 4,156,756 |
| **Reporting period ending September 30, 2022** | **$ 28,043,397** | **$ 21,820,739** | **$ 6,222,658** |

**Note 4: 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, 2021 | $ 8,746,840 | $ 8,952,608 | $ (205,768) |
| Changes due to: | | | |
| Service cost | 51,487 | - | 51,487 |
| Expected interest growth | 593,145 | 610,794 | (17,649) |
| Unexpected interest income | - | (1,759,721) | 1,759,721 |
| Demographic experience | 251,915 | - | 251,915 |
| Contributions - Employer | - | 208,547 | (208,547) |
| Contributions - Employee | - | 18,988 | (18,988) |
| Benefit payments and refunds | (655,485) | (655,485) | - |
| Administrative expenses | - | (33,818) | 33,818 |
| Net changes | 241,062 | (1,610,695) | 1,851,757 |
| **Reporting period ending September 30, 2022** | **$ 8,987,902** | **$ 7,341,913** | **$ 1,645,989** |

**Pension expense and deferred outflows and deferred inflows of resources related to pensions:** For the year ended September 30, 2022, the City has recognized pension expense of $671,098 and $476,418 for the Police Officers' and Firefighters' Pension Plan and the General Employees' Pension Plan, respectively. At September 30, 2022, 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 | $ 2,501,919 | $ - |
| Demographic gain/loss | 1,149 | 1,050,373 |
| Assumption changes | 804,916 | 781,396 |
| Total - Police Officers' and Firefighters' Plan | 3,307,984 | 1,831,769 |
| | | |
| *General Employees' Plan* | | |
| Investment gain/loss | 844,926 | - |
| Total - General Employees' Plan | 844,926 | - |
| Total deferred outflows and deferred inflows of resources related to pensions | $ 4,152,910 | $ 1,831,769 |

**Note 4: 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 |
|---|---|---|
| 2023 | $ 292,944 | $ 182,385 |
| 2024 | 275,584 | 156,929 |
| 2025 | 16,296 | 153,667 |
| 2026 | 891,391 | 351,945 |
| Total | $ 1,476,215 | $ 844,926 |

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. 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.

**Note 4: RETIREMENT PLANS (Continued)**

***Defined Benefit Plans (Continued)***

**Combining fund information**. The pension trust funds fiduciary activity as of September 30, 2022 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 | $ 72,655 | $ - | $ - | $ 72,655 |
| Due from other governments | - | 103,280 | - | 103,280 |
| Investments, at fair value: | | | | |
| Florida Municipal Investment Trust Fund | 21,748,084 | 679,391 | 7,341,913 | 29,769,388 |
| Total assets | 21,820,739 | 782,671 | 7,341,913 | 29,945,323 |
| **LIABILITIES** | | | | |
| Benefits payable | - | - | - | - |
| Total liabilities | - | - | - | - |
| **NET POSITION** | | | | |
| Held in trust for pension benefits | $ 21,820,739 | $ 782,671 | $ 7,341,913 | $ 29,945,323 |

The pension trust funds change in fiduciary net position activity as of September 30, 2022 was as follows:

| | Police Officers' and Firefighters' Defined Benefit Plan | Police Officers' and Firefighters' Share Plan | General Employees' | Total |
|---|---|---|---|---|
| **ADDITIONS** | | | | |
| Contributions: | | | | |
| Employees | $ 188,515 | $ - | $ 18,988 | $ 207,503 |
| City | 713,233 | - | 208,547 | 921,780 |
| State | 103,280 | 103,280 | - | 206,560 |
| Total contributions | 1,005,028 | 103,280 | 227,535 | 1,335,843 |
| Total investment earnings: | | | | |
| Net appreciation in fair value of investments | (3,437,858) | 14,634 | (1,148,926) | (4,572,150) |
| Total additions | (2,432,830) | 117,914 | (921,391) | (3,236,307) |
| **DEDUCTIONS** | | | | |
| Benefit payments | 1,001,676 | - | 655,486 | 1,657,162 |
| Administrative expenses | 63,327 | - | 33,818 | 97,145 |
| Total deductions | 1,065,003 | - | 689,304 | 1,754,307 |
| **Change in net position** | (3,497,833) | 117,914 | (1,610,695) | (4,990,614) |
| **Net position, beginning of year** | 25,318,572 | 664,757 | 8,952,608 | 34,935,937 |
| **Net position, end of year** | $ 21,820,739 | $ 782,671 | $ 7,341,913 | $ 29,945,323 |

**Note 4: RETIREMENT PLANS (Continued)**

***Pension Expense (All Plans)***

The total of the City's pension expense for the fiscal year ended September 30, 2022 is as follows:

| Plan Description | | Pension Expense |
|---|---|---|
| Defined contribution plans: | | |
| Money purchase plan | $ | 152,274 |
| Police Officers' and Firefighters' share plan | | 103,280 |
| Defined benefit plans: | | |
| Police Officers' and Firefighters' plan | | 671,098 |
| General Employees' plan | | 476,418 |
| Total pension expense | $ | 1,403,070 |

**Note 5: 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 18 retirees and spouses receiving benefits and has a total of 92 active participants and dependents.

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 5: 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, 2022, the City will recognize an OPEB expense of $(112,700), 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 $35,044 for the year ended September 30, 2022.

***Plan membership***

Plan membership as of October 1, 2021 (the valuation date) was:

| | Number of covered individuals |
|---|---|
| Inactive members currently receiving benefits | 18 |
| Inactive members entitled to but not yet receiving benefits | - |
| Active members | 92 |
| Total | 110 |

***Actuarial Assumption and Other Inputs***

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

| | |
|---|---|
| Employer's reporting date: | September 30, 2022 |
| Measurement date: | September 30, 2022 |
| Valuation date: | October 1, 2021 |
| Discount rate: | 4.77% |
| 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 5: 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 8.00% for the 2021/22 fiscal year graded down by 0. 50% per year to 5. 00% for the 2027/28 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 $450 for the retiree and $300 for the retiree's spouse has been assumed at age 62 for the 2021/22 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 5: 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 2.43% per annum to 4.77% per annum; the healthcare cost trend rates were increased from 5.50% for the 2021/22 fiscal year and 5.00% for later fiscal years to the amounts shown above; the implied monthly subsidy at age 62 for the 2021/22 fiscal year was changed from $451.56 (HMO) or $225.78 (POS) for the retiree and from $282.22 (HMO) or $141.11 (POS) for the retiree 's spouse to $450 for the retiree and $300 for the retiree's spouse; and the explicit subsidy for retirees who are eligible for Medicare was changed from $139 per month to 45% of the single health insurance premiums for participants under age 65.

The components of the OPEB liability at September 30, 2022 were as follows:

| Total OPEB liability | Fiduciary net position | OPEB liability | Funded percentage |
|---|---|---|---|
| $ 4,339,884 | $ - | $ 4,339,884 | 0% |

The changes in the OPEB liability for the year ended September 30, 2022 were as follows:

| | Total OPEB Liability | Fiduciary Net Position | OPEB Liability |
|---|---|---|---|
| Balance as of September 30, 2021 | $ 3,172,526 | $ - | $ 3,172,526 |
| Service cost | 68,232 | - | 68,232 |
| Expected interest growth | 151,338 | - | 151,338 |
| Demographic experience | 52,443 | - | 52,443 |
| Benefit payments and refunds | (137,698) | - | (137,698) |
| Assumption changes | 1,033,043 | - | 1,033,043 |
| Balance as of September 30, 2022 | $ 4,339,884 | $ - | $ 4,339,884 |

**Note 5: 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 3.77% | Discount rate 4.77% | 1% increase 5.77% |
|---|---|---|---|
| OPEB liability | $ 4,900,096 | $ 4,339,884 | $ 3,881,129 |

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% - 7.00%) | Current trend rate (5.00% - 8.00%) | 1% increase in trend rate (6.00% - 9.00%) |
|---|---|---|---|
| OPEB liability | $ 3,845,818 | $ 4,339,884 | $ 4,936,067 |

**Deferred inflows and outflows:** On September 30, 2022, 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 | $ 52,443 | $ 1,558,166 |
| Assumption changes | 1,324,978 | 394,758 |
| Total deferred outflows and deferred inflows of resources related to other post employment benefits | $ 1,377,421 | $ 1,952,924 |

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

| *Fiscal Year Ending September 30,* | |
|---|---|
| 2023 | $ (183,824) |
| 2024 | (161,998) |
| 2025 | (161,998) |
| 2026 | (161,998) |
| 2027 | (104,980) |
| Thereafter | 199,295 |
| Total | $ (575,503) |

## Note 6: COMMITMENTS AND CONTINGENCIES

### *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 $2,933,328 at September 30, 2022.

## Note 7: 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.




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**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, 2022* | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Taxes | $ 11,303,984 | $ 11,595,853 | $ 11,631,579 | $ 35,726 |
| Licenses and permits | 412,700 | 481,088 | 481,038 | (50) |
| Intergovernmental | 1,199,241 | 1,363,644 | 1,383,274 | 19,630 |
| Charges for services | 798,800 | 827,358 | 827,358 | - |
| Fines and forfeitures | 38,850 | 56,504 | 56,504 | - |
| Investment and other income | 19,400 | 106,252 | 54,819 | (51,433) |
| Total revenues | 13,772,975 | 14,430,699 | 14,434,572 | 3,873 |
| **Expenditures** | | | | |
| Departments: | | | | |
| General government | 3,201,957 | 3,416,673 | 3,375,834 | 40,839 |
| Public safety | 6,129,127 | 6,028,668 | 5,951,785 | 76,883 |
| Public works | 2,795,690 | 2,746,678 | 2,734,052 | 12,626 |
| Recreation | 895,133 | 899,693 | 893,242 | 6,451 |
| Total expenditures | 13,021,907 | 13,091,712 | 12,954,913 | 136,799 |
| **Excess of revenues over expenditures** | 751,068 | 1,338,987 | 1,479,659 | 140,672 |
| **Other financing sources (uses)** | | | | |
| Transfers in | 2,029,259 | 2,047,764 | 2,047,764 | - |
| Transfers out | (2,575,881) | (3,172,467) | (2,814,362) | (358,105) |
| Proceeds from the issuance of debt | - | 53,481 | 53,481 | - |
| Leases issued | - | 43,571 | 43,571 | - |
| Net other financing sources (uses) | (546,622) | (1,027,651) | (669,546) | (358,105) |
| **Net change in fund balances** | 204,446 | 311,336 | 810,113 | 498,777 |
| **Fund balances, beginning of year** | 3,012,014 | 3,012,014 | 3,012,014 | - |
| **Fund balances, end of year** | $ 3,216,460 | $ 3,323,350 | $ 3,822,127 | $ 498,777 |

**Reconciliation of budgetary basis to the basic financial statements:**

| | |
|---|---|
| Total expenditures on the budgetary basis | $ 12,954,913 |
| Capital outlay for leases (GASB 87 implementation) | 97,052 |
| Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances | $ 13,051,965 |

## 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, 2022* | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Taxes | $ 876,279 | $ 876,279 | $ 876,279 | $ - |
| Investment and other income | 1,500 | 3,228 | 3,228 | - |
| Total revenues | 877,779 | 879,507 | 879,507 | - |
| **Expenditures** | | | | |
| Department: | | | | |
| General government | 763,672 | 749,957 | 749,957 | - |
| Debt service: | | | | |
| Principal retired | 386,800 | 382,800 | 386,800 | (4,000) |
| Interest and other | 109,286 | 82,219 | 78,219 | 4,000 |
| Total expenditures | 1,259,758 | 1,214,976 | 1,214,976 | - |
| **Deficiency of revenues under expenditures** | (381,979) | (335,469) | (335,469) | - |
| **Other financing sources (uses)** | | | | |
| Transfers in | 2,156,238 | 2,156,238 | 2,156,238 | - |
| Transfers out | (1,774,259) | (1,822,173) | (1,822,173) | - |
| Net other financing sources (uses) | 381,979 | 334,065 | 334,065 | - |
| **Net change in fund balances** | - | (1,404) | (1,404) | - |
| **Fund balances, beginning of year** | 1,404 | 1,404 | 1,404 | - |
| **Fund balances, end of year** | $ 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, 2022* | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Intergovernmental | $ 577,467 | $ 124,134 | $ 124,134 | $ - |
| Charges for services | 1,018,185 | 965,443 | 965,443 | - |
| Investment and other income | 2,500 | 2,375 | 2,375 | - |
| Total revenues | 1,598,152 | 1,091,952 | 1,091,952 | - |
| **Expenditures** | | | | |
| Current: | | | | |
| Public works | 15,600 | 129,594 | 171,542 | (41,948) |
| Capital outlay | 3,086,510 | 1,088,561 | 1,046,604 | 41,957 |
| Debt service: | | | | |
| Principal retired | 23,785 | 3,011,992 | 3,011,992 | - |
| Interest and other | - | 48,827 | 34,940 | 13,887 |
| Total expenditures | 3,125,895 | 4,278,974 | 4,265,078 | 13,896 |
| **Excess of revenues over expenditures** | (1,527,743) | (3,187,022) | (3,173,126) | 13,896 |
| **Other financing sources (uses)** | | | | |
| Transfers out | (255,000) | (225,591) | (225,591) | - |
| Proceeds from the issuance of debt | - | - | 381,700 | 381,700 |
| **Total other financing uses** | (255,000) | (225,591) | 156,109 | 381,700 |
| **Net change in fund balances** | (1,782,743) | (3,412,613) | (3,017,017) | 395,596 |
| **Fund balances, beginning of year** | 2,346,986 | 2,346,986 | 2,346,986 | - |
| **Fund balances (deficits), end of year** | $ 564,243 | $ (1,065,627) | $ (670,031) | $ 395,596 |

**Reconciliation of budgetary basis to the basic financial statements:**

| | |
|---|---|
| Capital outlay expenditures on the budgetary basis | $ 1,046,604 |
| Year-end accrual of retainage not included in budgeted capital outlay | 26,133 |
| Capital outlay expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances | 1,072,737 |

## City of Satellite Beach, Florida
## Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – American Rescue Plan Fund

| *For the Year Ended September 30, 2022* | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Intergovernmental | $ - | $ 5,576,501 | $ 1,098,118 | $ (4,478,383) |
| Interest and other | - | 30,936 | 30,937 | 1 |
| Total revenues | - | 5,607,437 | 1,129,055 | (4,478,382) |
| **Expenditures** | | | | |
| Current | | | | |
| General government | - | 37,775 | 37,775 | - |
| Public works | - | 34,721 | 34,721 | - |
| Capital outlay | - | 997,150 | 997,168 | (18) |
| Total expenditures | - | 1,069,646 | 1,069,664 | (18) |
| **Excess of revenues over expenditures** | - | 4,537,791 | 59,391 | (4,478,400) |
| **Other financing sources (uses)** | - | - | - | - |
| **Net change in fund balances** | - | 4,537,791 | 59,391 | (4,478,400) |
| **Fund balances, beginning of year** | - | 129 | 129 | - |
| **Fund balances, end of year** | $ - | $ 4,537,920 | $ 59,520 | $ (4,478,400) |

**Reconciliation of budgetary basis to the basic financial statements:**

| | |
|---|---|
| Capital outlay expenditures on the budgetary basis | $ 997,168 |
| Year-end accrual of retainage not included in budgeted capital outlay | 28,454 |
| Capital outlay expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances | $ 1,025,622 |

**Note 1. BUDGETARY INFORMATION**

*Budgetary basis of accounting*

Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles for all governmental funds, except that retainage on construction projects in progress at year-end are not included in the appropriations and new leases were accounted for under pre-GASB 87 guidance. 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 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 Pension Information
## Schedule of Changes in Net Pension Liability and Related Ratios
## Police Officers' and Firefighters' Pension Plan – Last Nine Fiscal Years

| Police Officers' and Firefighters' Pension Plan | | | | |
|---|---|---|---|---|
| *For the year ended September 30,* | **2022** | **2021** | **2020** | **2019** |
| **Total Pension Liability** | | | | |
| Service cost | **$ 650,221** | $ 685,483 | $ 735,330 | $ 696,923 |
| Expected interest growth | **1,911,741** | 1,906,984 | 1,869,174 | 1,786,927 |
| Demographic experience | **(901,363)** | (215,450) | (339,369) | (440,088) |
| Benefit payments and refunds | **(1,001,676)** | (958,620) | (1,579,307) | (864,859) |
| Assumption changes | **-** | (1,218,128) | - | - |
| **Net change in total pension liability** | **658,923** | 200,269 | 685,828 | 1,178,903 |
| **Total pension liability - beginning** | **27,384,474** | 27,184,205 | 26,498,377 | 25,319,474 |
| **Total pension liability - ending (a)** | **28,043,397** | 27,384,474 | 27,184,205 | 26,498,377 |
| **Plan Fiduciary Net Position** | | | | |
| Expected interest growth | **1,770,236** | 1,463,358 | 1,387,332 | 1,325,420 |
| Unexpected investment income | **(5,208,094)** | 2,939,403 | (88,898) | (317,639) |
| Contributions - employer | **816,513** | 847,479 | 992,960 | 906,257 |
| Contributions - employee | **188,515** | 183,254 | 200,809 | 192,542 |
| Benefit payments and refunds | **(1,001,676)** | (958,620) | (1,579,307) | (864,859) |
| Administrative expense | **(63,327)** | (51,075) | (52,446) | (53,067) |
| **Net change in plan fiduciary net position** | **(3,497,833)** | 4,423,799 | 860,450 | 1,188,654 |
| **Plan fiduciary net position - beginning** | **25,318,572** | 20,894,773 | 20,034,323 | 18,845,669 |
| **Plan fiduciary net position - ending (b)** | **$ 21,820,739** | $ 25,318,572 | $ 20,894,773 | $ 20,034,323 |
| **Net pension liability - ending (a) - (b)** | **$ 6,222,658** | $ 2,065,902 | $ 6,289,432 | $ 6,464,054 |
| **Plan fiduciary net position as a percentage of the total pension liability** | **77.81%** | 92.46% | 76.86% | 75.61% |
| **Covered payroll** | **$ 2,247,210** | $ 2,406,752 | $ 2,463,643 | $ 2,292,753 |
| **Net pension liability as a percentage of covered payroll** | **276.91%** | 85.84% | 255.29% | 281.93% |

**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 | | | | |
|---|---|---|---|---|
| 2018 | 2017 | 2016 | 2015 | 2014 |
| $ 731,362 | $ 713,303 | $ 590,076 | $ 372,463 | $ 466,047 |
| 1,702,438 | 1,478,789 | 1,120,821 | 1,542,236 | 1,291,782 |
| (353,509) | 377,868 | 5,636 | (724,920) | - |
| (746,538) | (699,053) | (675,359) | (670,595) | (682,024) |
| - | 1,332,146 | 3,952,648 | (1,681,706) | - |
| 1,333,753 | 3,203,053 | 4,993,822 | (1,162,522) | 1,075,805 |
| 23,985,721 | 20,782,668 | 15,788,846 | 16,951,368 | 15,875,563 |
| 25,319,474 | 23,985,721 | 20,782,668 | 15,788,846 | 16,951,368 |
| | | | | |
| 1,221,028 | 1,048,032 | 940,589 | 1,205,916 | 977,638 |
| 4,354 | 974,179 | 200,914 | (1,211,301) | 93,909 |
| 938,295 | 1,085,748 | 732,952 | 682,374 | 773,093 |
| 198,453 | 200,058 | 189,218 | 174,323 | 170,359 |
| (746,538) | (699,053) | (675,359) | (670,595) | (987,787) |
| (42,035) | (39,960) | (36,881) | (37,244) | (36,101) |
| 1,573,557 | 2,569,004 | 1,351,433 | 143,473 | 991,111 |
| 17,272,112 | 14,703,108 | 13,351,675 | 13,208,202 | 12,217,091 |
| $ 18,845,669 | $ 17,272,112 | $ 14,703,108 | $ 13,351,675 | $ 13,208,202 |
| | | | | |
| $ 6,473,805 | $ 6,713,609 | $ 6,079,560 | $ 2,437,171 | $ 3,743,166 |
| | | | | |
| 74.43% | 72.01% | 70.75% | 84.56% | 77.92% |
| $ 2,419,522 | $ 2,366,291 | $ 2,102,177 | $ 2,023,912 | $ 1,980,916 |
| | | | | |
| 267.57% | 283.72% | 289.20% | 120.42% | 188.96% |

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

| General Employees' Pension Plan | | | | |
|---|---|---|---|---|
| *For the year ended September 30,* | **2022** | **2021** | **2020** | **2019** |
| **Total Pension Liability** | | | | |
| Service cost | **$ 51,487** | $ 47,058 | $ 66,874 | $ 70,157 |
| Expected interest growth | **593,145** | 626,337 | 618,506 | 610,071 |
| Demographic experience | **251,915** | (121,301) | 62,100 | (56,035) |
| Benefit payments and refunds | **(655,485)** | (941,634) | (566,840) | (500,343) |
| Assumption changes | **-** | (89,231) | - | - |
| **Net change in total pension liability** | **241,062** | (478,771) | 180,640 | 123,850 |
| **Total pension liability - beginning** | **8,746,840** | 9,225,611 | 9,044,971 | 8,921,121 |
| **Total pension liability - ending (a)** | **8,987,902** | 8,746,840 | 9,225,611 | 9,044,971 |
| **Plan Fiduciary Net Position** | | | | |
| Expected interest growth | **610,794** | 542,988 | 539,357 | 528,037 |
| Unexpected investment income | **(1,759,721)** | 991,385 | (16,314) | (127,283) |
| Contributions - employer | **208,547** | 282,660 | 288,302 | 306,047 |
| Contributions - employee | **18,988** | 19,271 | 21,758 | 22,474 |
| Benefit payments & refunds | **(655,485)** | (941,634) | (566,840) | (500,343) |
| Administrative expense | **(33,818)** | (26,502) | (25,858) | (25,068) |
| **Net change in plan fiduciary net position** | **(1,610,695)** | 868,168 | 240,405 | 203,864 |
| **Plan fiduciary net position - beginning** | **8,952,608** | 8,084,440 | 7,844,035 | 7,640,171 |
| **Plan fiduciary net position - ending (b)** | **$ 7,341,913** | $ 8,952,608 | $ 8,084,440 | $ 7,844,035 |
| **Net pension liability - ending (a) - (b)** | **$ 1,645,989** | $ (205,768) | $ 1,141,171 | $ 1,200,936 |
| **Plan fiduciary net position as a percentage of the total pension liability** | **81.69%** | 102.35% | 87.63% | 86.72% |
| **Covered payroll** | **$ 241,892** | $ 223,181 | $ 299,375 | $ 298,165 |
| **Net pension liability as a percentage of covered payroll** | **680.46%** | -92.20% | 381.18% | 402.78% |

**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 | | | | |
|---|---|---|---|---|
| 2018 | 2017 | 2016 | 2015 | 2014 |
| $ 64,653 | $ 63,643 | $ 78,648 | $ 47,281 | $ 57,216 |
| 615,783 | 560,761 | 464,555 | 636,922 | 560,156 |
| (266,265) | 101,155 | 147,878 | 11,264 | - |
| (507,590) | (537,145) | (515,793) | (577,609) | (484,450) |
| - | 578,190 | 1,275,317 | (574,972) | - |
| (93,419) | 766,604 | 1,450,605 | (457,114) | 132,922 |
| 9,014,540 | 8,247,936 | 6,797,331 | 7,254,445 | 7,121,523 |
| 8,921,121 | 9,014,540 | 8,247,936 | 6,797,331 | 7,254,445 |
| | | | | |
| 502,616 | 452,897 | 428,775 | 571,279 | 475,890 |
| 32,752 | 426,663 | 92,895 | (555,367) | 32,305 |
| 354,222 | 349,352 | 341,136 | 370,855 | 428,556 |
| 23,561 | 22,233 | 33,168 | 31,458 | 30,262 |
| (507,590) | (537,145) | (515,793) | (577,609) | (469,255) |
| (18,525) | (24,005) | (23,534) | (22,473) | (22,674) |
| 387,036 | 689,995 | 356,647 | (181,857) | 475,084 |
| 7,253,135 | 6,563,140 | 6,206,493 | 6,388,350 | 5,913,266 |
| $ 7,640,171 | $ 7,253,135 | $ 6,563,140 | $ 6,206,493 | $ 6,388,350 |
| $ 1,280,950 | $ 1,761,405 | $ 1,684,796 | $ 590,838 | $ 866,095 |
| 85.64% | 80.46% | 79.57% | 91.31% | 88.06% |
| $ 281,381 | $ 273,990 | $ 400,181 | $ 386,980 | $ 366,815 |
| 455.24% | 642.87% | 421.01% | 152.68% | 236.11% |

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

| Police Officers' and Firefighters' Pension Plan | | | | |
|---|---|---|---|---|
| *For the year ended September 30,* | **2022** | **2021** | **2020** | **2019** |
| Actuarially determined contribution | **$ 816,513** | $ 847,479 | $ 998,959 | $ 903,329 |
| Contributions recognized by the plan | **816,513** | 847,479 | 992,960 | 906,257 |
| **Contribution deficiency (excess)** | **$ -** | $ - | $ 5,999 | $ (2,928) |
| **Covered payroll** | **$ 2,247,210** | $ 2,406,752 | $ 2,463,643 | $ 2,292,753 |
| **Contributions as a percentage of covered payroll** | **36.33%** | 35.21% | 40.30% | 39.53% |

| General Employees' Pension Plan | | | | |
|---|---|---|---|---|
| *For the year ended September 30,* | **2022** | **2021** | **2020** | **2019** |
| Actuarially determined contribution | **$ 208,547** | $ 282,660 | $ 288,302 | $ 306,047 |
| Contributions recognized by the plan | **208,547** | 282,660 | 288,302 | 306,047 |
| **Contribution deficiency (excess)** | **$ -** | $ - | $ - | $ - |
| **Covered payroll** | **$ 241,982** | $ 223,181 | $ 299,375 | $ 298,165 |
| **Contributions as a percentage of covered payroll** | **86.18%** | 126.65% | 96.30% | 102.64% |

**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 | | | | | |
|---|---|---|---|---|---|
| **2018** | **2017** | **2016** | **2015** | **2014** |
| $ 933,442 | $ 796,903 | $ 732,952 | $ 745,554 | $ 773,093 |
| 938,295 | 1,085,748 | 816,513 | 682,374 | 483,397 |
| $ (4,853) | $ (288,845) | $ (83,561) | $ 63,180 | $ 289,696 |
| $ 2,419,522 | $ 2,366,291 | $ 2,102,177 | $ 2,023,912 | $ 1,980,916 |
| 38.78% | 45.88% | 38.84% | 33.72% | 24.40% |

| General Employees' Pension Plan | | | | |
|---|---|---|---|---|
| **2018** | **2017** | **2016** | **2015** | **2014** |
| $ 354,222 | $ 349,352 | $ 341,136 | $ 370,855 | $ 428,556 |
| 354,222 | 349,352 | 341,136 | 370,855 | 428,556 |
| $ - | $ - | $ - | $ - | $ - |
| $ 281,381 | $ 273,990 | $ 400,181 | $ 386,980 | $ 366,815 |
| 125.89% | 127.51% | 85.25% | 95.83% | 116.83% |

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

| Police Officers' and Firefighters' Pension Plan | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| *For the year ended September 30,* | **2022** | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Annual expected long-term real return on investments | | | | | | | | | |
| Weighted arithmetic average | **4.38%** | 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,* | **2022** | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Annual expected long-term real return on investments | | | | | | | | | |

**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, 2021 | October 1, 2021 |
| | *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 | |

# City of Satellite Beach, Florida
## Required Supplementary OPEB Information
## Schedule of Changes in Total OPEB Liability and Related Ratios
## Last Five Fiscal Years

| *September 30,* | **2022** | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| **Total OPEB liability - beginning** | **$ 3,172,526** | $ 4,425,353 | $ 3,728,912 | $ 5,589,327 | $ 5,413,248 |
| Changes due to: | | | | | |
| Service cost | **68,232** | 53,001 | 111,864 | 239,420 | 167,637 |
| Expected interest growth | **151,338** | 107,006 | 80,126 | 400,473 | 184,043 |
| Demographic experience | **52,443** | (592,424) | - | (2,107,150) | - |
| Assumption changes | **1,033,043** | (669,910) | 698,590 | (51,343) | - |
| Benefit payments and refunds | **(137,698)** | (150,500) | (194,139) | (341,815) | (175,601) |
| Net changes in total OPEB liability | **1,167,358** | (1,252,827) | 696,441 | (1,860,415) | 176,079 |
| **Total OPEB liability - ending (a)** | **$ 4,339,884** | $ 3,172,526 | $ 4,425,353 | $ 3,728,912 | $ 5,589,327 |
| | | | | | |
| **Plan fiduciary net position** | | | | | |
| Contributions - employer | **$ 137,698** | $ 150,500 | $ 194,139 | $ 341,815 | $ 175,601 |
| Benefit payments | **(137,698)** | (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)** | **$ 4,339,884** | $ 3,172,526 | $ 4,425,353 | $ 3,728,912 | $ 5,589,327 |
| | | | | | |
| Covered-employee payroll for the measurement period | **$ 5,580,295** | $ 4,711,851 | $ 4,167,591 | $ 4,167,591 | $ 3,755,183 |
| | | | | | |
| OPEB Liability as a percentage of covered-employee payroll | **77.77%** | 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**

**Nonmajor Governmental Funds and Capital Projects Funds**

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

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***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.

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

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***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, 2022* | Special Revenue: Community Services | Special Revenue: Law Enforcement Trust | Total Nonmajor Governmental Funds |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | **$ 159,828** | **$ 34,844** | **$ 194,672** |
| Investments | **13,888** | **2,713** | **16,601** |
| Accounts receivable | **4,048** | **-** | **4,048** |
| Due from other governments | **125,949** | **-** | **125,949** |
| Total assets | **$ 303,713** | **$ 37,557** | **$ 341,270** |
| **LIABILITIES** | | | |
| Accounts payable | **$ 58,194** | **$ -** | **$ 58,194** |
| Total liabilities | **58,194** | **-** | **58,194** |
| **FUND BALANCES** | | | |
| Restricted | **245,519** | **37,557** | **283,076** |
| Total fund balances | **245,519** | **37,557** | **283,076** |
| Total liabilities and fund balances | **$ 303,713** | **$ 37,557** | **$ 341,270** |

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

| *For the Year Ended September 30, 2022* | Special Revenue: Community Services | Special Revenue: Law Enforcement Trust | Total Nonmajor Governmental Funds |
|---|---|---|---|
| **Revenues** | | | |
| Charges for services | **$ 515** | **$ -** | **$ 515** |
| Investment and other income | **227,504** | **1,905** | **229,409** |
| Total revenues | **228,019** | **1,905** | **229,924** |
| **Expenditures** | | | |
| Current: | | | |
| Public safety | **17,553** | **1** | **17,554** |
| Public works | **171,325** | **-** | **171,325** |
| Recreation | **7,385** | **-** | **7,385** |
| Capital outlay | **66,342** | **-** | **66,342** |
| Total expenditures | **262,605** | **1** | **262,606** |
| **Net change in fund balances** | **(34,586)** | **1,904** | **(32,682)** |
| **Fund balances, beginning of year** | **280,105** | **35,653** | **315,758** |
| **Fund balances, end of year** | **$ 245,519** | **$ 37,557** | **$ 283,076** |

## 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 | $ 515 | $ 515 | $ - |
| Investment and other income | 35,196 | 227,504 | 227,504 | - |
| Total revenues | 35,796 | 228,019 | 228,019 | - |
| | | | | |
| **Expenditures** | | | | |
| Current: | | | | |
| Public works | 24,600 | 171,325 | 171,325 | - |
| Recreation | 22,199 | 25,068 | 7,385 | 17,683 |
| Capital outlay | - | 66,342 | 66,342 | - |
| Total expenditures | 46,799 | 262,735 | 262,605 | 130 |
| | | | | |
| **Net change in fund balances** | (11,003) | (34,716) | (34,586) | 130 |
| | | | | |
| **Fund balances, beginning of year** | 280,105 | 280,105 | 280,105 | - |
| **Fund balances, end of year** | $ 269,102 | $ 245,389 | $ 245,519 | $ 130 |

## 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, 2022* | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Investment and other income | $ - | $ - | $ 1,905 | $ 1,905 |
| Total revenues | - | - | 1,905 | 1,905 |
| | | | | |
| **Expenditures** | | | | |
| Current: | | | | |
| Public safety | - | - | 1 | (1) |
| Total expenditures | - | - | 1 | (1) |
| | | | | |
| **Net change in fund balances** | - | - | 1,904 | 1,904 |
| | | | | |
| **Fund balances, beginning of year** | 35,653 | 35,653 | 35,653 | - |
| **Fund balances, end of year** | $ 35,653 | $ 35,653 | $ 37,557 | $ 1,904 |

## 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, 2022* | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Taxes | $ 837,000 | $ 999,818 | $ 906,182 | $ (93,636) |
| Intergovernmental | - | 504,000 | - | (504,000) |
| Interest and other | 5,000 | 48,603 | 48,599 | (4) |
| Total revenues | 842,000 | 1,552,421 | 954,781 | (597,640) |
| **Expenditures** | | | | |
| Current | | | | |
| General government | 120 | 4 | - | 4 |
| Capital outlay | 553,002 | 2,092,905 | 1,476,745 | 616,160 |
| Debt service: | | | | |
| Principal retired | 545,519 | 555,534 | 555,534 | - |
| Interest and other | 163,002 | 165,165 | 165,165 | - |
| Total expenditures | 1,261,643 | 2,813,608 | 2,197,444 | 616,164 |
| **Deficiency of revenues under expenditures** | (419,643) | (1,261,187) | (1,242,663) | 18,524 |
| **Other financing uses** | | | | |
| Transfers in | 419,643 | - | 658,124 | 658,124 |
| Net other financing uses | 419,643 | - | 658,124 | 658,124 |
| **Net change in fund balances** | - | (1,261,187) | (584,539) | 676,648 |
| **Fund balances, beginning of year** | 244,957 | 244,957 | 244,957 | - |
| **Fund balances (deficits), end of year** | $ 244,957 | $ (1,016,230) | $ (339,582) | $ 676,648 |

# 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.

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**A. Financial Trends**

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

**Schedule A1** Net Position by Component

**Schedule A2** Changes in Net Position

**Schedule A3** Fund Balances – Governmental Funds

**Schedule A4** Changes in Fund Balances – Governmental Funds

**B. Revenue Capacity**

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

**Schedule B1** Assessed Value and Estimated Actual Value of Taxable Property

**Schedule B2** Tax Revenues by Source – Governmental Funds

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**C. Debt Capacity**

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

**Schedule C1** Ratio of Outstanding Debt by Type

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**Schedule C4** Ratios of General Bonded Debt Outstanding

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**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

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**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,* | **2022** | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| **Governmental activities** | | | | |
| Net investment in capital assets | **$ 34,100,017** | $ 27,510,228 | $ 25,460,939 | $ 22,804,907 |
| Restricted | **283,076** | 2,909,105 | 3,185,696 | 5,510,086 |
| Unrestricted | **(8,397,013)** | (7,696,211) | (9,741,400) | (10,806,671) |
| **Total governmental activities net position** | **25,986,080** | 22,723,122 | 18,905,235 | 17,508,322 |
| **Primary government** | | | | |
| Net investment in capital assets | **34,100,017** | 27,510,228 | 25,460,939 | 22,804,907 |
| Restricted | **283,076** | 2,909,105 | 3,185,696 | 5,510,086 |
| Unrestricted | **(8,397,013)** | (7,696,211) | (9,741,400) | (10,806,671) |
| **Total primary government net position** | **$ 25,986,080** | $ 22,723,122 | $ 18,905,235 | $ 17,508,322 |

Source: City of Satellite Beach Support Services Department

## Schedule A1

| 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| $ 27,017,454 | $ 26,078,307 | $ 25,272,490 | $ 24,900,824 | $ 24,600,877 | $ 24,203,216 |
| 941,307 | 1,468,861 | 1,619,299 | 4,072,434 | 1,441,474 | 1,607,635 |
| (11,463,063) | (7,654,678) | (5,481,463) | (7,791,388) | (1,516,601) | (1,782,751) |
| 16,495,698 | 19,892,490 | 21,410,326 | 21,181,870 | 24,525,750 | 24,028,100 |
| 27,017,454 | 26,078,307 | 25,272,490 | 24,900,824 | 24,600,877 | 24,203,216 |
| 941,307 | 1,468,861 | 1,619,299 | 4,072,434 | 1,441,474 | 1,607,635 |
| (11,463,063) | (7,654,678) | (5,481,463) | (7,791,388) | (1,516,601) | (1,782,751) |
| $ 16,495,698 | $ 19,892,490 | $ 21,410,326 | $ 21,181,870 | $ 24,525,750 | $ 24,028,100 |

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

| *Fiscal Year ended September 30,* | **2022** | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| **Expenses:** | | | | |
| Governmental activities: | | | | |
| General government | **$ 4,762,470** | $ 3,414,609 | $ 3,619,660 | $ 3,783,019 |
| Public safety | **6,029,889** | 5,040,014 | 6,066,516 | 6,145,653 |
| Public works | **3,451,619** | 2,838,554 | 2,808,928 | 3,545,573 |
| Recreation | **952,427** | 1,002,740 | 748,686 | 865,768 |
| Interest and related costs on long term debt | **260,428** | 297,871 | 336,377 | 269,538 |
| **Total expenses - governmental activities** | **15,456,833** | 12,593,788 | 13,580,167 | 14,609,551 |
| | | | | |
| **Program revenues:** | | | | |
| Governmental activities: | | | | |
| Charges for Services: | | | | |
| General Government | **$ 433,292** | $ 388,114 | $ 347,199 | $ 273,052 |
| Public Safety | **337,168** | 300,949 | 256,554 | 279,803 |
| Public Works | **1,007,868** | 962,900 | 962,962 | 967,806 |
| Recreation | **580,286** | 536,985 | 324,079 | 598,230 |
| Operating Grants and Contributions | | | | |
| General Government | **124,134** | 176,204 | 7,697 | 95,461 |
| Public Safety | **54,835** | 36,801 | 14,850 | 25,382 |
| Public Works | **3,210** | 24,391 | 23,961 | 23,276 |
| Recreation | **-** | 1,492 | 4,390 | 800 |
| Capital Grants and Contributions | | | | |
| General Government | **1,098,118** | - | - | - |
| Public Safety | **9,125** | 27,780 | - | 16,343 |
| Public Works | **8,000** | | 14,168 | 727,741 |
| Recreation | **1** | - | - | 120,000 |
| **Total program revenues - governmental activities** | **3,656,037** | 2,455,616 | 1,955,860 | 3,127,894 |
| **Net (expense) revenue - governmental activities** | **(11,800,796)** | (10,138,172) | (11,624,307) | (11,481,657) |

## Schedule A2

| 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| $ 2,904,285 | $ 3,973,747 | $ 2,825,504 | $ 2,156,505 | $ 2,327,860 | $ 2,586,470 |
| 6,333,268 | 5,935,564 | 5,170,779 | 4,454,959 | 4,260,007 | 4,261,342 |
| 2,672,181 | 2,610,724 | 2,401,705 | 2,251,199 | 2,170,032 | 1,889,881 |
| 860,047 | 815,610 | 825,813 | 743,255 | 713,537 | 740,695 |
| 271,391 | 270,548 | 327,277 | 282,025 | 270,351 | 287,553 |
| 13,041,172 | 13,606,193 | 11,551,078 | 9,887,943 | 9,741,787 | 9,765,941 |
| $ 286,774 | 365,836 | 166,775 | 173,258 | 164,886 | 151,936 |
| 139,136 | 137,209 | 132,088 | 128,765 | 127,559 | 130,331 |
| 498,839 | 425,057 | 497,699 | 498,609 | 315,315 | 314,332 |
| 595,078 | 563,425 | 631,519 | 625,639 | 586,734 | 581,961 |
| - | - | - | - | - | - |
| 22,015 | 30,086 | 213,429 | 31,556 | 57,225 | 52,141 |
| 22,665 | 29,471 | 23,880 | 14,230 | 37,079 | 101,804 |
| 300 | 101 | 350 | 100 | 4,621 | - |
| - | - | - | - | - | - |
| - | 1,000 | 1,000 | 180,104 | 9,888 | 30,000 |
| - | - | - | - | 11,397 | 266,890 |
| 41,500 | 32 | 50,185 | 715 | 10,369 | 6,542 |
| 1,606,307 | 1,552,217 | 1,716,925 | 1,652,976 | 1,325,073 | 1,635,937 |
| (11,434,865) | (12,053,976) | (9,834,153) | (8,234,967) | (8,416,714) | (8,130,004) |

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

| *Fiscal Year ended September 30,* | **2022** | **2021** | 2020 | 2019 |
|---|---|---|---|---|
| **General revenues:** | | | | |
| Governmental activities: | | | | |
| Property taxes | **$ 10,429,297** | **$ 9,792,447** | $ 8,792,095 | $ 8,415,825 |
| Franchise fees and other taxes | **2,984,743** | **2,731,231** | 2,759,077 | 2,721,062 |
| Share revenues not restricted to specific programs | **1,260,528** | **1,080,144** | 990,429 | 1,015,263 |
| Grants and contributions not restricted to specific programs | **210** | **33,905** | 41,952 | 1,776 |
| Unrestricted investment earnings | **48,948** | **12,342** | 92,707 | 111,830 |
| Miscellaneous | **340,028** | **305,990** | 344,960 | 228,525 |
| **Total general revenues - governmental activities** | **15,063,754** | **13,956,059** | 13,021,220 | 12,494,281 |
| **Change in net position - governmental activities** | **3,262,958** | **3,817,887** | 1,396,913 | 1,012,624 |
| **Change in net position - total government** | **$ 3,262,958** | **$ 3,817,887** | $ 1,396,913 | $ 1,012,624 |

*(Continued from previous page)*

Source: City of Satellite Beach Support Services Department

## Schedule A2 (Continued)

| 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| $ 7,254,925 | $ 6,783,312 | $ 6,371,353 | $ 5,998,358 | $ 5,606,772 | $ 5,283,753 |
| 2,627,465 | 2,596,137 | 2,633,925 | 2,285,666 | 2,310,949 | 2,193,001 |
| 999,801 | 957,349 | 899,109 | 870,604 | 826,339 | 787,425 |
| 10,935 | 2,051 | 1,484 | 9,850 | 665 | 23,561 |
| 36,049 | 27,603 | 32,328 | 26,277 | 17,143 | 18,914 |
| 587,146 | 169,688 | 124,410 | 114,860 | 152,496 | 188,583 |
| 11,516,321 | 10,536,140 | 10,062,609 | 9,305,615 | 8,914,364 | 8,495,237 |
| 81,456 | (1,517,836) | 228,456 | 1,070,648 | 497,650 | 365,233 |
| $ 81,456 | $ (1,517,836) | $ 228,456 | $ 1,070,648 | $ 497,650 | $ 365,233 |

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

| *Fiscal year ended September 30,* | **2022** | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| **General Fund** | | | | |
| Nonspendable | **$ 37,093** | $ 24,141 | $ 175,667 | $ 130,814 |
| Restricted | **-** | - | - | - |
| Assigned | **3,096,748** | 2,536,661 | 2,384,718 | 1,635,635 |
| Unassigned (deficit) | **591,234** | 451,221 | 413,226 | 225,955 |
| **Total General Fund** | **$ 3,725,075** | $ 3,012,023 | $ 2,973,611 | $ 1,992,404 |
| | | | | |
| **All other governmental funds:** | | | | |
| Nonspendable | **$ 558,895** | $ 7,189 | $ 7,189 | $ 10,482 |
| Restricted | **283,076** | 2,901,916 | 3,178,507 | 5,510,086 |
| Committed | **31,066** | - | - | - |
| Unassigned, reported in: | | | | |
| Special revenue funds | **(1,594,641)** | 129 | - | - |
| **Total all other governmental funds** | **$ (721,604)** | $ 2,909,234 | $ 3,185,696 | $ 5,520,568 |

* Beginning in FY 2011, GASB Statement No. 54 was implemented, classifying fund balances as nonspendable, restricted, committed, assigned or unassigned

Source: City of Satellite Beach Support Services Department

## Schedule A3

| 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| $ 152,565 | $ 87,165 | $ 113,249 | $ 49,457 | $ 139,410 | $ 81,682 |
| - | - | - | - | 149,868 | 149,868 |
| 852,745 | 852,745 | 852,745 | 852,745 | 562,244 | 367,274 |
| (213,044) | (307,572) | 421,069 | 532,183 | 309,688 | 260,947 |
| $ 792,266 | $ 632,338 | $ 1,387,063 | $ 1,434,385 | $ 1,161,210 | $ 859,771 |
| | | | | | |
| $ 51,607 | $ 80,563 | $ 265,080 | $ 51,429 | $ 49,942 | $ 7,959 |
| 941,307 | 1,468,861 | 1,619,299 | 4,072,434 | 1,286,953 | 1,457,767 |
| - | - | - | - | - | - |
| | | | | | |
| - | - | - | - | - | - |
| $ 992,914 | $ 1,549,424 | $ 1,884,379 | $ 4,123,863 | $ 1,336,895 | $ 1,465,726 |

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

| *Fiscal year ended September 30,* | **2022** | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Taxes | **$ 13,414,040** | $ 12,523,678 | $ 11,551,172 | $ 11,136,887 |
| Licenses and permits | **481,038** | 394,268 | 344,809 | 275,381 |
| Intergovernmental | **2,605,526** | 1,418,268 | 1,337,196 | 2,161,933 |
| Charges for services | **1,793,316** | 1,733,849 | 1,486,001 | 1,779,294 |
| Fines and forfeitures | **56,504** | 35,230 | 33,366 | 39,401 |
| Interest and other | **369,367** | 307,381 | 223,537 | 229,279 |
| **Total revenues** | **18,719,791** | 16,412,675 | 14,976,081 | 15,622,175 |
| **Expenditures:** | | | | |
| Current: | | | | |
| General government | **4,113,612** | 3,763,225 | 3,465,542 | 3,441,324 |
| Public safety | **5,969,339** | 5,640,600 | 5,690,981 | 5,439,259 |
| Public works | **3,061,197** | 2,462,437 | 2,141,429 | 1,977,289 |
| Recreation | **900,627** | 804,581 | 674,831 | 794,005 |
| Capital outlay - small dollar items | **-** | - | - | - |
| Capital outlay | **3,738,498** | 5,826,075 | 3,063,771 | 2,588,713 |
| Debt service: | | | | |
| Principal retired | **4,039,955** | 1,009,815 | 992,478 | 972,047 |
| Interest and other | **293,092** | 276,150 | 367,928 | 244,821 |
| **Total expenditures** | **22,116,320** | 19,782,883 | 16,396,960 | 15,457,458 |
| **Excess (deficiency) of revenues over (under) expenditures** | **(3,396,529)** | (3,370,208) | (1,420,879) | 164,717 |
| **Other financing sources (uses):** | | | | |
| Transfers in | **4,862,126** | 5,338,707 | 2,939,582 | 2,591,900 |
| Transfers out | **(4,862,126)** | (5,338,707) | (2,905,368) | (2,591,900) |
| Refunding note issues | **-** | - | 1,969,000 | - |
| Proceeds from issurance of debt | **435,181** | 3,132,149 | - | 5,000,000 |
| Capital lease proceeds | **43,571** | - | - | - |
| Insurance proceeds | **-** | - | - | - |
| Payment to refund note escros | | | (1,936,000) | - |
| Proceeds from sale of fixed assets | **-** | - | - | 563,075 |
| **Total other financing sources (uses)** | **478,752** | 3,132,149 | 67,214 | 5,563,075 |
| **Net change in fund balances** | **$ (2,917,777)** | $ (238,059) | $ (1,353,665) | $ 5,727,792 |
| **Debt Service as a Percentage of Noncapital Expenditures** | 31% | 10% | 11% | 10% |

Source: City of Satellite Beach Support Services Department

## Schedule A4

| 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| $ 9,882,390 | $ 9,379,449 | $ 9,005,278 | $ 8,284,024 | $ 7,917,721 | $ 7,476,754 |
| 278,451 | 352,094 | 160,259 | 168,765 | 157,751 | 143,214 |
| 1,412,978 | 1,092,446 | 1,025,845 | 1,183,288 | 1,027,435 | 1,320,520 |
| 1,177,239 | 1,067,431 | 1,208,085 | 1,199,362 | 976,143 | 970,811 |
| 38,678 | 45,657 | 43,538 | 45,748 | 47,522 | 54,415 |
| 331,523 | 151,280 | 336,529 | 77,404 | 87,918 | 149,240 |
| 13,121,259 | 12,088,357 | 11,779,534 | 10,958,591 | 10,214,490 | 10,114,954 |
| | | | | | |
| 2,901,189 | 2,841,906 | 2,716,039 | 2,182,951 | 2,209,815 | 2,241,669 |
| 5,432,558 | 5,338,401 | 4,692,448 | 4,384,001 | 4,104,501 | 4,010,613 |
| 2,022,736 | 1,994,331 | 1,740,589 | 1,581,961 | 1,515,572 | 1,324,307 |
| 758,407 | 749,825 | 778,573 | 731,330 | 697,086 | 727,624 |
| 63,013 | 271,075 | - | - | - | - |
| 1,976,024 | 1,354,830 | 3,258,577 | 588,574 | 1,245,634 | 838,416 |
| | | | | | |
| 1,741,124 | 772,453 | 616,719 | 653,824 | 837,949 | 787,186 |
| 288,890 | 264,330 | 263,395 | 275,807 | 272,298 | 290,512 |
| 15,183,941 | 13,587,151 | 14,066,340 | 10,398,448 | 10,882,855 | 10,220,327 |
| | | | | | |
| (2,062,682) | (1,498,794) | (2,286,806) | 560,143 | (668,365) | (105,373) |
| | | | | | |
| 1,880,235 | 2,374,472 | 1,877,527 | 1,480,134 | 1,073,342 | 1,048,402 |
| (1,880,235) | (2,374,472) | (1,877,527) | (1,480,134) | (1,073,342) | (1,048,402) |
| - | - | - | - | - | - |
| 947,596 | - | - | 2,500,000 | - | - |
| 718,505 | 408,364 | - | - | 796,141 | 38,193 |
| - | - | - | - | 11,232 | 10,919 |
| - | - | - | - | - | - |
| - | 750 | - | - | 33,600 | 2,900 |
| | | | | | |
| 1,666,101 | 409,114 | - | 2,500,000 | 840,973 | 52,012 |
| | | | | | |
| $ (396,581) | $ (1,089,680) | $ (2,286,806) | $ 3,060,143 | $ 172,608 | $ (53,361) |
| | | | | | |
| 18% | 9% | 9% | 10% | 13% | 13% |

## 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 | New Construction Taxable Value |
|---|---|---|---|---|
| 2022 | **$ 1,129,733,686** | **$ 17,736,567** | 1,147,470,253 | **$ 11,741,436** |
| 2021 | 1,054,565,675 | 15,439,162 | 1,070,004,837 | 67,581,541 |
| 2020 | 956,568,541 | 14,447,091 | 971,015,632 | 5,373,199 |
| 2019 | 904,489,814 | 13,121,899 | 917,611,713 | 2,318,960 |
| 2018 | 834,517,167 | 12,832,337 | 847,349,504 | 3,629,950 |
| 2017 | 776,785,520 | 12,007,698 | 788,793,218 | 4,006,655 |
| 2016 | 725,000,652 | 12,007,698 | 737,008,350 | 9,570,160 |
| 2015 | 677,596,138 | 18,663,326 | 696,259,464 | 2,826,100 |
| 2014 | 634,110,040 | 17,507,111 | 651,617,151 | 4,342,390 |
| 2013 | 594,293,870 | 16,119,343 | 610,413,213 | 8,942,693 |

Source: Brevard County Property Appraiser

## Schedule B1

| Adjusted Taxable Value | Final Taxable Value | Millage Rate Per $1,000 |
|---|---|---|
| **$ 1,135,728,817** | **$ 1,146,621,235** | **8.6312** |
| 1,002,423,296 | 1,072,175,051 | 8.6312 |
| 965,642,433 | 970,808,070 | 8.7000 |
| 915,292,753 | 915,229,667 | 8.8212 |
| 843,719,554 | 846,112,825 | 8.1518 |
| 784,985,784 | 783,329,385 | 8.1518 |
| 727,438,190 | 732,126,873 | 8.2900 |
| 693,433,364 | 694,558,891 | 8.3206 |
| 647,274,761 | 651,162,743 | 8.3206 |
| 601,470,520 | 613,335,462 | 8.3979 |

## 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 |
|---|---|---|---|---|
| **2022** | **$ 9,553,018** | **$ 876,279** | **$ 514,795** | **$ 401,331** |
| 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 |

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 |
|---|---|---|---|---|
| **$ 38,948** | **$ 208,882** | **$ 1,820,787** | **$ 13,414,040** | 7% |
| 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% |

## 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 |
| **2022** | **8.6312** | **8.6312** | **5.8500** | **3.5661** |
| 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 |

Source: Brevard County Tax Collector

## Schedule B3

| Overlapping Rates | | | |
|---|---|---|---|
| Brevard County Special Districts | St. Johns Water Management District | Fla Inland Navigation District | Total Direct and Overlapping |
| **1.2203** | **0.2189** | **0.0320** | 19.5185 |
| 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 |

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

| | September 30, 2022 | | | 9/30/2013* | | |
|---|---|---|---|---|---|---|
| Taxpayer | Taxable Assessed Value | Rank | Percentage of Total Assesed Value | Taxable Assessed Value | Rank | Percentage of Total Assessed Value |
| New Plan Venture Direct | $ 8,022,860 | 1 | 0.95% | | | 0.00% |
| Las Olas Beach Club Assoc. Inc. | 6,110,750 | 2 | 0.72% | | | 0.00% |
| Satellite Beach I LLC | 4,200,000 | 3 | 0.50% | | | 0.00% |
| Sand 905 LLC | 3,215,410 | 4 | 0.38% | | | 0.00% |
| Port Village LLC | 2,598,770 | 5 | 0.31% | | | 0.00% |
| Simon, Catherine | 2,187,500 | 6 | 0.26% | | | 0.00% |
| Limestone WGFL LLC | 2,179,770 | 7 | 0.26% | | | 0.00% |
| Pardue, John | 2,175,740 | 8 | 0.26% | | | 0.00% |
| Castellon, Mauricio | 2,043,510 | 9 | 0.24% | | | 0.00% |
| 304 Lansing Island Revocable Tst. | 2,014,590 | 10 | 0.24% | | | 0.00% |
| Total taxable assessed value for principal property taxpayers | $ 34,748,900 | | 4.12% | $ - | | 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

| | Collected Within the Fiscal 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 |
| **2022** | **$ 9,904,045** | **$ 9,431,321** | 95% | **$ 121,697** | **$ 9,553,018** | 96% |
| 2021 | 9,235,426 | 8,817,725 | 95% | 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% |

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,* | Note Payable | Financed Purchase* | Lease Liability | Total Outstanding Debt | Total Personal Income | Percentage of Personal Income | Debt Per Capita |
| **2022** | **$ 8,420,776** | **$ 43,466** | **$ 232,196** | **$ 8,696,438** | **$ 520,044,878** | **1.67%** | **763** |
| 2021 | 11,983,387 | - | - | 11,983,387 | 471,025,912 | 2.54% | 1,057 |
| 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 |

* Previously referred to as capital leases

Source: City of Satellite Beach Support Services Department

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

At September 30, 2022

| Governmental Unit | Debt Outstanding (1) | Applicable Percentage (2) | City's Estimated Share of Direct and Overlapping Debt |
|---|---|---|---|
| Brevard County | $ 11,848,225 | 3.32% | $ 392,841 |
| City of Satellite Beach Direct Debt (Governmental Activity) | | | |
| Total Note Payable & Capital Leases | | | - |
| Total Direct and Overlapping Debt | | | $ 392,841 |

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 |
|---|---|---|---|
| **2022** | **$ 5,657,122** | **$ 1,201,038** | **4.71** |
| 2021 | 5,337,022 | 2,785,294 | 1.92 |
| 2020 | 3,580,723 | 1,329,406 | 2.69 |
| 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 |

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 |
|---|---|---|---|---|---|
| **2022** | **11,393** | **$ 1,146,621,235** | **-** | **0.00%** | **0.00** |
| 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 |

***As of September 30, 2022 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 Reasearch

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

| *Fiscal year ended September 30,* | **2022** | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| Debt limit | **$ 64,538,616** | $ 53,608,753 | $ 48,540,404 | $ 45,761,483 |
| Total net debt applicable to limit | **$ 11,983,387** | $ 11,983,387 | $ 9,861,173 | $ 10,820,651 |
| Legal debt margin | **$ 52,555,229** | $ 41,625,366 | $ 38,679,231 | $ 34,940,832 |
| Total net debt applicable to the limit as a percentage of the debt limit | **19%** | 22% | 20% | 24% |

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

| 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| $ 42,305,641 | $ 39,166,469 | $ 36,606,344 | $ 34,727,945 | $ 32,558,137 | $ 30,666,773 |
| $ 6,792,698 | 6,867,722 | 7,231,811 | 7,848,530 | 6,002,354 | 6,044,162 |
| $ 35,512,943 | $ 32,298,747 | $ 29,374,533 | $ 26,879,415 | $ 26,555,783 | $ 24,622,611 |
| 16% | 18% | 20% | 23% | 18% | 20% |

## 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) |
|---|---|---|---|---|---|---|
| **2022** | **11,393** | **42.2** | **$ 45,646** | **$ 92,750** | **3,018** | 5.3% |
| 2021 | 11,332 | 44.2 | 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% |

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

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

| | 2022 | | 2013 | |
|---|---|---|---|---|
| Employer | Number of Employees | Rank | Number of Employees | Rank |
| Lighting Science Group Corporation | | | 100-249 | 1 |
| Publix Super Market Inc. | 100-249 | 1 | 100-249 | 2 |
| City of Satellite Beach | 101-249 | 2 | 100-249 | 3 |
| Blackbaud Inc. | 50-99 | 3 | 10-49 | 8 |
| A P T Research Inc. | 50-99 | 4 | 10-49 | 5 |
| Long Doggers III Inc. | 50-99 | 5 | | |
| Pappagallos Inc. | 10-49 | 6 | | |
| Amwins Brokerage of Florida Inc. | 10-49 | 7 | | |
| USPS Mel-Satellite Beach Branch | 10-49 | 8 | 10-49 | 7 |
| McDonald's Restaurant | 10-49 | 9 | 10-49 | 6 |
| Taco Bell US Leader | 10-49 | 10 | | |
| The Haven for Children Inc. | | | 10-49 | 9 |
| Mojo's of Brevard Inc. | | | 10-49 | 10 |
| Millennium Engineering and Integration | | | 50-99 | 4 |

Source: Economic Development Commission of Florida's Space Coast

Note: Figures are for zip code 32937
No longer exact number of employees.

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

| *Full-time Equivalent Employees* | **2022** | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| **Function** | | | | |
| General Government | | | | |
| City Clerk | **3** | 3 | 3 | 2 |
| Support Services | **13** | 9 | 8 | 8 |
| Police | **40** | 40 | 40 | 40 |
| Fire | **22** | 20 | 19 | 18 |
| Community Dedevelopment | **4** | 4 | 5 | 5 |
| Public Works | **29** | 24 | 20 | 18 |
| Recreation | **9** | 8 | 8 | 8 |
| **Total** | **120** | 108 | 103 | 99 |

Source: City Support Services Department

Notes: Full-Time Equivalents are calculated, every 3 part time equals 1 full time.

## Schedule E1

| 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| 2 | 2 | 2 | 3 | 3 | 3 |
| 8 | 9 | 7 | 7 | 6 | 6 |
| 38 | 38 | 38 | 35 | 33 | 32 |
| 18 | 18 | 18 | 17 | 17 | 17 |
| 5 | 4 | 4 | 3 | 3 | 4 |
| 18 | 18 | 17 | 17 | 16 | 16 |
| 8 | 8 | 8 | 9 | 13 | 13 |
| 97 | 97 | 94 | 91 | 91 | 91 |

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

| *Function/Program* | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| **Community Development** | | | | |
| Building permits issued | 1,753 | 1,992 | 1,983 | 1,971 |
| Building inspections conducted | 3,013 | 3,496 | 3,273 | 3,444 |
| **Police** | | | | |
| Arrests/Traffic Arrests | 201 | 182 | 114 | 200 |
| DUI's | 78 | 97 | 36 | 64 |
| Tickets | 1,378 | 1,728 | 801 | 1,183 |
| **Fire** | | | | |
| Structure/Other Fires | 23 | 18 | 21 | 22 |
| Incidents/Call Outs | 2,622 | 2,332 | 2,121 | 1,633 |
| Annual Inspections | 542 | 535 | 133 | 315 |
| **Public Works** | | | | |
| Replacement stormwater pipe (feet) | 2,775 | 2,950 | 44 | 60 |
| Replacement of storm drain inlets | 27 | 56 | 33 | 1 |
| Replacement of curbs (feet) | 65 | 8,086 | - | - |
| Replacement of sidewalk (feet) | 145 | 1,274 | 113 | 113 |
| Replacement of gutter (feet) | - | - | 146 | 120 |
| Asphalt patching (tons) | 142 | 1,158 | 71 | 18 |

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

| 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| 2,006 | 1,594 | 1,366 | 1,582 | 1,477 | 1,408 |
| 3,408 | 2,232 | 2,023 | 2,126 | 2,036 | 1,908 |
| | | | | | |
| 322 | 327 | 325 | 325 | 310 | 313 |
| 91 | 71 | 76 | 67 | 71 | 88 |
| 1,348 | 1,263 | 1,494 | 1,453 | 1,664 | 1,846 |
| | | | | | |
| 13 | 22 | 25 | 30 | 35 | 26 |
| 1,398 | 1,501 | 1,377 | 1,350 | 1,385 | 1,211 |
| 264 | 285 | 273 | 226 | 178 | 131 |
| | | | | | |
| 40 | 775 | 398 | 180 | 451 | 316 |
| 10 | 15 | 16 | 7 | 13 | 10 |
| - | 295 | 1,181 | - | 492 | 246 |
| 208 | 230 | 984 | 300 | 505 | 402 |
| 97 | - | - | 80 | 27 | 53 |
| 21 | - | 10 | 16 | 8 | 12 |

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

| *Function/Program* | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|
| **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 | 23 | 21 | 21 | 21 | 21 | 21 | 21 |
| **Fire** | | | | | | | | | | |
| Station | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Firefighters | 17 | 17 | 17 | 17 | 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 | 475 | 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

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, 2022, 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 24, 2023.

**Report on 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.

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

Our consideration of internal control was for the limited purpose described in the 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. We did identify certain deficiencies in internal control, described below as MW 2022-001, that we consider to be a material weakness.

**MW 2022-001 CAPITAL ASSET INVENTORY**

Criteria: Best practices for capital asset management state that local governments should establish a system of tracking capital assets to provide records that allow for accurate planning, budgeting and financial reporting. Further, financial reporting in compliance with professional standards relies on the completeness and accuracy of these records.

Condition: The cost basis of the City's capital assets in the subledger of the City's accounting system is not in agreement with the general ledger as of September 30, 2022.

Cause: In previous years, the City utilized manual spreadsheets to maintain their capital asset records. In the transition of the capital asset records from manual spreadsheets to the asset management module of the City's new accounting system, the City is reconciling asset records to physical inventories; establishing better asset classification between buildings, improvements other than buildings, equipment and infrastructure; identifying capitalized assets with a cost basis below the City's capitalization threshold or that are no longer in use; identifying and correcting duplications; and separating the capital assets of the Community Redevelopment Agency from those of the City. At September 30, 2022, this review, reconciliation and clean-up process is on-going.

Effect: The City is still researching a difference in the cost basis of capital assets between the manual spreadsheets and the capital asset subledger in BS&A of approximately $700,000.

Recommendation: The City should continue in its efforts to ensure the information in the City's capital asset subledger is complete, accurate and in sufficient detail to allow the City to properly plan and budget for capital asset renewal and replacement and for financial reporting in compliance with professional standards.

Management Response: *The City has worked and will continue to work diligently on this issue. As the City transitions to updated software and technology, the challenge with manual spreadsheets is uncovered. Staff has completed inventory each year to help alleviate discrepancies and will be completing a more hands on approach to ensure the information is complete, accurate and in sufficient detail.*

**Report on 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 finding identified in our audit is described above. The City of Satellites Beach, Florida's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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 24, 2023




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CPAs and Advisors

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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, 2022, and have issued our report thereon dated March 24, 2023.

**Auditors' Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* 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 24, 2023, should be considered in conjunction with this management letter.

**Prior Audit Findings**

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

| Prior Year Management Letter Comments: | |
|---|---|
| 2021-001 Proceeds from the Issuance of Debt | Corrected |
| 2021-002 Revenue Receipting and Reconciliation | Corrected |
| 2021-003 Review of Information Provided to Florida Department of Retirement | Corrected |

**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 have the following recommendations.

**IC 2022-002 BUILDING SURCHARGES**

Criteria: Florida Statutes 468.631 and 553.721 each require a surcharge to be assessed on building permits fees. The surcharge is to be collected by the City and remitted to the State.

Condition: The City did not accurately calculate building surcharge fees.

Cause: The building permit software configuration required a manual entry into the field which calculated the surcharges. The design of the data entry process, and review control for building permits was not designed or operating appropriately to detect and correct errors in data entry which would miscalculate the building surcharge.

Effect: The Building Department charged customers more or less than the expected amount. The net effect was an under-collection of surcharges of $463.

Recommendation: The Building Department should work with its software vendor to remove the manual entry requirement related to surcharge calculation. The Building Department and its software vendor should use an automated IT application control tied to the original permit data entry to automate the calculation of the surcharge amount. The Building Department should evaluate the controls associated with the review of building permits to determine they are designed to detect surcharges and permit fees which are not charged accurately or completely.

Management Response: *The Building Department has worked with the software vendor to help alleviate this issue. The staff has also put controls in place for a two-person verification to reduce for human error. Staff will continue to work with the software vendor along with IT to find a control to tie the original permit data entry to automate the calculation of the surcharge amount. Finance is reviewing all of the permits when submitting the surcharges to allow for additional review*.

**IC 2022-003 COMPENSATED ABSENCES**

Criteria: Financial reporting in compliance with professional standards relies on the completeness and accuracy of underlying accounting records.

Condition: The estimated liability for compensated absences at the beginning of the fiscal year was understated.

Cause: The manual spreadsheet used by the City to calculate the estimated liability for compensated absences contained formula errors.

Effect: The estimated liability for compensated absences at September 30, 2021 was understated. The understatement was estimated to be approximately $145,000.

Recommendation: With the City's new accounting software, the City can generate a report of compensated absences by employee. This report can be used to calculate the estimated liability for compensated absences with less manual intervention than the spreadsheet currently in use by the City. Controls should be put in place for an independent review of the estimate to include recalculations to ensure that formulas in the manual spreadsheet are working as intended.

Management Response: *Compensated absences has been kept and controlled on an excel spreadsheet for many years. When we moved to BS&A, our accounting software, there were many learning opportunities and the ability to report compensated absences was one. This report was used this year and in doing so found a large discrepancy from previous years due to an excel formula error. Going forward the report will be prepared with BS&A as it has the accurate information and the information is reviewed internally by staff multiple times a year.*

**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 24, 2023

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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, 2022. 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 AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Agency complied with the specified requirements, in all material respects. An examination involves performing procedures to obtain evidence about whether the Agency complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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

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

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

Melbourne, Florida
March 24, 2023