

ANNUAL COMPREHENSIVE

West Melbourne
F L O R I D A

FINANCIAL REPORT

**WITH
REPORT ON COMPLIANCE MATTERS**

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

CITY OF WEST MELBOURNE

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE
FISCAL YEAR ENDED
SEPTEMBER 30, 2023



West Melbourne

F L O R I D A

Prepared by:
THE FINANCE DEPARTMENT

CITY OF WEST MELBOURNE, FLORIDA

CITY COUNCIL

HAL J. ROSE, MAYOR

STEPHEN PHRAMPUS, DEPUTY MAYOR

DIANA ADAMS, COUNCIL MEMBER

PAT BENTLEY, COUNCIL MEMBER

JOHN DITTMORE, COUNCIL MEMBER

DANIEL MCDOW, COUNCIL MEMBER

ANDREA YOUNG, COUNCIL MEMBER

CITY MANAGER

TIMOTHY RHODE

CITY ATTORNEY

JOHN CARY

FINANCE DIRECTOR

CANDICE BLAKE

City of West Melbourne, Florida
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September 30, 2023

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MAYOR
Pat Bentley

DEPUTY MAYOR
Diana Adams

COUNCIL MEMBERS
John Dittmore
Daniel McDow
Stephen Phrampus
Helen Voltz
Andrea Young



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

February 29, 2024

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

The Annual Comprehensive Financial Report of the City of West Melbourne, Florida (the “City”), for the fiscal year ended September 30, 2023 is hereby submitted pursuant to Florida Statutes Chapter 218.39 and Chapter 10.550 of the Rules of the Auditor General of the State of Florida.

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

Carr, Riggs & Ingram, LLC, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City of West Melbourne’s financial statements for the year ended September 30, 2023. The independent auditor’s report is located at the front of the financial section of this report.

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

Profile of the government

The City of West Melbourne was founded in 1959 and incorporated on July 2, 1970, as a political subdivision of the State of Florida. It is located in east central Florida within Brevard County. It currently occupies 10.76 square miles and has an estimated population of 30,682. The City is empowered to levy a property tax on real property located within its boundaries, which the City has levied continuously since fiscal year 2006. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of West Melbourne has operated under the council-manager form of government since 1970. Policy making and legislative authority are vested in the City Council consisting of the mayor and six other members, all elected on a non-partisan basis. Council members, since 2014, serve staggered four-year terms, and are elected to represent the City at large. The Council appoints the City Attorney and City Manager. The City Manager appoints the heads of various City departments. The City of West Melbourne provides a full range of services, including police protection services, street maintenance and construction, building inspections, parks and recreation amenities, and stormwater planning and construction. The City also operates a water distribution and sewer

collection and treatment system, both systems of which are a single legal enterprise and reported as a proprietary fund.

The annual budget serves as the foundation for the City's financial planning and control. Budgetary control is maintained to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The city manager shall have the authority to transfer any unused and unencumbered appropriation or portion thereof between general classifications of expenditures within any office, department, or agency of the city, or may transfer any unused and unencumbered appropriation or portion thereof from one office, department or agency to another; provided however, that such transfer shall not authorize any increase in the total budget without prior approval of the city council. No officer, department or agency shall, during any budget year, expend or contract to expend any money or incur any liability, or enter into any contract which by its terms involves the expenditure of money for any purpose, in excess of the amounts appropriated for that general classification of expenditure pursuant to this Charter. The Council is required to hold two public hearings and adopt a final budget by no later than September 30th of each year.

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

Local Economy

The City of West Melbourne is located in east central Florida, approximately forty-five miles south of the Kennedy Space Center and encompassing an area of 10.76 square miles. The area is a major hub for technology driven industry such as RELM Wireless, Lockheed Martin, Confluent RF Systems, Mack Technologies, Terry Laboratories and USSI. Corporate headquarters, manufacturers, and technology-oriented companies are located within the City of West Melbourne limits. The City's diverse business community includes traditional businesses, which encompass retail and wholesale trade, transportation, the utilities sector, the professional and business services sector, real estate, finance, and the construction sector, both light manufacturing and military contractors. The City remains attractive to such a vibrant mix of businesses because it maintains one of the lowest tax rates in Brevard County, which has given the City an edge as a better place to do business. The City continues to pursue technology oriented manufacturing, warehousing/distribution, and professional service companies seeking a competitive advantage in the marketplace.

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

In 1970, West Melbourne's population was approximately 3,050. Since 2000, the city has experienced the highest population growth percentage of any municipality in Brevard County. The most recent State population estimate for the City is 30,682. The population in the City is relatively young and well-educated with over 45% of its population under the age of 45. With a comparatively high median household income, combined with a relatively young and well-educated population, the City has ideal market conditions for the continued development of high-technology, knowledge-based businesses, as well as traditional businesses and service providers.

As of September 30, 2023, the unemployment rate in the United States was 3.8%, an increase from 3.5% a year earlier. For Brevard County, the unemployment rate was 2.8%, up from 2.5% a year earlier as reported by the Florida Department of Economic Opportunity. It is expected that the unemployment rate for Brevard County will remain stable in 2024.

Long-term financial planning and major initiatives

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

The City is also cognizant of other cities' financial challenges. At the end of the current fiscal year, the unrestricted fund balance (which is the total of the committed, assigned, and unassigned components of the fund balance) in the general fund, was 107% of total general fund expenditures. This is a strong position which reduces the need to borrow to finance future construction and expansion projects.

The next major strategic plan for the City of West Melbourne includes several smaller projects which tie together with the new \$60 million-dollar Reverse Osmosis (RO) potable water plant project. Improvements to the City's water distribution system, three new production wells, three new monitoring wells, four well housing structures and key transmission lines between the raw water well sites and the new RO plant are in various levels of planning, bidding or construction at the time of this report. All these projects have a completion timeframe of January 1, 2027, when the City will begin selling water to our residents.

West Melbourne continues to be the fastest growing municipality in Brevard County by percentage. The City is now over 30,000 residents and continues to have a healthy balance of both residential and commercial development, issuing over \$76 million dollars in new building permits in 2023. However, our growth will eventually conclude as we estimate we are close to 80-81% built out with under 20% developable land available.

The City Council has updated the Capital Improvements Element of the Comprehensive Plan in accordance with Florida Statutes 163.3177(3)(b), and management has projected the capital improvement program for the next five years as financially feasible. The 2024 to 2028 projection matches future sources of revenues with planned capital expenditures that incorporate long range plans of the City, with major water projects estimated at \$69.8 million, sewer projects estimated at \$24.8 million, stormwater system improvements at \$6.9 million, and transportation system improvements estimated at \$19.1 million. Combined capital improvements for all major and secondary projects are estimated at \$136.3 million over the five-year span.

The millage rate for the City of West Melbourne was 2.1186 for fiscal year 2022 - 2023. This was reduced from the fiscal year 2021 – 2022 millage rate of 2.4228.

The City was reviewed by Standard and Poors (S&P) on February 23, 2018. S&P upgraded the 2010D Florida Municipal Loan Council revenue bonds from AA- to AA. These bonds were fully defeased on October 1, 2020.

Relevant Financial Policies

The City of West Melbourne has a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to or in excess of appropriations). Due to increased taxes, public utility and telecommunication taxes, payment in lieu of taxes, franchise fees, shared revenues, unrestricted investment earnings, and miscellaneous revenues, actual General Fund revenues exceeded the final budget by approximately \$4.4 million. During fiscal year 2023, General Fund appropriations increased by \$1,016,791, while actual expenditures were below the final budgeted amount by \$4.2 million. Overall, operational activity resulted in an excess of revenues over expenditures by \$5.6 million.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of West Melbourne for its annual comprehensive financial report (ACFR) for the fiscal year ended September 30, 2022. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized ACFR. This report must satisfy both GAAP and applicable legal requirements.

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

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

Respectfully submitted,



Timothy Rhode
City Manager



Candice Blake
Finance Director

City of West Melbourne, Florida
Principal Officials
September 30, 2023

City Council

Hal J. Rose	Mayor
Stephen Phrampus	Deputy Mayor
Diana Adams	Council Member
Pat Bentley	Council Member
John Dittmore	Council Member
Andrea Young	Council Member
Daniel McDow	Council Member

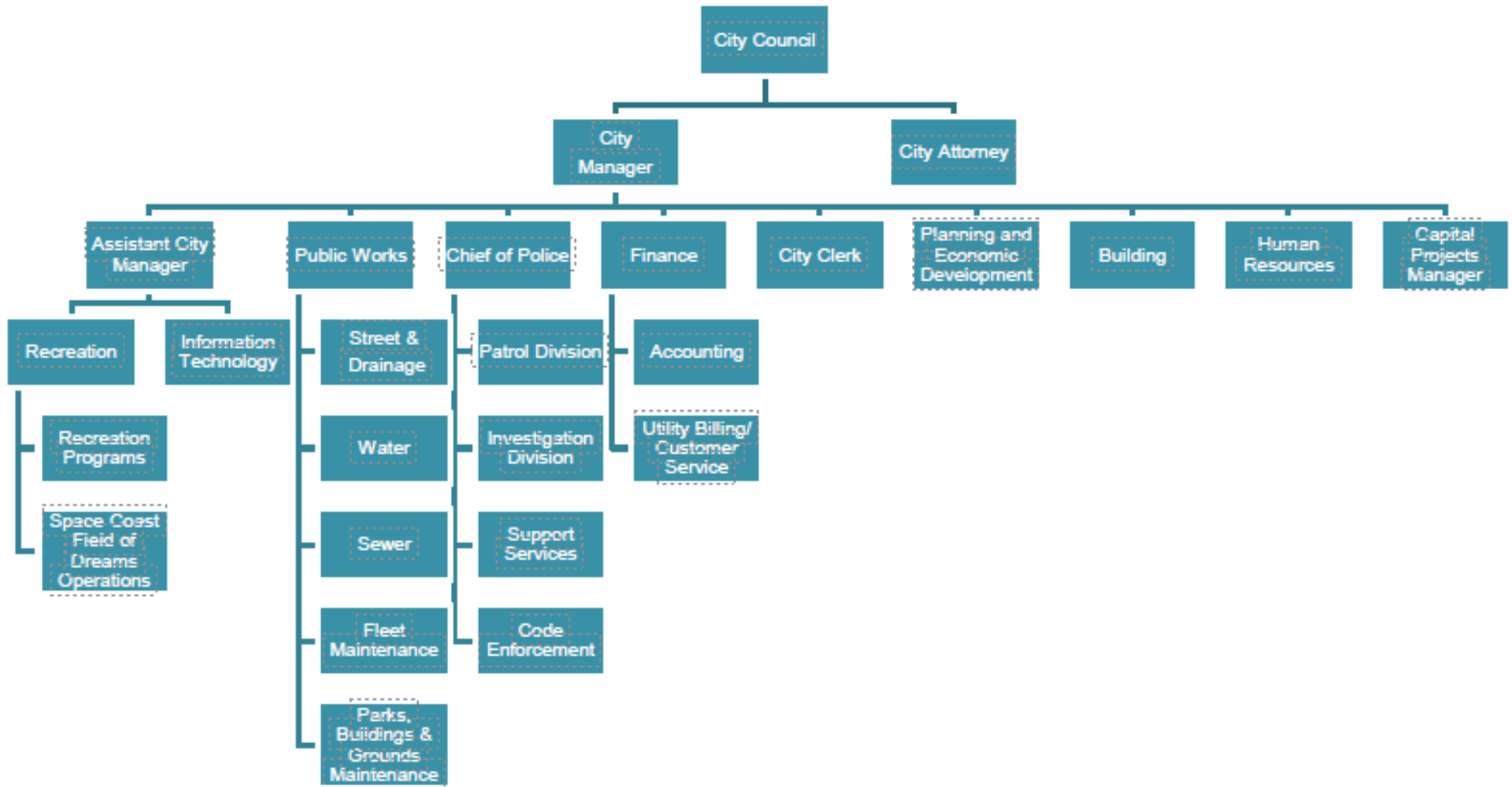


Executive Management Team

Tim Rhode	City Manager
John Cary	City Attorney
Greg Vesta	Police Chief
Thomas Bradford	Assistant City Manager
Mark Piccirillo	Public Works Director
Candice Blake	Finance Director
Cynthia Hanscom	City Clerk
Dan Ferry	Building Official
Christy Fischer, AICP	Planning & Economic Development Director
Erin Murphy	Parks & Recreation Director
Jennifer Curran	Human Resources Director

As of September 30, 2023

City of West Melbourne, Florida
Organizational Chart
September 30, 2023





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of West Melbourne
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Melbourne, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of West Melbourne, Florida's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Melbourne, Florida, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of West Melbourne, 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 1 to the financial statements, in fiscal year 2023, the City adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of West Melbourne, 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of West Melbourne, 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 West Melbourne, 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 on (pages 17 to 27), pension and other postemployment benefits supplementary information on (pages 100 to 114) and budgetary comparison information for the general fund and major special revenue funds on (pages 115 to 119) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Melbourne, Florida's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2024, on our consideration of the City of West Melbourne, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of West Melbourne, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of West Melbourne, Florida's internal control over financial reporting and compliance.

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

Melbourne, Florida
February 29, 2024

City of West Melbourne, Florida
Management's Discussion and Analysis
September 30, 2023

As management of the City of West Melbourne ("the City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 5-8 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$136,518,028 (*net position*). Of this amount, \$43,341,651 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$13,781,531 from fiscal year 2023 activities. The increase is largely due to increases in payments in lieu of taxes, unrestricted investment earnings, telecommunications taxes, shared revenues, franchise fees, and miscellaneous income.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$35,573,434, an increase of \$7,016,327 in comparison with the prior year. Approximately 44% of this amount (\$15,738,938) is available for spending at the government's discretion (*assigned and unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed, assigned, and unassigned* components of *fund balance*) for the general fund was \$15,738,938, or approximately 107% of total general fund expenditures.
- The City's total outstanding long-term debt decreased by \$786,306 during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, recreation, and community development. The business-type activities of the City include a Water and Sewer System. The government-wide financial statements can be found on pages 30-33 of this report.

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

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

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

The City maintains 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, and the American Rescue Plan Act (ARPA) fund, which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 34-37 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer System, which is considered to be a major fund. The basic proprietary fund financial statements can be found on pages 38-43 of this report.

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

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

The fiduciary fund financial statements can be found on pages 44-45 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 47-97 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's budgetary compliance and pension and other post-employment benefits obligations. The City adopts an annual appropriated budget for its general fund, community redevelopment agency fund, special revenue funds (recreation and stormwater), and capital projects funds (capital projects and vehicle replacement). Budgetary comparison statements have been provided for each of these funds to demonstrate compliance with this budget. The required supplementary information can be found on pages 100-119 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 122-127 of this report.

The Statistical Section includes tables and schedules to provide a more detailed picture of the financial condition of the City than those presented in the financial statements. These include the schedule of bonded debt and interest to maturity and assorted multi-year financial and statistical information and can be found on pages 131-154 of this report.

City of West Melbourne, Florida
Management's Discussion and Analysis
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Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City of West Melbourne, Florida, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$136,518,028 at the close of the most recent fiscal year.

City of West Melbourne's Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 44,939,718	\$ 40,745,391	\$ 32,313,124	\$ 24,866,958	\$ 77,252,842	\$ 65,612,349
Capital assets	30,094,080	30,246,857	50,784,871	49,298,754	80,878,951	79,545,611
Total assets	75,033,798	70,992,248	83,097,995	74,165,712	158,131,793	145,157,960
Deferred outflows	5,022,481	6,026,667	461,164	511,288	5,483,645	6,537,955
Long-term liabilities	7,549,274	6,961,405	3,887,712	4,394,837	11,436,986	11,356,242
Other liabilities	8,961,066	1,331,993	3,366,642	2,459,034	12,327,708	3,791,027
Total liabilities	16,510,340	8,293,398	7,254,354	6,853,871	23,764,694	15,147,269
Deferred inflows	3,157,652	13,612,998	175,064	199,151	3,332,716	13,812,149
Net position:						
Net investment in capital assets	29,024,468	30,209,676	48,375,142	47,140,389	77,399,610	77,350,065
Restricted	15,365,646	14,236,875	411,121	407,482	15,776,767	14,644,357
Unrestricted	15,998,173	10,665,968	27,343,478	20,076,107	43,341,651	30,742,075
Total net position	\$ 60,388,287	\$ 55,112,519	\$ 76,129,741	\$ 67,623,978	\$ 136,518,028	\$ 122,736,497

By far the largest portion of the City's net position (57%) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, machinery and equipment, and construction in progress), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (11.56%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$43,341,651 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

At September 30, 2023, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

City of West Melbourne, Florida
Management's Discussion and Analysis
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Statements of Activities

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

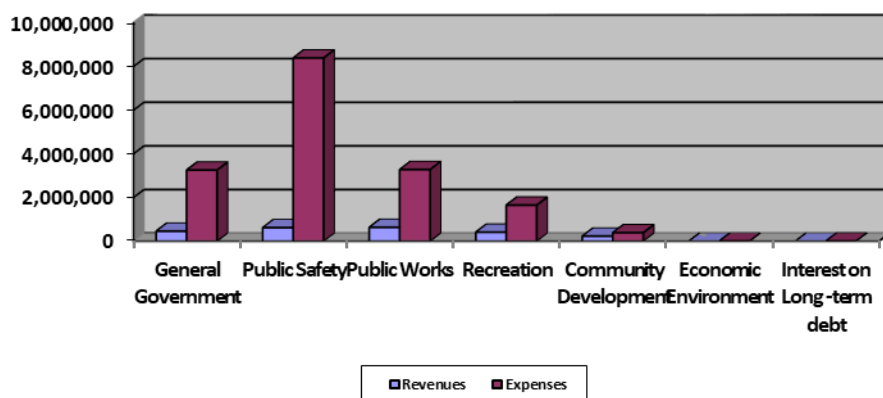
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 4,524,675	\$ 2,360,706	\$ 15,469,401	\$ 14,165,180	\$ 19,994,076	\$ 16,525,886
Capital grants and contributions	6,102	598,478	3,345,442	1,156,901	3,351,544	1,755,379
General revenues:						
Local option gas tax	924,354	849,894	-	-	924,354	849,894
Property taxes	5,144,938	5,018,367	-	-	5,144,938	5,018,367
Public utility and telecommunication taxes	4,335,953	3,835,698	-	-	4,335,953	3,835,698
Payment in lieu of taxes	4,498,815	2,014,790	-	-	4,498,815	2,014,790
Franchise fees	2,679,560	2,347,604	-	-	2,679,560	2,347,604
Shared revenues	3,685,145	3,253,257	-	-	3,685,145	3,253,257
Unrestricted investment earnings	1,575,823	210,221	1,102,442	103,713	2,678,265	313,934
Miscellaneous	202,456	91,231	-	-	202,456	91,231
Gain on disposition	38,466	63,693	-	-	38,466	63,693
Total revenues	<u>27,616,287</u>	<u>20,643,939</u>	<u>19,917,285</u>	<u>15,425,794</u>	<u>47,533,572</u>	<u>36,069,733</u>
Expenses:						
General government	3,799,271	3,257,853	-	-	3,799,271	3,257,853
Public safety	8,568,227	8,393,278	-	-	8,568,227	8,393,278
Public works	3,496,500	3,283,583	-	-	3,496,500	3,283,583
Recreation	1,942,055	1,652,078	-	-	1,942,055	1,652,078
Community development	651,245	388,660	-	-	651,245	388,660
Economic environment	2,795	4,295	-	-	2,795	4,295
Interest on long term debt	6,599	5,667	-	-	6,599	5,667
Water and sewer	-	-	15,285,349	15,331,914	15,285,349	15,331,914
Total expenses	<u>18,466,692</u>	<u>16,985,414</u>	<u>15,285,349</u>	<u>15,331,914</u>	<u>33,752,041</u>	<u>32,317,328</u>
Excess (deficiency) of revenues over (under) expenses	9,149,595	3,658,525	4,631,936	93,880	13,781,531	3,752,405
Other financing sources (uses)						
Transfers in (out)	(3,873,827)	(1,350,918)	3,873,827	1,350,918	-	-
Net other financing sources (uses)	<u>(3,873,827)</u>	<u>(1,350,918)</u>	<u>3,873,827</u>	<u>1,350,918</u>	<u>-</u>	<u>-</u>
Increase in net position	5,275,768	2,307,607	8,505,763	1,444,798	13,781,531	3,752,405
Net position - beginning of year	55,112,519	52,804,912	67,623,978	66,179,180	122,736,497	118,984,092
Net position - ending	<u>\$ 60,388,287</u>	<u>\$ 55,112,519</u>	<u>\$ 76,129,741</u>	<u>\$ 67,623,978</u>	<u>\$ 136,518,028</u>	<u>\$ 122,736,497</u>

Governmental Activities. During the current fiscal year, net position for governmental activities increased by \$5,275,768 from the prior fiscal year. General revenues increased overall by approximately 30.5% due to increases in public utility and telecommunication taxes, payment in lieu of taxes, franchise fees, shared revenues, unrestricted investment earnings, and miscellaneous revenues. Program revenues increased by approximately 53.1%, primarily due to increased applications for building permits, plan review fees, recreation fees, and construction inspection fees.

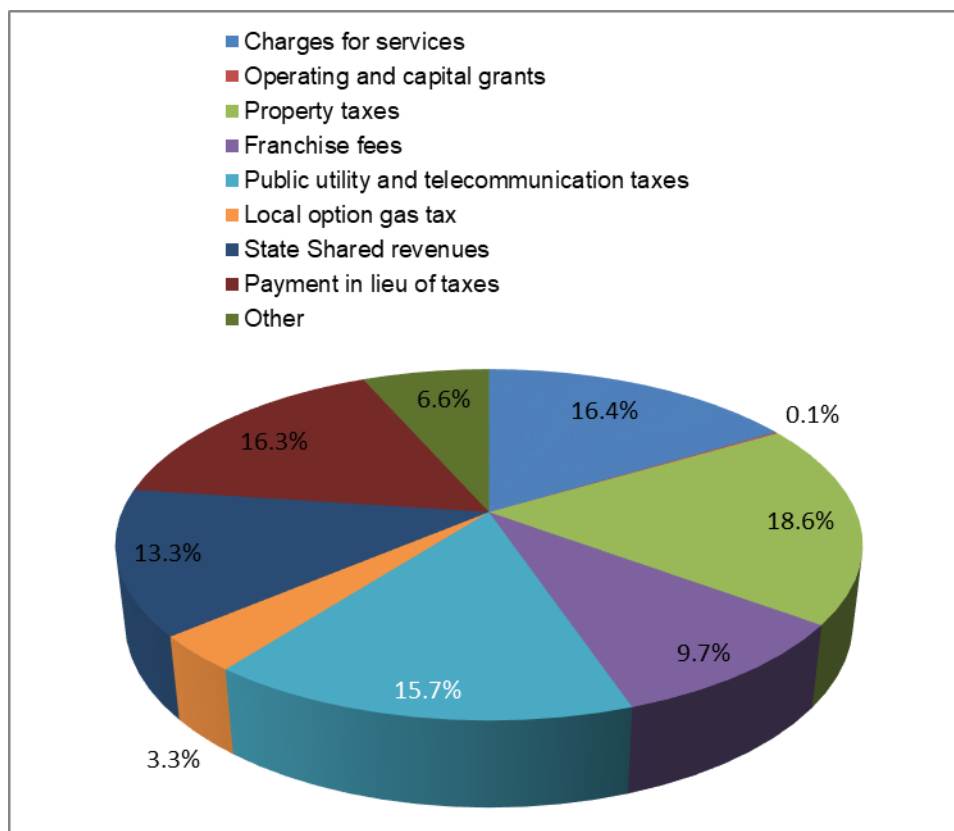
Governmental expenses increased \$1,481,278 (8.7%) compared to the fiscal year ending September 30, 2022. The most significant increases for expenses were for salaries and wage related costs, the current year reflecting adjustment for the class and compensation study, and a cost-of-living increase, along with the Net Pension Liability significantly increasing expenses. The City also incurred costs for hurricane damages related to Ian and Nicole, and general upkeep for road maintenance and repairs.

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The first chart that follows compares each program's expenses with the revenues generated by the program. The next chart displays the City's revenues by source. Public safety represents one of the City's major services and the majority of resources used to fund the service are not generated by the program. Revenues from taxes and other general resources provide the remaining funding necessary for public safety.



2023 Revenues by Source – Governmental Activities



Business-type Activities. Business-type activities increased the City's net position by \$8,505,763. Operating revenues for the Water and Sewer System increased by approximately \$1.3 million,

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attributed to increased water revenues, and meter installation fees. Other charges and fees received for wastewater plant upgrades through the Indian River Lagoon half cent sales tax, and the Sheridan Septic to Sewer grant. Operating expenses of the Water and Sewer System decreased by approximately \$47 thousand. Increases in costs for purchased water, salaries and wages, and professional services were offset by the exclusion of the \$1.2 million Melbourne Interlocal Agreement termination cost that was fully recognized at September 30, 2022.

Financial Analysis of Governmental Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$35,573,434, an increase of \$7,016,327 in comparison with the prior year. Approximately 44% of this total amount (\$15,738,938) constitutes unassigned fund balance, which has not been appropriated for a specific purpose and is available for spending at the government's discretion. The remainder of fund balance represents a legally restricted funding source, has been committed to a specific purpose by City action or is not in liquid form available for new spending. The \$101,532 of prepaid items represents funds that have been disbursed for future expenditures, such as insurance or maintenance agreements. The restricted funds also include funds of \$108,631 that can only be spent on law enforcement purposes. The advance of \$100,000 represents the long-term portion of an interest-bearing loan to the Stormwater Fund and a non-interest-bearing loan to the Community Redevelopment Agency. These will become available to the General Fund for expenditure as the loans are satisfied. The \$349,254 in Nonmajor funds is restricted for stormwater projects. The \$94,481 in the ARPA Fund is restricted for American Rescue Plan Act projects. The \$4,899,305 in the General Fund and \$3,717,725 in Nonmajor funds are restricted for construction and maintenance of roads. The \$4,079,639 amount represents funds collected through permits and is restricted to enforcing the State's building code.

The committed fund balances totaling \$4,267,318 in two of the nonmajor funds are being expended for replacement vehicles and recreation purposes.

The Community Redevelopment Agency had minimal expenditures during the fiscal year ended September 30, 2023, and closed the year with a positive fund balance of \$2,116,611. Under a new stimulus bill, the American Rescue Plan Act was enacted on March 11, 2021, to provide ARPA funds to local governments in order to facilitate the ongoing recovery from the COVID-19 pandemic. ARPA became a major fund last year and closed the year with a \$94,481 positive fund balance.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$15,738,938, while total fund balance was \$25,026,607. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and assigned

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fund balance represents 107% of total General Fund expenditures, while total fund balance represents 170% of that same amount.

The fund balance of the City's General Fund increased by \$5,653,766 during the current fiscal year, compared to an increase of \$3,153,497 in the prior year. The City saw increased expenditures in the General Fund. Key factors in these results are as follows:

- Total revenues of the General Fund increased by \$3,856,725, largely as a result of increases in licenses and permits for building permits and plan review fees; intergovernmental revenues predominantly from cigarette and motor fuel, sales tax half cent, and police pension state premium tax; charges for services for construction road and drainage inspection fees; and investment income reflecting higher interest rates during the year.
- General Fund expenditures increased \$1,570,716 compared to the prior year. Increased payroll costs, road maintenance and repairs, and hurricane related costs were the main contributing factors.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Water and Sewer System at the end of the year amounted to \$27,343,478. The total increase in net position for this fund was \$8,505,763. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the year ended September 30, 2023, significant budgetary variances between the final amended budget and actual results include the following:

- Revenues exceeded the budgeted amounts for taxes (\$1.08M), licenses and permits (\$1.3M), intergovernmental (\$937K), and charges for services (\$412K), as the economy ticked upwards in home values and consumer retail spending;
- Investment income exceeded the adopted budget by \$665K, due to high interest rates;
- Finance costs were below budget by \$82K, with the elimination of the position for Assistant Finance Director (\$69K), and contract services (\$9K).
- Legal counsel costs were below budgeted costs by \$56K, reflecting the later start date of the new City Attorney.
- Other general services exceeded budgeted amounts by \$131K due largely to costs associated with Hurricane Ian and Hurricane Nicole in late 2022 (\$124K).
- Law enforcement expenditures were below budgeted appropriations by \$991K due to: unfulfilled staffing vacancies (\$635K), other contractual services (\$40K), rentals and leases (\$61K), and delayed delivery of major vehicle purchases (\$201K).
- Protective inspections actual costs fell below budgeted amounts by \$2.7M due to the delayed new building start (\$2.3M) and staffing vacancies (426K).
- Recreation actual costs were less than budgeted amounts by \$407K largely due to staffing vacancies (\$73K), other contractual services (\$30K); for the Field of Dreams Park, reduced

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spend for maintenance and repairs (\$30K), and capital outlay for pour-in-place surface replacement, and machinery and equipment (\$273K).

There were no revenue budget amendments during the year ended September 30, 2023. There were three budget amendments for expenditures totaling \$1,016,791 during the year ended September 30, 2023. These amendments were for vehicle purchases, class and compensation study salaries and wages recommendation, and infrastructural expenditures for the Field of Dreams pour-in-place surface replacement.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2023, amounted to \$80,878,951 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and other infrastructure items. The percentage increase from prior year (fiscal year 2022) in the City's investment in capital assets was approximately 1.7%, due to several construction-in-progress projects started during the year.

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 1,574,591	\$ 1,574,591	\$ 807,376	\$ 745,851	\$ 2,381,967	\$ 2,320,442
Construction in progress	2,022,853	793,711	6,317,448	1,783,014	8,340,301	2,576,725
Buildings	7,652,135	7,896,370	457,343	484,647	8,109,478	8,381,017
Improvements other than buildings	8,650,897	8,713,323	41,401,178	44,146,360	50,052,075	52,859,683
Machinery and equipment	2,081,052	2,474,293	1,801,526	2,138,882	3,882,578	4,613,175
Infrastructure	8,051,460	8,794,569	-	-	8,051,460	8,794,569
Right-to-use lease assets	61,092	-	-	-	61,092	-
Total	<u>\$ 30,094,080</u>	<u>\$ 30,246,857</u>	<u>\$ 50,784,871</u>	<u>\$ 49,298,754</u>	<u>\$ 80,878,951</u>	<u>\$ 79,545,611</u>

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

- In the City's governmental activities, expenditures for Melbourne Estates drainage improvements, the Field of Dreams surface replacement, a traffic signal at Hollywood and Imagine, and vehicle and equipment purchases accounted for the increase during the year.
- In the City's business-type activities, infrastructural work continued on several large projects including the Meadowlane force main line replacement, Melbourne Estates and Henry Avenue water main replacement, US 192 waterline crossing, Sheridan Road septic to sewer, water test production wells, and lift station upgrades. Capital asset additions overall increased by \$1.5 million in business-type activities in fiscal year 2022-2023.

Additional information on the City's capital assets can be found in Note 2 D on pages 69-70 of this report.

City of West Melbourne, Florida
Management's Discussion and Analysis
September 30, 2023

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt and loans outstanding of \$1,314,900, which represents obligations secured by business-type activities revenue sources.

City of West Melbourne's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenue bonds	-	-	1,314,900	1,851,206	1,314,900	1,851,206
Contract termination payable	-	-	1,000,000	1,250,000	1,000,000	1,250,000
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,314,900</u>	<u>\$ 3,101,206</u>	<u>\$ 2,314,900</u>	<u>\$ 3,101,206</u>

Additional information on the City's outstanding debt can be found in Note 2 F on pages 72-76 of this report. The City's total debt was decreased by \$786,306 during the current fiscal year. Key factors in the City's fiscal year 2023 long term debt decrease include the following:

- The City fully paid off the Water and Sewer Revenue Bonds, Series 2007, and continued to pay off the Water and Sewer Refunding Revenue Bond, Series 2014 as it fell due. Water and Sewer System revenue bond debt decreased by \$536 thousand.
- On June 1, 2013, the City entered into an agreement with the City of Melbourne for the sale and purchase of water services through December 31, 2026, with an early mutually agreed upon termination clause. City Council exercised the early termination clause during 2022, which triggered a discounted fee of \$1.25M. This liability is unsecured, utilizing unpledged revenue at a non-interest-bearing rate, paid in five equal installments through the year 2027. This debt was reduced by \$250 thousand at September 30, 2023.

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the City of West Melbourne and were considered in developing the 2023-2024 fiscal year budget.

- As of the United States Census count of April 1, 2010, the City had an estimated population of 18,335 people residing within the City's then 9.9-square miles. The population estimate issued for 2022 by the State of Florida, Office of Economic and Demographic Research shows the City's population has increased to 30,682 within the City's now 10.76-square mile area.
- During fiscal year 2023, the City issued building permits for the construction of 333 new single-family homes. The City expects continued local economic conditions to continue to stabilize the post COVID-19 induced economic low. The City has three large commercial centers, Hammock Landing, the West Melbourne Interchange Center, and Coastal Commerce, where interest in new commercial development continues.
- As of September 2023, the unemployment rate in the United States was 3.8%. For the State of Florida, unemployment was 2.8%, an increase from 2.5% a year earlier. For Brevard County, the unemployment rate was 3.2% as reported by the Florida Department of Economic

City of West Melbourne, Florida
Management's Discussion and Analysis
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Opportunity. It is expected that the unemployment rate for Brevard County will remain stable in 2023-2024.

- The City was founded in 1959, primarily to prevent property taxes from being imposed by a neighboring municipality. The City continues to pride itself on its low tax rate. The millage rate for the City of West Melbourne was 2.1186 for fiscal year 2022 - 2023. This was reduced from the fiscal year 2021 – 2022 millage rate of 2.4228.

All of these factors were considered in preparing the City's budget for the fiscal year ending September 30, 2024.

Requests for Information

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



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CITY OF WEST MELBOURNE, FLORIDA

Basic Financial Statements

City of West Melbourne, Florida
Statement of Net Position

<i>September 30, 2023</i>	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 7,879,053	\$ 2,321,487	\$ 10,200,540
Investments	35,294,078	25,936,138	61,230,216
Receivables, net	945,310	1,996,973	2,942,283
Lease receivables	220,315	-	220,315
Due from other governments	375,095	66,817	441,912
Inventory	-	212,019	212,019
Prepaid items	101,532	66,886	168,418
Interfund balances	(121,678)	121,678	-
Restricted assets:			
Cash and cash equivalents	246,013	1,591,126	1,837,139
Capital assets not being depreciated:			
Land	1,574,591	807,376	2,381,967
Construction in progress	2,022,853	6,317,448	8,340,301
Capital assets (net of accumulated depreciation/amortization):			
Buildings	7,652,135	457,343	8,109,478
Improvements other than buildings	8,650,897	41,401,178	50,052,075
Machinery and equipment	2,081,052	1,801,526	3,882,578
Infrastructure	8,051,460	-	8,051,460
Right-to-use lease assets	61,092	-	61,092
Total assets	75,033,798	83,097,995	158,131,793
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	4,433,229	358,255	4,791,484
Deferred outflows related to OPEB	589,252	101,274	690,526
Deferred amount on advanced refunding	-	1,635	1,635
Total deferred outflows of resources	5,022,481	461,164	5,483,645

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

<i>September 30, 2023</i>	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable	429,485	1,027,375	1,456,860
Contracts payable	929,392	914,635	1,844,027
Retainage payable	77,952	181,829	259,781
Accrued payroll and related liabilities	524,969	62,798	587,767
Payable from restricted assets:			
Accrued interest payable	-	15,121	15,121
Customer and developer escrow deposits	244,013	1,164,884	1,408,897
Unearned revenues - ARPA	6,755,255	-	6,755,255
Noncurrent liabilities:			
Due within one year:			
Revenue bonds payable	-	396,000	396,000
Contract termination payable	-	250,000	250,000
Lease liabilities	23,694	-	23,694
Other postemployment benefits (OPEB)	19,620	3,715	23,335
Compensated absences	303,977	64,760	368,737
Due in more than one year:			
Revenue bonds payable	-	918,900	918,900
Contract termination payable	-	750,000	750,000
Lease liabilities	38,574	-	38,574
Other postemployment benefits (OPEB)	394,000	68,779	462,779
Net pension liability	6,693,415	1,419,383	8,112,798
Compensated absences	75,994	16,175	92,169
Total liabilities	16,510,340	7,254,354	23,764,694
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	1,907,246	26,718	1,933,964
Deferred inflows related to OPEB	845,188	148,346	993,534
Deferred revenue - business tax receipts	196,046	-	196,046
Deferred revenue - leases	209,172	-	209,172
Total deferred inflows of resources	3,157,652	175,064	3,332,716
NET POSITION			
Net investment in capital assets	29,024,468	48,375,142	77,399,610
Restricted for:			
Stormwater	349,254	-	349,254
Community development	2,116,611	-	2,116,611
Debt service	-	411,121	411,121
Transportation	8,617,030	-	8,617,030
Law enforcement	108,631	-	108,631
Building code enforcement	4,079,639	-	4,079,639
Infrastructure	94,481	-	94,481
Unrestricted	15,998,173	27,343,478	43,341,651
Total net position	\$ 60,388,287	\$ 76,129,741	\$ 136,518,028

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

City of West Melbourne, Florida
Statement of Activities

For the year ended September 30, 2023

Program Revenues

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 3,799,271	\$ 404,364	\$ -	\$ -
Public safety	8,568,227	2,062,322	-	6,102
Public works	3,496,500	645,365	-	-
Recreation	1,942,055	928,902	-	-
Community development	651,245	483,722	-	-
Economic environment	2,795	-	-	-
Interest on long-term debt	6,599	-	-	-
Total governmental activities	18,466,692	4,524,675	-	6,102
Business-type activities:				
Water and sewer	15,285,349	15,469,401	-	3,345,442
Total business-type activities	15,285,349	15,469,401	-	3,345,442
Total primary government	\$ 33,752,041	\$ 19,994,076	\$ -	\$ 3,351,544

General revenues:

Taxes:

Property taxes

Franchise fees (See Note 1)

Local option gas tax

Public utility and telecommunication taxes

Payment in lieu of taxes

Intergovernmental shared revenue - unrestricted

Investment earnings

Miscellaneous revenue

Gain on disposition

Transfers, net

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 Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (3,394,907)	\$ -	\$ (3,394,907)
(6,499,803)	-	(6,499,803)
(2,851,135)	-	(2,851,135)
(1,013,153)	-	(1,013,153)
(167,523)	-	(167,523)
(2,795)	-	(2,795)
(6,599)	-	(6,599)
<u>(13,935,915)</u>	<u>-</u>	<u>(13,935,915)</u>
-	3,529,494	3,529,494
-	3,529,494	3,529,494
<u>(13,935,915)</u>	<u>3,529,494</u>	<u>(10,406,421)</u>
5,144,938	-	5,144,938
2,679,560	-	2,679,560
924,354	-	924,354
4,335,953	-	4,335,953
4,498,815	-	4,498,815
3,685,145	-	3,685,145
1,575,823	1,102,442	2,678,265
202,456	-	202,456
38,466	-	38,466
(3,873,827)	3,873,827	-
<u>19,211,683</u>	<u>4,976,269</u>	<u>24,187,952</u>
5,275,768	8,505,763	13,781,531
55,112,519	67,623,978	122,736,497
<u>\$ 60,388,287</u>	<u>\$ 76,129,741</u>	<u>\$ 136,518,028</u>

City of West Melbourne, Florida
Balance Sheet - Governmental Funds

<i>September 30, 2023</i>	General	Community Redevelopment	ARPA	Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 3,436,180	\$ 1,261,303	\$ 335,335	\$ 2,846,235	\$ 7,879,053
Investments	17,624,521	1,055,308	10,628,497	5,985,752	35,294,078
Accounts receivable, net	945,310	-	-	-	945,310
Lease receivables, net	220,315	-	-	-	220,315
Due from other funds - current	196,914	-	-	-	196,914
Advance to other funds - long term	100,000	-	-	-	100,000
Due from other governments	375,095	-	-	-	375,095
Due from ARPA fund	3,911,027	-	-	-	3,911,027
Prepaid items	100,094	-	-	1,438	101,532
Restricted cash and cash equivalents	246,013	-	-	-	246,013
Total assets	\$ 27,155,469	\$ 2,316,611	\$ 10,963,832	\$ 8,833,425	\$ 49,269,337
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 426,205	\$ -	\$ -	\$ 3,280	\$ 429,485
Contracts payable	503,083	-	81,391	344,918	929,392
Retainage payable	26,478	-	-	51,474	77,952
Accrued payroll and related liabilities	523,865	-	-	1,104	524,969
Deposits	244,013	-	-	-	244,013
Due to general fund	-	-	3,911,027	-	3,911,027
Due to water/sewer fund	-	-	121,678	-	121,678
Due to other funds - current	-	100,000	-	96,914	196,914
Advance from other funds - long term	-	100,000	-	-	100,000
Unearned revenue - ARPA	-	-	6,755,255	-	6,755,255
Total liabilities	1,723,644	200,000	10,869,351	497,690	13,290,685
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - business tax receipts	196,046	-	-	-	196,046
Deferred revenue - leases	209,172	-	-	-	209,172
Total deferred inflows of resources	405,218	-	-	-	405,218

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

<i>September 30, 2023</i>	General	Community Redevelopment	ARPA	Nonmajor Funds	Total Governmental Funds
FUND BALANCES					
Nonspendable:					
Prepaid items	100,094	-	-	1,438	101,532
Long term portion of advances	100,000	-	-	-	100,000
Restricted for:					
Stormwater	-	-	-	349,254	349,254
Police education	22,499	-	-	-	22,499
Confiscated funds	86,132	-	-	-	86,132
Transportation	4,899,305	-	-	3,717,725	8,617,030
Building code enforcement	4,079,639	-	-	-	4,079,639
Community development	-	2,116,611	-	-	2,116,611
Infrastructure	-	-	94,481	-	94,481
Committed for:					
Recreation	-	-	-	1,852,810	1,852,810
Vehicle replacement	-	-	-	2,414,508	2,414,508
Unassigned	15,738,938	-	-	-	15,738,938
Total fund balances	25,026,607	2,116,611	94,481	8,335,735	35,573,434
Total liabilities, deferred inflows of resources and fund balances	\$ 27,155,469	\$ 2,316,611	\$ 10,963,832	\$ 8,833,425	

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

Governmental capital assets	\$ 57,889,287	
Less accumulated depreciation/amortization	(27,795,207)	30,094,080

Deferred outflows and deferred inflows of resources related to pensions and OPEB and related earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.

Deferred outflows related to pensions	\$ 4,433,229	
Deferred outflows related to OPEB	589,252	
Deferred inflows related to pensions	(1,907,246)	
Deferred inflows related to OPEB	(845,188)	2,270,047

Long-term liabilities, including capital lease obligations, compensated absences, net pension liability and the total OPEB liability are not due and payable in the current period and therefore are not reported in the funds.

Net pension liability	\$ (6,693,415)	
Compensated absences	(379,971)	
Other postemployment benefits (OPEB)	(413,620)	
Lease liability	(62,268)	(7,549,274)

Net position of governmental activities	\$ 60,388,287
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The accompanying notes are an integral part of this financial statement.

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

		Community			Total
<i>For the year ended September 30, 2023</i>	General	Redevelopment	ARPA	Nonmajor Funds	Governmental Funds
Revenues					
Taxes	\$ 12,160,451	\$ 286,219	\$ -	\$ 645,365	\$ 13,092,035
Licenses and permits	2,221,000	-	-	-	2,221,000
Intergovernmental	4,614,142	286,219	3,911,027	-	8,811,388
Charges for services	673,835	-	-	868,556	1,542,391
Fines and forfeitures	107,002	-	-	-	107,002
Investment income	764,686	47,344	490,921	272,872	1,575,823
Miscellaneous	95,933	-	-	-	95,933
Total revenues	20,637,049	619,782	4,401,948	1,786,793	27,445,572
Expenditures					
Current:					
General government	3,066,671	-	-	-	3,066,671
Public safety	6,935,927	-	-	-	6,935,927
Public works	1,777,063	-	-	232,921	2,009,984
Recreation	1,212,426	-	-	-	1,212,426
Community development	589,417	-	-	-	589,417
Economic environment	-	2,795	-	-	2,795
Capital outlay	1,136,298	-	458,911	1,383,087	2,978,296
Debt service:					
Principal	40,537	-	-	-	40,537
Interest	2,778	-	-	3,821	6,599
Total expenditures	14,761,117	2,795	458,911	1,619,829	16,842,652
Excess (deficiency) of revenues over (under) expenditures	5,875,932	616,987	3,943,037	166,964	10,602,920
Other financing sources (uses)					
Transfers in	-	-	-	546,600	546,600
Transfers out	(509,400)	-	(3,911,027)	-	(4,420,427)
Capital lease proceeds	102,805	-	-	-	102,805
Insurance proceeds	132,249	-	-	-	132,249
Proceeds from sale of capital assets	52,180	-	-	-	52,180
Net other financing sources (uses)	(222,166)	-	(3,911,027)	546,600	(3,586,593)
Net change in fund balances	5,653,766	616,987	32,010	713,564	7,016,327
Fund balances, beginning	19,372,841	1,499,624	62,471	7,622,171	28,557,107
Fund balances, ending	\$ 25,026,607	\$ 2,116,611	\$ 94,481	\$ 8,335,735	\$ 35,573,434

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

City of West Melbourne, Florida

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities**

For the year ended September 30, 2023

Net change in fund balances - total governmental funds **\$ 7,016,327**

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
depreciation/amortization exceeded capital outlay in the current period.

Capital outlay	\$ 2,978,296	
Depreciation/amortization	<u>(3,117,359)</u>	(139,063)

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

(13,714)

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

Capital lease proceeds	\$ (102,805)	
Debt principal	<u>40,537</u>	(62,268)

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

FRS/HIS pension and related deferred outflows and inflows	\$ (879,877)	
Police officers' pension and related deferred outflows and inflows	(630,806)	
OPEB and related deferred outflows and inflows	<u>(8,225)</u>	(1,518,908)

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

(6,606)

Change in net position of governmental activities **\$ 5,275,768**

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

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

	Business-type Activities - Enterprise Fund
<i>September 30, 2023</i>	
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,321,487
Restricted current assets:	
Cash and cash equivalents	1,591,126
Investments	25,936,138
Accounts receivable, net	1,177,472
Due from other funds	121,678
Accounts receivable earned, but not billed	726,518
Assessments receivable	92,983
Due from other governments	66,817
Inventory	212,019
Prepaid items	66,886
Total current assets	32,313,124
Noncurrent assets:	
Capital assets:	
Land	807,376
Buildings	2,652,914
Improvements other than buildings	91,635,415
Machinery and equipment	8,688,997
Construction in progress	6,317,448
Less accumulated depreciation/amortization	(59,317,279)
Total capital assets, net of accumulated depreciation/amortization	50,784,871
Total noncurrent assets	50,784,871
Total assets	83,097,995
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	358,255
Deferred outflows related to OPEB	101,274
Deferred amount on advanced refunding	1,635
Total deferred outflows of resources	461,164

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

September 30, 2023

Business-type
Activities -
Enterprise Fund

LIABILITIES

Current liabilities (payable from current assets):

Accounts payable	1,027,375
Contracts payable	914,635
Retainage payable	181,829
Accrued payroll and related liabilities	62,798
Compensated absences	64,760
Current portion of revenue bonds payable	396,000
Contract termination payable, current	250,000
Current portion of total OPEB liability	3,715

Current liabilities (payable from restricted assets):

Accrued interest	15,121
Customer and developer escrow deposits	1,164,884

Total current liabilities	4,081,117
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Noncurrent liabilities:

Compensated absences	16,175
Total OPEB liability	68,779
Contract termination payable	750,000
Revenue bonds payable	918,900
Net pension liability	1,419,383

Total noncurrent liabilities	3,173,237
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Total liabilities	7,254,354
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DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions	26,718
Deferred inflows related to OPEB	148,346

Total deferred inflows of resources	175,064
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NET POSITION

Net investment in capital assets 48,375,142

Restricted for:

Debt service 411,121

Unrestricted 27,343,478

Total net position	\$ 76,129,741
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City of West Melbourne, Florida

Statement of Revenues, Expenses and Changes in Fund Net Position -

Proprietary Fund

	Business-type Activities - Enterprise Fund
<i>For the year ended September 30, 2023</i>	
Operating revenues:	
Charges for services	\$ 15,003,029
Other charges and fees	466,372
Total operating revenues	15,469,401
Operating expenses:	
Personnel services	1,983,165
Contractual services	2,315,622
Supplies and other expenses	6,879,719
Depreciation/amortization	4,071,877
Total operating expenses	15,250,383
Operating income	219,018
Nonoperating revenues (expenses):	
Investment income	1,102,442
Interest expense	(34,966)
Total nonoperating revenues (expenses)	1,067,476
Income before capital contributions and transfers	1,286,494
Capital contributions	3,345,442
Transfers in	3,911,027
Transfers out	(37,200)
Change in net position	8,505,763
Net position, beginning of year	67,623,978
Net position, end of year	\$ 76,129,741

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

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

	Business-type Activities - Enterprise Fund
<i>For the year ended September 30, 2023</i>	
Cash flows from operating activities:	
Cash received from customers for sales and services	\$ 15,420,061
Cash payments to employees	(723,437)
Cash payments to suppliers for goods and services	(9,600,666)
Net cash provided by operating activities	5,095,958
Cash flows from noncapital financing activities:	
Transfers from other funds	3,911,027
Transfers to other funds	(37,200)
Net cash provided by noncapital financing activities	3,873,827
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(5,614,938)
Principal paid on revenue bonds	(536,306)
Proceeds from sale of capital assets	2,880
Capital contributions	3,345,442
Interest paid on long-term debt	(42,779)
Net cash used in capital and related financing activities	(2,845,701)
Cash flows from investing activities:	
Investment income	1,102,442
Purchase of investments	(6,102,442)
Net cash used in investing activities	(5,000,000)
Net increase in cash and cash equivalents	1,124,084
Cash and cash equivalents, beginning of year	2,788,529
Cash and cash equivalents, end of year	\$ 3,912,613
Cash and cash equivalents reconciliation:	
Current assets:	
Cash and cash equivalents	\$ 2,321,487
Cash and cash equivalents, restricted	1,591,126
Total cash and cash equivalents	\$ 3,912,613

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

For the year ended September 30, 2023

Business-type
Activities -
Enterprise Fund

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

Operating income	\$ 219,018
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation/amortization expense	4,071,877
Contract termination payable	(250,000)
Provision for uncollectible accounts	(26,458)
Change in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	(5,140)
Accounts receivable earned, but not billed	(117,925)
Due from other governments	49,026
Inventory	(76,690)
Deferred outflows of resources related to pensions	35,730
Deferred outflows of resources related to OPEB	12,997
Increase (decrease) in liabilities:	
Accounts and contracts payable	920,429
Accrued payroll and related liabilities	9,051
Total OPEB liability	5,761
Net pension liability	263,665
Customer and developer escrow deposits	51,157
Deferred inflows of resources related to pensions	(6,885)
Deferred inflows of resources related to OPEB	(17,202)
Total adjustments	4,876,940
Net cash provided by operating activities	\$ 5,095,958

**Noncash capital and related financing activities:
activities:**

Amortization of deferred loss on refunding	\$ 1,397
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City of West Melbourne, Florida

Statement of Fiduciary Net Position – Police Officers’ Pension Trust Fund

	Police Officers' Pension Trust Fund
<i>September 30, 2023</i>	
ASSETS	
Investments at fair value:	
Money market mutual funds	\$ 302,387
Fixed income mutual funds	778,833
Mutual funds - US stock	11,162,018
Mutual funds - International stock	1,346,545
U.S. government obligations	1,392,043
Mortgage-asset backed securities	2,227,999
Corporate bonds	258,591
Real estate funds	1,783,467
Contribution receivable	15,791
Interest receivable	20,263
Total assets	19,287,937
LIABILITIES	
Accounts payable	14,071
Total liabilities	14,071
FIDUCIARY NET POSITION	
Restricted for pension benefits	\$ 19,273,866

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

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

Police
Officers'
Pension Trust
Fund

For the year ended September 30, 2023

ADDITIONS

Contributions:	
City	\$ 374,213
Employees	229,886
State	252,691
Total contributions	856,790
Investment income:	
Net appreciation in the fair value of investments	686,217
Interest, dividends and other income	975,155
Total investment gains	1,661,372
Less investment-related expense	(85,815)
Net investment gains	1,575,557
Total additions	2,432,347

DEDUCTIONS

Benefit payments	1,164,115
Administrative expenses	57,272
Total deductions	1,221,387
Change in net position	1,210,960
Fiduciary net position, beginning of year	18,062,906
Fiduciary net position, end of year	\$ 19,273,866

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



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Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City is a municipal corporation governed by an elected power and seven-member governing council (the “Council”). The accompanying financial statements present the City and its component units, entities for which the City is considered to be 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 accounting policies of the City conform to generally accepted accounting principles (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 Unit

The West Melbourne-Brevard County Joint Community Redevelopment Agency (the “CRA” or “Community Redevelopment”) was organized under Section 163 of the Florida Statutes pursuant to City Ordinance No. 2012-19 and formally came into existence during the fiscal year ended September 30, 2013. The Community Redevelopment Agency uses property tax incremental revenues derived from taxable real property within the geographic boundaries of the community redevelopment area to finance development within that area. Although legally separate, the CRA is reported as if it were part of the City as a special revenue fund, because it is governed by a board comprised primarily of the City’s elected Council members. Additionally, the services provided by the CRA create a financial benefit relationship with the City. The separate financial statements of the CRA can be obtained from the City of West Melbourne, Attn: Finance Director, 2240 Minton Road, West Melbourne, Florida 32904.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

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 properly excluded from program revenues are reported instead as *general revenues*.

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

C. 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 proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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 financed purchases are reported as other financing sources.

Property taxes, sales taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in 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 4 months 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 4 months of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

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

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while the business-type activities column incorporates data from the City's enterprise funds. 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements. There are no nonmajor enterprise funds.

The City reports the following major governmental funds:

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

The City reports the following major enterprise fund:

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

Additionally, the City reports the following fiduciary fund type:

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Fund Financial Statements (Continued)

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 funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type 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.

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

1. 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.

2. Investments

Deposits available within various funds, except pension trust funds, were consolidated for investment purposes. Substantially all deposits at September 30, 2023, were invested using the pooled investment concept. Interest earned was allocated monthly to the various funds based on their month-end cash and investment balances.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Investments (Continued)

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

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

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

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

3. Receivables and Payables

Accounts receivable consists of trade receivables. Amounts due from other governments include due from the State of Florida. Program and capital grants are recorded as a receivable and revenues at the time reimbursable project costs are incurred. Revenues received in advance of project costs being incurred are reported as "unearned".

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Receivables and Payables (Continued)

Unbilled receivables – An amount for unbilled revenue is recorded in the Water and Sewer funds for services rendered, but not yet billed as of the end of the fiscal year. The receivable is derived from the cycle billings generated subsequent to fiscal year end and prorated for usage in September.

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

Allowance for doubtful accounts – All account and tax receivables have been reported net of the allowance for doubtful accounts. Accounts receivable in excess of 180 days are subject to being considered as uncollectible.

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

Lease Receivables – The City's lease receivables are measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

4. 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 governmental and business-type activities columns of the statement of net position, except for any residual balance outstanding between the governmental and business-type activities at the end of the fiscal year, which are reported in the government-wide financial statements as internal balances.

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 a fund incurs a cost, charges the appropriate benefitting fund, and reduces its related costs as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or business-type funds are netted as part of the reconciliation to the government-wide presentation.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Inventories and Prepaid Items

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

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

6. Restricted Assets

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

Customer and Developer Deposit Escrow Accounts - Deposited in non-interest bearing accounts and refunded upon termination of service with the City and satisfaction of all obligations due.

Law Enforcement Fines and Confiscated Property Account - Fines and property generated and applied toward further education and enhancement of the police department.

Bond Debt Service – Allocated funding for current debt service principal payments due on the revenue bond in the next fiscal period.

7. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The prior definition included assets with an initial cost of more than \$2,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Capital Assets (Continued)

Land and construction in progress are not depreciated. The other property, plant, equipment and infrastructure are depreciated using the straight-line method over the following estimated useful lives:

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

8. Unearned Revenues

Unearned revenues include amounts collected before the eligibility criteria are met, and consists of grant funding from the American Rescue Plan Act.

9. 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*, represent a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The City has three (3) items that qualify for reporting as deferred outflows of resources: the *deferred amount on advanced refunding*, the *deferred outflows related to pensions*, and the *deferred outflows related to OPEB*. All three are reported in the government-wide statement of net position and in the proprietary fund statement of net position. The deferred amount on refunding results from debt financing, whereby the reacquisition prices of the funding debt instruments exceed their net carrying amount. The deferred amount on refunding, in the amount of \$1,635 at September 30, 2023 is being amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years. The *deferred outflows 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 outflows related to OPEB will be recognized as either OPEB expense or a reduction in the total OPEB liability in future reporting years.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Deferred Outflows/Inflows of Resources (Continued)

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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two (2) items that qualify for reporting as deferred inflows of resources in both the government wide and proprietary fund statements of net position. The *deferred inflows related to pensions* are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years. The deferred inflows related to 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 inflows related to OPEB will be recognized as a reduction in OPEB expense in future reporting years.

Deferred revenue-business tax receipts and leases are amounts deferred in both the government-wide statement of net position and the governmental fund balance sheet and recognized as an inflow of resources in the period that the amounts become available in accordance with GASB Codification N50: *Nonexchange Transactions*. At September 30, 2023, the City recognized deferred revenue in the amount of \$405,218.

10. Compensated Absences

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Accumulated sick leave lapses when employees leave the employ of the City and, accordingly upon separation of service, no monetary obligation exists.

11. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and are recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium and discount. In accordance with GASB Codification Section I30: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. Long-Term Obligations (Continued)

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

12. 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 cost to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

13. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the City's Police Officers' pension trust fund and the Florida Retirement System Pension Plan and Health Insurance Subsidy Program and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

14. Other Post-Employment Benefits (OPEB) Liability

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

15. Categories and Classification of Fund Equity

Net position flow assumption – Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary 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 unless there are legal documents/contracts prohibiting this, such as grant agreements. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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

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

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

Restricted Fund Balance – 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

15. Categories and Classification of Fund Equity (Continued)

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.

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 authority to assign fund balance lies with the City Council and may occur through the budget process or formal action. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes. According to the City's Fund Balance policy, the General Fund shall maintain an unassigned, unappropriated fund balance equivalent to a minimum of twenty percent (20%) of the current fiscal year expenditures less capital outlay and transfers out. At September 30, 2023, this minimum balance is \$2,745,525.

16. 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 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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

16. Revenues and Expenditures/Expenses (Continued)

Legislature did authorize local governments to use the rolled back millage rate if approved by a super majority vote of the governing body. The West Melbourne City Council levy for the fiscal year ended September 30, 2023 was 2.1186 mills, which is equal to the rolled back rate.

Franchise fees are based on gross receipts and are reported as general revenues on the statement of activities.

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

17. 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. Estimates that are particularly susceptible to significant change in the near term are related to the pension liability and the OPEB liability.

18. Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available to be issued, February 29, 2024. See Note 3.G. for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

19. Recently Issued and Implemented Accounting Pronouncements

The City implemented the following standards during the current year.

In May 2020, the GASB issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting of 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 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, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription assets capitalizable outlays associated with the initial implementation stage of this Statement. This Statement had no impact on the City's financial Statements.

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

GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reporting retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting the 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 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

19. Recently Issued and Implemented Accounting Pronouncements (Continued)

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 currently evaluating the requirements of the above statements and the impact on reporting.

Note 2: DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At September 30, 2023, the City's carrying amount of cash deposits was \$12,033,579, not including petty cash and change accounts totaling \$4,100, and the bank balance was \$12,312,396. As of September 30, 2023, \$250,000 of the City's bank balance was covered by federal depository insurance (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depository, the State Treasurer will implement procedures for payment of losses according to the validated claims of the City pursuant to Section 280.08, Florida Statutes.

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

The investing of public funds with the Florida State Board of Administration (SBA) Local Government Surplus Funds Trust Fund ("Florida PRIME") is governed by Section 218.407, Florida Statutes. The SBA is under regulatory oversight of the State of Florida. The investment pool consists largely of corporate notes and commercial paper. On September 30, 2023, the City had \$20,890,977 invested in the SBA. The fair value of the City's position in the pool is equal to the value of the pooled shares.

The Florida Surplus Asset Fund Trust (Florida SAFE) is a common law trust organized under the laws of the State of Florida as an intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01 of the Florida Statutes. The investment pool consists of obligations guaranteed by the full faith and credit of the United States, U.S. government

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

agency obligations, commercial paper, bank obligations and other obligations permitted by applicable Florida Statutes. At September 30, 2023, the City's share of Florida SAFE was \$19,038,343. The fair value of the City's position in the pool is equal to the value of the pooled shares.

The Florida Local Government Investment Trust (FTIP) Day-to-Day Fund is a common law trust organized under the laws of the State of Florida as an intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01 of the Florida Statutes.

The investment pool offers two open-ended managed funds available only to public entities in Florida. The investment pools consist of short-term to intermediate-term securities permitted by applicable Florida Statutes. At September 30, 2023, the City's share of the FTIP Day to Day Fund was \$21,300,896. The fair value of the City's position in the FTIP Day to Day Fund investment pool is equal to the value of the pooled shares.

Under GASB Codification 150: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost, it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of September 30, 2023, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the City's access to 100 percent of their account value in the Florida PRIME, Florida SAFE or FTIP Day to Day fund external investment pools.

Cash with escrow and paying agents of \$524,151 accounted for in the Water/Sewer Fund represents reserves and balances to service outstanding bonds.

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

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution, a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the City places its deposits are certified as "qualified public depositories," as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

As of September 30, 2023, the City's pension investments are held in street name in the form of stock, debt securities and U.S. government bonds through financial brokerage firms segregated out from the assets and investments held by other clients of the investment firm and their own assets.

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

The dollar weighted average days to maturity (WAM) of Florida PRIME on September 30, 2023 is 37 days. The weighted average maturity of the FTIP Day to Day fund is 38 days at September 30, 2023. The weighted average maturity of the Florida SAFE fund is no greater than 90 days at September 30, 2023.

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

Foreign currency risk – The City's primary government's investments are not exposed to foreign currency risk and the City's investment policy does not address foreign currency risk. The City's pension trust fund is exposed to foreign currency risk and the fund's investment policy limits investments to a maximum of 25% of the plan's market value. The pension trust fund currently holds approximately 15.8% of the plan's market value in international mutual fund stocks.

Concentration risk – Section 150: *Investments* of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments. The City's investment policy does not address concentration risk. The Police Officers' 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.

At September 30, 2023, the City had the following investments:

City of West Melbourne, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Investment type	Fair Value	Investment Maturities (in years)				Rating	Agency
		Less than 1	1-5	6-10	More than 10		
Primary government:							
State Board of Administration							
Florida Prime	\$ 20,890,977	\$ 20,890,977	\$ -	\$ -	\$ -	AAAm	S&P
Florida Trust Investment Pool							
Day to Day Fund	21,300,896	21,300,896	-	-	-	AAAm	S&P
Florida SAFE Investment Pool	19,038,343	19,038,343	-	-	-	AAAm	S&P
Total primary government investments	\$ 61,230,216	\$ 61,230,216	\$ -	\$ -	\$ -		

Investment type	Fair Value	Investment Maturities (in years)				Rating	Agency
		Less than 1	1-5	6-10	More than 10		
Pension trust funds:							
Money market funds	\$ 302,387	\$ 302,387	\$ -	\$ -	\$ -	Not Rated	
Mutual US stock fund	11,162,018	11,162,018					MS*
Mutual Int'l stock fund	1,346,545	1,346,545	-	-	-	3-4★	MS*
Corporate bonds	258,591	-	-	56,914	201,677	AA+ -A-	S&P
Fixed income - mutual funds	778,833	778,833	-	-	-	3-4★	MS*
US government obligations	1,392,043	-	-	771,581	620,462	Not Rated	
Mortgage/asset backed securities	2,227,999	-	-	-	2,227,999	Not Rated	
Real estate funds	1,783,467	-	-	-	1,783,467	Not Rated	
Total fiduciary fund investments							
	\$ 19,251,883	\$ 13,589,783	\$ -	\$ 828,495	\$ 4,833,605		

*MS = Morningstar

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

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

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

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;

City of West Melbourne, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

The following table sets forth by level, within the fair value hierarchy, the City's assets at fair value as of September 30, 2023:

		Quoted Prices in Active Markets for Identical Assets (Level 1)	Observable Inputs Other than Quoted Prices (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
Investments by fair value level:				
Fiduciary fund:				
Money market funds	\$ 302,387	\$ 302,387	\$ -	\$ -
Mutual funds - US stock	11,162,018	11,162,018	-	-
Mutual funds - International stock	1,346,545	1,346,545	-	-
Corporate bonds	258,591	-	258,591	-
Fixed income mutual funds	778,833	-	778,833	-
US government obligations	1,392,043	-	1,392,043	-
Mortgage/asset backed securities	2,227,999	-	2,227,999	-
Total investments measured by fair value level	17,468,416	\$ 12,810,950	\$ 4,657,466	\$ -
Investments measured at the net asset value (NAV):				
Fiduciary fund:				
Real estate funds	1,783,467			
Total investments measured at NAV	1,783,467			
Total investments measured at fair value	\$ 19,251,883			

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2023.

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

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

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

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

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

Fair Value of Investments in Entities that Use Net Asset Value (NAV) - The following table summarizes investments measured at fair value based on NAV per share as of September 30, 2023:

	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Real estate funds	\$ 1,783,467	N/A	Quarterly	None stated

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

City of West Melbourne, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

B. Restricted Assets

The balances of the restricted asset accounts in the governmental activities and business-type activities at September 30, 2023 are as follows:

	Governmental Activities	Business-type Activities
Customer and developer deposit escrow accounts	\$ 244,013	1,164,884
Law enforcement fines and confiscated property account	2,000	-
Accrued interest	-	15,121
Bond debt service accounts - current	-	411,121
Total	\$ 246,013	\$ 1,591,126

C. Receivables

For the Water and Sewer Fund, operating revenues are generally recognized on the basis of cycle billings rendered monthly. The amount of services delivered for the period from the last billing date to September 30, 2023 (unbilled receivables), is estimated and accrued at year end. The City provides an allowance for water and sewer accounts receivable that may become uncollectible. At September 30, 2023, this allowance was \$78,796. No other allowances for doubtful accounts are maintained since all other accounts receivable are considered collectible at September 30, 2023.

Receivables as of fiscal year end for the individual major funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

Receivables:	Governmental Activities	Business-type Activities	Total
Taxes	\$ 355,982	\$ -	\$ 355,982
Lease receivables	220,315	-	220,315
Solid waste	102,795	-	102,795
Utilities	-	1,982,786	1,982,786
Franchise fees	467,880	-	467,880
Special assessments	-	92,983	92,983
Other	18,653	-	18,653
Gross receivables	1,165,625	2,075,769	3,241,394
Less: allowance for uncollectible accounts	-	(78,796)	(78,796)
Total receivables, net	\$ 1,165,625	\$ 1,996,973	\$ 3,162,598

Property taxes are considered fully collected during and prior to the end of the fiscal year. Therefore, no material amounts of property taxes are receivable as of September 30, 2023. In addition, the City has \$375,095 due from other governments for balances related to grants and state revenue sharing. Lease receivables are fully collectible annually over the life of the lease at \$29,187 per year through 2031.

City of West Melbourne, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

The following is a summary of changes in capital assets during the year ended September 30, 2023:

	Beginning Balance	Increases / Transfers	Decreases / Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 1,574,591	\$ -	\$ -	\$ 1,574,591
Construction in progress	793,711	1,812,996	(583,854)	2,022,853
Total capital assets, not being depreciated/amortized	2,368,302	1,812,996	(583,854)	3,597,444
Capital assets, being depreciated/amortized:				
Buildings	11,688,290	-	-	11,688,290
Improvements other than buildings	14,800,100	880,116	(13,233)	15,666,983
Machinery and equipment	8,150,709	487,932	(203,886)	8,434,755
Infrastructure	18,120,709	278,301	-	18,399,010
Total capital assets being depreciated/amortized	52,759,808	1,646,349	(217,119)	54,189,038
Less accumulated depreciation/amortization for:				
Buildings	(3,791,920)	(244,235)	-	(4,036,155)
Improvements other than buildings	(6,086,777)	(942,542)	13,233	(7,016,086)
Machinery and equipment	(5,676,416)	(867,459)	190,172	(6,353,703)
Infrastructure	(9,326,140)	(1,021,410)	-	(10,347,550)
Total accumulated depreciation/amortization	(24,881,253)	(3,075,646)	203,405	(27,753,494)
Total capital assets being depreciated/amortized, net	27,878,555	(1,429,297)	(13,714)	26,435,544
Right-to-use lease assets, being amortized:				
Vehicles	-	50,778	-	50,778
Equipment	-	52,027	-	52,027
Total right-of use lease assets, being amortized		102,805		102,805
Less accumulated amortization for:				
Vehicles	-	(33,719)	-	(33,719)
Equipment	-	(7,994)	-	(7,994)
Total accumulated amortization	-	(41,713)	-	(41,713)
Right-to-use lease assets, being amortized, net	-	61,092	-	61,092
Governmental activities capital assets, net	\$ 30,246,857	\$ 444,791	\$ (597,568)	\$ 30,094,080

City of West Melbourne, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Beginning Balance	Increases / Transfers	Decreases / Transfers	Ending Balance
Business-type activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 745,851	\$ 61,525	\$ -	\$ 807,376
Construction in progress	1,783,014	4,412,355	122,079	6,317,448
Total capital assets, not being depreciated/amortized	2,528,865	4,473,880	122,079	7,124,824
Capital assets, being depreciated/amortized:				
Buildings	2,652,914	-	-	2,652,914
Improvements other than buildings	90,764,992	1,010,696	(140,273)	91,635,415
Machinery and equipment	8,612,699	76,298	-	8,688,997
Total capital assets being depreciated/amortized	102,030,605	1,086,994	(140,273)	102,977,326
Less accumulated depreciation/amortization for:				
Buildings	(2,168,267)	(27,304)	-	(2,195,571)
Improvements other than buildings	(46,618,632)	(3,630,920)	15,315	(50,234,237)
Machinery and equipment	(6,473,817)	(413,654)	-	(6,887,471)
Total accumulated depreciation/amortization	(55,260,716)	(4,071,877)	15,315	(59,317,279)
Total capital assets being depreciated/amortized, net	46,769,889	(2,984,883)	(124,958)	43,660,047
Business-type activities capital assets, net	\$ 49,298,754	\$ 1,488,997	\$ (2,879)	\$ 50,784,871

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

Governmental activities:

General government	346,002
Public safety	741,430
Public works	1,415,468
Recreation	614,459
Total depreciation/amortization expense - governmental activities	\$ 3,117,359

Business-type activities:

Water and Sewer	\$ 4,071,877
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Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables and Transfers

Interfund balances – The composition of interfund balances as of September 30, 2023, is as follows:

Advances to other funds:		
Receivable Fund	Payable Fund	Amount
Noncurrent:		
General Fund	Community Redevelopment Fund	100,000
Total noncurrent		100,000
Total		\$ 100,000

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

Due to/from other funds:		
Receivable Fund	Payable Fund	Amount
General Fund	ARPA Fund	\$ 3,911,027
Water and Sewer Fund	ARPA Fund	121,678
General Fund	Community Redevelopment Fund	100,000
General Fund	Stormwater Fund	96,914
Total		\$ 4,229,619

As of September 30, 2023, the ARPA Fund owed \$3,911,027 to the General Fund because the General Fund covered a cash shortfall in the ARPA Fund. At September 30, 2023, the ARPA fund owed \$121,678 for contract payables and retainage due from the prior year. At September 30, 2023, the Community Redevelopment Fund owed \$100,000 to the General Fund for the current installment of the interfund loan. At September 30, 2023, the Stormwater Fund owed \$96,914 as the final installment of the interfund loan for the previous purchase of equipment.

City of West Melbourne, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables and Transfers (Continued)

Interfund transfers – The composition of interfund transfers as of September 30, 2023, is as follows:

Description	Total Transfers Out	Transfers In		
		Governmental		Proprietary
		General Fund	Nonmajor Governmental Funds	Water and Sewer Fund
Governmental funds:				
General Fund	\$ (509,400)	\$ -	\$ -	\$ -
ARPA Special Revenue Fund	(3,911,027)			
Nonmajor: Vehicle Replacement Fund	-	-	546,600	-
Total governmental funds	(4,420,427)	-	546,600	-
Proprietary funds:				
Water and Sewer Fund	(37,200)	-	-	3,911,027
Total proprietary funds	(37,200)	-	-	3,911,027
Total	\$ (4,457,627)	\$ -	\$ 546,600	\$ 3,911,027

The transfers from the General Fund and the Water and Sewer Fund to the Vehicle Replacement Fund reflect the City's budgeted transfers to fund future replacement of City-owned vehicles and are based on a capital replacement schedule developed during the budgeting process. The transfers from the ARPA Special Revenue fund to the Water and Sewer Fund are to fund current year infrastructure improvements.

F. Long-Term Debt and Liabilities

Revenue Bonds

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

Revenue bonds outstanding at year-end are as follows:

Business-type activities:

Water and Sewer Revenue Refunding Bonds, Series 2014	\$ 1,314,900
Total business-type activities	\$ 1,314,900

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt and Liabilities (Continued)

Revenue Bonds (Continued)

Water and Sewer Revenue Bonds, Series 2007 – On July 25, 2007, the City issued the West Melbourne Water and Sewer Revenue Bonds, Series 2007 in the principal amount of \$8,015,000. These bonds were sold to: (i) pay the cost of constructing certain capital improvements to the System, and (ii) finance the costs of issuance of the Series 2007 Bonds. The Series 2007 bonds bear interest at 5.45706% per annum, payable semi-annually on April 1 and October 1. Principal is due annually beginning April 1, 2017, in amounts increasing from \$35,000 to \$765,000. The bond was paid in full on April 1, 2023.

Water and Sewer Refunding Revenue Bonds, Series 2014 – On September 4, 2014, the City issued \$5,778,300 Water and Sewer Revenue Refunding Bonds, Series 2014 (\$1,314,900 remaining at September 30, 2023), a refunding bank loan. These bonds were sold to: (i) fully refund \$960,000 of outstanding Water and Sewer Revenue Refunding Bonds Series 1999, (ii) fully refund \$1,300,000 of outstanding Water and Sewer Revenue Refunding and Improvement Bonds, Series 2004, (iii) partially refund \$2,925,000 of outstanding Florida Municipal Loan Council Series 2005D, and (iv) partially refund \$1,200,000 of outstanding Water and Sewer Revenue Bonds, Series 2007. The Series 2014 bonds bear interest at 2.30% per annum, payable semi-annually on April 1 and October 1. Principal is due annually beginning October 1, 2014, in amounts that range from \$104,700 to \$1,039,500, until final maturity on October 1, 2026.

Contract Termination Payable

Contract Termination Payable – Interlocal Agreement for the Sale and Purchase of Water – On June 1, 2013, the City entered into an agreement with the City of Melbourne for the sale and purchase of water services through December 31, 2026 unless there is mutual agreement of both parties to terminate. During 2022, City Council notified the City of Melbourne of its intention to terminate the agreement effective December 31, 2026. Per the terms of the original agreement, the City is required to pay a termination fee in the amount of \$2 million. However, per the agreement, the foregoing \$2 million compensation is reduced by 4% of the total price of water sold by the City of Melbourne to the City of West Melbourne, not to exceed \$75,000 in any year for the years January 1, 2013 through December 31, 2021. Termination fees will be made in equal annual installments of one-fifth of the net amount of compensation remaining after the above annual reductions or annual increases have been applied. At September 30, 2022, the City of West Melbourne recognized a total contract termination liability in the amount of \$1,250,000 that is being paid in five equal installments of \$250,000 through the year 2027.

City of West Melbourne, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt and Liabilities (Continued)

Annual Debt Service Requirements

Annual debt service requirements to maturity for revenue bonds as of September 30, 2023 excluding premiums and discounts are as follows:

<i>Year ending September 30,</i>	Business-type Activities	
	Principal	Interest
2024	\$ 396,000	\$ 25,689
2025	403,600	16,493
2026	410,600	7,130
2027	104,700	1,204
Totals	\$ 1,314,900	\$ 50,516

Pledged Revenue

The City has revenue notes outstanding at September 30, 2023, for which revenue of the City have been pledged for repayment. Revenues pledged to repay these obligations are as follows:

	Debt issue	Term	Future principal and interest	Current pledged revenue	Current principal and interest	Current percentage of revenue
Pledged Revenue						
Water and sewer net revenues	2014	2027	\$ 943,727	\$ 4,631,936	\$ 421,689	9%
Total business-type activities			\$ 943,727	\$ 4,631,936	\$ 421,689	

Leases - Lessee

The City has entered into lease agreements to obtain the right-to-use certain police vehicles and office equipment. The total annual rental for the leases that the City paid for in the fiscal year ended September 30, 2023 was \$43,315. The leases have remaining lease terms of 1 to 4 years, all of which include a purchase or termination option at the end of the lease. Annual payment amounts are between \$2,500 and \$8,500 for the police vehicles and between \$700 and \$1,600 for the office equipment.

City of West Melbourne, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt and Liabilities (Continued)

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

<i>For the years ending September 30,</i>	Principal Payments	Interest Expense	Total
2024	\$ 23,693	\$ 2,001	\$ 25,694
2025	13,940	1,317	15,257
2026	10,690	844	11,534
2027	11,155	379	11,534
2028	2,790	30	2,820
Total	\$ 62,268	\$ 4,571	\$ 66,839

Leases - Lessor

The City accounts for leases in accordance with GASB Statement No. 87, *Leases*. The City's operations consist of an agreement for use of a cell tower space. The agreement is made up of various non-cancelable agreements for cell tower space, which expires in the year 2031. The City recognized \$58,374 of lease revenue principal and \$7,149 of lease interest for the year ended September 30, 2023. The City did not recognize lease revenues or lease interest for the cell tower lease under GASB 87, *Leases*, during 2022 in the amount of \$29,209. As a result, the City recognized prior year and current year lease revenue and lease interest at September 30, 2023. There was not a material impact to the prior year financial statements.

The following is a schedule by years of minimum future revenues from non-cancelable agreements as of September 30:

<i>For the years ending September 30,</i>	Principal	Interest	Total Future Minimum Lease Payments
2024	\$ 29,187	\$ 6,521	\$ 35,708
2025	29,187	5,873	35,060
2026	29,187	5,181	34,368
2027	29,187	4,441	33,628
2028	29,187	3,654	32,841
2029-2031	63,237	5,714	68,951
Total	\$ 209,172	\$ 31,384	\$ 240,556

City of West Melbourne, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt and Liabilities (Continued)

Changes in Long-term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 373,365	\$ 301,292	\$ (294,686)	\$ 379,971	\$ 303,977
Lease liabilities	-	102,805	(40,537)	62,268	23,693
Governmental activities long-term liabilities	\$ 373,365	\$ 404,097	\$ (335,223)	\$ 442,239	\$ 327,670

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Contract termination payable:					
Contract termination payable	\$ 1,250,000	\$ -	\$ (250,000)	\$ 1,000,000	\$ 250,000
Total contract term payable	1,250,000	-	(250,000)	1,000,000	250,000
Bonds payable:					
Revenue bonds payable	1,851,206	-	(536,306)	1,314,900	396,000
Compensated absences	71,180	77,225	(67,470)	80,935	64,760
Business-type activities long-term liabilities	\$ 3,172,386	\$ 77,225	\$ (853,776)	\$ 2,395,835	\$ 710,760

Compensated absences, other post-employment benefits, and net pension liabilities will be liquidated in future periods primarily by the General Fund for governmental activities. Business-type activities compensated absences, outstanding notes and revenue bonds will be liquidated by the respective enterprise fund.

City of West Melbourne, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

G. Net Investment in Capital Assets

The elements of this calculation are as follows:

	Governmental Activities	Business-type Activities	Total
Capital assets (net)	30,032,988	\$ 50,784,871	\$ 80,817,859
Right-of-use lease assets (net)	61,092	-	61,092
Lease liabilities	(62,268)	-	(62,268)
Retainage payable	(77,952)	(181,829)	(259,781)
Contracts payable	(929,392)	(914,635)	(1,844,027)
Outstanding debt related to capital assets	-	(1,314,900)	(1,314,900)
Deferred amount on advanced refunding	-	1,635	1,635
Net investment in capital assets	\$ 29,024,468	\$ 48,375,142	\$ 77,399,610

H. Employee Retirement Plans – Defined Contribution Plan

General Employees' Retirement Plan

Plan description. The City of West Melbourne General Employees' Retirement Plan is a defined contribution plan administered by Mission Square Retirement. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All full time general employees hired prior to July 1, 2008 are eligible to participate after six months of service. Employer contributions are vested according to the following schedule: 50% after three years of service; 75% after four years; 100% after five years. At September 30, 2023, there is one participant.

Funding policy. Contributions under the plan were established by the Plan & Trust adoption agreement with Mission Square Retirement and may be amended at the City's discretion. Required contributions are 2% and 8% of eligible earnings for employees and employer, respectively. Administrative costs are financed through investment earnings. Required and actual contributions for the year ended September 30, 2023 were \$2,297 from the employee and \$9,188 from the employer. Of the employer's portion, \$0 was paid from forfeitures remaining in the plan.

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

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans

Florida Retirement System

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

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options.

FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

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

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

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

City of West Melbourne, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Florida Retirement System (Continued)

Contributions. The contribution requirements of plan members and the employer are established and amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The employer's contribution rates as of September 30, 2023, were as follows:

	FRS	HIS
Regular class	13.57%	1.66%
Senior management service class	34.52%	1.66%
DROP from FRS	21.13%	1.66%

The employer's contractually required contributions for the year ended September 30, 2023, were \$521,206 to the FRS and \$81,435 to the HIS.

Pension liabilities and pension expense. In its financial statements for the year ended September 30, 2023, the City reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2023. The City's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net pension liability	\$ 4,090,235	\$ 1,934,157
Proportion at:		
Current measurement date	0.0103%	0.0122%
Prior measurement date	0.0092%	0.0118%
Increase in proportionate share	0.0011%	0.0004%
Pension expense	\$ 960,781	\$ 772,836

City of West Melbourne, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Florida Retirement System (Continued)

Deferred outflows/inflows of resources related to pensions. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 384,038	\$ -	\$ 28,315	\$ 4,540
Changes of assumptions	266,635	-	50,848	167,601
Difference between projected and actual earnings on pension plan investments	170,819	-	999	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	308,616	-	145,239	2,816
Employer contributions subsequent to the measurement date	123,799	-	22,268	-
Total	\$ 1,253,907	\$ -	\$ 247,669	\$ 174,957

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2024. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<i>Year ending September 30,</i>	FRS	HIS
2024	154,019	8,814
2025	(61,021)	5,344
2026	924,186	8,891
2027	87,790	17,439
Thereafter	25,134	9,956
Total	\$ 1,130,108	\$ 50,444

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Florida Retirement System (Continued)

Actuarial assumptions. The total pension liability for each of the defined benefit plans was measured as of June 30, 2023. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2023. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2022 and using standard actuarial valuation procedures to determine the liability at July 1, 2023.

The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Payroll growth, including inflation	3.25%	3.25%
Investment rate of return	6.70%	N/A
Discount rate	6.70%	3.65%

Mortality assumptions for the FRS Pension Plan were based on PUB-2010 base tables projected generationally with Scale MP-2018. Mortality assumptions for the HIS Program were based on the Generational PUB-2010 with Projection Scale MP-2018.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2023:

HIS: The municipal bond rate used to determine total pension liability was increased from 3.54% to 3.65%.

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

City of West Melbourne, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Florida Retirement System (Continued)

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.0%	2.9%	2.9%
Fixed income	19.8%	4.5%	4.4%
Global equity	54.0%	8.7%	7.1%
Real estate	10.3%	7.6%	6.6%
Private equity	11.1%	11.9%	8.8%
Strategic investments	3.8%	6.3%	6.1%
Total	100%		

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

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.65% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

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

	FRS			HIS		
	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Employer's proportionate share of the net pension liability	\$ 6,986,954	\$ 4,090,235	\$ 1,666,783	\$ 2,206,571	\$ 1,934,157	\$ 1,708,344

Pension plans' fiduciary net position. Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

Payables to the pension plans. As of September 30, 2023, the City had a FRS and HIS related payable of \$27,678.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Police Officers' Pension Plan

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

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

The Plan does not issue a stand-alone financial report. The Plan's financial statements as of September 30 are included in the City's Annual Comprehensive Financial Report. Pension plan data is provided from the respective actuarial reports as of September 30, 2023.

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

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

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

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

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Police Officers' Pension Plan (Continued)

Service incurred disability benefits are available to employees with no vesting period and provide monthly income (as defined by the plan payable until death or recovery). Non-service incurred disability benefits (available to employees with ten years of plan participation) provide monthly income (as defined by the Plan) payable until death or recovery. In the event of post-retirement death, benefits are payable to the beneficiary in accordance with the option selected at retirement.

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

Contribution requirements and funding policy. The employer, employee and State contribution requirements are actuarially determined on an annual basis. Most administrative costs of the Plan are financed through investment earnings of the Plan. Plan members hired on or after January 1, 2011 are required to contribute 8.44% of pensionable pay and Plan members hired before January 1, 2011 are required to contribute 8.54% of pensionable pay. The City recognized as revenues and expenditures on-behalf payments relating to contributions for its public safety employees that the State paid to the Plan in the amount of \$252,691. These contributions are funded by an excise tax levied on certain casualty and property insurance premiums. If the remittance from the State is less than estimated by the actuary, the City pays the balance required to fund the total actuarial requirement.

The City's contributions to the Plan for the year ended September 30, 2023 totaled \$626,904, which includes the amount contributed by the State. Plan members contributed \$229,886 for the same fiscal year.

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

Plan membership as of October 1, 2022:

Inactive plan members or beneficiaries currently receiving benefits	20
Inactive plan members entitled to but not yet receiving benefits	10
Active plan members	40
Total plan members	70

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

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Police Officers' Pension Plan (Continued)

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

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

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

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

Pre-Retirement death benefits. Eligibility for pre-retirement death benefits vests after 10 years of credited service. The benefit is paid as 50% of what the member has accrued prior to death and 50% as a joint and survivor annuity form of benefit.

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

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

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Police Officers' Pension Plan (Continued)

Share Plan. Effective September 30, 2017, the individual share account of each active member who has accrued at least one complete year of credited service under the plan and who is not participating in the DROP will receive a one-time allocation equal to \$1,200 plus \$400 for each additional complete year of service in excess of one year, subject to a maximum allocation of \$5,200. This is funded by the existing Excess State Monies Reserve with any remaining amounts applied to reduce the UAAL as of September 30, 2017. Effective September 30, 2017 and each September 30 thereafter, the sum of \$600 plus three percent interest shall be allocated to the individual share account of each member hired on or after January 1, 2011 who has at least one year of credited service. The annual allocations will be funded solely by the annual state monies received with any remaining amounts applied to reduce the City's annual contribution requirement. At September 30, 2023, \$194,163 of state funds was allocated to the share plan.

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

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

Asset Class:	Target Allocation
Domestic equity	42.5%
International equity	15.0%
Global tactical asset allocation funds	2.5%
Broad market fixed income	22.5%
Global fixed income	7.5%
Real estate	10.0%
Total	100.0%

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

Rate of return. For the year ended September 30, 2023, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 8.80%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Police Officers' Pension Plan (Continued)

Deferred Retirement Option Program (DROP).

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

The DROP balance on September 30, 2023 was \$0.

Net pension liability (asset) of the sponsor. The components of the net pension liability (asset) of the sponsor on September 30, 2023 were as follows:

Total pension liability	\$ 21,362,272
Plan fiduciary net position	(19,273,866)
Sponsor's net pension liability (asset)	<u>\$ 2,088,406</u>
Plan fiduciary net position as a percentage of total pension liability (asset)	<u>90.22%</u>

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2022 updated to September 30, 2023 using the following actuarial assumptions applied to the September 30, 2023 measurement period:

Inflation	2.50%
Salary increases	Service based
Discount rate	6.45%
Investment rate of return	6.45%

Mortality assumptions were based on the PubS.H-2010 (Below Median) for employees set forward one year for both females and males with healthy active lives and PubS.H-2010 for healthy retirees, set forward one year, both males and females. For beneficiary lives, the mortality rates were based on PubG.H-2010 (Below Median) for healthy retirees for females and PubG.H-2010 for healthy retirees, set back one year for males. For disabled members, the mortality rates were based on 80% PubG.H-2010 for disabled retirees / 20% PubS.H-2010 for disabled retirees. All rates are projected generationally with Mortality Improvement Scale MP-2018.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Police Officers' Pension Plan (Continued)

Plan changes. For the measurement period ended September 30, 2023, and since the prior valuation, there were no changes in plan provisions.

Actuarial assumption changes. For the measurement date ended September 30, 2023 as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality reflect the rates used in the Milliman's July 1, 2021 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics. Additionally, the investment return assumption decreased from 6.65% to 6.45%, net of investment related expenses.

Discount rate. The discount rate used to measure the total pension liability was 6.45%.

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

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

These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023 are summarized in the following table:

Asset Class:	Long Term Expected Real Rate of Return
Domestic equity	7.50%
International equity	8.50%
Broad market fixed income	2.50%
Global fixed income	3.50%
Global tactical asset allocation funds	3.50%
Real estate	4.50%

City of West Melbourne, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Police Officers' Pension Plan (Continued)

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

	1% Decrease	Current	1% Increase
	(5.45%)	Discount Rate (6.45%)	(7.45%)
Sponsor's net pension liability (asset)	\$ 5,197,083	\$ 2,088,406	\$ (440,534)

Net pension liability and changes in the net pension liability. The net pension liability for the Plan was measured as of September 30, 2023 and the total pension liability used to calculate the net pension liability was also determined as of that date.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Reporting period ending September 30, 2022	\$ 20,455,845	\$ 18,062,906	\$ 2,392,939
Changes for the year:			
Service cost	605,763	-	605,763
Interest	1,361,890	-	1,361,890
Share plan allocation	18,300	-	18,300
Differences between expected and actual experience	(462,823)	-	(462,823)
Changes of assumptions	547,412	-	547,412
Changes of benefit terms	-	-	-
Contributions - employer	-	374,213	(374,213)
Contributions - state	-	252,691	(252,691)
Contributions - employee	-	229,886	(229,886)
Net investment income	-	1,575,557	(1,575,557)
Benefit payments, including refunds of employee contributions	(1,164,115)	(1,164,115)	-
Administrative expense	-	(57,272)	57,272
Net changes	906,427	1,210,960	(304,533)
Reporting period ending September 30, 2023	\$ 21,362,272	\$ 19,273,866	\$ 2,088,406

City of West Melbourne, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Police Officers' Pension Plan (Continued)

Pension expense and deferred outflows and deferred inflows of resources related to pensions. For the year ended September 30, 2023, the City recognized pension expense of \$158,897 for the Police Officers' Pension Plan. At September 30, 2023, the City reported deferred outflows and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 170,851	\$ 488,096
Changes of assumptions	622,260	-
Net differences between projected and actual earnings on pension plan investments	2,496,797	1,270,911
Total	\$ 3,289,908	\$ 1,759,007

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

<i>Year ending September 30:</i>		
2024	\$	303,853
2025		460,655
2026		832,453
2027		(66,060)
Thereafter		-
Total	\$	1,530,901

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

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

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

Payable to the pension plan. As of September 30, 2023, the City had a payable to the police pension plan of \$15,790.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

J. Pension Expense Summary

The total of the City's pension expense for the fiscal year ended September 30, 2023 is as follows:

Plan Description	Pension Expense
Defined contribution plan:	
General Employees' plan - ICMA	\$ 9,188
Defined benefit plans:	
Florida Retirement System/HIS	1,733,617
Police Officers' Pension Plan	1,262,567
Total pension expense	\$ 3,005,372

Pension liabilities are liquidated by the respective funds that are obligated for the related costs. For governmental activities, pension liabilities are generally liquidated by the general fund.

K. Post-Employment Benefits Other than Pensions (OPEB)

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

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

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

As of September 30, 2023, no trust has been established for the other post-employment benefits.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

K. Post-Employment Benefits Other than Pensions (OPEB) (Continued)

Plan membership. At September 30, 2022, OPEB membership consisted of the following:

	Number of covered individuals
Inactive members currently receiving benefits	3
Inactive members entitled to but not yet receiving benefits	-
Active members	117
Total	120

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

Salary Increases	3.00% projected annual salary increase
Discount rate	4.63% investment rate of return
Health care cost trend rates	5.75% using Getzen Long-Term Model

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

The actuarial assumptions included an annual healthcare cost trend rate of 6.00% initially for 2022, 5.75% for 2023, and then gradually decreasing to an ultimate trend rate of 4.00% after five years. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The September 30, 2022 actuarial valuation included changes in assumptions for the discount rate (increase from 4.40% in the prior valuation to 4.63%), health care cost trend rates (decrease from 6.00% in the prior valuation to 5.75%) and the mortality improvement scale (updated from Scale MP-2010 in the prior valuation to Scale MP-2018). The methods, assumptions, and participant data used are detailed in the actuarial valuation report dated September 30, 2023. These calculations are based on the Entry Age Normal Cost Method required by GASBC P52.

At September 30, 2023, the City reported a total OPEB liability of \$486,114. The other post-employment benefit information has been provided as of the September 30, 2023 measurement date.

City of West Melbourne, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

K. Post-Employment Benefits Other than Pensions (OPEB) (Continued)

	<u>Increase (Decrease)</u>
	Total OPEB
<i>Change in total OPEB liability</i>	<i>Liability</i>
Balance, September 30, 2022	\$ 449,935
Changes for the year:	
Service cost	41,509
Expected interest growth	21,325
Demographic experience	-
Benefit payments and refunds	(13,558)
Assumption changes	(13,097)
Net changes	36,179
Balance, September 30, 2023	\$ 486,114

Sensitivity of the OPEB Liability. The following represents the City's total 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 (3.63%)	Discount Rate (4.63%)	1% Increase (5.63%)
Total OPEB Liability	\$ 546,624	\$ 486,114	\$ 433,891

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

	1% Decrease (4.75%)	Healthcare Cost Trend Rate (5.75%)	1% Increase (6.75%)
Total OPEB Liability	\$ 412,135	\$ 486,114	\$ 576,189

City of West Melbourne, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

K. Post-Employment Benefits Other than Pensions (OPEB) (Continued)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB.

For the fiscal year ended September 30, 2023, the City recognized an OPEB expense of \$23,338. At September 30, 2023, the City reported outflows and inflows of resources by source to be recognized in current OPEB expense as follows:

	Outflows of Resources		Inflows of Resources		Net Inflows of Resources
Differences between expected and actual experience	\$ 1,842	\$	24,691	\$	(22,849)
Assumption changes	79,757		96,404		(16,647)
Total	\$ 81,599	\$	121,095	\$	(39,496)

At September 30, 2023, the City reported deferred outflows and deferred inflows of resources by source to be recognized in future OPEB expense as follows:

	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,472	\$	240,242	\$	(227,770)
Assumption changes	678,054		753,292		(75,238)
Total	\$ 690,526	\$	993,534	\$	(303,008)

Amounts reported as deferred outflows of resources and deferred inflows of resources by year to be recognized in future OPEB expenses:

<i>Year ending September 30,</i>	Net Deferred Inflows of Resources
2023	\$ (39,496)
2024	(39,496)
2025	(39,496)
2026	(39,496)
2027	(39,496)
Thereafter	(105,528)
Total	\$ (303,008)

Note 3: OTHER INFORMATION

A. Risk Management

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

In fiscal year 2022-2023, the City was a member of the Florida Municipal Insurance Trust (the "Trust"). The Trust is a self-insurance program established to provide worker's compensation, property, and casualty coverage to participating units of local government in Florida pursuant to various provisions of Florida Statutes. The Trust's underwriting and vote-setting policies are established after consultation with an independent actuary. The Trust is non-assessable and therefore, the City has no liability for future deficits of the Trust, if any. Only workers compensation is subject to audit, thus avoiding additional premium charges beyond policy expirations.

There have been no significant reductions in insurance coverage during the fiscal year 2023. Also, there have been no settlements that exceeded insurance coverage for each of the past three fiscal years.

B. Concentration – Water Supply

The City purchases all of its residents' water needs from the City of Melbourne, Florida under an agreement dated May 16, 2013, which is currently scheduled to expire December 31, 2026. During the year, approximately \$4.9 million (826,354,000 gallons) of water was purchased and management believes it will be able to continue purchasing water from the City of Melbourne, Florida, sufficient to meet all of its residents' water needs, for the foreseeable future.

C. Litigation

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

D. Commitments and Contingencies

On February 15, 2011, the City entered into a contract for the management, operation and maintenance of the wastewater treatment, collection and disposal facility. On July 7, 2020, the City Council approved a five-year extension of the contract. The term of the contract extension ends on April 30, 2026. The base fee for the first year was \$1,214,768 and is subject to annual adjustment. For fiscal year 2023, the City paid \$1,820,041 under this contract.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any,

Note 3: OTHER INFORMATION (Continued)

D. Commitments and Contingencies (Continued)

of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City has active construction projects as of September 30, 2023. At year-end, the City's commitments with contractors are as follows:

Water Production Wells	\$ 1,585,340
Waterline Crossing of US 192	63,845
Melbourne Estates Drainage Improvement	2,177,278
Melbourne Estates/Henry Ave Water Main Replacement	861,271
Field of Dreams PIP Surface Replacement	258,430
Total outstanding commitments	\$ 4,946,164

The commitments are being financed by governmental and enterprise revenues and from awarded grants.

E. 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 operates a wastewater treatment plant which is regulated by the Florida Department of Environmental Protection, and requires certain cleanup and remediation activities if use of the wastewater treatment plant is discontinued. The City Plans ongoing refurbishment to the plant as needed and has no plans to discontinue use of the plant. As such, the City is not able to readily estimate the fair value of the liability for discontinuing use of the plant, and has not recorded an asset retirement obligation for this asset.

G. Subsequent Events

On November 14, 2023, City Council adopted Resolution No. 2023-17 to increase the 2023-2024 fiscal budget by \$221,141 to account for vehicles ordered in September 2022 that did not arrive in the previous fiscal year.

On December 5, 2023, City Council authorized the purchase of two Ford Interceptor SUV pursuit rated vehicles and one Chevrolet Traverse. In addition, City Council authorized the expenditures to outfit each of the vehicles with the necessary equipment.

Note 3: OTHER INFORMATION (Continued)

G. Subsequent Events (Continued)

On December 5, 2023, City Council adopted resolution 2023-18 to increase the 2023-2024 fiscal budget by \$220,907 to account for the remaining cost of the City Council approved “full replacement” of the pour-in-place surfaces at the Space Coast Field of Dreams.

On January 16, 2024, City Council awarded a contract to Danus Utilities, Inc. in the amount of \$204,990 for the rehabilitation of the Wickham Road Lift Station #105. In addition, City Council approved the expenditure of \$88,425 to Barney’s Pumps for a total project cost of \$293,415.

On February 6, 2024, City Council authorized the City Manager to execute an agreement with Infrastructure Engineering Group in the amount of \$334,910 for engineering design, permitting, and construction management assistance related to water line connection from production well sites to the future water plant site and from the water plant site out to the potable water distribution system.

On February 20, 2024, City Council authorized the City Manager to execute an agreement with Young’s Communications, LLC in the amount of \$7,810,400 plus a 5% Owner’s Contingency Fee of \$390,520 for a total project cost not to exceed \$8,200,920 for the septic to sewer project for three neighborhoods and 14 homes along Sheridan Road in West Melbourne.



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

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

<i>Florida Retirement System (FRS)</i>	2023	2022	2021
Employer's proportion of the net pension liability (asset)	0.0103%	0.0100%	0.0092%
Employer's proportionate share of the net pension liability (asset)	\$ 4,090,235	\$ 3,717,404	\$ 695,083
Covered payroll ⁽²⁾	\$ 4,824,927	\$ 4,303,672	\$ 3,952,591
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	84.77%	86.38%	17.59%
Plan fiduciary net position as a percentage of the total pension liability	82.38%	82.89%	96.40%
<i>Health Insurance Subsidy Program (HIS)</i>	2023	2022	2021
Employer's proportion of the net pension liability (asset)	0.0122%	0.0118%	0.0112%
Employer's proportionate share of the net pension liability (asset)	\$ 1,934,157	\$ 1,250,214	\$ 1,369,533
Covered payroll ⁽²⁾	\$ 4,824,927	\$ 4,303,672	\$ 3,952,591
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	40.09%	29.05%	34.65%
Plan fiduciary net position as a percentage of the total pension liability	4.12%	4.81%	3.56%

Notes to the schedule:

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

2020	2019	2018	2017	2016	2015 ⁽³⁾
0.0088%	0.0085%	0.0080%	0.0077%	0.0076%	0.0076%
\$ 3,816,742	\$ 2,931,379	\$ 2,418,611	\$ 2,276,922	\$ 1,924,137	\$ 981,132
\$ 3,891,666	\$ 3,587,314	\$ 3,221,038	\$ 2,980,912	\$ 2,866,110	\$ 2,616,648
98.07%	81.72%	75.09%	76.38%	67.13%	37.50%
78.85%	82.61%	84.26%	83.89%	84.88%	92.00%
2020	2019	2018	2017	2016	2015
0.0112%	0.0093%	0.0093%	0.0093%	0.0093%	0.0086%
\$ 1,369,034	\$ 1,199,733	\$ 1,043,790	\$ 999,100	\$ 1,082,043	\$ 879,605
\$ 3,891,666	\$ 3,587,314	\$ 3,221,038	\$ 2,980,912	\$ 2,866,110	\$ 2,616,648
35.18%	33.44%	32.41%	33.52%	37.75%	33.62%
3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

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

<i>Florida Retirement System (FRS)</i>	2023	2022	2021
Contractually required contribution	\$ 521,206	\$ 474,125	\$ 382,502
Contributions in relation to the contractually required contribution	521,206	474,125	382,502
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll ⁽¹⁾	\$ 4,690,995	\$ 4,496,975	\$ 3,946,312
Contributions as a percentage of covered payroll	11.11%	10.54%	9.69%
<i>Health Insurance Subsidy Program (HIS)</i>	2023	2022	2021
Contractually required contribution	\$ 81,435	\$ 74,529	\$ 65,523
Contributions in relation to the contractually required contribution	81,435	74,529	65,523
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll ⁽¹⁾	\$ 4,690,995	\$ 4,496,975	\$ 3,946,312
Contributions as a percentage of covered payroll	1.74%	1.66%	1.66%

Notes to the schedule:

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

2020	2019	2018	2017	2016	2015 ⁽²⁾
\$ 309,974	\$ 273,679	\$ 236,670	\$ 205,301	\$ 199,039	\$ 185,321
309,974	273,679	236,670	205,301	199,039	185,321
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 3,948,863	\$ 3,704,208	\$ 3,275,014	\$ 3,048,186	\$ 3,022,624	\$ 2,654,154
7.85%	7.39%	7.23%	6.74%	6.58%	6.98%

2020	2019	2018	2017	2016	2015
\$ 65,563	\$ 61,481	\$ 54,377	\$ 50,569	\$ 50,187	\$ 35,935
65,563	61,481	54,377	50,569	50,187	35,935
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 3,948,863	\$ 3,704,208	\$ 3,275,014	\$ 3,048,186	\$ 3,022,624	\$ 2,654,154
1.66%	1.66%	1.66%	1.66%	1.66%	1.35%

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

Police Officers' Pension Plan				
<i>For the year ended September 30,</i>	2023	2022	2021	
Total pension liability				
Service cost	\$ 605,763	\$ 675,050	\$ 681,707	
Interest	1,361,890	1,289,333	1,225,703	
Change in Excess State Money	-	-	-	
Share plan allocation	18,300	15,150	18,150	
Changes of benefit terms	-	-	-	
Differences between expected and actual experience	(462,823)	152,695	(142,376)	
Changes of assumptions	547,412	-	356,654	
Benefit payments, including refunds of employee contributions	(1,164,115)	(779,608)	(759,914)	
Net change in total pension liability	906,427	1,352,620	1,379,924	
Total pension liability - beginning	20,455,845	19,103,225	17,723,301	
Total pension liability - ending (a)	\$ 21,362,272	\$ 20,455,845	\$ 19,103,225	
Plan fiduciary net position				
Contributions - employer	\$ 374,213	\$ 391,011	\$ 423,945	
Contributions - state	252,691	212,265	198,745	
Contributions - employee	229,886	232,219	243,748	
Net investment income	1,575,557	(2,775,811)	3,264,614	
Benefit payments, including refunds of employee contributions	(1,164,115)	(779,608)	(759,914)	
Administrative expense	(57,272)	(48,158)	(47,984)	
Net change in plan fiduciary net position	1,210,960	(2,768,082)	3,323,154	
Plan fiduciary net position - beginning	18,062,906	20,830,988	17,507,834	
Plan fiduciary net position - ending (b)	\$ 19,273,866	\$ 18,062,906	\$ 20,830,988	
Net pension liability - ending (a) - (b)	\$ 2,088,406	\$ 2,392,939	\$ (1,727,763)	
Plan fiduciary net position as a percentage of the total pension liability	90.22%	88.30%	109.04%	
Covered payroll⁽¹⁾	2,715,557	2,741,315	2,877,969	
Net pension liability as a percentage of covered payroll	76.91%	87.29%	-60.03%	

Notes to the schedule:

- ⁽¹⁾ During fiscal year ending September 30, 2017, the City implemented GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*. The covered payroll amounts shown are in compliance with GASB Statement No. 82, except for the 9/30/2015, 9/30/2014 and 9/30/2013 measurement periods, which include DROP payroll.

Police Officers' Pension Plan						
2020	2019	2018	2017	2016	2015	2014
\$ 618,389	\$ 587,360	\$ 545,010	\$ 426,777	\$ 431,817	\$ 373,517	\$ 349,217
1,155,063	1,105,163	985,384	917,986	881,847	852,748	802,323
-	-	-	(214,182)	-	-	-
16,950	16,350	13,800	121,800	-	-	-
-	-	-	(5,606)	-	-	-
237,704	(279,907)	748,684	(129,422)	10,052	(184,074)	-
18,010	-	364,891	-	(14,515)	-	304,099
(648,067)	(835,995)	(518,254)	(493,963)	(740,129)	(652,537)	(304,307)
1,398,049	592,971	2,139,515	623,390	569,072	389,654	1,151,332
16,325,252	15,732,281	13,592,766	12,969,376	12,400,304	12,010,650	10,859,318
\$ 17,723,301	\$ 16,325,252	\$ 15,732,281	\$ 13,592,766	\$ 12,969,376	\$ 12,400,304	\$ 12,010,650
\$ 434,572	\$ 447,784	\$ 559,041	\$ 694,581	\$ 573,560	\$ 582,408	\$ 606,424
184,880	169,767	157,737	141,328	138,223	119,977	117,718
230,786	227,943	201,707	194,487	161,203	151,179	139,016
1,653,669	497,586	1,199,335	1,463,500	1,078,301	(67,763)	1,003,043
(648,067)	(835,995)	(518,254)	(493,963)	(740,129)	(652,537)	(304,307)
(53,662)	(56,825)	(54,986)	(46,693)	(48,793)	(46,398)	(41,892)
1,802,178	450,260	1,544,580	1,953,240	1,162,365	86,866	1,520,002
15,705,656	15,255,396	13,710,816	11,757,576	10,595,211	10,508,345	8,988,343
\$ 17,507,834	\$ 15,705,656	\$ 15,255,396	\$ 13,710,816	\$ 11,757,576	\$ 10,595,211	\$ 10,508,345
\$ 215,467	\$ 619,596	\$ 476,885	\$ (118,050)	\$ 1,211,800	\$ 1,805,093	\$ 1,502,305
98.78%	96.20%	96.97%	100.87%	90.66%	85.44%	87.49%
\$ 2,724,288	\$ 2,689,396	\$ 2,389,899	\$ 2,304,347	\$ 1,899,385	\$ 1,938,150	\$ 1,635,200
7.91%	23.04%	19.95%	-5.12%	63.80%	93.13%	91.87%

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

Police Officers' Pension Plan				
<i>For the year ended September 30,</i>		2023	2022	2021
Actuarially determined contribution	\$	523,559	\$ 534,831	\$ 581,638
Contributions in relation to the actuarially determined contributions		608,604	588,126	604,540
Contribution deficiency (surplus)	\$	(85,045)	\$ (53,295)	\$ (22,902)
Covered payroll ⁽¹⁾	\$	2,715,557	\$ 2,741,315	\$ 2,877,969
Contributions as a percentage of covered payroll		22.41%	21.45%	21.01%

Notes to the schedule:

- ⁽¹⁾ During fiscal year ending September 30, 2017, the City implemented GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*. The covered payroll amounts shown are in compliance with GASB Statement No. 82, except for the 9/30/2015, 9/30/2014 and 9/30/2013 measurement periods, which include DROP payroll.

Police Officers' Pension Plan

	2020		2019		2018		2017		2016		2015		2014
\$	546,765	\$	505,875	\$	494,231	\$	539,217	\$	502,767	\$	532,371	\$	567,904
	602,502		614,358		708,974		824,509		725,050		702,385		724,142
\$	(55,737)	\$	(108,483)	\$	(214,743)	\$	(285,292)	\$	(222,283)	\$	(170,014)	\$	(156,238)
\$	2,724,288	\$	2,689,396	\$	2,389,899	\$	2,304,347	\$	1,899,385	\$	1,938,150	\$	1,635,200
	22.12%		22.84%		29.67%		35.78%		38.17%		36.24%		44.28%

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

Police Officers' Pension Plan

<i>For the year ended September 30,</i>	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return										
net of investment expense	8.80%	-13.30%	18.68%	10.51%	3.17%	8.75%	12.36%	9.80%	-0.65%	10.96%

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal Actuarial Cost Method.
Amortization method:	Level dollar, closed.
Remaining amortization period:	30 years (longest remaining period); 11 years (single equivalent period).
Asset Valuation Method	Five-year smoothed fair value; 20% corridor.
Inflation:	2.50% per year.
Investment Rate of Return	6.45%
Salary Increases	6.00% to 10.00% per year, depending on service, including inflation.

Salary Scale	
Service	Rate
0	10%
1-4	7%
5+	6%

These rates were developed in an August 10, 2018 experience study.

Normal Retirement Rates:

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

For those retiring with 25 or more years of service, members are assumed to retire at 25 years of service at a rate of 75% per year and 100% for all years thereafter. It was assumed that the probability of early retirement is 5% for every year of eligibility.

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

Retirement Age	Commencing upon eligibility for Early Retirement, Members are assumed to retire with an immediate benefit at the rate of 5.0% per year. These rates were confirmed in an August 9, 2018 experience study.
Termination rates:	See table below.
Disability rates:	See table below.
Mortality rate:	<i>Healthy Active Lives:</i> Female: Pre-Retirement Pub-2010 Table, Scale MP-2018 - Headcount Weighted Safety Employee Female Table, set forward 1 year. Male: Pre-Retirement Pub-2010 Table, Scale MP-2018 - Headcount Weighted Safety Below Median Male Table, set forward 1 year. <i>Healthy Retiree Lives:</i> Female: Post-Retirement Pub-2010 Table, Scale MP-2018 - Headcount Weighted Safety Healthy Retiree Female Table, set forward 1 year. Male: Post-Retirement Pub-2010 Table, Scale MP-2018 - Headcount Weighted Safety Below Median Healthy Retiree Male Table, set forward 1 year. <i>Disabled Lives</i> Female: Post-Retirement Pub-2010 Table, Scale MP-2018 - 80% Headcount Weighted General Disabled Retiree Female Table; 20% Headcount Weighted Safety Disabled Retiree Female Table. Male: Post-Retirement Pub-2010 Table, Scale MP-2018 - 80% Headcount Weighted General Disabled Retiree Male Table; 20% Headcount Weighted Safety Disabled Retiree Male Table. <i>Beneficiary Lives</i> Previous assumptions (Female): PubG. (Below Median) for Healthy Retirees. Previous assumptions (Male): PubG. (Below Median) for Healthy Retirees, set back one year.

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

Experience Studies

The most recent experience study was completed August 9, 2018. Based on the results of this experience study, certain assumption/method changes were implemented effective in the October 1, 2018 valuation.

Mortality

The same versions of Pub-2010 Headcount-Weighted Mortality Tables as used by the Florida Retirement System (FRS) for Special Risk Class members in their July 1, 2021 actuarial valuation (with mortality improvements projected to all future years after 2010 using Scale MP-2018). Florida Statutes Chapter 112.63(1)(f) mandates the use of mortality tables from one of the two most recently published FRS actuarial valuation reports.

Terminating Rate Table

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

This rate assumption measures the probabilities of members separating from employment for reasons other than death, disability, or retirement (rates do not apply to members eligible to retire and do not include separation on account of death or disability).

Disability Rate Table

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

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

The assumed rates of disablement were utilized and carried over from the prior actuary. The Plan feels these rates are consistent with those utilized for plans containing other Florida municipal police officers.

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

Changes of benefit terms:

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

* Provided clarification that the pre-retirement death benefit shall be reduced by 3% per year for each year that commencement precedes the Normal Retirement Date, with a maximum reduction of 15%.

* Provided details regarding the treatment of the existing Excess State Monies Reserve and how future annual State Monies will be allocated between the City and the Share Plan.

* Provided that members hired on or after January 2, 2011 will be able to participate in the Deferred Retirement Option Plan (DROP).

Changes of assumptions:

For measurement date September 30, 2023, the investment rate of return decreased from 6.65% to 6.45% in the current year, net of investment related expenses.

As approved by the Board of Trustees at the January 25, 2023 meeting, effective in this valuation, the investment return assumption was lowered from 6.65% to 6.45%. Additionally, Unfunded Actuarial Liability (UAAL) amortization bases were combined to offset in accordance with the methodology described for combining and offsetting amortization bases under Internal Revenue Code Section 312(b). This single equivalent period is 27 years. Then, by Board action, all amortization periods were reduced to more than 20 years.

For measurement date September 30, 2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics. Additionally, the investment return assumption remained the same at 6.65%, net of investment related expenses.

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

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

For measurement date September 30, 2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees, the inflation assumption rate was lowered from 3.00% to 2.5%, and the investment rate of return was lowered from 7.20% to 7.10%.

For measurement date September 30, 2014, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 7.40% to 7.20%.

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

<i>September 30,</i>	2023	2022	2021	2020	2019	2018
Service cost	\$ 41,509	\$ 148,936	\$ 141,844	\$ 59,383	\$ 44,485	\$ 29,429
Expected interest growth	21,325	32,930	22,320	13,853	11,494	10,007
Demographic experience	-	-	(314,315)	-	21,682	-
Benefit payments and refunds	(13,558)	(12,975)	(15,421)	(14,792)	(11,503)	(5,255)
Assumption changes	(13,097)	(931,667)	593,928	130,609	246,863	-
Net change in total OPEB liability	36,179	(762,776)	428,356	189,053	313,021	34,181
Total OPEB liability - beginning	449,935	1,212,711	784,355	595,302	282,281	248,100
Total OPEB liability - ending	\$ 486,114	\$ 449,935	\$ 1,212,711	\$ 784,355	\$ 595,302	\$ 282,281
Covered employee payroll	\$ 7,580,760	\$ 5,986,840	\$ 5,914,595	\$ 5,280,225	\$ 5,280,225	\$ 4,992,342
Total OPEB liability as a percentage of covered payroll	6.41%	7.52%	20.50%	14.85%	11.27%	5.65%

Notes to the schedule:

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

⁽²⁾ There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension/OPEB plan.

⁽³⁾ The following discount rate was used in each period:

9/30/2017 - 3.35%
9/30/2018 - 3.64%
9/30/2019 - 3.58%
9/30/2020 - 2.14%
9/30/2021 - 2.43%
9/30/2022 - 4.40%
9/30/2023 - 4.63%

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

<i>For the year ended September 30, 2023</i>	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
Revenues				
Taxes	\$ 11,080,100	\$ 11,080,100	\$ 12,160,451	\$ 1,080,351
Licenses and permits	897,200	897,200	2,221,000	1,323,800
Intergovernmental	3,677,500	3,677,500	4,614,142	936,642
Charges for services	261,600	261,600	673,835	412,235
Fines and forfeitures	120,750	120,750	107,002	(13,748)
Contributions and donations	15,000	15,000	-	(15,000)
Investment income	99,750	99,750	764,686	664,936
Miscellaneous	62,000	62,000	95,933	33,933
Total revenues	16,213,900	16,213,900	20,637,049	4,423,149
Expenditures				
General government:				
City Council and Clerk	390,400	394,700	400,279	(5,579)
Executive and administration	741,350	747,150	702,959	44,191
Finance	420,000	426,950	345,281	81,669
Legal counsel	381,300	381,900	326,234	55,666
Information technology	637,400	641,700	602,480	39,220
Other general services	628,950	628,950	760,442	(131,492)
Total general government	3,199,400	3,221,350	3,137,675 *	83,675
Public Safety:				
Law enforcement	7,048,850	7,229,000	6,238,169	990,831
Protective inspections	3,779,250	3,782,750	1,062,845	2,719,905
Total public safety	10,828,100	11,011,750	7,301,014 *	3,710,736
Public works	1,990,100	1,997,450	1,947,709 *	49,741
Recreation	1,353,550	2,148,591	1,741,987 *	406,604
Community development	590,100	598,900	589,417	9,483
Debt service:				
Principal	-	-	40,537	(40,537)
Interest	-	-	2,778	(2,778)
Total expenditures	17,961,250	18,978,041	14,761,117	4,216,924
Excess (deficiency) of revenues over (under) expenditures	(1,747,350)	(2,764,141)	5,875,932	8,640,073
Other financing sources (uses)				
Transfers out	(509,400)	(509,400)	(509,400)	-
Insurance proceeds	49,500	49,500	132,249	82,749
Proceeds from sale of capital assets	37,500	37,500	52,180	14,680
Capital lease proceeds	-	-	102,805	102,805
Net other financing sources (uses)	(422,400)	(422,400)	(222,166)	200,234
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,169,750)	(3,186,541)	5,653,766	8,840,307
Fund balances, beginning of year	19,372,841	19,372,841	19,372,841	-
Fund balances, end of year	\$17,203,091	\$16,186,300	\$25,026,607	\$ 8,840,307

* The City budgets for capital outlay at the departmental level.

City of West Melbourne, Florida

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Community Redevelopment

<i>For the year ended September 30, 2023</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 281,300	\$ 281,300	\$ 286,219	\$ 4,919
Intergovernmental	281,300	281,300	286,219	4,919
Investment income	3,800	3,800	47,344	43,544
Total revenues	566,400	566,400	619,782	53,382
Expenditures				
Current:				
Economic environment	5,800	5,800	2,795	3,005
Debt service:				
Principal	100,000	100,000	-	100,000
Total expenditures	105,800	105,800	2,795	103,005
Excess of revenues over expenditures	460,600	460,600	616,987	156,387
Fund balances, beginning of year	1,499,624	1,499,624	1,499,624	-
Fund balances, end of year	\$ 1,960,224	\$ 1,960,224	\$ 2,116,611	\$ 156,387

City of West Melbourne, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – American Rescue Plan Act (ARPA)

<i>For the year ended September 30, 2023</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 6,075,100	\$ 6,075,100	\$ 3,911,027	\$ (2,164,073)
Investment income	39,900	39,900	490,921	451,021
Total revenues	6,115,000	6,115,000	4,401,948	(1,713,052)
Expenditures				
Current:				
Public works	8,351,500	8,351,500	-	8,351,500
Capital outlay	-	-	458,911	(458,911)
Total expenditures	8,351,500	8,351,500	458,911	7,892,589
Excess (deficiency) of revenues over (under) expenditures	(2,236,500)	(2,236,500)	3,943,037	6,179,537
Other financing sources (uses)				
Transfers out	(6,946,000)	(6,946,000)	(3,911,027)	3,034,973
Net other financing sources (uses)	(9,182,500)	(9,182,500)	32,010	9,214,510
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(9,182,500)	(9,182,500)	32,010	9,214,510
Fund balances, beginning of year	62,471	62,471	62,471	-
Fund balances, end of year	\$ (9,120,029)	\$ (9,120,029)	\$ 94,481	\$ 9,214,510

City of West Melbourne, Florida

Budgetary Notes to Required Supplementary Information

A. Budgetary information

An annual budget is prepared for all funds of the City except for the Pension Trust Fund, which is effectively controlled through governing agreements and related City ordinances. The annual operating budgets are prepared on a basis consistent with generally accepted accounting principles except for the Enterprise Fund, uses a modified basis that includes debt proceeds, capital contributions, capital outlay and debt service principal.

Budgets are adopted by the City Council pursuant to City Charter using the following procedures:

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

Budgetary integration is established in the accounting records for management control purposes at the object of expenditure level; however, the City Charter establishes the level at which expenditures may not legally exceed the total City-wide appropriations. Therefore, the City Manager may, at any time, transfer appropriation amounts between line items, expenditure classifications, departments and funds without formal approval by City Council. However, any revisions that increase the total appropriations at the fund level of the City must be approved through amendment by the City Council. The Council approved several budgetary amendments during the year.

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

B. Encumbrances

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



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CITY OF WEST MELBOURNE, FLORIDA

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Capital Projects Funds

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

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

Capital Projects – The Capital Projects Fund accounts for the acquisition and construction of the City’s major capital facilities, other than those financed by proprietary funds.

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

	Special Revenue		Capital Projects		Total Nonmajor Governmental Funds
	Recreation	Stormwater	Capital Projects	Vehicle Replacement	
<i>September 30, 2023</i>					
ASSETS					
Cash and cash equivalents	\$ 846,467	\$ 329,348	\$ 311,220	\$ 1,359,200	\$ 2,846,235
Investments	1,007,468	315,426	3,607,550	1,055,308	5,985,752
Prepaid items	-	1,438	-	-	1,438
Total assets	\$ 1,853,935	\$ 646,212	\$ 3,918,770	\$ 2,414,508	\$ 8,833,425
LIABILITIES					
Accounts payable	\$ -	\$ 5,051	\$ (1,771)	\$ -	\$ 3,280
Contracts payable	1,125	140,977	202,816	-	344,918
Retainage payable	-	51,474	-	-	51,474
Accrued payroll and related liabilities	-	1,104	-	-	1,104
Due to other funds - current	-	96,914	-	-	96,914
Total liabilities	1,125	295,520	201,045	-	497,690
FUND BALANCES					
Nonspendable - prepaids	-	1,438	-	-	1,438
Restricted	-	349,254	3,717,725	-	4,066,979
Committed	1,852,810	-	-	2,414,508	4,267,318
Unassigned	-	-	-	-	-
Total fund balances	1,852,810	350,692	3,717,725	2,414,508	8,335,735
Total liabilities and fund balances	\$ 1,853,935	\$ 646,212	\$ 3,918,770	\$ 2,414,508	\$ 8,833,425

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

	Special Revenue		Capital Projects		Total Nonmajor Governmental Funds
<i>For the year ended September 30, 2023</i>	Recreation	Stormwater	Capital Projects	Vehicle Replacement	
REVENUES					
Taxes	\$ -	\$ 645,365	\$ -	\$ -	\$ 645,365
Intergovernmental	-	-	-	-	-
Charges for services	868,556	-	-	-	868,556
Investment income	46,331	14,342	164,855	47,344	272,872
Total revenues	914,887	659,707	164,855	47,344	1,786,793
EXPENDITURES					
Current:					
Public works	-	232,921	-	-	232,921
Capital outlay	29,774	760,361	592,952	-	1,383,087
Debt service:					
Interest	-	3,821	-	-	3,821
Total expenditures	29,774	997,103	592,952	-	1,619,829
Excess (deficiency) of revenues over (under) expenditures	885,113	(337,396)	(428,097)	47,344	166,964
Other financing sources					
Transfers in	-	-	-	546,600	546,600
Net change in fund balances	885,113	(337,396)	(428,097)	593,944	713,564
Fund balances, beginning of year	967,697	688,088	4,145,822	1,820,564	7,622,171
Fund balances, end of year	\$ 1,852,810	\$ 350,692	\$ 3,717,725	\$ 2,414,508	\$ 8,335,735

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

<i>For the year ended September 30, 2023</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Charges for services	\$ 242,450	\$ 242,450	\$ 868,556	\$ 626,106
Investment income	2,550	2,550	46,331	43,781
Total revenues	245,000	245,000	914,887	669,887
Expenditures				
Current:				
Capital outlay	265,000	265,000	29,774	235,226
Total expenditures	265,000	265,000	29,774	235,226
Excess (deficiency) of revenues over (under) expenditures	(20,000)	(20,000)	885,113	905,113
Fund balances, beginning of year	967,697	967,697	967,697	-
Fund balances, end of year	\$ 947,697	\$ 947,697	\$ 1,852,810	\$ 905,113

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

<i>For the year ended September 30, 2023</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 621,400	\$ 621,400	\$ 645,365	\$ 23,965
Intergovernmental	1,593,000	1,593,000	-	(1,593,000)
Investment income	-	-	14,342	14,342
Total revenues	2,214,400	2,214,400	659,707	(1,554,693)
Expenditures				
Current:				
Public works	293,300	293,300	232,921	60,379
Capital outlay	1,930,950	1,930,950	760,361	1,170,589
Debt service:				
Interest	3,850	3,850	3,821	29
Total expenditures	2,228,100	2,228,100	997,103	1,230,997
Excess (deficiency) of revenues over (under) expenditures	(13,700)	(13,700)	(337,396)	(323,696)
Fund deficit, beginning of year	688,088	688,088	688,088	-
Fund balance, end of year	\$ 674,388	\$ 674,388	\$ 350,692	\$ (323,696)

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

<i>For the year ended September 30, 2023</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Investment income	\$ 12,500	\$ 12,500	\$ 164,855	\$ 152,355
Total revenues	12,500	12,500	164,855	152,355
Expenditures				
Current:				
Public works	3,661,300	3,661,300	592,952	3,068,348
Total expenditures	3,661,300	3,661,300	592,952	3,068,348
Excess (deficiency) of revenues over (under) expenditures	(3,648,800)	(3,648,800)	(428,097)	3,220,703
Fund balances, beginning of year	4,145,822	4,145,822	4,145,822	-
Fund balances, end of year	\$ 497,022	\$ 497,022	\$ 3,717,725	\$ 3,220,703

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

<i>For the year ended September 30, 2023</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Investment income	\$ -	\$ -	\$ 47,344	\$ 47,344
Total revenues	-	-	47,344	47,344
Expenditures				
Current:				
Capital outlay	550,400	550,400	-	550,400
Total expenditures	550,400	550,400	-	550,400
Excess (deficiency) of revenues over (under) expenditures	(550,400)	(550,400)	47,344	597,744
Other financing sources				
Transfers in	546,600	546,600	546,600	-
Net change in fund balance	(3,800)	(3,800)	593,944	597,744
Fund balances, beginning of year	1,820,564	1,820,564	1,820,564	-
Fund balances, end of year	\$ 1,816,764	\$ 1,816,764	\$ 2,414,508	\$ 597,744



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STATISTICAL SECTION



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STATISTICAL SECTION

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

Table of Contents

A. Financial Trends

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

Schedule A1 Net Position by Component

Schedule A2 Changes in Net Position – Governmental Activities

Schedule A3 Changes in Net Position – Business Type Activities

Schedule A4 Changes in Net Position – Total Government

Schedule A5 Fund Balances – Governmental Funds

Schedule A6 Changes in Fund Balances – Governmental Funds

B. Revenue Capacity

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

Schedule B1 Assessed Value and Estimated Actual Value of Taxable Property

Schedule B2 Tax Revenues by Source Governmental Funds

Schedule B3 Other Non-source Governmental Revenues

Schedule B4 Water and Sewer Consumption - Rates and Revenues

Schedule B5 Direct and Overlapping Property Tax Rates

Schedule B6 Principal Property Taxpayers

Schedule B7 Property Tax Levies and Collections

C. Debt Capacity

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

Schedule C1 Ratios of Outstanding Debt by Type

Schedule C2 Direct and Overlapping Governmental Activities Debt

Schedule C3 Pledged Revenue Coverage

Schedule C4 Ratios of General Bonded Debt Outstanding

Schedule C5 Legal Debt Margin Information

D. Demographic and Economic Information Financial Trends

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

Schedule D1 Demographic and Economic Statistics

Schedule D2 Principal Employers

E. Operating Information

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

Schedule E1 Employees by Function/Program

Schedule E2 Operating Indicators by Function/Program

Schedule E3 Capital Asset Statistics by Function/Program

Additional Notes

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

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

Schedule A1

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities										
Net investment in										
capital assets	\$ 29,024,468	\$ 30,209,676	\$ 31,404,826	\$ 32,164,344	\$ 34,205,606	\$ 29,479,624	\$ 21,230,403	\$ 18,758,700	\$ 17,684,340	\$ 16,495,227
Restricted	15,365,646	14,236,875	13,832,705	13,445,602	8,866,081	7,821,633	7,214,372	6,076,253	4,874,993	4,819,617
Unrestricted	15,998,173	10,665,968	7,567,381	4,235,982	2,249,840	2,775,398	7,619,082	7,002,945	7,174,709	10,199,474
Total governmental activities										
net position	60,388,287	55,112,519	52,804,912	49,845,928	45,321,527	40,076,655	36,063,857	31,837,898	29,734,042	31,514,318
Business-type activities										
Net investment in										
capital assets	48,375,142	47,140,389	46,096,924	39,269,577	36,760,884	35,497,462	33,382,704	30,394,742	29,978,165	27,276,931
Restricted	411,121	407,482	-	2,471,922	523,257	511,487	508,640	504,046	797,698	931,435
Unrestricted	27,343,478	20,076,107	20,082,256	19,450,194	19,488,583	13,943,960	10,983,628	8,608,312	6,276,583	6,325,820
Total business-type activities										
net position	76,129,741	67,623,978	66,179,180	61,191,693	56,772,724	49,952,909	44,874,972	39,507,100	37,052,446	34,534,186
Primary government										
Net investment in										
capital assets	77,399,610	77,350,065	77,501,750	71,433,921	70,966,490	64,977,086	54,613,107	49,153,442	47,662,505	43,772,158
Restricted	15,776,767	14,644,357	13,832,705	15,917,524	9,389,338	8,333,120	7,723,012	6,580,299	5,672,691	5,751,052
Unrestricted	43,341,651	30,742,075	27,649,637	23,686,176	21,738,423	16,719,358	18,602,710	15,611,257	13,451,292	16,525,294
Total primary government										
net position	\$ 136,518,028	\$ 122,736,497	\$ 118,984,092	\$ 111,037,621	\$ 102,094,251	\$ 90,029,564	\$ 80,938,829	\$ 71,344,998	\$ 66,786,488	\$ 66,048,504

Notes:

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

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

Schedule A2

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses:										
General government	\$ 3,799,271	\$ 3,257,853	\$ 2,548,202	\$ 2,808,023	\$ 2,697,267	\$ 2,487,264	\$ 2,369,589	\$ 2,129,445	\$ 2,021,970	\$ 1,862,813
Public safety	8,568,227	8,393,278	7,491,665	7,886,503	7,668,450	6,833,193	5,968,523	5,548,176	5,403,754	5,034,270
Public works	3,496,500	3,283,583	2,844,827	2,993,822	2,344,923	2,785,278	2,037,325	1,997,169	2,035,490	1,666,681
Recreation	1,942,055	1,652,078	1,511,384	1,492,810	2,255,949	988,794	746,068	1,714,308	2,859,495	775,071
Community development	651,245	388,660	339,433	373,339	339,529	323,027	311,233	260,560	263,056	295,950
Economic environment	2,795	4,295	5,795	420	175	420	176	6,956	15,000	-
Interest on long term debt	6,599	5,667	7,476	9,250	8,146	2,326	4,603	6,832	9,014	8,346
Total Expenses	18,466,692	16,985,414	14,748,782	15,564,167	15,314,439	13,420,302	11,437,517	11,663,446	12,607,779	9,643,131
Program Revenues:										
Charges for services:										
General government	404,364	460,356	317,023	413,540	404,171	414,793	386,096	412,040	375,474	362,026
Public safety	2,062,322	620,225	1,045,815	1,359,462	2,358,536	1,759,180	1,645,309	1,492,599	956,302	942,241
Public works	645,365	634,697	848,702	584,807	578,993	373,159	366,577	362,326	360,351	356,485
Recreation	928,902	413,255	243,399	78,064	704,031	428,879	177,282	351,800	69,165	153,527
Community development	483,722	232,173	106,891	109,984	184,144	178,248	237,847	202,729	344,996	271,592
Capital grants and contributions	6,102	598,478	635,004	4,000,996	961,801	2,473,014	2,036,754	4,273	404,657	10,553
Total Program Revenues	4,530,777	2,959,184	3,196,834	6,546,853	5,191,676	5,627,273	4,849,865	2,825,767	2,510,945	2,096,424
Net (Expense) Revenue	(13,935,915)	(14,026,230)	(11,551,948)	(9,017,314)	(10,122,763)	(7,793,029)	(6,587,652)	(8,837,679)	(10,096,834)	(7,546,707)
General Revenues:										
Property taxes	5,144,938	5,018,367	4,630,429	4,421,186	3,990,738	3,310,658	2,990,353	2,685,306	2,406,066	2,146,830
Franchise taxes	2,679,560	2,347,604	2,025,159	1,886,888	1,870,513	1,798,337	1,671,784	1,639,785	1,611,017	1,551,463
Local option gas tax	924,354	849,894	811,636	728,699	672,626	608,754	601,336	578,739	523,989	493,346
Public utility taxes	4,335,953	3,835,698	3,583,192	3,407,499	3,340,164	3,212,103	3,058,189	3,006,729	2,926,332	2,875,172
Payment in lieu of taxes	4,498,815	2,014,790	518,214	426,386	344,588	377,318	295,743	1,155,353	2,542,187	27,706
Intergovernmental shared revenue - unrestricted	3,685,145	3,253,257	2,618,119	2,142,428	2,219,476	2,123,578	1,981,183	1,810,749	1,704,254	1,561,377
Investment income	1,575,823	210,221	32,713	182,884	337,852	224,140	128,282	45,184	86,879	49,030
Miscellaneous revenue	202,456	91,231	229,404	287,820	145,939	149,163	80,641	19,690	6,787	136,189
Gain on disposition	38,466	63,693	24,866	23,525	-	-	-	-	-	-
Transfers, net	(3,873,827)	(1,350,918)	37,200	34,400	34,400	18,900	6,100	-	-	-
Total General Revenues	19,211,683	16,333,837	14,510,932	13,541,715	12,956,296	11,822,951	10,813,611	10,941,535	11,807,511	8,841,113
Special item:										
Donation - Field of Dreams	-	-	-	-	2,411,339	-	-	-	-	-
Change in Net Position	\$ 5,275,768	\$ 2,307,607	\$ 2,958,984	\$ 4,524,401	\$ 5,244,872	\$ 4,029,922	\$ 4,225,959	\$ 2,103,856	\$ 1,710,677	\$ 1,294,406

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

Schedule A3

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses:										
Water and sewer	\$ 15,285,349	\$ 15,331,914	\$ 13,370,387	\$ 12,521,238	\$ 11,454,304	\$ 11,667,879	\$ 11,139,291	\$ 10,686,656	\$ 10,925,645	\$ 10,481,059
Total Expenses	15,285,349	15,331,914	13,370,387	12,521,238	11,454,304	11,667,879	11,139,291	10,686,656	10,925,645	10,481,059
Program Revenues:										
Charges for services:										
Water and sewer	15,003,029	13,921,644	13,554,441	12,542,774	12,085,048	11,589,300	11,155,390	10,449,117	9,843,569	9,255,274
Other charges and fees	466,372	243,536	1,265,521	1,094,408	242,512	11,378	30,175	11,280	61,599	13,290
Capital grants and contributions	3,345,442	1,156,901	3,554,771	3,115,488	5,685,218	5,032,423	5,253,638	2,653,015	3,918,895	1,019,375
Total Program Revenues	18,814,843	15,322,081	18,374,733	16,752,670	18,012,778	16,633,101	16,439,203	13,113,412	13,824,063	10,287,939
Net (Expense) Revenue	3,529,494	(9,833)	5,004,346	4,231,432	6,558,474	4,965,222	5,299,912	2,426,756	2,898,418	(193,120)
General Revenues:										
Interest income	1,102,442	103,713	20,341	221,937	295,741	134,591	74,060	27,898	25,238	6,343
Transfers, net	3,873,827	1,350,918	(37,200)	(34,400)	(34,400)	(18,900)	(6,100)	-	-	-
Total General Revenues	4,976,269	1,454,631	(16,859)	187,537	261,341	115,691	67,960	27,898	25,238	6,343
Change in Net Position	\$ 8,505,763	\$ 1,444,798	\$ 4,987,487	\$ 4,418,969	\$ 6,819,815	\$ 5,080,913	\$ 5,367,872	\$ 2,454,654	\$ 2,923,656	\$ (186,777)

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

Schedule A4

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses:										
Governmental activities	\$ 18,466,692	\$ 16,985,414	\$ 14,748,782	\$ 15,564,167	\$ 15,314,439	\$ 13,420,302	\$ 11,437,517	\$ 11,663,446	\$ 12,607,779	\$ 9,643,131
Business-type activities	15,285,349	15,331,914	13,370,387	12,521,238	11,454,304	11,667,879	11,139,291	10,686,656	10,925,645	10,481,059
Total Expenses	33,752,041	32,317,328	28,119,169	28,085,405	26,768,743	25,088,181	22,576,808	22,350,102	23,533,424	20,124,190
Program Revenues:										
Governmental activities	4,530,777	2,959,184	3,196,834	6,546,853	5,191,676	5,627,273	4,849,865	2,825,767	2,510,945	2,096,424
Business-type activities	18,814,843	15,322,081	18,374,733	16,752,670	18,012,778	16,633,101	16,439,203	13,113,412	13,824,063	10,287,939
Total Program Revenues	23,345,620	18,281,265	21,571,567	23,299,523	23,204,454	22,260,374	21,289,068	15,939,179	16,335,008	12,384,363
Net (Expense) Revenue	(10,406,421)	(14,036,063)	(6,547,602)	(4,785,882)	(3,564,289)	(2,827,807)	(1,287,740)	(6,410,923)	(7,198,416)	(7,739,827)
General Revenues:										
Governmental activities	19,211,683	16,333,837	14,510,932	13,541,715	15,367,635	11,822,951	10,813,611	10,941,535	11,807,511	8,841,113
Business-type activities	4,976,269	1,454,631	(16,859)	187,537	261,341	115,691	67,960	27,898	25,238	6,343
Total General Revenues	24,187,952	17,788,468	14,494,073	13,729,252	15,628,976	11,938,642	10,881,571	10,969,433	11,832,749	8,847,456
Change in Net Position	\$ 13,781,531	\$ 3,752,405	\$ 7,946,471	\$ 8,943,370	\$ 12,064,687	\$ 9,110,835	\$ 9,593,831	\$ 4,558,510	\$ 4,634,333	\$ 1,107,629

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

Schedule A5

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Nonspendable	\$ 200,094	\$ 336,599	\$ 494,486	\$ 687,495	\$ 876,636	\$ 1,190,472	\$ 1,105,899	\$ 1,398,180	\$ 894,365	\$ 1,103,899
Restricted	9,087,575	7,840,870	7,961,753	7,736,924	7,374,642	6,132,806	5,248,234	4,133,311	3,258,871	3,031,364
Assigned	-	-	-	-	-	-	2,894	51,623	155,779	206,048
Unassigned	15,738,938	11,195,372	7,763,105	5,435,930	3,980,665	3,644,615	7,191,066	6,895,802	7,594,271	7,124,662
Total General Fund	\$ 25,026,607	\$ 19,372,841	\$ 16,219,344	\$ 13,860,349	\$ 12,231,943	\$ 10,967,893	\$ 13,548,093	\$ 12,478,916	\$ 11,903,286	\$ 11,465,973
All other governmental funds										
Restricted	6,279,509	6,396,005	5,870,952	5,025,352	617,639	570,297	939,073	645,006	804,328	796,967
Committed	4,267,318	2,788,261	2,108,451	2,006,173	1,496,257	824,204	2,587,460	2,502,820	2,333,426	2,516,167
Unassigned	-	-	-	(150,612)	(527,471)	(640,670)	-	-	-	-
Total all other governmental funds	\$ 10,546,827	\$ 9,184,266	\$ 7,979,403	\$ 6,880,913	\$ 1,586,425	\$ 753,831	\$ 3,526,533	\$ 3,147,826	\$ 3,137,754	\$ 3,313,134

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

Schedule A6

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:										
Taxes	\$ 13,092,035	\$ 12,161,277	\$ 11,148,957	\$ 10,300,380	\$ 9,780,408	\$ 8,694,257	\$ 8,086,903	\$ 7,694,146	\$ 7,303,766	\$ 6,929,950
Licenses and permits	2,221,000	794,080	1,020,178	1,231,899	2,142,236	1,766,648	1,714,142	1,589,162	1,007,632	955,661
Intergovernmental	8,811,388	6,391,508	4,148,123	7,298,509	3,621,726	4,169,003	2,919,512	3,549,114	4,772,241	2,092,982
Charges for services	1,542,391	759,744	712,207	273,261	636,592	715,832	500,737	658,953	507,942	508,704
Fines and forfeits	107,002	104,100	171,969	367,646	468,765	244,705	172,536	168,169	184,607	221,516
Developer contributions	-	500	162,875	22,000	1,310,840	1,036,007	1,995,504	-	-	-
Investment income	1,575,823	210,221	32,713	182,884	361,181	224,140	128,282	45,184	86,879	49,030
Miscellaneous	95,933	79,735	172,863	265,762	126,658	100,142	64,187	47,077	455,389	282,172
Total Revenues	27,445,572	20,501,165	17,569,885	19,942,341	18,448,406	16,950,734	15,581,803	13,751,805	14,318,456	11,040,015
Expenditures:										
General government	3,066,671	2,905,969	2,387,235	2,240,023	2,173,463	1,982,479	1,915,566	1,765,503	1,687,452	1,600,523
Public safety	6,935,927	7,089,738	7,039,582	7,022,168	6,836,498	6,363,198	6,114,550	5,340,909	5,051,196	4,789,545
Public works	2,009,984	1,858,024	1,482,282	1,566,385	1,736,719	1,640,772	1,208,491	1,235,765	1,299,929	1,063,471
Recreation	1,212,426	986,390	926,820	853,610	832,786	724,950	549,453	1,541,003	2,611,184	567,119
Community development	589,417	377,863	343,124	350,457	320,094	313,823	303,003	257,482	278,462	302,462
Economic environment	2,795	4,295	5,795	420	175	420	176	6,956	15,000	-
Capital outlay	2,978,296	1,706,715	2,124,811	1,134,315	4,556,852	11,313,665	4,035,502	2,923,358	3,032,901	1,394,338
Debt service:										
Principal retired	40,537	-	-	-	-	108,298	106,021	103,792	101,609	112,053
Interest	6,599	5,667	7,476	9,250	8,146	2,326	4,603	6,832	9,014	8,346
Total Expenditures	16,842,652	14,934,661	14,317,125	13,176,628	16,464,733	22,449,931	14,237,365	13,181,600	14,086,747	9,837,857
Excess (deficiency) of revenues over (under) expenditures	10,602,920	5,566,504	3,252,760	6,765,713	1,983,673	(5,499,197)	1,344,438	570,205	231,709	1,202,158
Other Financing Sources (Uses)										
Insurance proceeds	132,249	79,081	75,815	88,302	42,819	101,991	75,573	-	-	-
Capital lease proceeds	102,805	-	-	-	-	-	-	-	-	-
Transfers in	546,600	616,400	566,500	493,400	402,900	223,650	97,800	65,900	-	-
Transfers out	(4,420,427)	(1,967,318)	(529,300)	(459,000)	(368,500)	(204,750)	(91,700)	(65,900)	-	-
Proceeds from sale of capital assets	52,180	63,693	91,710	34,479	35,752	25,404	21,773	15,497	30,224	46,290
Net other financing sources (uses)	(3,586,593)	(1,208,144)	204,725	157,181	112,971	146,295	103,446	15,497	30,224	46,290
Net Change in Fund Balances	\$ 7,016,327	\$ 4,358,360	\$ 3,457,485	\$ 6,922,894	\$ 2,096,644	\$ (5,352,902)	\$ 1,447,884	\$ 585,702	\$ 261,933	\$ 1,248,448
Debt Service as a % of Noncapital Expenditures	0.34%	0.04%	0.06%	0.08%	0.07%	1.00%	1.10%	1.10%	1.02%	1.45%

City of West Melbourne, Florida

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Schedule B1

Fiscal Year Ended September 30	Real Property	Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2023	\$ 2,787,564,294	\$ 129,858,598	\$ 704,985,991	\$ 2,212,436,901	\$ 2.1186	\$ 3,395,348,941	65.16%
2022	2,563,536,450	126,248,591	541,909,001	2,147,876,040	2.4228	3,558,425,931	60.36%
2021	2,321,880,290	117,943,699	527,068,844	1,912,755,145	2.5087	2,592,587,887	73.78%
2020	2,138,960,240	108,937,190	486,568,262	1,761,329,168	2.6017	2,361,833,617	74.57%
2019	1,924,744,240	102,312,218	440,020,275	1,587,036,183	2.6017	2,166,783,115	73.24%
2018	1,708,466,860	91,455,621	406,728,438	1,393,194,043	2.4633	1,967,838,460	70.80%
2017	1,543,748,475	98,537,137	383,216,930	1,259,068,682	2.4633	1,712,215,741	73.53%
2016	1,405,729,894	94,515,457	369,581,311	1,130,664,040	2.4633	1,490,776,551	75.84%
2015	1,321,519,510	79,727,214	357,842,747	1,043,403,977	2.3850	1,303,447,014	80.05%
2014	1,162,011,200	72,647,356	335,035,441	899,623,115	2.2975	1,171,566,553	76.79%

Source: Brevard County Property Appraiser

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

Schedule B2

Fiscal Year	Property Taxes	Utility Taxes and Franchise Fees	Inter- Governmental⁽¹⁾	Other Inter- Governmental⁽²⁾	Totals
2023	\$ 5,144,938	\$ 7,660,878	\$ 5,148,245	\$ 38,335	\$ 17,992,396
2022	5,018,367	6,817,999	4,608,307	36,933	16,481,606
2021	4,630,429	6,207,053	3,911,419	38,208	14,787,109
2020	4,421,186	5,879,196	3,264,288	43,220	13,607,891
2019	3,990,738	5,789,670	3,585,623	36,104	13,402,135
2018	3,310,658	5,383,599	4,136,639	32,364	12,863,260
2017	2,990,353	5,096,550	2,887,943	31,569	11,006,415
2016	2,685,306	4,646,514	2,510,672	31,020	9,873,512
2015	2,406,066	4,897,700	2,282,524	31,985	9,618,275
2014	2,146,830	4,783,120	2,028,461	26,262	8,984,673

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

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

Note: Includes General, Special Revenue, Capital Projects and Debt Service Funds, as applicable.

Source: Financial Statements and records, City of West Melbourne.

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

Schedule B3

Fiscal Year ended September 30,	Business Tax Receipts	Building Permits	Total Revenues
2023	\$ 284,240	\$ 1,935,300	\$ 2,219,540
2022	277,955	516,125	794,080
2021	146,331	873,847	1,020,178
2020	240,628	991,271	1,231,899
2019	252,659	1,889,577	2,142,236
2018	253,218	1,513,430	1,766,648
2017	242,099	1,472,043	1,714,142
2016	264,587	1,324,575	1,589,162
2015	236,257	771,375	1,007,632
2014	234,882	720,779	955,661

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

Schedule B4

Fiscal Year	Gallons of Water Consumed	Water Revenue ⁽¹⁾	Total Direct Rate		Gallons of Sewer Treated	Sewer Revenue ⁽¹⁾	Total Direct Rate	
			Water Base Rate	Water Usage Rate			Sewer Base Rate	Sewer Usage Rate
2023	723,946,100	\$ 8,341,993	15.75	7.10	497,207,398	\$ 6,661,036	14.45	5.00
2022	687,392,700	7,447,908	14.35	6.20	475,660,000	6,473,736	14.45	5.00
2021	661,022,610	7,286,484	14.35	6.20	608,000,000	6,267,957	14.45	5.00
2020	615,717,900	6,808,728	13.88	6.25	694,000,000	5,734,047	14.45	5.00
2019	572,459,500	6,819,384	13.88	6.25	623,400,000	5,265,664	13.87	4.93
2018	560,679,460	6,448,955	13.88	6.25	655,310,000	5,140,345	13.87	4.93
2017	542,695,780	6,135,825	13.88	6.25	639,000,000	5,019,565	13.87	4.93
2016	526,709,790	5,746,972	13.88	6.25	633,100,000	4,702,145	13.87	4.93
2015	505,787,700	5,428,686	13.90	5.93	574,240,000	4,414,883	12.75	4.86
2014	492,565,900	5,124,447	13.90	5.93	593,380,000	4,130,827	12.75	4.86

⁽¹⁾ Revenues are not adjusted for bad debt.

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

Schedule B5

Fiscal Year	City Direct Rate	Overlapping Rates				Total Overlapping and Direct
	Operating Millage	Brevard County	Brevard County Schools	Special Districts	Total Overlapping	
2023	2.1186	5.1782	5.3830	0.2081	10.7693	12.8879
2022	2.4228	5.2255	5.4950	0.2294	10.9499	13.3727
2021	2.5087	6.2161	5.8500	0.2509	12.3170	14.8257
2020	2.6017	6.2049	5.9420	0.2607	12.4076	15.0093
2019	2.6017	6.3833	6.0860	0.2734	12.7427	15.3444
2018	2.4633	5.3540	6.2990	0.3759	12.0289	14.4922
2017	2.4633	6.0802	6.5680	0.3981	13.0463	15.5096
2016	2.4633	6.4626	6.9160	0.6953	14.0739	16.5372
2015	2.3850	6.4568	7.2750	0.4412	14.1730	16.5580
2014	2.2975	6.4492	7.6060	0.4782	14.5334	16.8309

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

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

Schedule B6

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
MBF Owner LLC	\$ 58,532,350	1	2.73%			
VR Luminary LP	55,666,210	2	2.59%			
Haven SPE LLC	52,437,310	3	2.44%			
Passco Aventine DST	42,099,120	4	1.96%			
Integra Station LLC	39,578,430	5	1.84%			
The Reserves of Melbourne LLC	33,069,300	6	1.54%			
PRCP-FL LAKESIDE LLC	31,728,120	7	1.48%			
Grand Oaks Pennington LLC	30,438,630	8	1.42%			
Mahaffey Associates West Melbourne LLC	30,227,010	9	1.41%			
West Melbourne Town Center LLC	19,251,850	10	0.90%	12,200,000	3	1.26%
The Haven at Riviera, LLC				17,303,000	1	1.79%
Alliance HC II Limited*				14,000,000	2	1.45%
Garrison Melbourne, LLC				10,300,000	4	1.06%
BVF/APTCO Windover Apartments of Melbourne				10,200,000	5	1.05%
Wal-Mart Stores East Inc.				8,630,000	6	0.89%
Charleston Apartments Limited ***				7,550,000	7	0.78%
Target Corporation				5,715,000	8	0.59%
Sam's East, Inc.				5,560,000	9	0.57%
Lowe's Home Centers Inc.				5,460,000	10	0.56%
Total taxable assessed value for principal property taxpayers	\$ 393,028,330		18.30%	\$ 96,918,000		10.01%

Sources:

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

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

Schedule B7

Fiscal Year Ended September 30,	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2023	\$ 5,125,100	\$ 5,144,938	100.4%	\$ -	\$ 5,144,938	100.4%
2022	4,962,500	5,018,367	101.1%	-	5,018,367	101.1%
2021	4,551,800	4,630,429	101.7%	-	4,630,429	101.7%
2020	4,555,153	4,421,186	97.1%	-	4,421,186	97.1%
2019	4,099,877	3,990,738	97.3%	-	3,990,738	97.3%
2018	3,433,258	3,310,658	96.4%	-	3,310,658	96.4%
2017	3,095,920	2,990,353	96.6%	-	2,990,353	96.6%
2016	2,771,935	2,685,306	96.9%	-	2,685,306	96.9%
2015	2,488,332	2,406,066	96.7%	640	2,406,706	96.7%
2014	2,224,378	2,146,830	96.5%	-	2,146,830	96.5%

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

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

Schedule C1

Fiscal Year	Governmental Activities		Business-type Activities		Total Outstanding Debt ⁽²⁾	Personal Income ⁽¹⁾	Percentage of Personal Income		Debt per Capita
	Capital Leases	Water and Sewer Revenue Bonds	Notes and Loans Payable				Population		
2023	\$ -	\$ 1,314,900	\$ -		\$ 1,314,900	575,317,886	0.23%	30,682	\$ 43
2022	-	1,851,206	-		1,851,206	573,597,095	0.32%	28,857	64
2021	-	3,021,028	-		3,021,028	571,311,848	0.53%	28,127	107
2020	-	4,420,028	2,414,916		6,834,944	570,741,107	1.20%	25,385	269
2019	-	5,964,068	2,581,616		8,545,684	582,388,884	1.47%	23,607	362
2018	-	7,673,850	2,750,275		10,424,125	573,782,152	1.82%	21,990	474
2017	108,298	9,531,900	2,913,845		12,554,043	562,862,617	2.23%	21,360	588
2016	214,319	11,623,400	3,085,000		14,922,719	557,289,720	2.68%	20,640	723
2015	318,111	12,414,000	3,455,829		16,187,940	535,855,500	3.02%	20,250	799
2014	419,720	12,593,300	3,834,257		16,847,277	550,823,000	3.06%	19,834	849

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

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

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

City of West Melbourne, Florida
Direct and Overlapping Governmental Activities Debt
As of September 30, 2023

Schedule C2

Governmental Unit	Net Debt Outstanding	Percentage of Debt Applicable to the City ⁽¹⁾	City's Share of Debt
Debt repaid with property taxes			
Brevard County General Obligation Debt			
Limited Ad Valorem Tax Refunding Bond, Series 2013	\$ 2,835,000	3.83%	\$ 108,581
South Brevard Recreation Special District, Limited			
Ad Valorem Tax Bonds, Series 2016	9,855,000	3.83%	377,447
Subtotal, overlapping debt			486,027
City of West Melbourne direct debt			-
Total direct and overlapping debt			\$ 486,027

Sources:

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

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

- ⁽¹⁾ The percentage of overlapping debt applicable is estimated using the taxable assessed value of properties located within the City of West Melbourne divided by the County's total taxable assessed value. FY2023 total taxable assessed value for City of West Melbourne is \$4,100,334,932 and the total County taxable assessed value is \$107,051,242,217.

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

Schedule C3

Fiscal Year	Gross Revenues ^(a)	Less: Direct Operating Expense ^(b)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage ^(c)	Coverage ^(d)
				Principal	Interest	Total		
2023	\$ 19,917,285	\$ 11,178,506	\$ 8,738,779	\$ 536,306	\$ 33,568	\$ 569,874	15.33	9.46
2022	14,437,908	11,074,667	3,363,241	1,169,822	69,534	1,239,356	2.71	2.58
2021	17,032,680	10,384,421	6,648,259	3,814,000	132,739	3,946,739	1.68	1.13
2020	15,968,882	8,337,029	7,631,853	1,246,200	291,334	1,537,534	4.96	3.59
2019	16,911,038	7,238,370	9,672,668	1,879,783	434,204	2,313,987	4.18	2.33
2018	15,070,110	7,708,734	7,361,375	2,023,050	465,440	2,488,490	2.96	1.62
2017	13,663,993	7,261,494	6,402,499	2,251,500	519,689	2,771,189	2.31	1.44
2016	12,839,769	6,968,263	5,871,506	1,175,600	527,208	1,702,808	3.45	2.36
2015	11,269,847	7,383,777	3,886,070	559,300	514,131	1,073,431	3.62	2.55
2014	10,294,282	6,962,321	3,331,961	980,000	741,080	1,721,080	1.94	1.41

Notes:

- ^(a) Includes operating, non-operating revenue and connection fees.
- ^(b) Excludes depreciation expense, interest expense, amortization and non-recurring losses.
- ^(c) & ^(d) Coverage ratio required by most restrictive bond document is at least 1.1 without connection fees and 1.25 including connection fees. The 2023 coverage of 15.33 includes the connection fees and the coverage without connection fees was 9.46. Both requirements were met.

Schedule C4

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

The City of West Melbourne has no general bonded debt.

Schedule C5

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

The City of West Melbourne has no Legal debt limit.

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

Schedule D1

Year	Population ^(a)	Personal Income	Per Capita Income ^(b)	Public School Enrollment ^(c)	Unemployment Rate ^(d)
2023	30,682	575,317,886	86,398	4,296	2.8%
2022	28,857	573,597,095	75,552	4,289	2.5%
2021	28,127	571,311,848	55,330	4,276	4.5%
2020	25,385	570,741,107	46,486	3,163	6.4%
2019	23,607	582,388,884	45,425	3,405	2.8%
2018	21,990	573,782,152	36,188	3,405	2.9%
2017	21,360	562,862,617	26,351	3,431	3.6%
2016	20,640	557,289,720	27,000	3,314	4.3%
2015	20,250	535,855,500	26,462	3,497	5.6%
2014	19,834	550,823,000	27,772	3,787	6.5%

Sources:

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

Notes:

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

Schedule D2

For the Current Year and Nine Years Prior

Employer	2023	2014	
	Number of Employees	Rank	Number of Employees
L3Harris Technologies Inc	500		
Publix Stores - New Haven #1353	210		155 5
Publix Stores - Palm Bay Rd. #695	198		155 5
Harris Sanitation Inc	160		
Home Depot USA Inc.	135		130 7
City of West Melbourne	129		
The Olive Garden	124		120 8
Buena Vida Estates Inc	122		
Cinemaworld Of Florida Inc	115		190 3
USSI Global	110		
	1,803		
Harris Corporation			460 1
P.D.Q Pizza, Inc. Dba			325 2
United Service Source			115 9
Profile (FI) Usa, Inc.			115 10
Mack Technologies			160 4
			1,925

Source:

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

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

Schedule E1

<i>Function</i>	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government										
City Council/City Clerk	9	9	9	9	9	7	7	9	9	9
City Administration	5	5	4	4	4	4	4	3	3	3
Legal	2	2	2	2	2	2	2	2	2	2
Finance	12.5	12.5	11.5	11.5	11.5	11.5	11	14	14	11
Information Technology	3.5	3.5	2.5	2.5	2.5	2.5	2	2	2	2
Total General Government	32	32	29	29	29	27	26	30	30	27
Public Safety										
Police	50	60	49.5	60	56.5	51	51	52	48	45
Code Enforcement	10	11	11	13	13	12	12	12	9	9
Total Public Safety	60	71	60.5	73	69.5	63	63	64	57	54
Highways and Streets										
Public Works	14	12	12	12	10	11	11	11	12	10
Public Works - Water	10	10	10	10	10	8	9	8	8	9
Total Highways and Streets	24	22	22	22	20	19	20	19	20	19
Recreation and Parks	14	12.5	13	15	13	9	9	9	9	9
Community Development	4	4.5	3	4	4	4	3	3	4	4
Total Employees	134.0	142.0	127.5	143	135.5	122	121	125	120	113

Source: City payroll report

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

Schedule E2

<i>Function</i>	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Police										
Dispatched calls	44,473	47,174	49,728	38,475	40,256	37,929	24,763	26,463	24,751	27,332
Alarms	1,184	1,075	528	1,071	1,082	1,633	743	921	862	525
Physical arrests	520	519	560	563	860	731	565	471	462	522
Traffic accidents	1,384	1,405	1,415	1,243	1,386	1,220	1,072	1,334	1,051	841
Traffic citations	2,373	2,442	3,564	2,923	4,500	3,851	2,932	2,008	2,363	3,157
Finance										
Purchase orders issued	499	570	572	692	496	665	592	590	682	660
Accounts payable checks	4,410	4,654	4,577	4,678	4,812	4,873	4,530	4,806	4,644	4,165
Highways and streets										
Street resurfacing (miles)	6.40	5.40	5.24	4.89	4.15	6.12	6.00	2.07	1.80	2.40
Culture and Recreation										
Recreation fees	\$ 868,556	\$ 370,200	\$ 223,800	\$ 15,600	\$ 264,534	\$ 363,927	\$ 94,298	\$ 271,483	\$ -	\$ 65,208
Building/Code Enforcement										
Permits issued (construction)	333	97	189	222	284	263	307	375	147	147
Licenses issued/renewed	2,188	1,999	1,868	1,667	1,670	1,806	1,248	1,132	1,802	1,835
Building Inspections	16,632	8,186	15,693	14,591	14,078	16,191	17,867	13,094	14,488	10,159
Municipal Water Department										
New connections	120	17	416	503	1,161	284	398	282	135	128
Average daily consumption ⁽¹⁾	1,934,349	1,873,161	1,791,698	1,674,407	1,556,190	1,520,316	1,486,838	1,443,205	1,385,720	1,349,496
Wastewater										
Average daily sewage treatment	2,180,000	2,000,000	1,940,000	1,830,000	1,890,000	1,780,000	1,700,000	1,700,000	1,570,000	1,640,000

Notes:

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

Source: Various City Departments

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

Schedule E3

Function/Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government:										
General government buildings	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Public Works:										
Public works buildings	3	3	3	3	3	3	3	3	1	1
Paved streets (lane miles)	104.4	104.4	104.4	103	103	99	99	99	98	98
Unpaved streets (lane miles)	0.625	0.625	0.625	0.65	0.65	0.65	0.65	0.65	3	3
Recreation and Community Development:										
Parks acreage	53	53	53	53	53	53	53	50	50	50
Parks	7	7	7	7	7	7	7	7	7	7
Tennis courts	4	4	4	4	4	4	4	4	4	4
Racquet ball courts	2	2	2	2	2	2	2	2	2	2
Exercise Trail	1	1	1	1	1	1	1	1	1	1
Water										
Potable Water lines (linear miles)	157.1	157.1	157.1	125	125	124	118	118	118	118
Sewer										
Sanitary sewer lines (linear miles)	105.5	105.5	105.5	111	111	110	100	100	100	100
Permitted sewer capacity(gallons)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Lift stations	82	82	82	78	78	73	73	63	63	63

Source: Various city departments

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Melbourne, Florida (the "City"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 29, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs (2023-001), that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

City of West Melbourne, Florida's Response to Findings

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

Purpose of this Report

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

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

Melbourne, Florida
February 29, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of West Melbourne, Florida's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City of West Melbourne, Florida's major federal program for the year ended September 30, 2023. City of West Melbourne, Florida's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of West Melbourne, Florida complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of West Melbourne, Florida and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of West Melbourne, Florida's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the

requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of West Melbourne, Florida's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of West Melbourne, Florida's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of West Melbourne, Florida's compliance with the requirements of the major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of West Melbourne, Florida's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of West Melbourne, Florida's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of West Melbourne, Florida's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of

deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Melbourne, Florida

February 29, 2024

City of West Melbourne, Florida
Schedule of Findings and Questioned Costs
Fiscal Year Ended September 30, 2023

Section I—Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

 yes X no

Federal Awards

Internal control over major federal programs:

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

Type of auditor’s report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a) of OMB Compliance Supplement?

 yes X none noted

Identification of major federal programs:

Federal ALN
21.027

Federal Program or Cluster
COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and B programs was \$750,000 for major federal programs.

Auditee qualified as a low-risk auditee for federal purposes?

 yes X no

City of West Melbourne, Florida
Schedule of Findings and Questioned Costs
Fiscal Year Ended September 30, 2023

Section II—Financial Statement Findings

2023-001 Proper Lease Recognition

Condition: Leases that existed during the implementation year of GASB 87, *Leases*, were not properly recognized in the prior year.

Criteria: Leases that qualify under the standards of GASB 87, *Leases*, should be recognized in the proper period.

Cause: Leases that qualified under the standards of GASB 87, *Leases*, were not properly identified or recorded during the implementation period in prior year.

Effect: Assets were understated by \$259,824, liabilities were understated by \$257,639, revenue was understated by \$29,187 and expenses were understated by \$27,534.

Recommendation: All leases should be evaluated for qualification under the standards of GASB 87, *Leases*, and recognized in the proper periods.

Management Response: The City recognizes the need to evaluate and recognize all leases under GASB 87 and has invested in a software, CentraLease, to assist with the tracking and accounting of leases. The City will provide a more thorough review of any new leases in the future.

Section III—Federal Award Findings and Questioned Costs

No matters to report under the heading.

Section IV- Prior Findings and Questioned Costs for Federal Awards

Finding	Status
2022-001	Cleared
2022-002	Cleared

City of West Melbourne, Florida Schedule of Expenditures of Federal Awards

Federal Agency Pass-through Entity Federal Program	Assistance Listing No.	Contract/ Grant No.	Expenditures	Transfers to Subrecipients
<u>US Department of the Treasury</u>				
Direct Program:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Y5314	\$ 3,911,027	\$ -
Total U.S. Department of Treasury			3,911,027	-
Total Expenditures of Federal Awards			\$ 3,911,027	\$ -

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of West Melbourne, Florida, under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles*. Because the Schedule presents only a selected portion of the operations of the City of West Melbourne, Florida, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of West Melbourne, Florida.

B. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable, or are limited as to reimbursement.

C. Subrecipients

The City of West Melbourne, Florida had no subrecipients of federal awards in the fiscal year ended September 30, 2023.

D. Indirect Cost Rate

The City of West Melbourne, Florida has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

E. Noncash Awards

The City of West Melbourne, Florida received no non-cash awards in the fiscal year ended September 30, 2023.

MAYOR
Hal J. Rose

DEPUTY MAYOR
Stephen Phrampus

COUNCIL MEMBERS
Diana Adams
Pat Bentley
John Dittmore
Daniel McDow
Andrea Young



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CORRECTIVE ACTION PLAN

February 29, 2024

The City of West Melbourne, Florida respectfully submits the following corrective action plan for the year ended September 30, 2023.

Name and address of independent public accounting firm:
Carr, Riggs & Ingram, LLC
215 Baytree Drive
Melbourne, Florida 32940

Audit Period: Fiscal Year October 1, 2022 – September 30, 2023

The finding from the Schedule of Findings and Questioned Costs is discussed below. The finding number corresponds to the number assigned in the schedule.

2023-001 Proper Lease Recognition

Recommendation: All leases should be evaluated for qualification under the standards of GASB 87, *Leases*, and recognized in the proper periods.

Corrective Action: The City recognizes the need to evaluate and has invested in a software, CentraLease, to assist with the tracking and accounting of leases. The City will provide a more thorough review of any new leases in the future.

Responsible Parties: Candice Blake, Finance Director

Anticipated Completion Date: September 30, 2024



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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of West Melbourne, Florida (the "City") as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated February 29, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports, which are dated February 29 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

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

<u>Prior Year Management Letter Comments:</u>	<u>Status</u>
MC 2023-002* Unexpended Balance – Building Permits	Repeated and Revised

*The finding listed above originated in the fiscal year 2019 audit.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority of the City of West Melbourne, Florida and its component unit is disclosed in the footnotes. The City of West Melbourne, Florida includes the following component unit:

<u>Component Unit:</u>	<u>Established by:</u>
City of West Melbourne – Brevard County Joint Community Redevelopment Agency	City Ordinance 2012-19 dated July 17, 2012

Financial Condition and Management

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

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

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

2023-002 Unexpended Balance – Building Permits (Repeated in FY2023)

Criteria: Section 553.80(7)(a) of Florida Statutes has been updated to limit the amount of unexpended building permit funds carried forward to future fiscal years to no more than the City's average operating budget for enforcing the Florida Building Code for the previous four (4) fiscal years. A local government must use any funds in excess of this limitation to rebate or reduce fees.

Condition: While the City has begun to spend down building permit funds and has plans to further reduce this balance, the City's unexpended building permit funds at September 30, 2023 exceeded the City's average operating budget for enforcing the Florida Building Code for the previous four (4) fiscal years by \$1,649,638.

Cause: Prior to July 1, 2019, there was no provision in the Florida Statutes limiting the amount of carryforward of unexpended building permit funds. In prior fiscal years, the annual revenue derived from building permit fees exceeded anticipated amounts.

Effect: The City has excess unexpended balances at September 30, 2023.

Recommendation: The City should identify how it intends to reduce the amount of unexpended building code balances in order to comply with Section 553.80(7)(a) of Florida Statutes. Such action may require the City to modify its fiscal year 2023-24 budget.

Management Response: The City recognizes the requirement to reduce the excess fund balance restricted for Building Code Enforcement. In fiscal years 2020 and 2021, the City Council approved resolutions that waived and reduced certain building plan check and inspection fees. While these reductions did indeed reduce the excess, it has not reduced them to the level required by Statute. During fiscal year 2022, the City reduced the fund balance by \$499,099 due to operating expenses. In fiscal year 2023, the City contract with an architectural firm to create a Building Design Criteria Package. In adopting the 2023-2024 City Budget on September 20, 2023, the City Council approved an appropriation to develop a new building to house the Building Department and will be issuing a Request for Qualifications for a design/build contract in February 2024 with contractor selection and award anticipated in April 2024. Constructing the new building will eliminate the excess restricted fund balance and bring the City into full compliance.

Special District Component Units

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

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, State and other granting agencies, the members of the City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

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

Melbourne, Florida
February 29, 2024



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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

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

We have examined the City of West Melbourne, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2023. Management of the City of West Melbourne, Florida is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence 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 and ethical requirements relating to the examination engagement. Our examination does not provide legal determination on the City's compliance with specified requirements.

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

In our opinion, the City complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2023.

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

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

Melbourne, Florida
February 29, 2024