



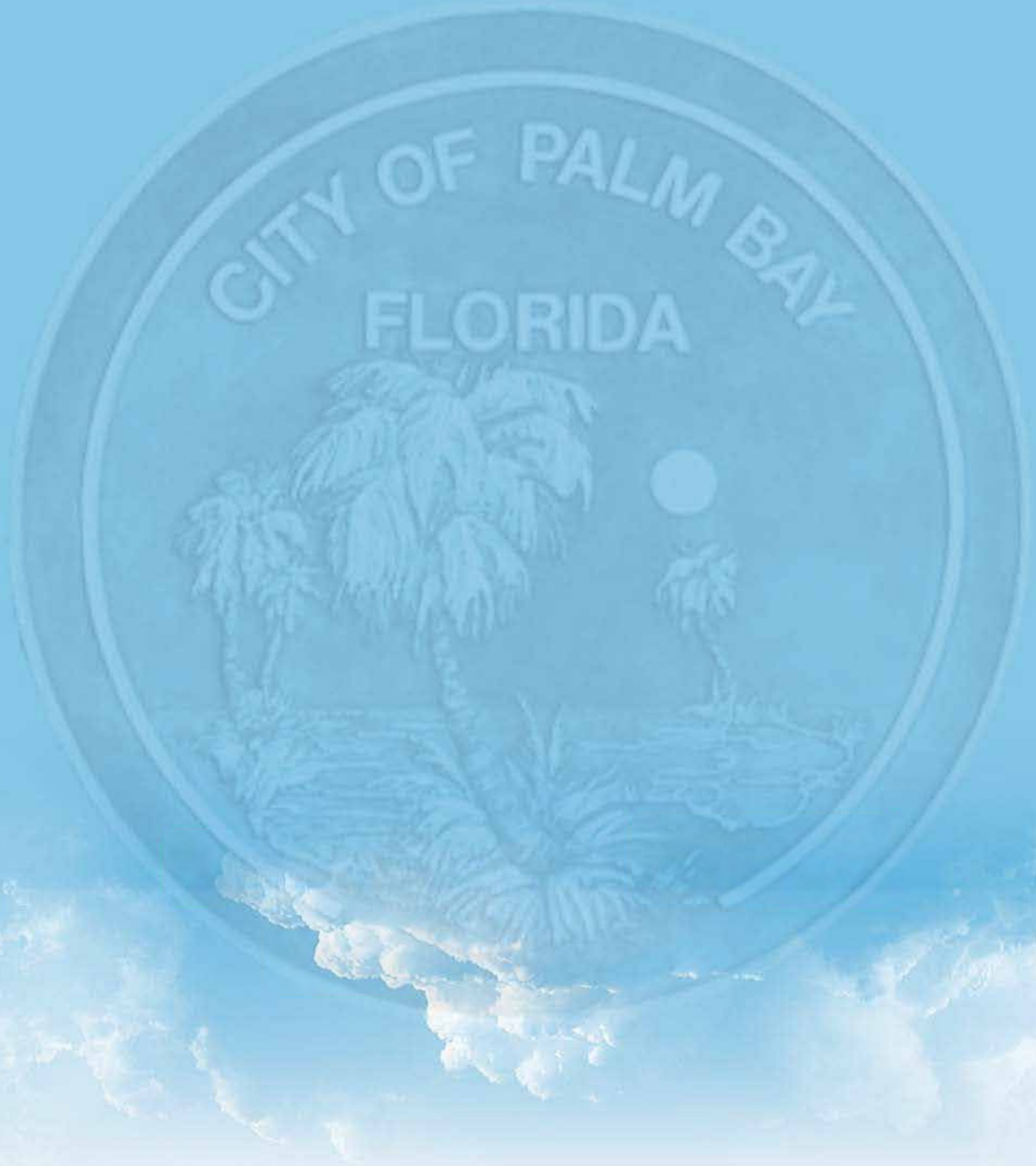
COMPREHENSIVE ANNUAL

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# FINANCIAL REPORT

FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2019

**CITY OF PALM BAY, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2019



**PREPARED BY: DEPARTMENT OF FINANCE**

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April 29, 2020

The Honorable Mayor, Vice-Mayor,  
Members of the City Council,  
Citizens of the City of Palm Bay  
Palm Bay, Florida

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Palm Bay, Florida, for the fiscal year ended September 30, 2019. The purpose of this report is to provide City Council, citizens, financial institutions and others with detailed information concerning the financial condition and performance of the City of Palm Bay. This report is submitted pursuant to Florida Statutes Section 218.39, Chapter 10.550 of the Rules of the Auditor General of the State of Florida and Section 4.05 of the City Charter.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe that the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and, that all disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This report consists of management's representations concerning the finances of the City of Palm Bay. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile enough reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

As required by Florida Statutes and the City Charter, an audit of the City's CAFR was performed by MSL, P.A., a firm of licensed, independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial



statements of the City of Palm Bay for the fiscal year ended September 30, 2019 are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

The independent auditor concluded, based on the audit, that the City's financial statements for the fiscal year ended September 30, 2019 are fairly stated in conformity with GAAP. This is the most favorable conclusion and is commonly known as an unmodified or "clean" opinion. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Palm Bay was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The reports are included in the Compliance Section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Palm Bay's MD&A can be found immediately following the report of the independent auditors.

## PROFILE OF THE CITY OF PALM BAY

The City of Palm Bay, at a population of 2,808, was incorporated in 1960. Palm Bay is now the largest city in Brevard County, the 2<sup>nd</sup> largest in Central Florida and the 15<sup>th</sup> largest in Florida, with approximately 115,322 residents in over 100 square miles. The City is located centrally on Florida's east coast, midway between Jacksonville and Miami. Port Canaveral and Kennedy Space Center, the nation's premiere spaceport, are all nearby.

The City operates under the Council-Manager form of government. The governing body of the City is the City Council, which formulates policies for the administration of the City. The City Council is composed of a Mayor and four Council Members elected at-large for four-year terms. City Council appoints the City Manager, who serves as the City's Chief Executive Officer and is responsible for the day-to-day administration of the City and the implementation of the policies established by City Council.

The City provides a full range of government services as directed by its charter including police and fire protection, street construction and maintenance, planning and



development services, parks and recreation, water and sewer services, and other traditional support services. Although legally separate, because of its relationship to the City, the Bayfront Community Redevelopment Agency (BCRA) is reported as though it is part of the City (blended presentation). Additional information on this legally separate entity can be found in the notes to the financial statements on page 40. The City of Palm Bay is required to adopt an annual budget in accordance with the City Charter and state statutes. The annual budget serves as the foundation for the City's financial planning and control. The City Manager is charged with preparing a proposed budget for submission to City Council. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget by September 30, the close of the City's fiscal year. The appropriated budget is adopted by fund and departments.

## ECONOMIC CONDITION AND OUTLOOK

The City of Palm Bay has experienced steady growth in employment and commercial investment in 2019. This growth pattern is anticipated to continue into the near future, particularly for commercial development. The unemployment rate remains slightly above the State but below U.S. average. Revenue growth is expected to approximate inflation based on prior years as well as continued increases in taxable values due to a combination of appreciation and new commercial development.

City home values continue to rise, according to Zillow Group. Single-family homes values steadily increase according to the Brevard County Property Appraiser's assessed values. The largest industry sector within the City based on employment remains services followed closely by retail trade and manufacturing.

Over the past two fiscal years, the City of Palm Bay's economic growth has been active, particularly in the commercial sector. New commercial development projects planned and underway point to favorable prospects for continued growth in the City's tax base. Major projects in progress include a \$52.97 million mixed use development containing 320-unit multi-family apartment units and five commercial outparcels, an executive park complex to include two hotels, two restaurants and three retail buildings, the conversion of the former Tropical Inn motel into apartments, the expansion of Palm Bay Hospital, Palm Bay Ford dealership, and Riverview Senior Resort, a new Health First multi-specialty medical office, Harmony Landing Assisted Living Facility and 24-hour urgent care and pharmacy, Dollar General, and Bill's Carwash, and the complete demolition and reconstruction of the former Motel 6 into the company's new hotel concept. Raytheon Corporation has completed renovations of the existing building to consolidate its Massachusetts's based cybersecurity operations, hiring 250 employees.

The City also welcomed the completion of The Evan's Center, a \$1.5 million project funded in part by the City's Bayfront CRA, Florida Community Loan Fund, Corporate Property Group, Community Foundation of Brevard, and the Space Coast Health Foundation as well as many other private and non-profit donors. The CRA provided funding assistance in the amount of \$250,000 for the construction of the Center, which

features a multi-purpose room for classes and community gatherings, a health clinic in collaboration with the Brevard Health Alliance and a full-service market and deli serving an area of the community which was once designated by the U.S. Department of Agriculture as a “food desert.”

Additionally, the City is excited to co-host the upcoming grand opening ceremony for the Center for Advance Manufacturing and Innovative Design (CAMID) of Florida Tech. CAMID is a 100,000 square foot facility featuring the latest digital modeling, simulation and visual technology, cutting edge computer-driven manufacturing equipment, 3-D metal and other material printing, to name a few. This initiative was made possible through collaboration between the City, Florida Tech, and the U.S. Economic Development Administration

The City in coordination with the Florida Department of Transportation, has completed the construction of a new I-95 interchange in the southern area of Palm Bay. Construction of the new St. John’s Heritage Parkway connector road at the new I-95 interchange is nearing completion, expected in 2020. This will open approximately 24 square miles of vacant land for mixed-use development.

A 2016 voter-approved city charter amendment limits City Council's ability to impose millage rates. The City Council is now restricted from setting millage rates at a level that would result in total ad valorem revenue growth exceeding the prior year ad valorem revenue by more than three percent, unless approved by a supermajority vote when an emergency or critical need exists. Even with this change, rate increases within the statutory limit remain in the city's independent legal control. For the FY 20 budget, Council did impose the three percent cap, while lowering the millage rate from 8.4500 to 8.1379, the lowest rate since FY 11.

## **LONG-TERM FINANCIAL PLANNING**

Financial planning stimulates discussion about the long-term impact of decisions made today and how the City can position itself strategically to deliver a stable level of essential services to our residents over time. In fiscal year 2018, the City had a ten-year financial sustainability analysis done for the General Fund and Utility Fund. The financial forecast models populated data from every facet of the organization to create an informed, interactive, financial forecast model to bring awareness to decision makers when making long-term financial plans and striving to maintain structural balance in the budget.

The City’s Fund Balance Policy for the General Fund requires that the Fund shall establish an Unreserved Fund Balance equivalent to a minimum of ten percent (10.00%) of the subsequent fiscal year’s budgeted expenditures less capital outlay and transfers out as originally adopted by ordinance in September. The minimum required fund balance at the end of FY 2019 was \$6,784,007. The actual Fund Balance was \$19,098,786, of which \$17,648,421 was Unassigned.



## MAJOR INITIATIVES

The Police Department developed strategic funding partnerships to bring additional resources and training to the agency at no cost to the City. Through a grant from the FDOT, overtime funding was provided for officers to conduct high visibility education details in specific areas to educate pedestrian, bicyclists, and drivers about proper safety while sharing our roadways. In 2019, this effort resulted in over 600 citizen educational contacts and increase awareness of driving and pedestrian safety. Through a growing partnership with the United States Secret Service, the Police Department has received an inventory of technology equipment and training for digital forensic intelligence gathering that allows the Investigations Division to process cell phone evidence in-house and improve the timeliness of gathering critical intelligence during major investigations. Continuing the agency's efforts to Connect – Serve – Impact, a renewed focus on directed patrols was implemented within the Uniform Services Division specifically in the areas of increasing patrol presence at local schools and with foot patrols at local business and community parks throughout the day.

The Public Works Department is responsible for the comprehensive paving program, GO Road Program, which addresses the road condition issues throughout the City. The approved Phase One projects consist of milling, reconstruction, and full depth reclamation. Phase One includes Units 11, 15, 18, 23, 31, 32, 41, 42, 56, and portions of Eldron Boulevard and Garvey Road. Actual construction will begin in October of 2019. Due to the GO Road Program, there is an increase to the Stormwater Utility maintenance program of the City's drainage infrastructure and integrity of the road drainage system. Major activities included clearing vegetation from 205 miles of canals, removing sediment from 10 miles of canals, replacing 82 failed pipes, and applying cured-in-place method at 22 pipe locations. Additionally, a single e-mail address and telephone number was established for Fleet customers, creating a centralized scheduling and contact system which has reduced duplication efforts and inefficiencies. Public Works is currently developing a scope of work to replace the 30-year-old Solid Waste contract which expires September 2020.

The Fire Rescue Department had a continued focus on grant applications in FY 19. The Department received \$313,436 in federal funding for fire station hardening for three fire stations, including two generator replacements, a roof replacement, and replacement of windows, bay doors, and exterior doors. The Department also received a new 5-gas detection system through a donation worth \$3,816.

The Procurement department continued to expand upon its dedication to "value added" services by developing and implementing new training programs, both for City staff and for the Palm Bay community. Classes for internal staff focused on the fundamentals of expenditure of City funds and the procurement process, to include: P-Card training, procurement basics, request for quote process, scope of work development, ERP requisition process, and fiscal year close out and opening procedures.



In addition, the Procurement Department gave a presentation to the Brevard Minority Business Association on "Doing Business with the City of Palm Bay." The Procurement department worked in conjunction with the Finance and Public Works departments to create processes and procedures for competitively soliciting, awarding and contracting for Phase 1 of the GO Roads bond program.

Facilities implemented and completed the Honeywell Energy saving project throughout the City.

The Utilities Department continues to manage multiple, significant projects to meet the water and sewer demands of both the existing and future customers connected to the system. The major projects include the following:

Design of the South Regional Water Reclamation Facility (SRWRF) was completed in 2019. Funding for the project was acquired from the Florida Department of Environmental Protection Agency's State Revolving Fund low-interest loan program. Completion of the loan applications and execution of the loan agreements are ongoing.

The design contract for the expansion of the South Regional Water Treatment Plant (SRWTP) from 4.0 MGD to 6.0 MGD was executed in December 2018 and the design officially started in January 2019. The 75% design submittal was received by the Utilities Department in August 2019.

The Utilities Department is utilizing funding that was acquired in April 2018 from the Save Our Indian River Lagoon (SOIRL) Project Plan to design and construct wastewater treatment upgrades at the North Regional Water Reclamation Facility. When constructed, the facility will generate treated wastewater (effluent) with significantly lower concentrations of nitrogen and phosphorus, thus reducing the nutrient loading of irrigation sites that accept reclaimed water. The Utilities Department completed the design in March 2019. Due to the strength of the economy and rise in construction costs, the Utilities Department requested and acquired approval from the Brevard County Save Our Lagoon Citizen Oversight Committee and the Board of County Commissioners for additional funding to construct the project. The project will be placed for bid in FY20.

## FUTURE PROJECTS

Human Resources has implemented a new, integrated training module known as Knowledge City. The purpose of this interactive training initiative is to provide newly hired or newly promoted supervisors and managers the training courses necessary to be successful in their newly acquired roles.

The Procurement Department has selected a cost-effective software as a service (SAAS) provider to streamline the City's vendor registration and solicitation distribution. Implementation will occur in FY 2020. This solution is low cost to the City and free to the

vendor community – and any interested citizen – to download and view solicitation documents. The ADA compliant solution will allow for even more accessible participation and even greater transparency in the City’s solicitation processes. In the future, Procurement will also utilize the built-in capabilities of this software to replace the current contract management access database that was designed in-house and is no longer maintainable. The system also has built in capabilities to provide e-sourcing, or receipt of electronic bids, a relatively new but rapidly growing industry practice. With an integrated social media distribution portal, this new service will also serve as a tool to invite vendors to our inaugural on campus vendor outreach event.

The Parks and Recreation Department has several projects they will be moving forward with: renovations to the Aquatic Center, Regional Park sewer conversion, renovation to make the Palm Bay Senior Center ADA compliant, a basketball court installation, and the replacement of four playgrounds. Future projects in the Parks and Recreation Department include the renovation of the Tony Rosa Community Center and the replacement of playgrounds at three additional parks.

In FY 2020, the Growth Management Department, will be launching a new web-based system for the Building Division, Land Development Division and the Code Compliance Division. This system will allow residents, contractors and developers to apply for building permits, pay for permits and code fines on-line and initiate land development projects electronically. This solution will alleviate the need for paper plan submittals. New efficiencies will also be created by decreasing gaps in the review and acceptance timeframes due to travel or onsite meetings collaboration. The Information Technology Department is working with Central Square utilizing its ‘Track-It’ software program to deploy the permitting software.

The City of Palm Bay’s Comprehensive Plan was last fully updated in 2001. The Comprehensive Plan is the guiding document for the future development of the City for the next 10 to 20 years. Starting in 2020 the Growth Management Department will undertake a Visioning Study to determine the best path for the growth of the City. A Visioning Study is essentially a planning tool that helps establish long-term goals and objectives for a community through a public outreach and feedback process. After the Visioning Study, the entire Comprehensive Plan will be reviewed and updated.

Public Works is currently developing a scope of work to replace the 10-year Solid Waste contract which expires September 2020. Phase Two of the GO Roads paving projects which will repair 217.5 miles of road with an estimated value of \$44.1 million. In addition, the Stormwater Utility Program will coordinate with the GO Roads Program by addressing stormwater improvements to the areas where paving projects will take place to ensure new roadways are built on stable culverts and pipe crossings. With the improvements made to the City’s infrastructure, Public Works plans to implement a new Road Maintenance Program utilizing Cityworks, a work-order management program.

The Police Department will be seeking other grant funding opportunities to include the COPS Hiring Program provided through the Community Oriented Policing Services

Office. With a primary focus on enhancing community oriented policing strategies as a solution to current crime trends, the Palm Bay Police Department will be applying for 6 additional Patrol Officers to address an increase in firearm-related violence in recent years. The Police Department will also be undergoing a record management system and dispatching conversion to the OneSolution by Summer 2020. As part of this transition the Police Department will also assume control over dispatching for Palm Bay Fire Rescue to improve response time and coordination between the two public service entities with the goal of providing better service to the citizens of Palm Bay. The Police Department is also addressing improve relations with the community through better leadership within the department by providing a variety of advanced training to over 30 sworn and civilian supervisors and managers.

The South Regional Water Reclamation Facility design has been completed, and funding for the project has been approved by FDEP's SRF program. The project is estimated to be placed for bid in April 2020. The South Regional Water Treatment Plant design is estimated to be completed March 2020. Funding through the SRF loan program will be sought in FY 20 for the construction of this project. The Invitations for Bid will follow once financing and funding mechanisms are secured. The Utilities Department will evaluate feasibility to acquire additional Save Our Indian River Lagoon (SOIRL) program funds to perform septic-to-sewer conversions throughout the Turkey Creek area and other critical areas identified by the SOIRL plan. Finally, the Utilities Department will continue with design and construction of major water and wastewater plant rehabilitation projects at the North Regional Utilities Campus, including complete equipment replacements and significant treatment structure rehabilitation. The overall rehabilitation project costs are estimated to be up to \$12M.

## ACCREDITATION AND CERTIFICATIONS

In May 2019, the City received the Community Rating System (CRS) Class 7 rating. The CRS is a voluntary program for National Flood Insurance Program (NFIP)-participating communities. All CRS communities must maintain completed FEMA elevation and flood proofing certificates for all new and substantially improved construction in the Special Flood Hazard Area after the date of application for CRS classification.

The Police Department became accredited by the Commission for Florida Law Enforcement Accreditation in October 2007. Since that time the agency was reaccredited in October 2010, August 2013, October 2016, and most recently in August 2019. The agency will seek the Excelsior designation from the CFA in 2022 for 15 years of providing the highest standards of professionalism in law enforcement.

In July 2019, the Utilities Department successfully completed the annual evaluation and audit of the ISO 14001:2015 environmental standard, thus continuing its registration with NSF International, an accredited, independent third-party certification body. The Utilities Department is the second in the State of Florida to receive such certification. Through the implementation of the Environmental Management System (EMS) known as



Greenway, the Utilities Department has been able to minimize its impact on the environment and establish efficiencies that reduce costs. The program promotes environmental awareness and stewardship among employees by focusing on regulatory compliance, pollution prevention, and continual improvement.

In November 2014, the City received the Silver recertification from the Florida Green Building Coalition. The Green Local Government Designation applies to local government functions and their interaction with the surrounding community. A city or county that incorporates multiple environmental, ecological and sustainability features throughout the functions they perform (e.g., conservation of resources, green utilities, pedestrian-oriented circulation) improves the environmental performance considerably over a city or county that just minimally meets state and local regulations.

In October 2018, the City received the Community Rating System (CRS) Class 7 rating. The CRS is a voluntary program for National Flood Insurance Program (NFIP)-participating communities. All CRS communities must maintain completed FEMA elevation and flood proofing certificates for all new and substantially improved construction in the Special Flood Hazard Area after the date of application for CRS classification.

## AWARDS

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 Palm Bay for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2018. This was the 33<sup>rd</sup> consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe our current comprehensive annual financial report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Government Finance Officers Association of the United States and Canada presented an award for Distinguished Budget Presentation to the City of Palm Bay for its annual budget for the fiscal year beginning October 1, 2018 for the 29<sup>th</sup> year. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

Palm Bay Parks and Recreation has been named Partner of the Year from the Brevard County School Board and Bayside High School for working closely with them in the preparation for events held by the High School.



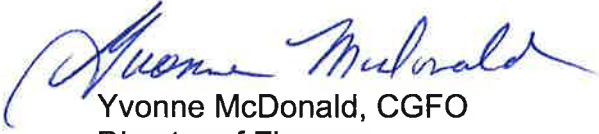
## ACKNOWLEDGEMENTS

The preparation of this report has been accomplished with the efficient and dedicated service of the City's Finance and Accounting staff. I would like to express my appreciation to all members of the Finance Department staff, as well as other staff members who contributed to its preparation. I would also like to thank the Mayor and City Council for their continued support of City staff as we work through these challenging economic times while building a strong foundation for the City's future.

Respectfully submitted,



Lisa Morrell  
City Manager



Yvonne McDonald, CGFO  
Director of Finance





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Palm Bay  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2018**

*Christopher P. Morrill*

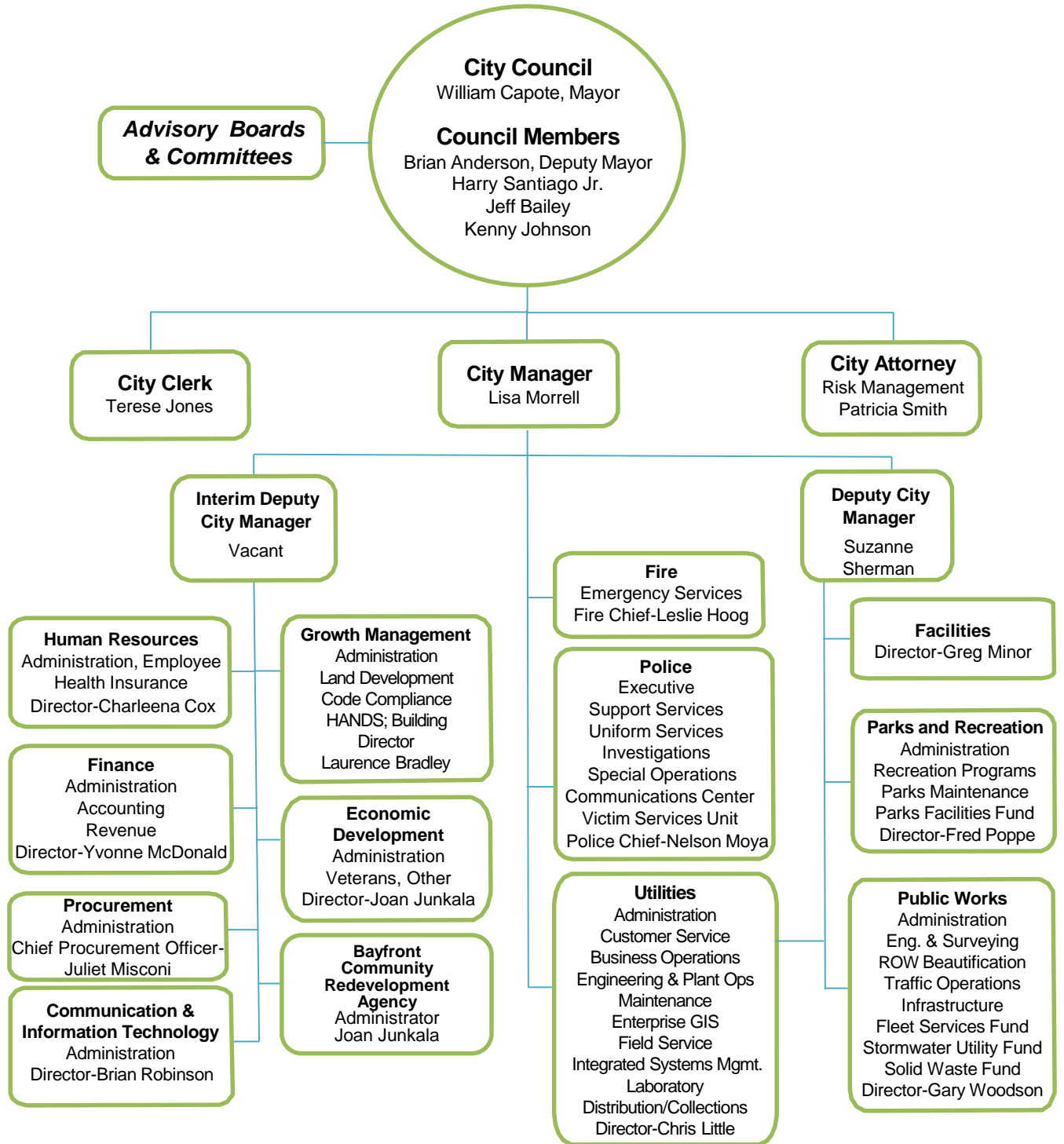
Executive Director/CEO



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# CITY OF PALM BAY ORGANIZATIONAL STRUCTURE FY 2019

**CITIZENS OF PALM BAY**





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# CITY OF PALM BAY, FLORIDA

## LIST OF PRINCIPAL OFFICIALS

As of date of transmittal



MAYOR	WILLIAM CAPOTE
DEPUTY MAYOR	KENNY JOHNSON
COUNCIL MEMBER	HENRY SANTIAGO, JR
COUNCIL MEMBER	JEFF BAILEY
COUNCIL MEMBER	BRIAN ANDERSON
CITY MANAGER	LISA MORRELL
DEPUTY CITY MANAGER	SUZANNE SHERMAN
CITY ATTORNEY	PATRICIA ALLEN-SMITH
CITY CLERK	TERESE JONES
CHIEF PROCUREMENT OFFICER	JULIET MISCONI
INFOMATION TECHNOLOGY DIRECTOR	BRIAN ROBINSON
COMMUNITY & ECONOMIC DEVELOPMENT DIRECTOR	JOAN JUNKALA
FINANCE DIRECTOR	YVONNE MCDONALD, CGFO
FIRE CHIEF	LESLIE HOOG
HUMAN RESOURCES DIRECTOR	CHARLEENA COX
PARKS AND RECREATION DIRECTOR	FRED POPPE
POLICE CHIEF	NELSON MOYA
PUBLIC WORKS DIRECTOR	GARY WOODSON
UTILITIES DIRECTOR	CHRISTOPHER LITTLE



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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and  
Members of the City Council  
City of Palm Bay, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Palm Bay, Florida (the "City") as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Police and Firefighters' Retirement System, which represent 100% of the assets, liabilities, net position, additions, and deductions of the pension trust fiduciary fund. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Police and Firefighters' Retirement System, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

The Honorable Mayor and  
Members of the City Council  
City of Palm Bay, Florida

**INDEPENDENT AUDITOR'S REPORT**  
*(Continued)*

***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to in the first paragraph 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 as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the other supplementary information section, and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

The Honorable Mayor and  
Members of the City Council  
City of Palm Bay, Florida

**INDEPENDENT AUDITOR'S REPORT**  
*(Concluded)*

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

**MSL, P.A.**

Certified Public Accountants

Orlando, Florida  
April 29, 2020



The City of Palm Bay, Florida's (the "City") Management's Discussion and Analysis (the "MD&A") presents this overview and analysis of the City's financial activities for the fiscal year ended September 30, 2019. Please read it in conjunction with the letter of transmittal in the introductory section, and the City's financial statements following the MD&A.

### ***Financial Highlights***

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2019 by \$186.2 million (net position).

- At September 30, 2019, the City's governmental funds reported combined ending fund balances of \$95.3 million, as compared to \$40.1 million as of September 30, 2018.
- At September 30, 2019, the City's General Fund reported an *unassigned* balance of \$17.6 million or 24.0% of the total 2019 General Fund expenditures and transfers out.
- The City's outstanding long-term debt increased by \$56.3 million during fiscal year 2019. The increase was primarily a result of issuing General Obligation Bonds including premium for citywide roadway improvements. A second factor is an increase in OPEB liability as actuarially determined.
- The City's business-type activities reported total net position of \$141.3 million, which is an increase of \$22.7 million or 19.1% in comparison to the prior year. Approximately 11.0% of the total, or \$15.7 million, is *unrestricted*.

### ***Overview of the Financial Statements***

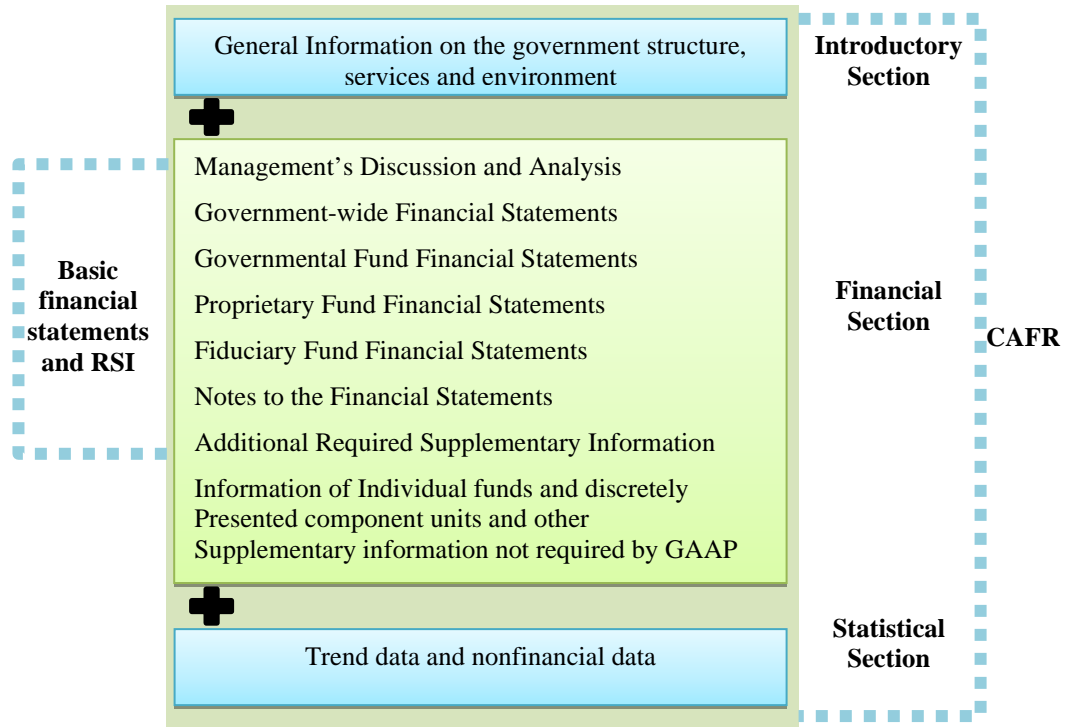
This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components:

- 1) government-wide financial statements,
- 2) fund financial statements, and
- 3) notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

The financial statement focus is on both the City as a whole (government-wide) and on the major individual funds. The following chart shows the relationship between the CAFR and the basic financial statements and Required Supplementary Information ("RSI").

**Relationship between Comprehensive Annual  
Financial Report (CAFR)  
And  
Basic Financial Statement and Required  
Supplementary Information (RSI)**



**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. As described below, these statements do not include the City’s fiduciary funds because resources of these funds cannot be used to finance the City’s activities. However, the financial statements of fiduciary funds are included in the City’s fund financial statements, because the City is financially accountable for those resources, even though they belong to other parties. The government-wide financial statements consist of the following two statements:

The *statement of net position* presents information on all of the City’s assets and deferred outflow of resources compared to liabilities and deferred inflows 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. Although the purpose of the City is not to accumulate net position, in general, as this amount increases it indicates that the financial position of the City is improving over time.

The *statement of activities* presents the revenue and expenses of the City. The items presented on the statement of activities are measured in a manner similar to the approach used in the private-sector in that revenues are recognized when earned and expenses are reported when incurred, regardless of the timing of related cash flows. Accordingly, revenues are reported even when they may not be collected for several months after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

Both of these 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, physical environment, transportation, economic environment, and culture/recreation. The business-type activities of the City include water, sewer, stormwater utilities; solid waste (formerly known as sanitation) and building inspections. The government-wide financial statements can be found immediately following the MD&A.

### ***Fund financial statements***

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the City rather than the City as a whole. 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 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 short-term inflow and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

For the most part, the balances and activities accounted for in governmental funds are also reported in the governmental activity's columns of the government-wide financial statements. However, because a different accounting basis is used to prepare the fund financial statements and the government-wide financial statements, there are often significant differences between the totals presented. For this reason, there is an analysis after the balance sheet that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis after the statement of revenues, expenditures, and changes in fund balances that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column of the statement of activities.

The City maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Bayfront Community Redevelopment Agency and GO Road Program Fund, which are major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* in the other supplemental information section of this report. The City adopts an annual appropriated budget for its general fund, in addition to all special revenue, capital project, debt service funds. Budgetary comparison schedules have been provided for these funds to demonstrate budgetary compliance.

The basic governmental fund financial statements may be found immediately following the government-wide financial statements of this report.

**Proprietary funds**

The City maintains two different types of proprietary funds. The City uses Enterprise Funds to account for business-type activities that charge fees to customers for the use of specific goods or services. These funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for the fiscal activities relating to water, sewer, stormwater utilities, solid waste, and the activities of the Building Division. The *internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses the internal service funds to account for its risk management, employee benefit programs and fleet services activities. Because these activities predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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 Utilities Fund, and Stormwater which are majors fund of the City; nonmajor funds are comprised of Building Inspection and Solid Waste in addition to the aggregate of the Internal Service Funds.

The City's proprietary fund financial statements are presented on pages 31-36.

**Fiduciary funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is similar to proprietary funds. The City only has one fiduciary fund, the Pension Trust Fund.

The City's fiduciary fund financial statements are presented on pages 37-38.

**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 40-96 of this report.

**Other information**

In addition to the basic financial statements and accompanying notes, *required supplementary information* is included which presents budgetary comparison schedules for the City's General Fund and the major special revenue fund. The City adopts an annual appropriated budget for its governmental funds. This section includes a comparison between the City's adopted and final budget and actual financial results to demonstrate compliance with the budget. In addition, information concerning the City's progress in funding its obligation to provide pension benefits to its employees as well as other post-employment benefits is presented. Required supplementary information can be found following the notes to the financial statements.

The combining statements referred to earlier regarding non-major governmental funds are presented in the other supplemental information section of this report. Combining and individual fund schedules can be found after the required supplementary information.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$186.2 million at the close of the fiscal year ended September 30, 2019. At the end of the fiscal year, the City is able to report positive balances in two categories of net position, both in business-type activities and government as a whole.

As shown in the table below, the largest portion of the City's net position \$184.1 million or (99%) reflects its investment in capital assets (e.g., land, buildings, equipment, and infrastructure) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets, except for some properties held for resale, 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.

The City has *restricted net position* of \$45.6 million for capital improvement projects and special revenues. These resources are subject to external restrictions on how the funds may be used. Unrestricted net position can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions. The City had (\$43.6) million of unrestricted net position as of September 30, 2019.

There was a net increase of \$10.5 million in net position regarding the City's governmental activities.

There was a net increase of \$22.7 in net position reported regarding the City's business-type activities, which include the Utilities Fund, Solid Waste Fund, Stormwater Utility Fund and the Building Inspections Fund. A detailed explanation is provided on page 12 of this report.

#### Net Position

	Governmental Activities		Business-type Activities		Total Activities	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	117,116,371	\$ 57,435,347	\$ 61,869,893	\$ 54,751,289	178,986,264	\$ 112,186,636
Capital Assets (Net)	116,602,851	111,355,493	128,370,373	117,755,726	244,973,224	229,111,219
<b>Total Assets</b>	<b>233,719,222</b>	<b>168,790,840</b>	<b>190,240,266</b>	<b>172,507,015</b>	<b>423,959,488</b>	<b>341,297,855</b>
Deferred Outflow of Resources						
Unamortized loss on refunding	9,685,753	10,225,581	1,345,892	1,745,874	11,031,645	11,971,455
Deferred Outflows for Pensions	11,807,381	8,927,443	-	-	11,807,381	8,927,443
Deferred Outflows for OPEB	2,958,537	647,888	934,274	204,596	3,892,811	852,484
<b>Total Deferred Outflows of Resources</b>	<b>24,451,671</b>	<b>19,800,912</b>	<b>2,280,166</b>	<b>1,950,470</b>	<b>26,731,837</b>	<b>21,751,382</b>
Current and Other Liabilities	10,813,053	10,053,016	7,770,953	6,943,002	18,584,006	16,996,018
Long-Term Liabilities	196,740,745	135,276,725	43,104,763	48,530,113	239,845,508	183,806,838
<b>Total Liabilities</b>	<b>207,553,798</b>	<b>145,329,740</b>	<b>50,875,716</b>	<b>55,473,115</b>	<b>258,429,514</b>	<b>200,802,856</b>
Deferred Inflow of Resources						
Deferred Inflows from Refunding	200,522	212,318	-	-	200,522	212,318
Deferred Inflows Related to Pensions	4,340,204	7,036,196	-	-	4,340,204	7,036,196
Deferred Inflows Related to OPEB	1,163,169	1,174,230	367,315	370,810	1,530,484	1,545,040
<b>Total Deferred Outflows of Resources</b>	<b>5,703,895</b>	<b>8,801,442</b>	<b>367,315</b>	<b>370,810</b>	<b>6,071,210</b>	<b>9,172,252</b>
Net Position:						
Net Investment in Capital Assets	84,229,260	87,256,566	99,899,205	83,110,556	184,128,465	170,367,122
Restricted	19,981,407	11,792,213	25,639,544	20,540,196	45,620,951	32,332,409
Unrestricted (Deficit)	(59,297,467)	(64,588,210)	15,738,652	14,962,808	(43,558,815)	(49,625,402)
<b>Total Net Position</b>	<b>\$ 44,913,200</b>	<b>\$ 34,460,569</b>	<b>\$ 141,277,401</b>	<b>\$ 118,613,560</b>	<b>\$ 186,190,601</b>	<b>\$ 153,074,129</b>

There was an overall increase in the City's net position of \$33.1 million. This change is primarily due to contributions made in satisfaction of developer agreements, in addition to investment earnings, increase in ad valorem tax revenue and various other miscellaneous revenues such as rebates and sale of surplus materials.

There was an overall increase in the City's net position of \$33.1 million. This change is primarily due to contributions made in satisfaction of developer agreements, in addition to investment earnings, increase in ad valorem tax revenue and various other miscellaneous revenues such as rebates and sale of surplus materials.

A comparative analysis of government-wide changes in net position is as follows:

	Governmental Activities		Business-type Activities		Total Activities	
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 11,925,475	\$ 10,446,486	\$ 50,058,912	\$ 49,570,994	\$ 61,984,387	\$ 60,017,480
Operating Grants and Contributions	3,586,892	3,238,810	177,515	924,986	3,764,407	4,163,796
Capital Grants and Contributions	132,180	383,046	10,365,135	2,679,813	10,497,315	3,062,859
<b>General Revenues</b>						
Property Taxes	33,081,759	29,893,290	-	-	33,081,759	29,893,290
Other Taxes	21,610,824	20,849,279	-	-	21,610,824	20,849,279
Other	14,130,840	12,908,345	1,264,275	485,899	15,395,115	13,394,244
<b>Total Revenues</b>	<b>84,467,970</b>	<b>77,719,256</b>	<b>61,865,837</b>	<b>53,661,692</b>	<b>146,333,807</b>	<b>131,380,948</b>
<b>Expenses:</b>						
General Government	24,380,488	18,031,358	-	-	24,380,488	18,031,358
Public Safety	34,160,050	30,947,636	-	-	34,160,050	30,947,636
Physical Environment	510,564	545,462	-	-	510,564	545,462
Transportation	9,226,210	11,737,057	-	-	9,226,210	11,737,057
Economic Environment	748,663	1,751,250	-	-	748,663	1,751,250
Culture/Recreation	4,865,004	4,804,488	-	-	4,865,004	4,804,488
Interest on Long-Term Debt	1,916,027	5,208,624	-	-	1,916,027	5,208,624
Water and Wastewater	-	-	23,687,045	23,474,356	23,687,045	23,474,356
Building Inspections	-	-	2,059,136	1,723,865	2,059,136	1,723,865
Stormwater	-	-	5,919,240	5,562,055	5,919,240	5,562,055
Solid Waste	-	-	5,744,908	5,042,519	5,744,908	5,042,519
<b>Total expenses</b>	<b>75,807,006</b>	<b>73,025,875</b>	<b>37,410,329</b>	<b>35,802,795</b>	<b>113,217,335</b>	<b>108,828,670</b>
Change in Net Positon before transfers	8,660,964	4,693,381	24,455,508	17,858,897	33,116,472	22,552,278
Transfers	1,791,667	2,087,287	(1,791,667)	(2,087,287)	-	-
<b>Change in Net Position</b>	<b>10,452,631</b>	<b>6,780,668</b>	<b>22,663,841</b>	<b>15,771,610</b>	<b>33,116,472</b>	<b>22,552,278</b>
<b>Net Position, beginning of year</b>	<b>34,460,569</b>	<b>31,172,680</b>	<b>118,613,560</b>	<b>103,844,674</b>	<b>153,074,129</b>	<b>135,017,354</b>
Prior peroid adjustment (Note 14)	-	(3,492,779)	-	(1,002,724)	-	(4,495,503)
<b>Net Position, end of year</b>	<b>\$ 44,913,200</b>	<b>\$ 34,460,569</b>	<b>\$ 141,277,401</b>	<b>\$ 118,613,560</b>	<b>\$ 186,190,601</b>	<b>\$ 153,074,129</b>

### Governmental Activities

Governmental activities increased the City's net position by \$10.5 million, and revenues from governmental activities increased by \$6.7 million or 8.7%. The main reasons were increase in charges for services, property tax collection, in addition to investment earnings and utility service tax.

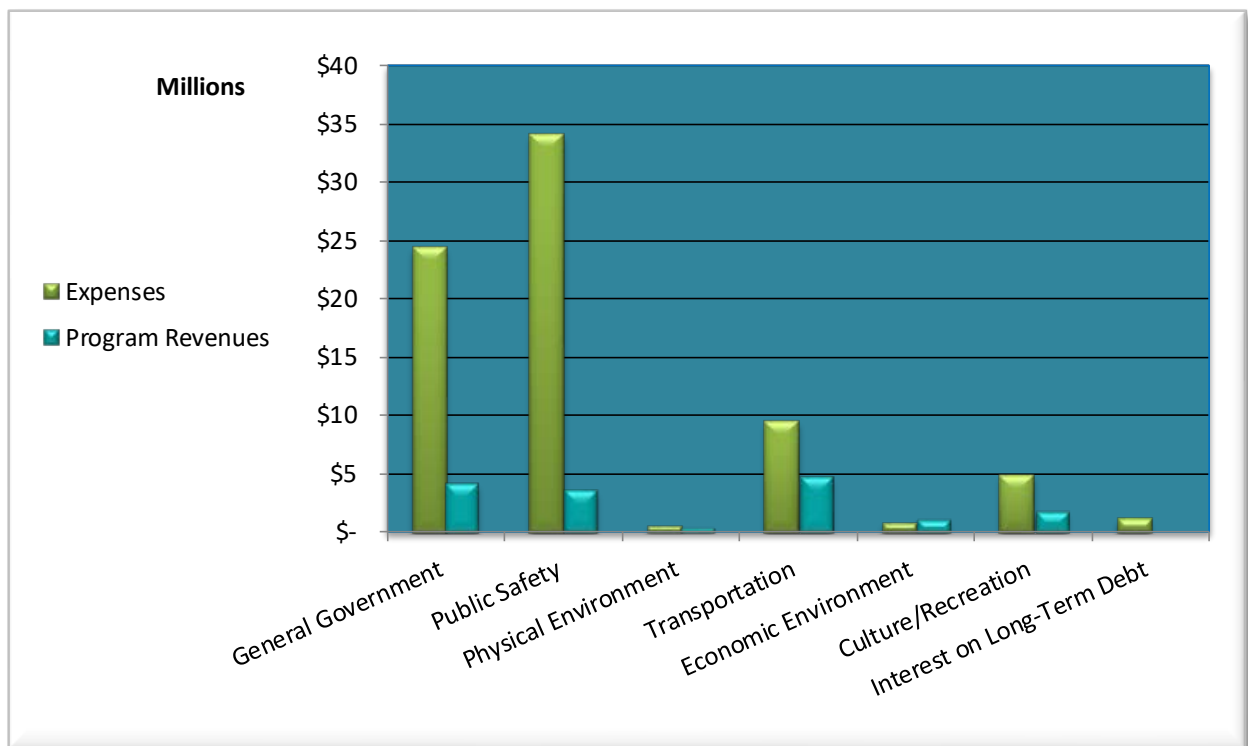
The following tables show the components of program and general revenues as a percentage of total governmental activities by function. Public safety which includes police and fire had the largest allocation at 45.1%, followed by general government at 32.2% which includes administrative activities. Allocations to transportation activities which is predominately public works related transactions accounted for 12.2% of the allocation.

**Expenses and Program Revenues – Governmental Activities**

Functions/Programs	Expenses	% of Total	Program Revenues	% of Total	Net (Expense) Revenue
General Government	\$ 24,380,488	32.2%	\$ 4,102,626	26.3%	\$ (20,277,862)
Public Safety	34,160,050	45.1%	3,574,772	22.8%	(30,585,278)
Physical Environment	510,564	0.7%	434,255	2.8%	(76,309)
Transportation	9,226,210	12.2%	4,684,540	29.9%	(4,541,670)
Economic Environment	748,663	1.0%	1,114,410	7.0%	365,747
Culture/Recreation	4,865,004	6.4%	1,733,944	11.1%	(3,131,060)
Interest on Long-Term Debt	1,916,027	2.5%	-	0.0%	(1,916,027)
	<b>\$ 75,807,006</b>	<b>100%</b>	<b>\$ 15,644,547</b>	<b>100%</b>	<b>\$ (60,162,459)</b>

The following chart compares expenses and program revenues for the governmental activities:

**Expenses and Program Revenue – Governmental Activities**





The following table and chart show revenues by source of governmental activities by percent of total revenues. Property taxes accounted for 38.35% of the revenues used to fund governmental functions. Combined revenue from other forms of taxes totaled 25.06%, while state revenue sharing sources provided 13.57% of the total revenue source.

**Revenue by Source – Governmental Activities**

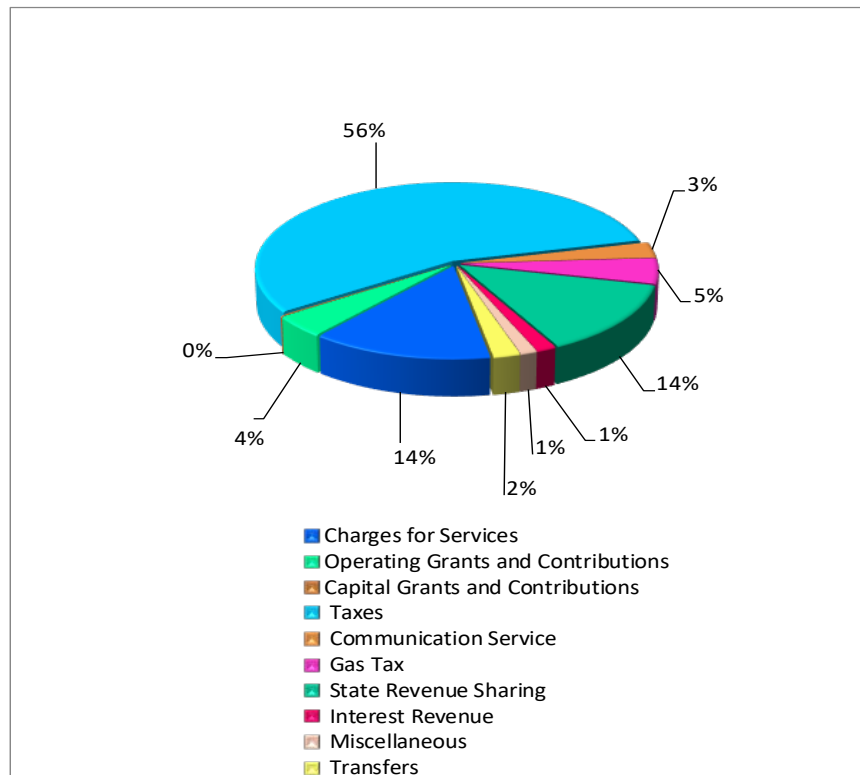
**Program Revenues**

Charges for Services	\$ 11,925,475	13.83%
Operating Grants and Contributions	3,586,892	4.16%
Capital Grants and Contributions	132,180	0.15%

**General Revenues**

Property Tax	33,081,759	38.35%
Franchise Fees	5,811,170	6.74%
Utility Service Tax	9,111,670	10.56%
Communication Service Tax	2,540,717	2.95%
Gas Tax	4,147,267	4.81%
State Revenue Sharing	11,702,036	13.57%
Interest Earnings	1,311,729	1.52%
Miscellaneous	1,117,075	1.28%
Transfers	1,791,667	2.08%
	\$ 86,259,637	100.00%

**Revenue by Source – Governmental Activities**



**Business-type activities**

As previously mentioned, business-type activities increased the City's total net position by \$22.7 million. This boost resulted in large part from the following:

- Increase in capital contributions resulting from fulfillment of various developer agreements.
- Increased water and sewer mainline contributions.
- Increase in Building permitting activities.

The following tables show the components of program and general revenues as a percentage of total for business-type activities:

**Expenses and Program Revenues – Business-type Activities**

Functions/Programs	Expenses	% of Total	Program Revenues	% of Total	Net (Expense) Revenue
Water & Sewer Utilities	\$ 23,687,045	63.3%	\$ 39,915,895	65.9%	\$ 16,228,850
Building Inspections & Permitting	2,059,136	5.5%	4,215,404	7.0%	2,156,268
Stormwater Utility	5,744,908	15.4%	10,242,810	16.9%	4,497,902
Solid Waste	5,919,240	15.8%	6,227,453	10.3%	308,213
	<u>\$ 37,410,329</u>	<u>100%</u>	<u>\$ 60,601,562</u>	<u>100%</u>	<u>\$ 23,191,233</u>

**Expenses and Program Revenues – Business-type Activities**

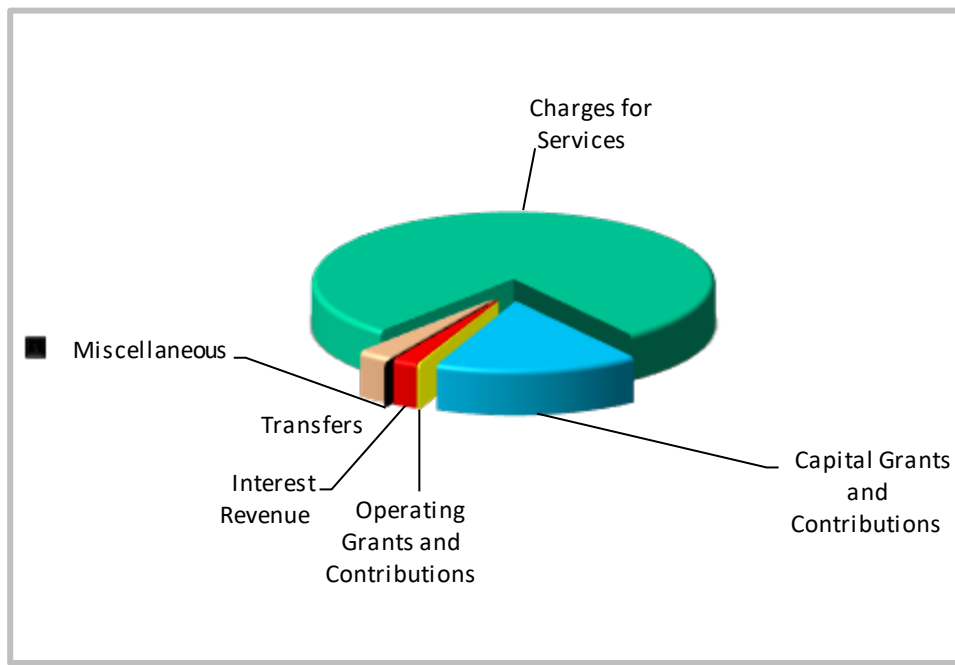


As shown in the table and chart below, the primary revenue source for business-type activities was charges for service. This category is comprised of water and sewer, stormwater, solid waste and building inspection fees. Charges for services accounted for 83.33 % of the total business-type activity revenue stream. Capital grants and contributions accounted for 17.27% of the revenue pool.

**Revenues by Source – Business-type Activities**

Charges for Services	\$ 50,058,912	83.33%
Capital Grants and Contributions	10,365,135	17.25%
Operating Grants and Contributions	177,515	0.30%
Interest Revenue	1,253,244	2.09%
Miscellaneous	11,031	0.02%
Transfers	(1,791,667)	-2.98%
	<u>\$ 60,074,170</u>	<u>100.00%</u>

**Revenues by Source – Business-type Activities**



**Financial Analysis of the City’s Funds**

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

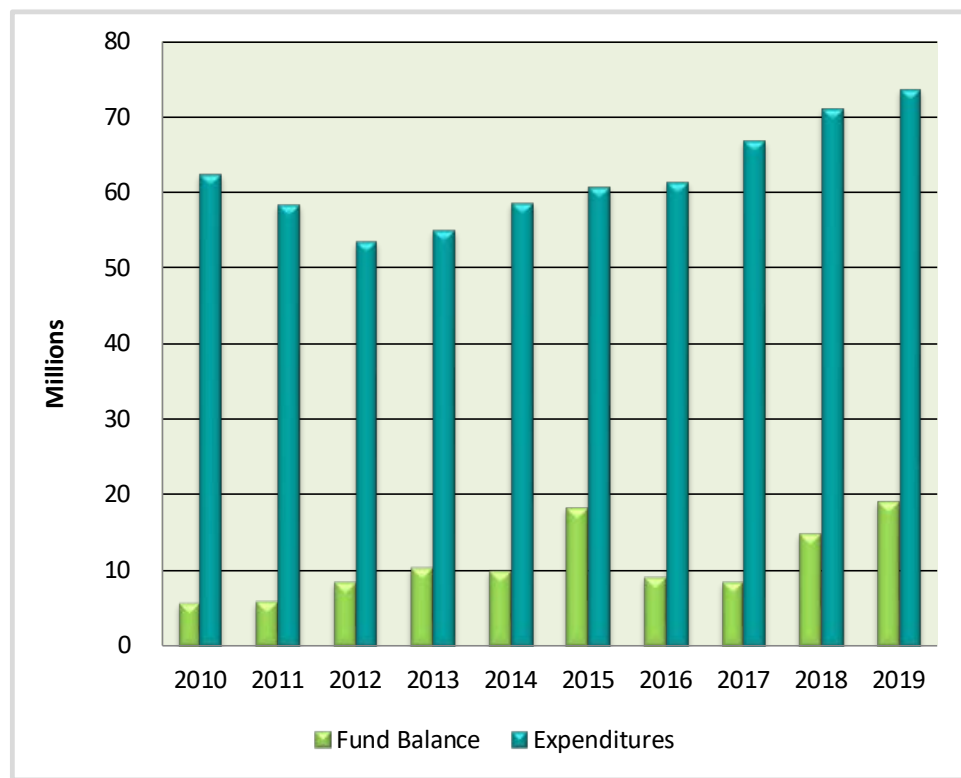
**Governmental funds**

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

As of the end of fiscal year 2019, the City’s governmental funds reported combined ending fund balances of \$95.3 million, an increase of \$55.2 million in comparison with the prior year. This increase is principally due to proceeds from debt issuance. Additionally, the City experienced increases in most tax categories. *Non-Spendable* fund balance is \$96,564 and is comprised of prepaid items and inventory. *Restricted* fund balance is \$74.5 million and represents 78% of the total fund balance. *Committed* fund balance was \$2.5 million. *Assigned* fund balance is \$1.1 million. *Unassigned* fund balance, which is the residual, had a balance of approximately \$17.1 million.

The General Fund is the chief operating fund of the City. At the end of fiscal year 2019, *unassigned* fund balance of the General Fund was \$17.7 million, while total fund balance reached \$19.1 million. As a measure of the General Fund’s liquidity, it may be useful to compare both *unrestricted* fund balance and total fund balance to total fund expenditures and transfers out. The City’s General Fund, fund balance increased by \$4.1 million during the current fiscal year. Further details and General Fund budgetary highlights can be found pages 15 - 16 of this report.

**General Fund Balance and Expenditures**



The Bayfront Community Redevelopment Agency Fund (BCRA) is used to account for ad valorem tax increment revenues accumulated for the community development areas where taxes were assessed. Capital-oriented projects of the BCRA are accounted for in the BCRA Construction Fund. However, this fund was closed at the end of fiscal year 2019 and the remaining fund balance was transferred to BCRA. This is the primary reason for the increased restricted fund balance of \$836,710 at the end of fiscal year 2019.

GO Road Program Fund is used to account for proceeds from the City's 2019 General Obligation Bonds. These funds have been designated to overhaul and revitalize the City's roadways. At the end of fiscal year 2019, the overall restricted net position of the GO Road Program Fund was \$54.2 million.

### ***Enterprise funds***

The City's enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail. The City has four enterprise funds, of which Utilities and Stormwater Utility are major funds and the Building Inspections and Solid Waste Utility Funds are non-major funds. *Unrestricted* net position of the enterprise funds at the end of the year were \$17.3 million. The total net position of the Utilities Fund, increased by \$15.4 million in fiscal year 2019. Stormwater's net position of \$13.2 million is a \$5.0 million increase over fiscal year 2018. Revenue inflow is facilitated by placing stormwater assessment fees on the County tax roll. There continues to be significant activities in residential and commercial construction. Due to the volume of permits and other building service, the Building Inspection Fund experienced an increase in net position of \$2.0 million over fiscal year 2018 and ended the fiscal year with a restricted net position of \$5.9 million. Solid Waste also had positive net operations of \$323,123 from user fees charges.

### ***General Fund Budgetary Highlights***

The FY 2019 budget continued essential existing and critical City services while making necessary reduction to meet the fiscal requirements of the state mandated property tax reform and the current economic challenges.

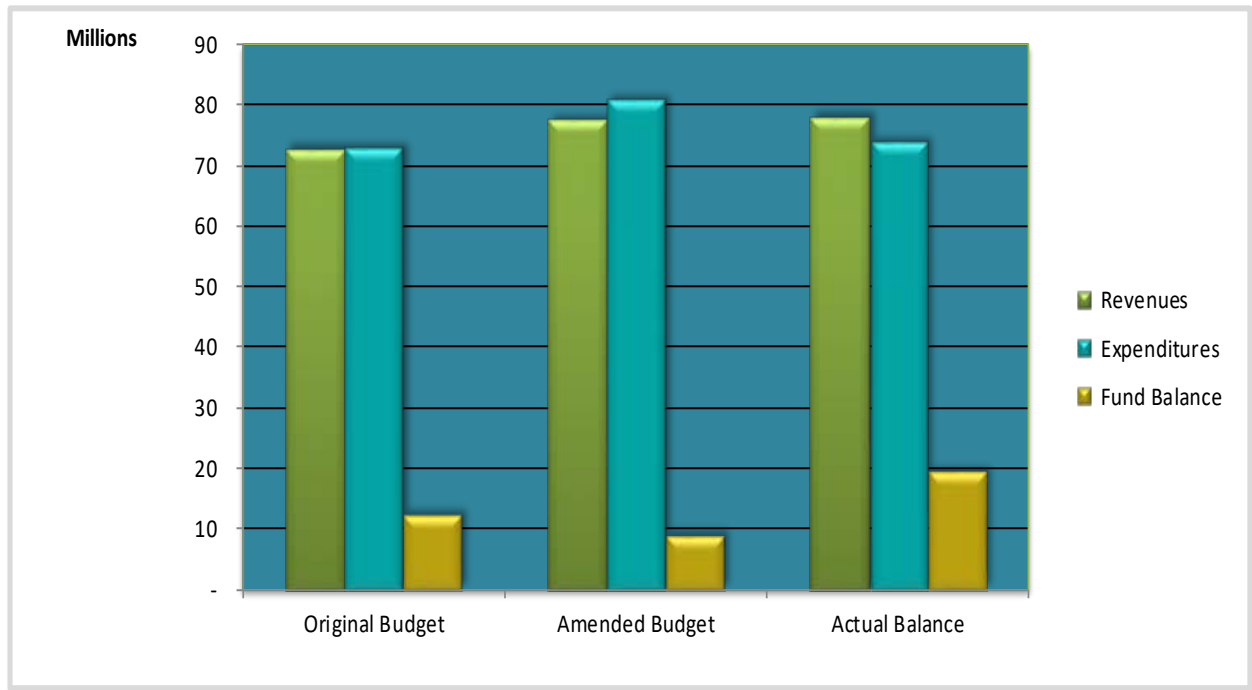
General Fund original budgeted revenue of \$72,567,846 is \$4.3 million more than the prior year. The total final budgeted revenues exceeded actual revenues by \$.4 million.

General Fund original budgeted expenditures total \$72,567,846, representing an increase of \$4.2 million or 6.2% from FY 2018. Actual expenditures were \$6.9 million less than final budget. A concerted effort on constraining expenditures resulted in an across the board decrease in most government functions.

The budget is based upon an estimated unreserved fund balance as of September 30, 2019 of \$14,698,469. The minimum fund balance for FY19, as established by administrative code, is \$6,478,266 and represents 10% of projected operating costs. The approved budget for FY19 exceeds the minimum requirement by \$8.2 million. This is a result of rising property values and the proportionate increase in ad valorem taxes.

The City generated positive/(negative) variances in the General Fund. There was a cumulative positive variance of approximately \$7.3 million between the final adopted budget and actual results of operations. This positive variance was primarily a result of reduced personal services and operation expenditures in conformity with the City's cost management efforts.

**2019 General Fund Budgetary Comparison**



The FY 19 adopted millage rate was 8.4500 mills and FY20 adopted millage rate will be 8.1379.

**Capital Asset and Debt Administration****Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2019 amounts to \$245.0 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, vehicles, infrastructure, and construction in progress.

A summary of government-wide capital assets is presented below:

	Governmental Activities		Business-type Activities		Total Activities	
	2019	2018	2019	2018	2019	2018
Land	\$ 16,793,873	\$ 16,681,643	\$ 5,138,205	\$ 5,138,205	\$ 21,932,078	\$ 21,819,848
Construction in Progress	12,947,970	6,045,039	10,765,759	6,587,092	23,713,729	12,632,131
Buildings and Improvements	35,894,094	35,715,537	2,863,766	2,863,766	38,757,860	38,579,303
Water and Sewer System	-	-	177,006,986	168,240,029	177,006,986	168,240,029
Machinery and Equipment	28,096,346	24,393,948	11,096,741	9,470,899	39,193,087	33,864,847
Infrastructure	119,441,806	117,389,909	3,225,439	2,163,935	122,667,245	119,553,844
	213,174,089	200,226,076	210,096,896	194,463,926	423,270,985	394,690,002
Less: Accumulated Depreciation	(96,571,238)	(88,870,583)	(81,726,523)	(76,708,200)	(178,297,761)	(165,578,783)
<b>Capital Assets, net</b>	<b>\$ 116,602,851</b>	<b>\$ 111,355,493</b>	<b>\$ 128,370,373</b>	<b>\$ 117,755,726</b>	<b>\$ 244,973,224</b>	<b>\$ 229,111,219</b>

Major capital asset purchases and projects during the current fiscal year include the following:

- Completed transportation project related to road maintenance, rejuvenation and reconstruction totaled \$1.7 million.
- Road construction projects still in progress at the end of the year totaled \$12.3 million.
- Water and sewer improvement projects completed during the year totaled \$3.1 million.

Additional information on the City's capital assets can be found in Note 7 of this report.

**Long-term debt**

At the end of fiscal year 2019, the City had total long-term liabilities of \$229.4 million. Of this amount \$115.8 million is secured solely by specified revenue sources (i.e., revenue bonds, revenue notes).

**Outstanding Long-Term Debt and Claims Payable**

	Governmental Activities		Business-type Activities		Total Activities	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	\$ 54,568,370	\$ -	\$ -	\$ -	\$ 54,568,370	\$ -
Revenue Bonds	70,030,402	71,338,537	6,580,885	7,461,647	76,611,287	78,800,184
Notes Payable	18,393,000	21,116,000	21,932,000	26,957,000	40,325,000	48,073,000
Capital Leases	4,231,728	4,624,767	273,247	561,614	4,504,975	5,186,381
Net Pension Liability	31,881,751	23,281,884	-	-	34,717,410	23,281,884
OPEB Liability	8,979,585	6,200,105	2,835,659	1,957,928	9,975,389	8,158,033
Compensated Absences	5,046,601	5,140,124	995,804	850,373	6,042,405	5,990,497
Claims Payable	3,609,308	3,575,308	-	-	3,609,308	3,575,308
	<b>\$ 196,740,745</b>	<b>\$ 135,276,725</b>	<b>\$ 32,617,595</b>	<b>\$ 37,788,562</b>	<b>\$ 229,358,340</b>	<b>\$ 173,065,287</b>

Bonds payable increased due to the issuance of General Obligation debt at a premium for the purpose of replacing and repairing failing citywide roadways.

OPEB liability and net pension liability increased to recognize the difference between actuarially determined assumptions and actual experiences.

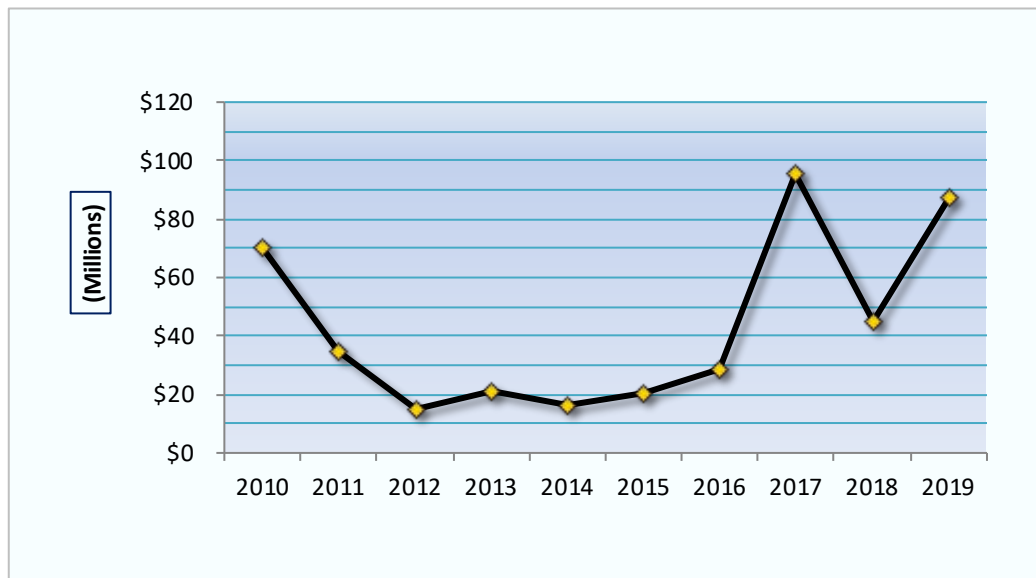
Additional information on the City's debt can be found in Note 8 of this report.



**Economic Factors and Next Year’s Budgets and Rates**

- The unemployment rate for the City at September 30, 2019 was 3.1%, which remains unchanged from 2018. The national average unemployment rate for 2019 was 3.5%
- Population increased approximately 2% from the prior year.
- The taxable value of real property for the City increased by 10.9% in the 2019 fiscal year.
- Building activity resulted in \$87.4 million of new construction during the year, which is an increase of \$42.4 million or 94.2% from the previous year. A graphical presentation of the change in taxable value from new construction for the past ten years is presented below:
- In November 2019, the City authorized a refunding of \$51,670,000 for the outstanding Taxable Special Obligation Refunding Bonds, Series 2013. The refunding resulted in a net present value savings of \$7.2 million.

**Taxable Value from New Construction**



During the current fiscal year, *unassigned* fund balance in the General Fund increased to \$17.6 million.

The ad valorem tax rate for the General Fund in fiscal year 2019 stayed the same as prior year at 8.4500 mills.

**Requests for Information**

This financial report is designed to present users with a general overview of the City’s finances and to demonstrate the City’s accountability. If you have questions concerning any of the information provided in this report or need additional financial information, contact the City’s Finance Department, 120 Malabar Road, S.E., Palm Bay, Florida 32907-3009. The Comprehensive Annual Financial Report for fiscal year 2018/2019 can also be found on the City’s website at [www.palmbayflorida.org](http://www.palmbayflorida.org).



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**STATEMENT OF NET POSITION**  
**September 30, 2019**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 20,385,082	\$ 3,536,006	\$ 23,921,088
Investments	91,358,600	25,606,995	116,965,595
Restricted Assets:			
Cash and Cash Equivalents	133,504	11,076,552	11,210,056
Investments	-	11,659,942	11,659,942
Accounts Receivable (Net)	3,215,166	6,294,886	9,510,052
Internal Balances	(1,786,989)	1,786,989	-
Due from Other Governments	3,025,777	-	3,025,777
Land Held for Resale	4,000	-	4,000
Inventories	227,464	421,631	649,095
Prepaid Items	371,131	20,733	391,864
Accounts Receivable, Long-term (Net)	-	1,466,159	1,466,159
Capital Assets Not Being Depreciated:			
Land	16,793,873	5,138,205	21,932,078
Construction in Progress	12,947,970	10,765,759	23,713,729
Capital Assets, Net of Accumulated Depreciation:			
Building and Improvements	17,522,750	1,406,677	18,929,427
Water and Sewer Systems	-	104,082,121	104,082,121
Machinery, Equipment and Vehicles	6,070,022	3,831,788	9,901,810
Infrastructure	63,268,236	3,145,823	66,414,059
Net Pension Asset	182,636	-	182,636
<b>Total Assets</b>	<b>233,719,222</b>	<b>190,240,266</b>	<b>423,959,488</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized Loss from Bond Refunding	9,685,753	1,345,892	11,031,645
Deferred Outflows Related to Pensions	11,807,381	-	11,807,381
Deferred Outflows Related to OPEB	2,958,537	934,274	3,892,811
<b>Total Deferred Outflows of Resources</b>	<b>24,451,671</b>	<b>2,280,166</b>	<b>26,731,837</b>

*Continued on the next page*

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>LIABILITIES</b>			
Accounts Payable	4,319,534	3,873,563	8,193,097
Accrued Liabilities	1,524,871	435,019	1,959,890
Due to Other Governments	34,146	-	34,146
Unearned Revenues	2,307,189	854,652	3,161,841
Liabilities Payable from Restricted Assets:			
Accrued Interest Payable	2,627,313	-	2,627,313
Customer Deposits	-	2,607,719	2,607,719
Long-Term Liabilities:			
Due Within One Year:			
Bonds Payable	2,989,721	854,082	3,843,803
Notes Payable	2,150,000	5,125,000	7,275,000
Capital Leases Payable	393,039	273,247	666,286
Claims Payable	671,828	-	671,828
Compensated Absences	807,456	159,329	966,785
Due in More Than One Year:			
Bonds Payable	121,609,051	5,726,803	127,335,854
Notes Payable	16,243,000	16,807,000	33,050,000
Capital Leases Payable	3,838,689	-	3,838,689
Accreted Interest Payable	-	10,487,167	10,487,167
Claims Payable	2,937,480	-	2,937,480
Total OPEB Liability	8,979,585	2,835,659	11,815,244
Net Pension Liability	31,881,751	-	31,881,751
Compensated Absences	4,239,145	836,476	5,075,621
<b>Total Liabilities</b>	<b>207,553,798</b>	<b>50,875,716</b>	<b>258,429,514</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows from Bond Refunding	200,522	-	200,522
Deferred Inflows Related to Pensions	4,340,204	-	4,340,204
Deferred Inflows Related to OPEB	1,163,169	367,315	1,530,484
<b>Total Deferred Inflows of Resources</b>	<b>5,703,895</b>	<b>367,315</b>	<b>6,071,210</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	84,229,260	99,899,205	184,128,465
Restricted for:			
Transportation	13,288,216	-	13,288,216
Economic Development	1,543,917	-	1,543,917
Debt Service	3,162,954	-	3,162,954
Building Fund	-	5,510,768	5,510,768
Water and Sewer Utilities System	-	20,128,776	20,128,776
Internal Service Fund	1,800,000	-	1,800,000
Public Safety	186,320	-	186,320
Unrestricted (Deficit)	(59,297,467)	15,738,652	(43,558,815)
<b>Total Net Position</b>	<b>\$ 44,913,200</b>	<b>\$ 141,277,401</b>	<b>\$ 186,190,601</b>

The notes to the financial statements are an integral part of the financial statements.

**STATEMENT OF ACTIVITIES**  
**For Fiscal Year Ended September 30, 2019**

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$ 24,380,488	\$ 4,074,433	\$ 28,193	\$ -
Public Safety	34,160,050	1,050,036	2,524,736	-
Physical Environment	510,564	434,255	-	-
Transportation	9,226,210	4,575,752	-	108,788
Economic Environment	748,663	57,055	1,033,963	23,392
Culture/Recreation	4,865,004	1,733,944	-	-
Interest on Long-Term Debt	1,916,027	-	-	-
<b>Total Governmental Activities</b>	<b>75,807,006</b>	<b>11,925,475</b>	<b>3,586,892</b>	<b>132,180</b>
<b>Business-type Activities:</b>				
Water and Sewer Utilities	23,687,045	29,449,081	101,679	10,365,135
Building Inspections & Permitting	2,059,136	4,215,404	-	-
Stormwater Utility	5,744,908	10,166,974	75,836	-
Solid Waste	5,919,240	6,227,453	-	-
<b>Total Business-type Activities</b>	<b>37,410,329</b>	<b>50,058,912</b>	<b>177,515</b>	<b>10,365,135</b>
<b>Total</b>	<b>\$ 113,217,335</b>	<b>\$ 61,984,387</b>	<b>\$ 3,764,407</b>	<b>\$ 10,497,315</b>

General Revenues:

Taxes:

Property Tax

Franchise Fees

Utility Service Tax

Communication Service Tax

Gas Tax

State Revenue Sharing (unrestricted)

Investment Earnings

Miscellaneous

Transfers

Total General Revenues/Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

*The notes to the financial statements are an integral part of the financial statements.*

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (20,277,862)	\$ -	\$ (20,277,862)
(30,585,278)	-	(30,585,278)
(76,309)	-	(76,309)
(4,541,670)	-	(4,541,670)
365,747	-	365,747
(3,131,060)	-	(3,131,060)
(1,916,027)	-	(1,916,027)
<b>(60,162,459)</b>	<b>-</b>	<b>(60,162,459)</b>
-	16,228,850	16,228,850
-	2,156,268	2,156,268
-	4,497,902	4,497,902
-	308,213	308,213
-	<b>23,191,233</b>	<b>23,191,233</b>
<b>(60,162,459)</b>	<b>23,191,233</b>	<b>(36,971,226)</b>
33,081,759	-	33,081,759
5,811,170	-	5,811,170
9,111,670	-	9,111,670
2,540,717	-	2,540,717
4,147,267	-	4,147,267
11,702,036	-	11,702,036
1,311,729	1,253,244	2,564,973
1,117,075	11,031	1,128,106
1,791,667	(1,791,667)	-
<b>70,615,090</b>	<b>(527,392)</b>	<b>70,087,698</b>
10,452,631	22,663,841	33,116,472
34,460,569	118,613,560	153,074,129
<b>\$ 44,913,200</b>	<b>\$ 141,277,401</b>	<b>\$ 186,190,601</b>

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**September 30, 2019**

	General	Bayfront Community Redevelopment Agency Fund	BCRA Construction Fund	GO Road Program Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 4,615,856	\$ 304,175	\$ -	\$ 310,756	\$ 11,234,381	\$ 16,465,168
Investments	12,399,131	536,262	-	53,936,929	14,355,618	81,227,940
Restricted Cash and Equivalents	-	-	-	-	133,504	133,504
Accounts Receivable	2,869,424	-	-	-	3,127	2,872,551
Due from Other Governments	2,751,536	-	-	-	274,241	3,025,777
Due from Other Funds	89,997	-	-	-	184,243	274,240
Land Held for Resale	-	-	-	-	4,000	4,000
Prepaid Items	88,895	-	-	-	3,595	92,490
Inventory	4,074	-	-	-	-	4,074
<b>Total Assets</b>	<b>\$ 22,818,913</b>	<b>\$ 840,437</b>	<b>\$ -</b>	<b>\$ 54,247,685</b>	<b>\$ 26,192,709</b>	<b>\$ 104,099,744</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts Payable	\$ 1,509,019	\$ 3,727	\$ -	\$ 2,633	\$ 2,435,561	\$ 3,950,940
Accrued Liabilities	1,415,494	-	-	-	4,982	1,420,476
Due to Other Funds	-	-	-	-	274,240	274,240
Unearned Revenue	542,230	-	-	-	1,764,959	2,307,189
Advances from Other Funds	253,384	-	-	-	589,402	842,786
Due to Other Governments	-	-	-	-	34,146	34,146
<b>Total Liabilities</b>	<b>3,720,127</b>	<b>3,727</b>	<b>-</b>	<b>2,633</b>	<b>5,103,290</b>	<b>8,829,777</b>
Fund Balances:						
Nonspendable	92,969	-	-	-	3,595	96,564
Restricted	800,000	836,710	-	54,245,052	18,610,884	74,492,646
Committed	255,356	-	-	-	2,251,588	2,506,944
Assigned	302,040	-	-	-	797,146	1,099,186
Unassigned (Deficit)	17,648,421	-	-	-	(573,794)	17,074,627
<b>Total Fund Balances</b>	<b>19,098,786</b>	<b>836,710</b>	<b>-</b>	<b>54,245,052</b>	<b>21,089,419</b>	<b>95,269,967</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 22,818,913</b>	<b>\$ 840,437</b>	<b>\$ -</b>	<b>\$ 54,247,685</b>	<b>\$ 26,192,709</b>	<b>\$ 104,099,744</b>

The notes to the financial statements are an integral part of the financial statements.





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**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
September 30, 2019**

<b>Total fund balances of governmental funds</b>	<b>\$ 95,269,967</b>
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$202,533,349 and the accumulated depreciation is \$88,069,588. Internal service funds capital assets of \$10,640,740 and accumulated depreciation of \$8,501,650 are included in the internal service funds balances below.</p>	114,463,761
<p>Net pension assets are not financial resources and therefore are not reported in the funds.</p>	182,636
<p>Deferred outflows and inflows of resources for changes in Pension assumptions and projections in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>	
Deferred Outflows of Resources	11,807,381
Deferred Inflows of Resources	(4,340,204)
<p>Deferred outflows and inflows of resources for changes in OPEB assumptions and projections in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>	
Deferred Outflows of Resources	2,880,682
Deferred Inflows of Resources	(1,132,560)
<p>Deferred Inflows of resources for loss on bond refunding</p>	(200,522)
<p>Unamortized refunding charges are reported as expenditures in the funds because current financial resources are used. They are amortized over the life of the debt in the government-wide statements.</p>	9,685,753
<p>The internal service fund is used by management to charge the costs of employee benefits and risk management services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.</p>	11,722,871
<p>Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the Statement of Net Position. The amount for internal service funds includes compensated absences of \$95,880 (\$15,341 current and \$80,539 long-term) and total OPEB liability of \$236,305</p>	
<p>Long-term liabilities at year end consist of :</p>	
General Obligation Bonds Payable	\$ 54,568,370
Revenue Bonds Payable	70,030,402
Notes Payable	18,393,000
Accrued Interest Payable	2,627,313
Capital Leases Payable	4,231,728
Net Pension Liability	31,881,751
Total OPEB Liability	8,743,280
Compensated Absences	4,950,721
	(195,426,565)
<b>Total net position of governmental activities</b>	<b>\$ 44,913,200</b>

The notes to the financial statements are an integral part of the financial statements.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For Fiscal Year Ended September 30, 2019**

	General	Community Redevelopment Agency	BCRA Construction Fund	GO Road Program Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 48,117,268	\$ 1,327,443	\$ -	\$ -	\$ -	\$ 49,444,711
Impact Fees	-	-	-	-	5,261,719	5,261,719
Licenses and Permits	5,829,324	-	-	-	-	5,829,324
Intergovernmental Revenues	14,972,423	-	-	-	1,166,143	16,138,566
Charges for Services	4,423,200	-	-	-	228,504	4,651,704
Fines and Forfeitures	501,339	-	-	-	72,751	574,090
Investment Income	589,971	15,667	19,396	267,477	456,085	1,348,596
Miscellaneous Revenues	524,259	570	-	-	177,304	702,133
<b>Total Revenues</b>	<b>74,957,784</b>	<b>1,343,680</b>	<b>19,396</b>	<b>267,477</b>	<b>7,362,506</b>	<b>83,950,843</b>
<b>EXPENDITURES</b>						
Current:						
General Government	20,058,338	-	2,278	-	1,028	20,061,644
Public Safety	35,683,856	-	-	-	194,258	35,878,114
Transportation	5,026,287	-	-	-	73,975	5,100,262
Economic Environment	-	373,888	-	-	374,775	748,663
Culture/Recreation	4,227,945	-	-	-	7,585	4,235,530
Debt Service:						
Principal Retirement	-	1,363,000	-	-	3,035,095	4,398,095
Interest and Fiscal Charges	-	89,972	-	831,236	4,530,615	5,451,823
Capital Outlay	-	11,359	-	-	9,252,169	9,263,528
<b>Total Expenditures</b>	<b>64,996,426</b>	<b>1,838,219</b>	<b>2,278</b>	<b>831,236</b>	<b>17,469,500</b>	<b>85,137,659</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>9,961,358</b>	<b>(494,539)</b>	<b>17,118</b>	<b>(563,759)</b>	<b>(10,106,994)</b>	<b>(1,186,816)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	2,182,654	990,848	-	-	9,443,162	12,616,664
Transfers Out	(8,730,927)	-	(990,848)	-	(2,020,526)	(11,742,301)
Proceeds from Sale of Capital Assets	713,075	-	-	-	-	713,075
Issuance of Debt	-	-	-	50,000,000	-	50,000,000
Bond Premium	-	-	-	4,808,811	-	4,808,811
<b>Total Other Financing Sources and (Uses)</b>	<b>(5,835,198)</b>	<b>990,848</b>	<b>(990,848)</b>	<b>54,808,811</b>	<b>7,422,636</b>	<b>56,396,249</b>
<b>Net Change in Fund Balances</b>	<b>4,126,160</b>	<b>496,309</b>	<b>(973,730)</b>	<b>54,245,052</b>	<b>(2,684,358)</b>	<b>55,209,433</b>
<b>Fund Balances - Beginning</b>	<b>14,972,626</b>	<b>340,401</b>	<b>973,730</b>	<b>-</b>	<b>23,773,777</b>	<b>40,060,534</b>
<b>Fund Balances - Ending</b>	<b>\$ 19,098,786</b>	<b>\$ 836,710</b>	<b>\$ -</b>	<b>\$ 54,245,052</b>	<b>\$ 21,089,419</b>	<b>\$ 95,269,967</b>

The notes to the financial statements are an integral part of the financial statements.



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**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2019**

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

Net change in fund balances - total governmental funds.	<b>\$ 55,209,433</b>
Governmental funds report capital purchases as expenditures. However, in the statement of activities, the cost of those assets are depreciated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital purchases (\$12,787,562) exceeds depreciation expense (\$7,183,932 in the current period.	5,603,630
Proceeds from the sale of capital assets increase financial resources, but in the statement of activities, only a gain or loss is reported.	(713,075)
Pension contribution made subsequent to the measurement date is an expenditure in the governmental funds, but reported as a deferred outflow of resources in the government-wide financial statements.	6,946
Pension expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	(718,422)
Capital assets contributed to the City in the current year and recognized as revenue in the statement of activities.	245,670
The repayment of principal is an expenditure in the governmental funds, but reduces liabilities in the statement of net position. In addition, the issuance of bonds and similar long-term debt provides current financial resources to governmental funds and therefore contribute to an increase in fund balance. In the statement of net position, however, issuing debt increases and payment of debt decreases long-term liabilities and does not affect the statement of activities. The amounts of the items that make up these differences in the treatment of long-term debt and related items are:	
Principal repayments:	
Revenue Bonds	1,308,135
Capital Leases	393,039
Notes Payable	2,723,000
Debt issued or incurred:	
Proceeds from Bonds Payable	(54,568,370)
Amortized Refunding Charges	(539,828)
Unamortized Refunding Gains	(11,796)
Accrued Interest Payable on Long-Term Debt	(361,829)
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, expenses and liabilities are reported regardless of when financial resources are available.	
Compensated Absences	94,094
Total OPEB Liability	(2,706,337)
The internal service fund is used by management to charge the costs of risk management services to other funds. The decrease in net position of the internal service fund is reported with governmental activities.	4,502,636
Change in net position of governmental activities.	<b>\$ 10,452,631</b>

*The notes to the financial statements are an integral part of the financial statements.*

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
September 30, 2019**

	Business Type Activities - Enterprise Funds			Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Utilities Fund (Major Fund)	Stormwater (Major Fund)	Total Nonmajor Enterprise Funds		
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 203,035	\$ 58,290	\$ 3,274,681	\$ 3,536,006	\$ 3,919,914
Investments	14,277,233	7,424,876	3,904,886	25,606,995	10,130,660
Restricted Cash and Cash Equivalents	2,275,961	-	331,757	2,607,718	-
Accounts Receivable - (Net)	5,486,404	304,079	504,403	6,294,886	342,615
Advances to Other Funds	197,651	-	188,453	386,104	-
Inventory	399,243	-	22,388	421,631	223,390
Prepaid Items	20,407	-	326	20,733	278,641
<b>Total Current Assets</b>	<b>22,859,934</b>	<b>7,787,245</b>	<b>8,226,894</b>	<b>38,874,073</b>	<b>14,895,220</b>
Noncurrent Assets:					
Restricted Assets:					
Cash and Cash Equivalents	8,468,834	-	-	8,468,834	-
Investments	11,659,942	-	-	11,659,942	-
<b>Total Restricted Assets</b>	<b>20,128,776</b>	<b>-</b>	<b>-</b>	<b>20,128,776</b>	<b>-</b>
Accounts Receivable (Net)	1,466,159	-	-	1,466,159	-
Advances to Other Funds	621,601	-	779,284	1,400,885	-
<b>Total Other Noncurrent Assets</b>	<b>2,087,760</b>	<b>-</b>	<b>779,284</b>	<b>2,867,044</b>	<b>-</b>
Capital Assets:					
Land	5,118,403	19,802	-	5,138,205	-
Construction in Progress	8,134,282	2,631,477	-	10,765,759	-
Building and Improvements	2,863,766	-	-	2,863,766	-
Water and Sewer Systems Infrastructure	177,006,986	-	-	177,006,986	-
	-	3,225,439	-	3,225,439	-
Machinery, Equipment and Vehicles	4,551,409	3,235,065	3,310,267	11,096,741	10,640,740
Less: Accumulated Depreciation	(77,839,793)	(1,508,504)	(2,378,226)	(81,726,523)	(8,501,650)
<b>Total Capital Assets (Net)</b>	<b>119,835,053</b>	<b>7,603,279</b>	<b>932,041</b>	<b>128,370,373</b>	<b>2,139,090</b>
<b>Total Noncurrent Assets</b>	<b>142,051,589</b>	<b>7,603,279</b>	<b>1,711,325</b>	<b>151,366,193</b>	<b>2,139,090</b>
<b>Total Assets</b>	<b>164,911,523</b>	<b>15,390,524</b>	<b>9,938,219</b>	<b>190,240,266</b>	<b>17,034,310</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Unamortized Loss from Bond Refunding	1,345,892	-	-	1,345,892	-
Deferred Outflows Related to OPEB	622,851	194,640	116,783	934,274	77,855
<b>Total Deferred Outflows of Resources</b>	<b>1,968,743</b>	<b>194,640</b>	<b>116,783</b>	<b>2,280,166</b>	<b>77,855</b>

Continued on the next page



**STATEMENT OF NET POSITION (CONTINUED)**  
**PROPRIETARY FUNDS**  
September 30, 2019

	Business Type Activities - Enterprise Funds			Governmental	
	Utilities Fund (Major Fund)	Stormwater (Major Fund)	Total Nonmajor Enterprise Funds	Total Enterprise Funds	Activities - Internal Service Funds
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts Payable	1,726,865	1,145,202	1,001,496	3,873,563	368,595
Accrued Liabilities	288,277	93,953	52,789	435,019	104,395
Unearned Revenues	99,671	303,312	451,669	854,652	-
Bonds Payable	854,082	-	-	854,082	-
Notes Payable	5,125,000	-	-	5,125,000	-
Capital Leases Payable	-	-	273,247	273,247	-
Compensated Absences	116,498	29,831	13,000	159,329	15,341
Claims Payable	-	-	-	-	707,828
Advances from Other Funds	-	-	-	-	259,890
<b>Current Liabilities Payable from Restricted Assets:</b>					
Customer Deposits	2,275,962	-	331,757	2,607,719	-
<b>Total Current Liabilities</b>	<b>10,486,355</b>	<b>1,572,298</b>	<b>2,123,958</b>	<b>14,182,611</b>	<b>1,456,049</b>
<b>Noncurrent Liabilities:</b>					
Bonds Payable	5,726,803	-	-	5,726,803	-
Notes Payable	16,807,000	-	-	16,807,000	-
Capital Leases Payable	-	-	-	-	-
Accreted Interest Payable	10,487,167	-	-	10,487,167	-
Total OPEB Liability	1,890,439	590,763	354,457	2,835,659	236,305
Compensated Absences	611,615	156,613	68,248	836,476	80,539
Claims Payable	-	-	-	-	2,901,480
Advances from Other Funds	-	-	-	-	684,312
<b>Total Noncurrent Liabilities</b>	<b>35,523,024</b>	<b>747,376</b>	<b>422,705</b>	<b>36,693,105</b>	<b>3,902,636</b>
<b>Total Liabilities</b>	<b>46,009,379</b>	<b>2,319,674</b>	<b>2,546,663</b>	<b>50,875,716</b>	<b>5,358,685</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Inflows Related to OPEB	244,877	76,524	45,914	367,315	30,609
<b>Total Deferred Outflows of Resources</b>	<b>244,877</b>	<b>76,524</b>	<b>45,914</b>	<b>367,315</b>	<b>30,609</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	93,056,854	6,458,077	384,274	99,899,205	1,976,698
<b>Restricted:</b>					
Renewal and Replacement	9,416,364	-	-	9,416,364	-
Capital Improvements	10,712,412	-	-	10,712,412	-
Building Fund	-	-	5,510,768	5,510,768	-
Employee Benefits	-	-	-	-	1,800,000
Unrestricted	7,440,380	6,730,889	1,567,383	15,738,652	7,946,173
<b>Total Net Position</b>	<b>\$ 120,626,010</b>	<b>\$ 13,188,966</b>	<b>\$ 7,462,425</b>	<b>\$ 141,277,401</b>	<b>\$ 11,722,871</b>

*The notes to the financial statements are an integral part of the financial statements.*



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**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
For Fiscal Year Ended September 30, 2019**

	Business Type Activities - Enterprise Funds			Governmental	
	Utilities Fund (Major Fund)	Stormwater (Major Fund)	Total Nonmajor Enterprise Funds	Total Enterprise Funds	Activities - Internal Service Funds
<b>Operating Revenues:</b>					
Charges for Services:					
Water	\$ 16,522,400	\$ -	\$ -	\$ 16,522,400	\$ -
Sewer	12,425,930	-	-	12,425,930	-
Stormwater	-	-	-	-	-
Solid Waste	-	-	6,175,019	6,175,019	-
User Fees	-	-	432,198	432,198	24,856,567
Assessments	305,366	10,008,535	-	10,313,901	-
Licenses and Permits	-	44,797	3,602,257	3,647,054	-
Miscellaneous Income	195,385	113,642	233,383	542,410	32,537
<b>Total Operating Revenues</b>	<b>29,449,081</b>	<b>10,166,974</b>	<b>10,442,857</b>	<b>50,058,912</b>	<b>24,889,104</b>
<b>Operating Expenses:</b>					
Personal Services	9,219,715	3,044,026	1,743,520	14,007,261	4,444,723
Material, Supplies, and Operating expenses	7,753,220	2,430,904	5,913,730	16,097,854	3,941,614
Claims/Premium Expense	-	-	-	-	12,545,222
Depreciation	4,744,681	269,978	306,216	5,320,875	596,168
<b>Total Operating Expenses</b>	<b>21,717,616</b>	<b>5,744,908</b>	<b>7,963,466</b>	<b>35,425,990</b>	<b>21,527,727</b>
<b>Operating Income</b>	<b>7,731,465</b>	<b>4,422,066</b>	<b>2,479,391</b>	<b>14,632,922</b>	<b>3,361,377</b>
<b>Nonoperating Revenues (Expenses):</b>					
Interest Income	982,487	219,175	51,582	1,253,244	230,610
Interest Expense and Fiscal Charges	(1,969,429)	-	(14,910)	(1,984,339)	(33,207)
Intergovernmental Revenues	101,679	75,836	-	177,515	35,620
Gain on Sale of Capital Assets	11,031	-	-	11,031	5,227
Gain (Loss) on Disposal	-	-	-	-	(14,295)
<b>Total Nonoperating Revenues     (Expenses)</b>	<b>(874,232)</b>	<b>295,011</b>	<b>36,672</b>	<b>(542,549)</b>	<b>223,955</b>
<b>Income Before Contributions and Transfers</b>	<b>6,857,233</b>	<b>4,717,077</b>	<b>2,516,063</b>	<b>14,090,373</b>	<b>3,585,332</b>
Capital Contributions	10,365,135	-	-	10,365,135	-
Transfers In	12,115,238	310,543	28,029	12,453,810	960,530
Transfers Out	(13,910,913)	(59,167)	(275,397)	(14,245,477)	(43,226)
<b>Change in Net Position</b>	<b>15,426,693</b>	<b>4,968,453</b>	<b>2,268,695</b>	<b>22,663,841</b>	<b>4,502,636</b>
<b>Net Position - Beginning of year</b>	<b>105,199,317</b>	<b>8,220,513</b>	<b>5,193,730</b>	<b>118,613,560</b>	<b>7,220,235</b>
<b>Total Net Position - Ending</b>	<b>\$ 120,626,010</b>	<b>\$ 13,188,966</b>	<b>\$ 7,462,425</b>	<b>\$ 141,277,401</b>	<b>\$ 11,722,871</b>

The notes to the financial statements are an integral part of the financial statements.

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For Fiscal Year Ended September 30, 2019**

	Business Type Activities - Enterprise Funds				Governmental
	Utilities Fund (Major Fund)	Storm Water Fund (Major Fund)	Total Nonmajor Enterprise Funds	Total Enterprise Funds	Activities - Internal Service Funds
<b>Cash Flows from Operating Activities</b>					
Receipts from Customers and Users	\$ 30,277,187	\$ 12,510,552	\$ 10,456,178	\$ 53,243,917	\$ 24,657,268
Payments to Suppliers	(7,169,457)	(3,715,565)	(6,177,268)	(17,062,290)	(16,580,420)
Payments to Employees	(9,083,584)	(2,927,008)	(1,762,706)	(13,773,298)	(4,337,300)
<b>Net Cash Provided by Operating Activities</b>	<b>14,024,146</b>	<b>5,867,979</b>	<b>2,516,204</b>	<b>22,408,329</b>	<b>3,739,548</b>
<b>Cash Flows from Noncapital Financing Activities</b>					
Interfund Advances	193,060	-	199,180	392,240	(254,830)
Intergovernmental Revenues	101,679	75,836	-	177,515	35,620
Transfers to Other Funds	(13,910,913)	(59,167)	(275,397)	(14,245,477)	(43,226)
Transfers from Other Funds	12,115,238	310,543	28,029	12,453,810	960,530
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(1,500,936)</b>	<b>327,212</b>	<b>(48,188)</b>	<b>(1,221,912)</b>	<b>698,094</b>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Acquisition/Construction of Capital Assets	(5,949,537)	(4,372,276)	(369,663)	(6,319,200)	(696,394)
Principal Paid on Capital Debt	(880,672)	-	(288,368)	(1,169,040)	-
Interest Paid on Capital Debt	(2,769,413)	-	(14,910)	(2,784,323)	(33,207)
Contributions	5,121,090	-	-	5,121,090	-
Principal Paid on Notes Payable	(5,025,000)	-	-	(5,025,000)	-
Proceeds from Sale of Capital Assets	11,301	-	-	11,301	(9,068)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>(9,492,231)</b>	<b>(4,372,276)</b>	<b>(672,941)</b>	<b>(10,165,172)</b>	<b>(738,669)</b>
<b>Cash Flows from Investing Activities</b>					
Investment purchases	(20,148,833)	(4,375,854)	(2,662,637)	(27,187,324)	(6,491,117)
Proceeds from Sale and Maturity of Investments	12,205,303	-	-	12,205,303	-
Interest Income on Investments	982,487	219,175	51,582	1,253,244	230,610
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(6,961,043)</b>	<b>(4,156,679)</b>	<b>(2,611,055)</b>	<b>(13,728,777)</b>	<b>(6,260,507)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(3,930,064)</b>	<b>(2,333,764)</b>	<b>(815,980)</b>	<b>(7,079,808)</b>	<b>(2,561,534)</b>
Cash and Cash Equivalents at Beginning of Year	14,877,894	2,392,054	4,422,418	21,692,366	6,481,448
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 10,947,830</b>	<b>\$ 58,290</b>	<b>\$ 3,606,438</b>	<b>\$ 14,612,558</b>	<b>\$ 3,919,914</b>
<b>Cash and Cash Equivalents Classified As:</b>					
Current Assets	\$ 203,035	\$ 58,290	\$ 3,274,681	\$ 3,536,006	\$ 3,919,914
Restricted Assets	10,744,795	-	331,757	11,076,552	-
<b>Total Cash and Cash Equivalents</b>	<b>\$ 10,947,830</b>	<b>\$ 58,290</b>	<b>\$ 3,606,438</b>	<b>\$ 14,612,558</b>	<b>\$ 3,919,914</b>

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**STATEMENT OF CASH FLOWS (CONTINUED)**  
**PROPRIETARY FUNDS**  
**For Fiscal Year Ended September 30, 2019**

	Business Type Activities - Enterprise Funds			Governmental	
	Utilities Fund (Major Fund)	Storm Water Fund (Major Fund)	Total Nonmajor Enterprise Funds	Total Enterprise Funds	Activities - Internal Service Funds
<b>Reconciliation of Operating Income to</b>					
<b>Net Cash Provided by Operating</b>					
<b>Activities</b>					
<b>Operating Income (Loss)</b>	\$ 7,731,465	\$ 4,422,066	\$ 2,479,391	\$ 14,632,922	\$ 3,361,377
Depreciation	4,744,681	269,978	306,216	5,320,875	596,168
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	858,521	339,664	29,281	1,227,466	(231,696)
(Increase) Decrease in Deferred Outflows - OPEB	(486,453)	(152,016)	(91,209)	(729,678)	(60,806)
(Increase) Decrease in Inventories	(69,845)	-	12,224	(57,621)	28,912
(Increase) Decrease in Prepaid Expenses	21,285	203	(270)	21,218	(3,190)
Increase (Decrease) in Accounts Payable	579,258	747,872	(337,664)	989,466	(78,068)
Increase (Decrease) in Accrued Liabilities	53,065	12,123	6,145	71,333	19,428
(Increase) in Deferred Inflows - OPEB	(2,329)	(728)	(438)	(3,495)	(292)
Increase (Decrease) in Customer Deposits	(30,415)	-	18,999	(11,416)	-
Increase in Total OPEB Liability	585,154	182,861	109,716	877,731	73,144
Increase (Decrease) in Compensated Absences	39,759	86,901	18,772	145,432	571
(Decrease) in Claims Payable	-	-	-	-	34,000
(Decrease) in Unearned Revenue	-	(40,945)	(34,959)	(75,904)	-
<b>Total Adjustments</b>	<b>6,292,681</b>	<b>1,445,913</b>	<b>36,813</b>	<b>7,775,407</b>	<b>378,171</b>
<b>Net Cash Provided by Operating</b>					
<b>Activities</b>	\$ 14,024,146	\$ 5,867,979	\$ 2,516,204	\$ 22,408,329	\$ 3,739,548
<b>Noncash Investing, Capital, Noncapital and</b>					
Capital Contribution	\$ 5,244,405				

The notes to the financial statements are an integral part of the financial statements.

**STATEMENT OF FIDUCIARY NET POSITION**  
**PENSION TRUST FUND**  
September 30, 2019

<b>ASSETS</b>	<b>Total</b>
<b>Cash and Cash Equivalents</b>	<b>\$ 5,981,885</b>
Investments, at fair value:	
Common Stock	55,482,790
Domestic Equity Funds	18,902,549
U.S. Government securities	36,730,842
Corporate Bonds	6,578,391
Bond Funds	74,013
International Equity Funds	28,706,035
Real Estate Funds	22,881,302
Convertible Securities	20,769,869
Master Limited Partnership	5,911,810
Total investments	196,037,601
Receivables:	
Accrued Interest and Dividends	275,794
Due from Broker	765,355
Other	11,632
Total Receivables	1,052,781
Other assets:	51,654
Total Assets	203,123,921
 <b>LIABILITIES</b>	
Accounts Payable	287,102
Deferred Retirement Option Benefits due and currently payable	32,203
Deferred City Contributions	62,889
Due to broker	1,787,556
Total Liabilities	2,169,750
 <b>NET POSITION</b>	
<b>Restricted for Pension Benefits</b>	<b>\$ 200,954,171</b>

The notes to the financial statements are an integral part of the financial statements.



**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PENSION TRUST FUND  
For the Year Ended September 30, 2019**

	<b>Total</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 4,409,697
Employee	1,204,768
State	1,339,783
Employee Buybacks	60,141
<b>Total Contributions</b>	<b>7,014,389</b>
Investment Earnings:	
Net Appreciation in Fair Value of Investments	4,761,574
Interest and Dividends	4,634,844
Miscellaneous	2,901
<b>Total Investment Earnings</b>	<b>9,399,319</b>
Less: Investment Expenses	1,041,320
<b>Net investment Income</b>	<b>8,357,999</b>
<b>Total Additions</b>	<b>15,372,388</b>
<b>DEDUCTIONS</b>	
Benefits	11,197,963
Refunds	317,515
Administrative Expense	547,690
<b>Total Deductions</b>	<b>12,063,168</b>
<b>Change in Net Position</b>	<b>3,309,220</b>
<b>Net Position - Beginning of Year</b>	<b>197,644,951</b>
<b>Net Position - End of Year</b>	<b>\$ 200,954,171</b>

*The notes to the financial statements are an integral part of the financial statements.*



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**NOTE 1 – Summary of Significant Accounting Policies**

The financial statements of the City of Palm Bay, Florida (the “City”) have been prepared in conformity with generally accepted accounting principles (“GAAP”) in the United States of America as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant City accounting policies are described below:

**A. The Reporting Entity**

The City is a political subdivision incorporated on January 1, 1960 in the State of Florida and located in Brevard County. The legislative branch of the City is composed of a five (5) member elected Council, including a city-wide elected mayor. The City Council is governed by the City Charter, and by state and local laws and regulations. The City Council is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Council appointed city manager.

Accounting principles generally accepted in the United States of America require that the reporting entity include: (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Although they are separate legal entities, blended component units are in substance part of the City’s operations and are reported as an integral part of the City’s financial statements. The City’s component units are described as follows:

The Bayfront Community Redevelopment Agency (the “BCRA”) is an incremental tax district created by City ordinance pursuant to Section 163.356, Florida Statutes. The City Council appoints an advisory board to administer the activities of the BCRA. The Board approves the budget and provides funding. The City performs all accounting functions as well as facilitates operational responsibilities for the activities of the BCRA. Its services are provided exclusively to the City. The BCRA is classified as a special revenue fund.

The Palm Bay Municipal Foundation Inc. is a Florida 501(c)(3) nonprofit public benefit corporation formed in June 2013 by City Council Legislative Memorandum pursuant to Florida Nonprofit Corporation Laws. The Palm Bay Municipal Foundation was established exclusively for charitable, educational and cultural purposes for the benefit of the City. City Council members serve as the Foundation’s board of directors. They also approve the budget. The City performs all accounting functions and facilitates operational responsibilities for the activities of the Foundation. Palm Bay Municipal Foundation is classified as a special revenue fund.

**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 the nonfiduciary activities of the primary government and its blended component units. For the most part, the effect of interfund activity has been removed from these statements to minimize double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties.

The Statement of Activities demonstrates the degree to which the direct expenses and indirect costs of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are those costs that are allocated to functions and activities in accordance with the City’s adopted indirect cost allocation plan. The “expenses” column includes both direct and indirect expenses. 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 function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**NOTE 1 – Summary of Significant Accounting Policies (Continued)****B. Government-wide and Fund Financial Statements (Continued)**

Separate financial statements are provided for governmental funds, proprietary funds, and the fiduciary fund. The fiduciary fund is excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. The internal service funds are included in governmental activities in the government-wide financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation****Government-wide 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 financial statements 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 comparable items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are user fees between the City's enterprise funds and other governmental functions. 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.

**Fund Financial Statements**

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 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 four months of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes when levied, franchise fees, licenses, intergovernmental revenues when eligibility requirements are met, charges for services, and interest associated with the current fiscal period are all considered to be measurable and if available have been recognized as revenues of the current fiscal period. All other revenue items are measurable and available only when cash is received by the City.

**NOTE 1 – Summary of Significant Accounting Policies (Continued)****C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

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 Bayfront Community Redevelopment Agency Fund is used to account for ad valorem tax increment revenues accumulated for community development in the areas where the taxes were assessed.
- The BCRA Construction Fund is used to account for the proceeds provided by a 2006 special limited obligation note for capital-oriented projects of the Bayfront Community Redevelopment Agency.
- The GO Bond Road Program Fund is used to account for the bond proceeds earmarked for maintenance and repair of citywide roadways.

The City reports the following major enterprise fund:

- The Utilities Fund, accounts for the fiscal activities of the City's water and wastewater treatment and distribution operations as well as the funding and payment of related debt.
- The Stormwater Utility Fund is used to account for fees and services associated with management of the City's stormwater system.

Additionally, the City reports the following fund types:

- The Internal Service Funds account for certain activities of the City's risk management, employee benefit programs and its fleet operations. Activities include premium and benefit payments, legal expenses incurred related to activities not specifically covered by City insurance policies, collections of settlements or refunds from related cases, and charges to City departments for fleet services and a vehicle replacement program.
- The Pension Trust Fund accounts for the activities of the City's Police & Firefighters and General Employees Retirement System, ("PBP&FPF") which accumulates resources for pension benefit payments to certain general government employees and qualified police and fire employees.

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 City's enterprise funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

When both *restricted* and *unrestricted* resources are available for use, it is the City's policy to use *restricted* resources first for their intended purposes, and then *unrestricted* resources, as they are needed.

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**D. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit, money market accounts, money market funds, Negotiable Order of Withdrawal and cash with fiscal agent.

E. Investments

Investments are stated at fair value, except for investments in the Florida State Board of Administration Local Government Pooled Investment Funds (“SBA”), an external investment pool which complies with criteria set forth in Section 150: *Investments* of the GASB codification. All fair market valuations are based on quoted market prices. SBA pool shares are based on amortized cost of the SBA’s underlying portfolio.

F. ReceivablesProperty Taxes Receivable

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The City’s millage rate, on which tax collections in fiscal year 2019 are based, is 8.4500.

All real and tangible personal property taxes are due and payable on the levy date of November 1 of each year or as soon thereafter as the assessment roll is certified by the Brevard County Property Appraiser (levy date). The Brevard County Tax Collector collects and distributes all taxes. Taxes may be paid upon receipt of notice from the Tax Collector, with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January, and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount and all unpaid taxes on real and tangible property become delinquent on April 1 and a lien is executed on or before May 30. Property tax revenues are recognized in the fiscal year for which they are budgeted and become due and payable. Virtually all unpaid taxes are collected via tax certificates sold on or prior to June 1; therefore, no material taxes are receivable at fiscal yearend.

Accounts Receivable

Utilities Fund operating revenues are generally recognized on the basis of cycle billings rendered monthly. Revenues for services delivered during the last month of the fiscal year that have not been read by September 30 are accrued based on meter readings for the applicable consumption taken at the beginning of October and billed in October. Accounts receivable balances are shown net of the allowance for uncollectible accounts. The allowances are determined based on management estimates of uncollectible amounts.

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

G. Inventories and prepaid items

Inventories in the governmental, enterprise and internal service funds consist primarily of expendable supplies held for consumption. 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. Inventories held for resale are reported at the lower of cost or market.

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 a prepaid item is recorded as an expenditure/expense when consumed rather than when purchased.

H. Restricted Assets

The uses of certain assets of the Utilities Fund are restricted by specific provisions of bond resolutions and other agreements. Assets so designated are identified as restricted assets on the statement of net position.

I. Encumbrance

Encumbrance accounting is employed in the general, capital project and special revenue funds. Under this method, purchase orders contracts and other commitments outstanding at year-end do not constitute expenditures for liabilities. GASBC 1800: *Classification and terminology*, provides additional guidance on the classification within the Net Position section of the amounts that have been encumbered. Encumbrances of balances within the General fund are classified as *assigned*; Special Revenue and Capital Projects funds are classified as *committed* and *restricted*. These encumbrances are not separately stated in the financial statements.

J. Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, easements, bridges, sidewalks, and related items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. Property, plant, and equipment with initial, individual costs that equal or exceed \$5,000 and estimated useful lives of over one year are recorded as capital assets. Roads, bridges, and sidewalks are capitalized when their initial costs equal or exceed \$250,000 and have estimated useful lives of more than one year. Capital 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 recorded at acquisition value at the date of donation rather than estimated fair market value.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. In governmental funds, capital purchases (capital assets) are reported as expenditures.

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25-50
Utilities System	25-40
Infrastructure	15-20
Equipment	5-20
Vehicles	3-10



**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to future periods and so will not be recognized as an expense or expenditure until then. The City has three items that qualify for reporting in this category; they are deferred charges on refunding, deferred outflows related to pensions and deferred outflows related to OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pensions, pursuant to GASBC P20: *Pension Activities* are unrealized contributions and losses related to pension costs. See Note 9 Employee Retirement Systems.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents revenue collected that applies to a future period and will not be recognized as revenue until then. The City has three items in this category which arises under both the full accrual and modified accrual basis of accounting; deferred amounts related to pensions, unamortized gain on refunding, pursuant to GASBC P20: *Pension Activities*, and deferred amounts related to OPEB.

L. Pension

For purpose of measuring the net pension liability (asset) and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's Fire and Police Retirement System and Florida Retirement System ("FRS") plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by PBP&FPF and FRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Amortization of Bond Discount and Premium

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the term of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of debt issued is reported as other financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether withheld or not from the actual debt proceeds received, are reported as expenditures/ expenses when incurred.

N. Compensated Absences

All full-time permanent employees accrue sick and vacation benefits according to the following table: Employee terminating in good standing with unused annual leave will be paid up to a maximum of 240 hours. Sick leave will be paid up to a maximum of 500 hours but based on years of service and position.

Compensated Absences	Vacation			Sick		
	Accrual Per Month	Max	Payout*	Accrual Per Month	Max	Payout*
Employee Status						
Employees hired prior to September 1, 2017	8-14 hrs	320**	320**	8-12 hrs	1152***	500
Employees hired after to September 1, 2017	8-10 hrs	240	240	8 hrs	500	500

\*Employee must be in good standing upon termination. Sick Payouts based on Years of Service and Position  
 \*\*Max will change to 240 hours once drops below 240 by payouts and use of annual leave  
 \*\*\*Max will change to 500 once drops below 500 by payouts and use of sick leave

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**N. Compensated Absences (Continued)

The City records compensated absences in governmental funds as expenditures for the amount accrued during the year that would normally be liquidated with expendable, available financial resources and to the extent they are due as of the end of the fiscal year. The City accrues compensated absences in the period they are earned in the government-wide and enterprise fund financial statements.

O. Fair Value Measurement

The City categorizes its fair value measurements with the hierarchy established by GASBC Section 150: *Investments*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted process in active markets; Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs.

P. Capital Contributions

Capital Contributions consist of amounts from federal and state aid programs, developers, and water and sewer stabilization fees charged to customers for initial hookup to the Utilities System's water and sewer lines. Contributions are recognized when earned or when legal title is transferred to the City for contributed capital assets.

Q. Net Position

In the government-wide financial statements and in the proprietary fund statements, net position is classified in the following categories:

*Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

*Restricted Net Position* – This category represents the net position of the City, which is restricted by constraints placed on the use by external groups such as creditors, grantors, contributors, laws, regulations of other governments, through constitutional provisions or enabling legislation.

*Unrestricted Net Position* – This category represents the net position of the City, which can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions. Deficit unrestricted net position if any would require future funding.

R. Fund Balance

*Nonspendable* – This category includes items that are not in spendable form because they are either legally or contractually required to be maintained intact such as inventory, prepaid and long-term amounts of loans and notes receivable.

*Restricted* – Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.

*Committed* – The portion of fund balance that can be constrained for a specific purpose imposed via resolution by the Palm Bay City Council (the highest level of decision-making authority). Commitment of fund balance may be made for such purposes as a) major maintenance and repair projects, b) meeting obligations resulting from a natural disaster, c) accumulating resources pursuant to stabilization arrangements, d) establishing reserves for disasters and or, e) for specific projects. Any changes or removal of committed fund balance must be sanctioned by the Palm Bay City Council through the same process that facilitated the original commitment.

*Assigned* – Includes items intended for specific uses and authorized by the City Manager and or Finance Director. The Palm Bay City Council designated these representatives as the delegated officials that can assign portions of the fund balance as evidenced by Resolution 2011-34.

**NOTE 1 – Summary of Significant Accounting Policies (Continued)****R. Fund Balance (Continued)**

*Unassigned* – This is the residual classification used for those balances not *assigned* to another category in the General Fund. Deficit fund balance in other governmental funds is also presented as *unassigned*.

SBC 1800: *Classification and terminology* requires the highest legal authority to approve authorized commitments of fund balance and to approve who can authorize assignment of fund balance. On August 4, 2011, City Council by resolution 2011-34 authorized the Finance Director rights to assign resources and ending fund balances. GASBC 1800: *Classification and terminology* also requires a spending policy to ending fund balances. The spending policy states in what order fund balance categories are spent. On August 4, 2011 by resolution 2011-34, the Council approved the following fund balance order of spending: (1) *restricted* fund balance first, and then (2) *committed* fund balance, then (3) *assigned* fund balance, and (4) *unassigned* fund balance. The General Fund maintains a minimum fund balance of 10% of the subsequent year's budgeted expenditures less capital outlay and transfers.

A detailed classification of the City's Fund Balances as of September 30, 2019, are as follows:

Function Balance Classification	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Bayfront Community Redevelopment Agency	GO Bond Road Program Fund		
<b>Non-Spendable:</b>					
Items Not In Spendable Form:					
Inventory	\$ 4,074	\$ -	\$ -	\$ -	\$ 4,074
Prepaid Items	88,895	-	-	3,595	92,490
<b>Total Nonspendable Fund Balances</b>	<u>92,969</u>	<u>-</u>	<u>-</u>	<u>3,595</u>	<u>96,564</u>
<b>Restricted for:</b>					
Debt Service	-	-	-	5,790,267	5,790,267
Citizen Services	-	-	-	707,207	707,207
Forfeited Property	-	-	-	186,320	186,320
Redevelopment Activities	-	836,710	-	-	836,710
Road Maintenance & Repair Projects	-	-	54,245,052	-	54,245,052
Other Capital Projects	800,000	-	-	11,927,090	12,727,090
<b>Total Restricted Fund Balances</b>	<u>800,000</u>	<u>836,710</u>	<u>54,245,052</u>	<u>18,610,884</u>	<u>74,492,646</u>
<b>Committed to:</b>					
Road Maintenance	-	-	-	2,243,940	2,243,940
Various Contracts	255,356	-	-	7,648	263,004
<b>Total Committed Fund Balances</b>	<u>255,356</u>	<u>-</u>	<u>-</u>	<u>2,251,588</u>	<u>2,506,944</u>
<b>Assigned to:</b>					
Citizen Services	-	-	-	539,736	539,736
Various Contracts	302,040	-	-	253,410	555,450
Property held for resale	-	-	-	4,000	4,000
<b>Total Assigned Fund Balances</b>	<u>302,040</u>	<u>-</u>	<u>-</u>	<u>797,146</u>	<u>1,099,186</u>
<b>Unassigned:</b>					
General government	17,648,421	-	-	-	17,648,421
Other governmental fund deficit residuals	-	-	-	(573,794)	(573,794)
<b>Total Unassigned Fund Balances</b>	<u>17,648,421</u>	<u>-</u>	<u>-</u>	<u>(573,794)</u>	<u>17,074,627</u>
<b>Total Fund Balances</b>	<u>\$ 19,098,786</u>	<u>\$ 836,710</u>	<u>\$ 54,245,052</u>	<u>\$ 21,089,419</u>	<u>\$ 95,269,967</u>

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

S. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from management’s estimates.

**NOTE 2 – Stewardship, Compliance and Accountability**

A. Deficit Fund Equity

At September 30, 2019, the following funds of the City had deficit balances:

**Special Revenue Funds:**

Community Development Block Grant	(\$6,821)
Environmental Fee Fund	(\$566,973)

The deficit in the Community Development Block Grant Fund is expected to be eliminated by future program revenue and grant reimbursement.

The deficit in the Environment Fee Fund was a result of an upfront payment of mitigation costs which will be repaid with future dedicated revenue sources.

**NOTE 3 – Deposits and Investments**

A. Cash and Deposits

At September 30, 2019, the carrying amount of the City’s cash deposit accounts was \$33,555,908 and the bank balance was \$32,968,747. The City’s cash deposits are held by a bank that qualifies as a public depository under the Florida Security for Public Deposits Act as required by Chapter 280, Florida Statutes. The City’s cash deposits are fully insured by the Public Deposits Trust Fund.

Cash Equivalents consist of amounts placed in money market accounts with US Bank totaling \$1,575,237.

B. Investment Portfolio

On May 3, 2018, the City of Palm Bay adopted a revised comprehensive investment policy pursuant to Section 218.415, Florida Statutes that updated permitted investments, asset allocation limits, issuer limits, credit rating requirements, and maturity limits to protect the City’s cash and investment assets. The City maintains a common cash and investment pool for the use of all funds.

Section 218.415, Florida Statutes, limits the types of investments that a government can invest in unless specifically authorized in an investment policy. The City’s investment policy allows for the following investments: The Florida PRIME Fund (“SBA”), United States Treasury Securities, United States Government

**NOTE 3 – Deposits and Investments (Continued)****B. Investment Portfolio (Continued)**

Agencies, Supranational, Agency Mortgage-Backed Securities, Interest Bearing Time Deposit and Saving Accounts, Repurchase Agreements, Commercial Paper, Corporates, Asset-Backed Securities, Municipal Securities, Registered Investment Companies Money Market Mutual Funds, and Intergovernmental Investment Pools.

As of September 30, 2019, the City had the following investment types and effective duration presented in terms of years:

Security Type	Fair Value	Effective Duration (Years)
U.S. Treasuries	\$ 8,382,969	1.97
Federal Agency	302,768	1.38
Federal Agency Mortgage-Backed Security	650,615	2.84
Federal Agency Collateralized Mortgage Obligation	999,061	2.59
Supranational	152,777	1.76
Municipal	312,041	2.05
Commercial Paper	6,164,833	0.28
Corporate Notes	3,961,317	1.50
Asset-Backed Securities	3,800,963	1.57
Florida Prime**	50,782,314	37 days
Florida PALM*	53,115,879	39 days
US Bank Money Market Account	1,575,237	0.003
JP Morgan Chase Account	32,461,339	0.003
Less: Amounts reported as cash and cash equivalents	(34,036,576)	
<b>Total</b>	<b>\$ 128,625,537</b>	<b>0.29</b>

\* The Florida Public Assets for Liquidity Management Fund's Fact Sheet as of September 30, 2019 provided the Weighted Average Maturity (represented in days).

\*\* Florida Prime (SBA)'s September 30, 2019 Financial Statement Disclosure is available on the website, <https://www.sbafla.com/prime/Audits.aspx>, is the source of the Fund's Weighted Average Maturity (represented in days).

**C. Interest Rate Risk**

The City's investment policy sets limits for investment maturities to match known cash needs and anticipated cash flow requirements. Investments of current operating funds shall have maturities of no longer than five- and one-half (5.5) years. Investments of bond reserves, construction funds, and other non-operating funds, "core funds", shall have a term appropriate to the need for funds and in accordance with debt covenants, but in no event shall exceed five and one half (5.5) years. The maturities of the underlying securities of a repurchase agreement will follow the requirements of the Master Repurchase Agreement. The City utilizes "weighted average duration" as a measurement of interest rate risk and as of September 30, 2019, the investment portfolio had an effective duration of 0.29 years.

The City has Corporate Notes, each with an embedded option consisting of the option at the discretion of the issuer to call their obligation or pay a stated increase in the interest rate. The following details the embedded options:

**NOTE 3 – Deposits and Investments (Continued)**C. Interest Rate Risk (continued)

CUSIP	Description	Maturity		Call Schedule	Market Value
		Date	Call Date		
92826CAB8	Visa, Inc. (Callable)	12/14/20	11/14/20	Continuous	\$ 40,148
46625HKA7	JP Morgan Chase (Callable)	01/23/20	12/23/19	Continuous	150,039
06406HBY4	BoNY Mellon Notes (Callable)	09/23/21	08/23/21	Continuous	180,282
172967LG4	Citigroup Corp (Callable)	04/25/22	03/25/22	Continuous	253,726
30231GAJ1	Exxon Mobil Corp (Callable)	03/06/22	01/06/22	Continuous	126,906
38141GWC4	Goldman Sachs (Callable)	04/06/22	04/26/21	Continuous	202,174
0258M0EE5	American Express (Callable)	03/03/20	02/01/20	Continuous	90,014
Total					\$ 1,043,289

D. Credit Risk

The City's investment policy permits the following investments, which are limited to credit quality ratings from nationally recognized rating agencies as described below.

Florida PRIME: Highest Fund Rating by all NRSROs who rate the fund (AAAm/Aaa-mf, or equivalent).

Asset-Backed Securities (ABS): Highest ST or LT Rating (A-1+/P-1, AAA/Aaa or equivalent).

Commercial Paper: Highest ST Rating Category (A-1/P-1, or equivalent).

Corporates: Highest ST or three highest LT Rating Categories (A-1/P-1, A-/A3 or equivalent).

Municipals: Highest ST or three highest LT Rating Categories (SP-1/MIG 1, A-/A3 or equivalent).

Money Market Funds (MMFs): Highest Fund Rating by all NRSROs who rate the fund (AAAm/Aaa-mf or equivalent).

Repurchase Agreements (Repo or RP): Counterparty (or if the counterparty is not rated by an NRSO, then the counterparty's parent) must be rated in the highest ST Rating Category (A-1/P-1 or equivalent). If the counterparty is a Federal Reserve Bank, no rating is required.

Supranational: Highest ST or highest LT Rating Categories (A-1/P-1, AAA/Aaa or equivalent).

Intergovernmental Investment Pools (LGIPS): Highest Fund Quality and Volatility Rating Categories by all NRSROs that rate the LGIP (AAAm/AAAf, S1 or equivalent).

**NOTE 3 – Deposits and Investments (Continued)**D. Credit Risk (Continued)

As of September 30, 2019, the City had the following credit exposure as a percentage of total investments:

Security Type	Credit Rating	% of Portfolio
U.S. Treasury Notes	AA+	4.54%
U.S. Treasury Bills	A-1+	0.61%
Federal Agency	AA+	0.19%
Federal Agency Mortgage-Backed Security	AA+	0.40%
Federal Agency Collateralized Mortgage Obligation	AA+	0.61%
Supranational	AAA	0.09%
Municipal	AA-	0.10%
Municipal	NR	0.09%
Commercial Paper	A-1	3.79%
Corporate Notes	AAA	0.03%
Corporate Notes	AA+	0.08%
Corporate Notes	AA	0.09%
Corporate Notes	AA-	0.22%
Corporate Notes	A+	0.37%
Corporate Notes	A	0.72%
Corporate Notes	A-	0.48%
Corporate Notes***	BBB+	0.45%
Asset Backed Securities	AAA	1.78%
Asset Backed Securities****	NR	0.56%
Florida Prime**	AAAm	31.22%
Florida PALM*	AAAm	32.65%
US Bank Money Market Account	N/A	0.97%
JP Morgan Chase Checking Account	N/A	19.96%
<b>Total</b>		<b>100.00%</b>

\* The Public Assets for Liquidity Management Fund's Fact Sheet as of September 30, 2019 provided the Credit Rating from Standard & Poor's.

\*\* Florida Prime (SBA)'s September 30, 2019 Financial Statement Disclosure is available on the website, <https://www.sbafla.com/prime/Audits.aspx>, is the source of the Fund's Credit Rating from Standard & Poor's.

\*\*\* The City's policy requires securities be rated A or better by at least 1 NRSRO's, the Goldman Sachs Corporate Note is rated BBB+ by S&P but is rated A by Moody's and Fitch and is in compliance with the City's policy.

\*\*\*\* Although not rated by S&P, these securities are rated Aaa by Moody's, an NRSRO, in compliance with City policy.



E. Custodial Credit Risk

The City’s investment policy, pursuant to Section 218.415(18), Florida Statutes, requires securities, with the exception of certificates of deposits, shall be held with a third-party custodian; and all securities purchased by, and all collateral obtained by the City should be properly designated as an asset of the City. The securities must be held in an account separate and apart from the assets of the financial institution. A third-party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida as defined in Section 658.12, Florida Statutes, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts, and which is doing business in the State of Florida. Certificates of deposits maintained by book-entry at the issuing bank shall clearly identify the City as the owner.

As of September 30, 2019, the City’s investment portfolio was held with a third-party custodian as required by the City’s investment policy.

F. Concentration of Credit Risk

The City’s investment policy has established asset allocation and issuer limits on the following investments, which are designed to reduce concentration of credit risk of the City’s investment portfolio:

Investment	Max % Available Funds	% Limit on Individual Agency or Issuers
Florida PRIME Fund "SBA"	25%	0%
United States Government Securities	100%	0%
United States Government Agencies	75%	40%
Federal Instrumentalities	75%	10%
Mortgage Backed Securities	25%	40%
Non-negotiable Collateralized Bank Deposits or Savings Accounts	50%	0%*
Repurchase Agreements**	25%	10%
Prime Commercial Paper	50%	5%
Corporates	50%	5%
Municipals	25%	5%
Money Market Funds (MMFs)	50%	25%
Intergovernmental Investment Pools (LGIPs)	50%	25%
<b>*If fully collateralized</b>		
<b>**excluding one business day agreements and overnight sweep agreements</b>		

**NOTE 3 – Deposits and Investments (Continued)****F. Concentration of Credit Risk (Continued)**

As of September 30, 2019, the City had the following issuer concentration based on fair value:

<b>Security Type</b>	<b>Fair Value</b>	<b>% of Portfolio</b>
U.S. Treasury	\$ 8,382,969	5.15%
Credit Agricole SA	2,489,250	1.53%
American Honda Finance	2,216,815	1.36%
Mitsubishi UFJ Financial Group Inc.	1,182,828	0.73%
Freddie Mac	1,114,664	0.69%
Fannie Mae	837,779	0.52%
JP Morgan Chase & Co.	800,298	0.49%
Toyota Motor Corp.	465,596	0.29%
American Express Co.	447,479	0.28%
Citigroup Inc.	404,827	0.25%
Nissan Auto Receivables	361,676	0.22%
GM Financial Securitized Term	243,917	0.15%
Carmax Auto Owner Trust	229,367	0.14%
Honda Auto Receivables	228,836	0.14%
World Omni Auto Rec. Trust	224,595	0.14%
Hyundai Auto Receivables	218,155	0.13%
Ally Auto Receivables Trust	212,213	0.13%
Bank of America Co	203,996	0.13%
Goldman Sachs Group Inc.	202,174	0.12%
Mercedes-Benz Auto Lease Trust	201,948	0.12%
Paccar Financial Corp.	191,994	0.12%
Unilever PLC	182,066	0.11%
Bank of New York Mellon Corp	180,282	0.11%
Morgan Stanley	176,174	0.11%
Wells Fargo & Co.	174,823	0.11%
Walt Disney Corp.	169,847	0.10%
California ST	167,401	0.10%
Caterpillar Inc.	160,887	0.10%
John Deere Owner Trust	157,391	0.10%
Int'l Bank of Reconstruction and Dev.	152,777	0.09%
Volkswagen of America	152,567	0.09%
Capital One Financial Corp.	149,396	0.09%
Honolulu HI	144,640	0.09%
Wal-Mart Stores Inc.	143,160	0.09%
Exxon Mobil Corp.	126,906	0.08%
Deere & Co.	125,049	0.08%
Intel Corp.	124,910	0.08%
Ford Credit Auto Lease Trust	111,179	0.07%
Nissan Auto Lease Trust	111,166	0.07%
CNH Equipment Trust	101,945	0.06%
Mercedes-Benz Auto Receivables	101,232	0.06%
General Dynamics Corp.	100,521	0.06%
Charles Schwab	96,960	0.06%
Pfizer Inc.	96,924	0.06%
Home Depot Inc.	95,759	0.06%
GM Financial Auto Leasing Trust	85,746	0.05%
Discover Financial Services	76,966	0.05%
Capital One Prime Auto Rec Trust	75,851	0.05%
National Rural Utilities Co Finance Corp.	65,814	0.04%
3M Company	61,090	0.04%
Hershey Co.	61,003	0.04%
Microsoft Corp.	49,976	0.03%
BMW Financial Services NA LLC	45,413	0.03%
Visa Inc.	40,148	0.02%
Florida Prime ("SBA") Fund	50,782,314	31.22%
Florida Public Assets for Liquidity Management	53,115,879	32.65%
US Bank Money Market Account	1,575,238	0.97%
JP Morgan Chase Concentration Account	32,461,339	19.95%
<b>Total</b>	<b>\$ 162,662,113</b>	<b>100.00%</b>

**NOTE 3 – Deposits and Investments (Continued)****G. Fair Value Measurement and Application**

Investments are carried at fair value as defined in GASB Statement 72 “Fair Value Measurement and Application”. Consistent with GASBC Section 150: *Investments*, the City categorizes its fair value measurements within the fair value hierarchy. The City has the following fair value measurements as of September 30, 2019.

Investments by fair value level	9/30/2019	Quoted Prices in Active Markets for Identical Assets		Significant Other Observable Inputs
		Level 1	Level 2	
U.S. Treasury securities	\$ 8,382,969	\$ 8,382,969	\$ -	
Federal Agencies and Instrumentalities	302,768	-		302,768
Federal Agency Mortgage-Backed Securities	650,615			650,615
Federal Agency Collateralized Mortgage Obligation	999,061			999,061
Supranationals	152,777			152,777
Municipal securities	312,041			312,041
Commercial paper	6,164,833	-		6,164,833
Corporate notes	3,961,317	-		3,961,317
Asset-Backed Securities	3,800,963	-		3,800,963
Total investments by fair value level	<u>24,727,344</u>	<u>8,382,969</u>		<u>16,344,375</u>
<b>Investments measured at net asset value (NAV)</b>				
Florida Prime Fund (NAV)	50,782,314			
Florida Public Assets - Liquidity Mgmt Fund (Amortized Cost)	53,115,879			
US Bank money market account (Amortized Cost)	1,575,237			
JP Morgan Chase Concentration Account (Amortized Cost)	32,461,339			
Total investments measured at NAV and Amortized Cost	<u>137,934,769</u>			
Total investments	<u>\$ 162,662,113</u>			

Level 1 inputs are measured at quoted prices. Level 2 inputs utilize pricing models of similar securities. This includes basing value or yield currently available on comparable securities of issues with similar credit rating.

Level 3 inputs are not traded in an active market. No significant observable market inputs are available as of the reporting date.

The cash equivalents measured at amortized cost meet the requirements under GASBC Section 150: *Investments* to be valued at cost and not fair value. Florida Prime Fund, intergovernmental investment pool and money market account have no unfunded commitments and are redeemed daily with a 1-day minimum holding period.

**NOTE 3 – Deposits and Investments (Continued)**

G. Investments – Fair Value Measurement and Application (Continued)

Investments regarding the City’s Police & Fire and General Employee Pension Plan had the following fair value measurements as of September 30, 2019.

Investments by fair value level	9/30/2019	Quoted	Significant	Significant
		Prices in	Other	Other
		Active	Observable	Unobservable
		Markets for	Inputs	Inputs
		Identical		
		Assets	Level 2	Level 3
		Level 1		
U.S. Treasury securities	\$ 36,730,842	\$ 23,808,032	\$ 12,922,810	\$ -
Common Stock	55,482,790	54,208,450	1,274,340	-
Corporate Bonds	6,578,391	-	6,578,391	-
Real Estate Funds	22,881,302	-	-	22,881,302
Convertible Securities	20,769,869	4,394,152	16,375,717	-
Total Investments by net fair value level	142,443,194	82,410,634	37,151,258	22,881,302

**Investments measured at net asset value ("NAV")**

Domestic Equity Funds	9,759,278
International Equity Funds	28,706,035
Bond Funds	74,013
Master Limited Partnership	15,055,081
Total investments measured at NAV	53,594,407
Total investments	\$ 196,037,601

The Plan’s valuation methods for investments measured at the net asset value (“NAV”) per share (or its equivalent) as of September 30, 2019 are as follows:

Investment Measured at the NAV				
	Unfunded	Redemption	Redemption	
	Commitments	Frequency	Notice Period	
Mutual funds	\$ 38,539,326	\$ -	Daily	Same Day
Comimigled domestic equity funds	15,055,081	-	Monthly	Up to 15 Days
	\$ 53,594,407	\$ -		

**NOTE 3 – Deposits and Investments (Continued)**

H. Investments – Investment in Palm Bay Retirement System

1. Investment Authorization

The Palm Bay Retirement System’s (the “Plan”) investment policy is determined by the Board of Trustees (the “Board”). The policy has been identified by the Board as having the greatest expected investment return, and the resulting positive impact on asset values, funded status, and benefits, without exceeding a prudent level of risk. The Board determined this policy after evaluating the implications of increased investment return versus increased variability of return for several potential investment policies with varying commitments to stocks and bonds. The primary investment objective of the plan is the preservation of invested capital. The secondary objective is to achieve moderate long-term real growth of the assets while minimizing the volatility of returns.

The Trustees are authorized to acquire and retain every kind of property, real, personal or mixed, and every kind of investment specifically including, but not by way of limitation, bonds, debentures, and other corporate obligations, and stocks, preferred or common, which persons of prudence, discretion and intelligence acquire or retain for their own account. Investment in all equity securities shall be limited to those listed on a major U.S. stock exchange and limited to no more than 75% (at market) of the Plan’s total asset value with no more than 5% at cost value of an investment manager’s equity portfolio invested in the shares of a single corporate issuer. Investments in stocks of foreign companies shall be limited to 25% (at market) of the investment portfolio. Convertible securities shall be limited to 25% of the Plan’s total portfolio. Investment in equity securities whose market capitalization is less than \$3 billion dollars shall be limited to 25% of the total equity portfolio. Investments in those corporations whose stock has been publicly traded for less than one year are limited to 15% of the equity portfolio.

The fixed income portfolio shall be comprised of securities rated “BBB” or higher by Standard & Poor’s or Baa or higher by Moody’s rating services with no more than 10% at cost of an investment manager’s total fixed income portfolio invested in the securities of any single corporate issuer. However, investments in securities rated below “A” shall be limited to 20% of the total fixed income portfolio.

Investments in Collateralized Mortgage Obligations (CMOs) shall not exceed 25% of the fixed income portfolio and real estate shall not exceed 15% of the portfolio or market, respectively.

The Plan has contracts with investment counselors who supervise and direct the investment of equity and fixed income securities. In this regard, the Plan does utilize mutual funds as the investment vehicles for all its fixed income investments. In addition, the Plan utilizes an investment advisor who monitors the investing activity. The investments owned are held by custodians in the name of the Plan.

2. Types of Investments

Florida Statutes and Plan investment policy authorize the Trustees to invest funds in various investments. The current target and actual allocation of these investments at market are as follows:

<b>Authorized Investments</b>	<b>Target % of Portfolio</b>	<b>Actual % of Portfolio</b>
Domestic equities	35%	37%
Fixed income	25%	22%
International equities	15%	14%
Real estate	10%	11%
Convertible securities	10%	10%
Infrastructure	5%	3%
Cash equivalents	0%	3%
	<u>100%</u>	<u>100%</u>

**NOTE 3 – Deposits and Investments (Continued)****H. Investments – Investment in Palm Bay Retirement System (Continued)****3. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in the market interest rates. As a means of limiting its exposure to interest rate risk, the Plan diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

Information about the sensitivity of the fair values of the Plan's investments to market interest rate fluctuations are provided by the following tables that show the distribution of the Plan's investment by maturity at September 30, 2019:

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Treasuries	\$ 23,808,032	\$ 995,484	\$ 14,951,333	\$ 3,577,432	\$ 4,283,783
U.S. Agencies	12,922,810	-	-	275,297	12,647,513
Debt Securities	22,954,108	383,005	10,990,304	6,814,443	4,766,356
Bond Funds	74,013	-	-	74,013	-
Total Fixed Income	\$ 59,758,963	\$ 1,378,489	\$ 25,941,637	\$ 10,741,185	\$ 21,697,652

**4. Credit Risk**

Credit risk is the risk that a security or a portfolio will lose some or all its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Plan's investment policy utilizes portfolio diversification to control this risk.

The following tables disclose credit ratings by investment type, at September 30, 2019 as applicable:

Quality Rating of Credit Risk Debt Securities	Fair Value	Percentage of Portfolio
Government	\$ 36,730,842	61.47%
AAA	1,629,822	2.73%
AA+	-	0.00%
AA	422,184	0.71%
AA-	-	0.00%
A+	492,213	0.82%
A	391,787	0.66%
A-	1,651,722	2.76%
B+	1,134,706	1.90%
B	75,656	0.13%
B-	258,256	0.43%
BB+	190,263	0.32%
BB	55,796	0.09%
BB-	701,221	1.17%
BBB+	708,084	1.18%
BBB	1,023,323	1.71%
BBB-	48,360	0.08%
CCC+	302,349	0.51%
CCC+	-	0.00%
NR	13,942,379	23.33%
Total Fixed Income Securities	\$ 59,758,963	100%

**NOTE 3 – Deposits and Investments (Continued)**

H. Investments – Investment in Palm Bay Retirement System (Continued)

5. Concentration of Credit Risk

The investment policy of the Plan contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of plan net position at September 30, 2019.

6. Custodial Credit Risk

Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Custodial risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its

investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the Plan and are held either by the counterparty or the counterparty’s trust department or agent but not in the Plan’s name.

Consistent with the Plan’s investment policy, substantially all the investments are held by Plan’s custodial bank and registered in the Plan’s name. All the Plan’s deposits are insured and or collateralized by a financial institution separate from the Plan’s depository financial institution.

7. Rate of Return

For the year ended September 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 4.47% for Police Officers, 4.03% for Firefighters and 5.39% for General. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amount invested.

**NOTE 4 – Receivables**

The City's receivables as of September 30, 2019 are summarized as follows:

	Primary Government		Total
	Governmental	Business-type	
Accounts Receivable:			
Accounts receivable	\$ 3,215,166	\$ 6,417,986	\$ 9,633,152
Due from other Governments	3,025,777	-	3,025,777
Assessments Receivables	-	1,502,872	1,502,872
	6,240,943	7,920,858	14,161,801
Less: Allowances for Uncollectibles	-	(159,813)	(159,813)
Accounts receivable, net	\$ 6,240,943	\$ 7,761,045	\$ 14,001,988

	Governmental Activities			Total
	General Fund	Other Governmental	Internal Service	
Accounts Receivable:				
Accounts receivables	\$ 2,869,424	\$ 3,127	\$ 342,615	\$ 3,215,166
Due from State of Florida	2,717,478	-	-	2,717,478
Due from Brevard County	34,058	-	-	34,058
Due from Other Governments	-	274,241	-	274,241
Governmental receivable, net	\$ 5,620,960	\$ 277,368	\$ 342,615	\$ 6,240,943

**NOTE 4 – Receivables (Continued)**

The City’s Utilities Fund provides water, sewer and stormwater services to residents in the City. Customers routinely receive services in advance during the ordinary course of business; however, customers’ deposits are available to be applied against amounts owed. Accounts receivable in the Utilities Fund at September 30, 2019 is summarized as follows:

	<b>Business-type Activities</b>			<b>Total</b>
	<b>Utilities Fund (Major Fund)</b>	<b>Stormwater (Major Fund)</b>	<b>Enterprise (Nonmajor Fund)</b>	
Accounts Receivable:				
Accounts receivables	\$ 3,307,272	\$ 304,079	\$ 504,403	\$ 4,115,754
Unbilled receivables	2,302,232	-	-	2,302,232
Assessments receivables	1,502,872	-	-	1,502,872
	<u>7,112,376</u>	<u>304,079</u>	<u>504,403</u>	<u>7,920,858</u>
Less: Allowances for uncollectibles	(159,813)	-	-	(159,813)
Business-type receivable, net	<u>\$ 6,952,563</u>	<u>\$ 304,079</u>	<u>\$ 504,403</u>	<u>\$ 7,761,045</u>

**NOTE 5 – Restricted Assets**

The use of certain Utilities Fund assets is restricted by specific provisions of the bond resolution authorizing the issuance of the utilities revenue and refunding bonds. In addition, the City restricts funds available for repayment of customer deposits as well as funds required to be placed in special construction accounts, as required by state statutes. Restricted assets at September 30, 2019 are as follows:

<b>Account Description:</b>	<b>Cash and Cash Equivalents</b>
Current:	
Customer Deposits	\$ 2,607,719
Total Current Restricted Assets	<u>2,607,719</u>
Noncurrent:	
Renewal, Replacement and Improvement	9,416,364
Connection Fees	8,596,983
Debt Service Reserve	<u>2,115,429</u>
Total Noncurrent Restricted Assets	<u>20,128,776</u>
Total Restricted Assets- Business-type Activities	<u>\$ 22,736,495</u>



**NOTE 6 - Interfund Transfers, Receivables and Payables**

Individual Interfund transfers at September 30, 2019 are presented on the table that follows:

Transfers Out	Transfers In							Total Transfers Out
	General	Bayfront Community Redevelopment	Nonmajor Governmental	Building Inspections	Utilities	Stormwater	Internal Service	
General	\$ -	\$ -	\$ 7,431,825	\$ 28,029	\$ -	\$ 310,543	\$ 960,530	\$ 8,730,927
Nonmajor Governmental	9,189	-	2,011,337	-	-	-	-	2,020,526
Bayfront Comm Redevelop	-	-	-	-	-	-	-	-
BCRA Construction	-	990,848	-	-	-	-	-	990,848
Building Inspections	203,036	-	-	-	-	-	-	203,036
Utilities	1,806,369	-	-	-	12,104,544	-	-	13,910,913
Stormwater	59,167	-	-	-	-	-	-	59,167
Solid Waste	64,167	-	-	-	8,194	-	-	72,361
Internal Service	40,726	-	-	-	2,500	-	-	43,226
<b>Total Transfers In</b>	<b>\$ 2,182,654</b>	<b>\$ 990,848</b>	<b>\$ 9,443,162</b>	<b>\$ 28,029</b>	<b>\$ 12,115,238</b>	<b>\$ 310,543</b>	<b>\$ 960,530</b>	<b>\$ 26,031,004</b>

The transfer of approximately \$1.8 million from Utilities to the General Fund represents annual return on investments (ROI). This amount is based on a percentage of the Utility System’s total gross capital assets and is equivalent to payment in lieu of taxes (PILOT). Transfers from General Fund to nonmajor funds totaling \$7.4 million covered debt service obligations. Transfers within utilities in the amount of \$12.1 million covered debt service obligations, supported capital improvement projects and maintained fund balance in accordance with established policies. Internal Services transfers totaling \$960,530 included \$672,492 for machine and equipment acquisitions and \$288,038 to cover debt service obligations. Nonmajor transfers of \$2.0 million represents reallocations of impact fee funds based on zip codes.

Advances to/from other funds at September 30, 2019 were as follows:

- \$819,252 – Balance of a loan from the Utilities Fund to the Fleet Services Fund in 2004 to fund capital acquisitions. In FY14, Council approved Resolution 2013-26, which restructured the loan resulting in a fixed interest rate of 2.35%.
- \$589,402 – Balance of funds advanced by the Building Inspection Fund in FY07 to the Environmental Fee fund to cover the cost of a Federal Fish and Wildlife permit granted by the U.S. Department of Interior.
- \$124,950 – Funds advanced by the Building Inspection Fund to Fleet Services Fund to cover capital equipment purchases.
- \$253,384 – Funds advanced by Building Inspection to General Fund to cover the cost of police radio consoles and Microsoft Enterprise Software.

Due to/from other funds balances consist of amounts from General Fund (\$89,997) to Community Development Block Grant to cover deficit balance. Nonmajor due to other funds of \$184,243 represents the balance due the SHIP fund from the NSP fund for FY17 expenditures pending grant reimbursement.

**NOTE 7 – Capital Assets****A. Changes in Capital Assets**

The following tables show the changes in capital assets by governmental activities and business-type activities. Governmental activities include the capital assets for the Internal Service Funds.

<b>Governmental Activities</b>	<b>Beginning</b>			<b>Ending</b>
	<b>Balance</b>			<b>Balance</b>
	<b>9/30/2018</b>	<b>Increases</b>	<b>Decreases</b>	<b>9/30/2019</b>
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 16,681,643	\$ 568,730	\$ (456,500)	\$ 16,793,873
Construction In Progress	6,045,039	9,133,394	(2,230,463)	12,947,970
<b>Total Capital Assets, Not Being Depreciated</b>	<b>22,726,682</b>	<b>9,702,124</b>	<b>(2,686,963)</b>	<b>29,741,843</b>
<b>Capital Assets, Being Depreciated:</b>				
Buildings and Improvements	35,715,537	178,557		35,894,094
Machinery, Equipment and Vehicles	24,393,948	3,817,525	(115,127)	28,096,346
Infrastructure	117,389,909	2,051,897		119,441,806
<b>Total Capital Assets Being Depreciated</b>	<b>177,499,394</b>	<b>6,047,979</b>	<b>(115,127)</b>	<b>183,432,246</b>
<b>Less Accumulated Depreciation For:</b>				
Buildings and Improvements	(17,407,950)	(963,394)		(18,371,344)
Machinery and Equipment	(20,591,454)	(1,535,702)	100,832	(22,026,324)
Infrastructure	(50,871,179)	(5,302,391)		(56,173,570)
<b>Total Accumulated Depreciation</b>	<b>(88,870,583)</b>	<b>(7,801,487)</b>	<b>100,832</b>	<b>(96,571,238)</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>88,628,811</b>	<b>(1,753,508)</b>	<b>(14,295)</b>	<b>86,861,008</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 111,355,493</b>	<b>\$ 7,948,616</b>	<b>\$ (2,701,258)</b>	<b>\$ 116,602,851</b>

**NOTE 7 – Capital Assets (Continued)**

**A. Changes in Capital Assets (Continued)**

	Ending Balance 9/30/2018	Increases	Decreases	Ending Balance 9/30/2019
<b>Business-type Activities</b>				
<b><u>Utility System</u></b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 5,118,403			\$ 5,118,403
Construction In Progress	6,109,883	5,074,894	(3,050,495)	8,134,282
<b>Total Capital Assets, Not Being Depreciated</b>	<b>11,228,286</b>	<b>5,074,894</b>	<b>(3,050,495)</b>	<b>13,252,685</b>
Capital Assets, Being Depreciated:				
Buildings and Improvements	2,863,766	-	-	2,863,766
Water and Sewer System	168,240,029	8,766,957	-	177,006,986
Machinery and Equipment	4,291,166	402,226	(141,983)	4,551,409
<b>Total Capital Assets Being Depreciated</b>	<b>175,394,961</b>	<b>9,169,183</b>	<b>(141,983)</b>	<b>184,422,161</b>
Less Accumulated Depreciation For:				
Buildings and Improvements	(1,387,637)	(69,452)		(1,457,089)
Water and Sewer System	(68,457,409)	(4,467,456)		(72,924,865)
Machinery and Equipment	(3,392,049)	(207,773)	141,983	(3,457,839)
<b>Total Accumulated Depreciation</b>	<b>(73,237,095)</b>	<b>(4,744,681)</b>	<b>141,983</b>	<b>(77,839,793)</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>102,157,866</b>	<b>4,424,502</b>	<b>-</b>	<b>106,582,368</b>
<b>Utility System Capital Assets, Net</b>	<b>\$ 113,386,152</b>	<b>\$ 9,499,396</b>	<b>\$ (3,050,495)</b>	<b>\$ 119,835,053</b>
<b><u>Stormwater Utility</u></b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 19,802			\$ 19,802
Construction in Progress	477,209	3,215,772	(1,061,504)	2,631,477
<b>Total Capital Assets, Not Being Depreciated:</b>	<b>497,011</b>	<b>3,215,772</b>	<b>(1,061,504)</b>	<b>2,651,279</b>
Capital Assets, Being Depreciated:				
Infrastructure	2,163,935	1,061,504		3,225,439
Machinery and Equipment	2,239,129	1,156,504	(160,568)	3,235,065
<b>Total Capital Assets Being Depreciated</b>	<b>4,403,064</b>	<b>2,218,008</b>	<b>(160,568)</b>	<b>6,460,504</b>
Less Accumulated Depreciation For:				
Machinery and Equipment	(1,393,433)	(196,023)	160,568	(1,428,888)
Infrastructure	(5,662)	(73,954)		(79,616)
<b>Total Accumulated Depreciation</b>	<b>(1,399,095)</b>	<b>(269,977)</b>	<b>160,568</b>	<b>(1,508,504)</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>3,003,969</b>	<b>1,948,031</b>	<b>-</b>	<b>4,952,000</b>
<b>Stormwater Utility Capital Assets, Net</b>	<b>\$ 3,500,980</b>	<b>\$ 5,163,803</b>	<b>\$ (1,061,504)</b>	<b>\$ 7,603,279</b>

**NOTE 7 – Capital Assets (Continued)**

A. Changes in Capital Assets (Continued)

<b>Business-type Activities</b>	<b>Ending Balance 9/30/2018</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance 9/30/2019</b>
<b><u>Building Inspections</u></b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 178,834	\$ 369,663		\$ 548,497
Less Accumulated Depreciation For:				
Machinery and Equipment	(12,762)	(27,766)	-	(40,528)
<b>Building Inspections Capital Assets, Net</b>	<b>\$ 166,072</b>	<b>\$ 341,897</b>	<b>\$ -</b>	<b>\$ 507,969</b>
<b><u>Solid Waste</u></b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 2,761,770			\$ 2,761,770
Less Accumulated Depreciation For:				
Machinery and Equipment	(2,059,248)	(278,450)		(2,337,698)
<b>Solid Waste Capital Assets, Net</b>	<b>\$ 702,522</b>	<b>\$ (278,450)</b>	<b>\$ -</b>	<b>\$ 424,072</b>

**NOTE 7 – Capital Assets (Continued)**

A. Changes in Capital Assets (Continued)

Shown below is a summary of depreciation expense by function. Depreciation expense for the internal service funds are included in the governmental activities amounts.

**Depreciation Expense By Function**

**Governmental Activities:**

General Government	\$ 886,932
Public Safety	955,269
Physical Environment	510,564
Transportation	4,502,502
Culture/Recreation	<u>946,220</u>
Total Governmental Activities	<u>\$ 7,801,487</u>

**Business-type Activities:**

Utility System	\$ 4,744,681
Building Inspection	27,766
Stormwater	269,977
Solid Waste Fund	<u>278,450</u>
Total Business-type Activities	<u>\$ 5,320,874</u>

B. Construction Commitments

<b>Projects</b>	<b>Spent-to-Date</b>	<b>Remaining Commitment</b>
Public Works		
Road Maintenance Program	\$ 4,249,629	\$ 2,307,808
GO Bond Road Program	-	3,145,839
I-95 Interchange	10,185,578	3,433,738
Utility Improvements		
Waste & Wastewater Rehabilitation Improvements	109,143,979	3,820,030
<b>Total</b>	<u>\$ 123,579,186</u>	<u>\$ 12,707,415</u>

**NOTE 8 - Long Term Debt****A. Schedule of Changes in Long-Term Debt**

The following is a schedule of changes in the City's long-term debt for the fiscal year ended September 30, 2019:

Governmental Activities:	Balance			Balance 9/30/19	Due Within One Year	Long-Term Portion
	9/30/18	Additions	Reductions			
Bonds Payable:						
<u>General Obligation Bonds</u>	\$ -	\$ 50,000,000	\$ -	\$ 50,000,000	\$ 1,655,000	\$ 48,345,000
Add: Unamortized Premium		4,808,811	\$ 240,441	4,568,370	-	4,568,370
Total General Obligation Bonds Payable	-	54,808,811	240,441	54,568,370	1,655,000	52,913,370
<u>Revenue Bonds from Direct Placement &amp; Direct Borrowing:</u>						
Taxable Special Obligation Bonds - Series 2004	519,122	-	57,056	462,066	59,721	402,345
Public Service Tax Revenue Bonds - Series 2010	5,175,000	-	160,000	5,015,000	165,000	4,850,000
Taxable Special Obligation Bonds - Series 2013	50,855,000	-	535,000	50,320,000	560,000	49,760,000
Taxable Sales Tax Revenue Bonds - Series 2015	14,320,000	-	530,000	13,790,000	550,000	13,240,000
Add: Unamortized Premium	469,415	-	26,079	443,336	-	443,336
Total Revenue Bonds Payable	71,338,537	-	1,308,135	70,030,402	1,334,721	68,695,681
Notes Payable:						
<u>Notes Payable from Direct Placement &amp; Direct Borrowing:</u>						
Bayfront Community Redevelopment Agency Note - Series 2006	2,505,000	-	1,363,000	1,142,000	390,000	752,000
Local Option Gas Tax Refunding Note - Series 2014	1,846,000	-	608,000	1,238,000	614,000	624,000
Franchise Fee Revenue Note - Series 2015	3,873,000	-	450,000	3,423,000	459,000	2,964,000
Franchise Fee Revenue Note - Series 2016	3,892,000	-	150,000	3,742,000	159,000	3,583,000
Local Option Gas Tax Note - Series 2018	9,000,000	-	152,000	8,848,000	528,000	8,320,000
Total Notes Payable	21,116,000	-	2,723,000	18,393,000	2,150,000	16,243,000
Other Liabilities:						
Capital Leases	4,624,767	-	393,039	4,231,728	393,039	3,838,689
Net Pension Liability	23,281,884	8,599,867	-	31,881,751	-	31,881,751
Total OPEB Liability	6,200,105	2,779,480	-	8,979,585	-	8,979,585
Compensated Absences	5,140,124	3,754,214	3,847,737	5,046,601	807,456	4,239,145
Claims Payable	3,575,308	34,000	-	3,609,308	671,828	2,937,480
Total Other Liabilities	42,822,188	15,167,561	4,240,776	53,748,973	1,872,323	51,876,650
Total Governmental Activities	\$ 135,276,725	\$ 69,976,372	\$ 8,512,352	\$ 196,740,745	\$ 7,012,044	\$ 189,728,701

**NOTE 8 - Long Term Debt (Continued)****A. Schedule of Changes in Long-Term Debt (Continued)**

Business-type Activities:	Balance			Balance 9/30/19	Due Within One Year	Long-Term Portion
	9/30/18	Additions	Reductions			
<b>Utility System</b>						
Bonds Payable:						
<u>Bonds Payable from Direct Placement &amp; Direct Borrowing:</u>						
Utility Capital Improvement Revenue Bonds - Series 2001	\$ 6,596,896	\$ -	\$ 705,672	\$ 5,891,224	\$ 669,082	\$ 5,222,142
Utility Special Assessment Bonds - Series 2003	870,000	-	175,000	695,000	185,000	510,000
Add: Unamortized Discount	(5,249)	-	90	(5,339)	-	(5,339)
Total Revenue Bonds Payable	7,461,647	-	880,762	6,580,885	854,082	5,726,803
Notes Payable:						
<u>Notes Payable from Direct Placement &amp; Direct Borrowing:</u>						
Utility System Refunding Revenue Note - Series 2014	14,765,000	-	3,670,000	11,095,000	3,750,000	7,345,000
Utility System Refunding Revenue Note - Series 2016	10,690,000	-	1,110,000	9,580,000	1,125,000	8,455,000
Special Assessment Refunding Revenue Note - Series 2016	1,502,000	-	245,000	1,257,000	250,000	1,007,000
Total Notes Payable	26,957,000	-	5,025,000	21,932,000	5,125,000	16,807,000
Other Liabilities:						
Total OPEB Liability	1,305,285	585,154	-	1,890,439	-	1,890,439
Compensated Absences	688,354	657,789	618,030	728,113	116,498	611,615
Total Other Liabilities:	1,993,639	1,242,943	618,030	2,618,552	116,498	2,502,054
Total Utility System	\$ 36,412,286	\$ 1,242,943	\$ 6,523,792	\$ 31,131,437	\$ 6,095,580	\$ 25,035,857
<b>Building Inspection</b>						
Total OPEB Liability	\$ 163,161	\$ 73,144	\$ -	\$ 236,305	\$ -	\$ 236,305
Compensated Absences	48,240	112,442	91,059	69,623	11,140	58,483
Total Building Inspection	\$ 211,401	\$ 185,586	\$ 91,059	\$ 305,928	\$ 11,140	\$ 294,788
<b>Stormwater Utility</b>						
Total OPEB Liability	\$ 407,902	\$ 182,861	\$ -	\$ 590,763	\$ -	\$ 590,763
Compensated Absences	99,543	276,919	190,019	186,443	29,831	156,612
Total Stormwater Utility	\$ 507,445	\$ 459,780	\$ 190,019	\$ 777,206	\$ 29,831	\$ 747,375
<b>Solid Waste</b>						
Capital Leases	\$ 561,614	\$ -	\$ 288,367	\$ 273,247	\$ 273,247	\$ -
Total OPEB Liability	81,580	36,572	-	118,152	-	118,152
Compensated Absences	14,236	20,770	23,381	11,625	1,860	9,765
Total Solid Waste	\$ 657,430	\$ 57,342	\$ 311,748	\$ 403,024	\$ 275,107	\$ 127,917

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. For governmental activities, claims and compensated absences are generally liquidated with resources from the General Fund. It is anticipated that future discharge of net pension and postemployment benefit obligations will also be liquidated with General Fund resources.

**NOTE 8 - Long Term Debt (Continued)**

B. General Obligation Bonds

On November 6, 2018 voters approved a referendum allowing for the issuance of up to \$150 million in general obligation bonds by the City to finance roadway improvements. In July 2019, the City issued General Obligation Bonds, Series 2019, in the amount of \$50,000,000. The bonds are direct obligations that are backed by the full faith, credit and taxing authority of the City. Principal and interest remaining on the Series 2019 bonds is \$70,558,397 with varying interest rates from 3 percent to 5 percent. In the event of default, from a) failure to make legally required payment when due, b) bankruptcy, c) default of any other covenant not cured within 30 days after written notice, any Holder of the Bonds may compel performance of all required duties. However, the right to declare principal and interest to be immediately due and payable shall not be an available remedy.

The following schedule represents the future debt principle and interest requirement general obligation bonds outstanding as of September 30, 2019.

Fiscal Year	General Obligation Bonds	
	Principal	Interest
2020	\$ 1,655,000	\$ 1,874,647
2021	1,660,000	1,867,750
2022	1,740,000	1,784,750
2023	1,830,000	1,697,750
2024	1,920,000	1,606,250
2025-2029	11,145,000	6,491,000
2030-2034	13,890,000	3,753,350
2035-2039	16,160,000	1,482,900
	50,000,000	20,558,397
Add Premium	4,568,370	-
	\$ 54,568,370	\$ 20,558,397

C. Revenue Bonds Payable

1. Governmental Activities

In September 2004, the City issued \$5,376,447 in special obligations bonds secured by pledged state revenue sharing monies, as defined in Chapter 218, Part II, Florida Statutes, in an amount of up to 50% of the state revenue monies received in the preceding fiscal year. Proceeds from the bonds were used to discharge the unfunded actuarial accrued pension liability of the Palm Bay Police and Firefighters Pension Plan. The bonds are payable solely from the state revenue sharing funds and are payable through 2026. In December 2016, the City partially refunded these bonds, providing \$4,013,423 in escrow to redeem principal of \$3,945,000 and interest of \$68,423 in January 2017. Total principal and interest remaining to be paid on the bonds is \$1,350,000. For the current year, principal and interest of \$125,000 was paid. State revenue sharing monies received in 2019 were \$4,885,364. The bonds are direct obligations. Resolution No.2004-51 authorized the issuance of the special obligation bonds with provisions that in the event of default, for failure to: a) pay principal and interest; b) pay Bond Issuer; c) maintain eligibility to receive State Revenue Sharing money, d) or e) comply with covenant agreement; if not remedied or begun to remedy in 30 days, and so long as the Bond Issuer shall not be in default in its payment obligations, the Bond Insurer may waive any event of default under this Resolution and shall be deemed to be the Holder of all Bonds so secured.



**NOTE 8 - Long Term Debt (Continued)**C. Revenue Bonds Payable (Continued)1. Governmental Activities (Continued)

The City has pledged public services tax revenues to repay \$5,485,000 in revenue bonds issued in October 2010. Proceeds from the bonds were used to finance the cost of expansion and improvement of the City Hall. The bonds are payable solely from public service tax revenues and are payable through 2041. Total principal and interest remaining to be paid on the bonds is \$8,897,410. Current year principal and interest paid was \$465,713. Public services tax revenues were \$11,652,389. Resolution No. 92-07 declares each of the following to be an event of default: a) any payment of debt service not made when due, b) the City is incapable of fulfilling its obligations, c) the City admits in writing its inability to pay its debts or files for bankruptcy or consents to the appointment of a receiver or trustee, d) the City is adjudged insolvent or adjudged bankrupt on a petition filed against it, e) the City seeks reorganization under bankruptcy, f) default in performance of any other covenant. Upon the happening and continuance of any event of default, the Holders of not less than 51% of the aggregate principal amount and Accreted Value of the Bonds then outstanding may by written notice, declare the principal and Accreted Value of all the Bonds then outstanding to be due and payable immediately.

The City has pledged certain designated revenues, to repay \$50,855,000 in revenue bonds issued November 2013. Proceeds from the bonds were used to a) refund the City's 2008 Series Pension Obligation Bonds and b) pay termination costs in connection with the associated interest rate SWAP agreement. The bonds are payable principally from communication service and public service tax revenues and are payable through 2040. Total principal and interest remaining to be paid on the bonds is \$93,906,387. For the current year, principal and interest of \$3,500,548 was paid. Designated Revenues were \$11,652,389. The bonds contain provisions for default resulting from a) payment of interest not made when due, b) payment of principal not made when due, c) default of any other covenants, d) insolvency, e) receipt of written notice from a Credit Bank that following a drawing for the payment of interest on Bonds, the Credit Bank has not been reimbursed, or any other event of default under such reimbursement agreement. If default occurs, the Holders of not less than 25% in aggregate principal amount of Bonds then outstanding may proceed to enforce the rights of the holders, including to sue for and receive any and all amounts then due for principal, interest, or otherwise under any of the provisions, together with interest on overdue payments and all costs and expenses of collection.

The City has pledged sales tax revenues to repay \$15,375,000 in bonds issued in October 2015. The proceeds from the bonds were used to defease outstanding 2006 Sales Tax Revenue Bonds procured for the acquisition and construction of capital improvement. The bonds are payable from sales tax revenues and are payable through 2037. Principal and interest remaining on the Series 2015 bonds is \$18,676,235. For the current year, principal and interest paid was \$1,042,156. Sales tax revenues were \$6,751,673. Resolution No. 2006-45 provides that any registered owner of the Bonds may compel performance of all required duties. The City is obligated to pay the principal and interest on the Bonds and to make all reserve and other payments.

**NOTE 8 - Long Term Debt (Continued)**

C. Revenue Bonds Payable (Continued)

1. Governmental Activities (Continued)

A summary of outstanding governmental revenue bonds payable at September 30, 2019 is as follows:

<b>Governmental Activities:</b>	<u>Purpose of Issue</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Remaining Interest Rates (Percent)</u>	<u>Annual Maturity To</u>
Revenue Bonds:					
Taxable Special Obligation Bonds Series 2004	Discharging of unfunded actuarial accrued pension fund liability	\$ 5,376,447	\$ 462,065	5.680-6.040	2026
Public Service Tax Revenue Bonds Series 2010	Finance the cost of expansion and improvement of City Hall	5,485,000	5,015,000	4.053-6.395	2041
Taxable Special Obligation Bonds Series 2013	Refunding of '08 Pension Bonds and finance termination of swap	50,855,000	50,320,000	3.412-6.315	2041
Sales Tax Revenue Bonds Series 2015	Refunding of '06 Sales Tax Bonds	15,375,000	<u>13,790,000</u>	3.000-4.000	2037
Total Governmental Activities			<u>\$69,587,065</u>		

**NOTE 8 - Long Term Debt (Continued)**

C. Revenue Bonds Payable (Continued)

2. Business-type Activities

All the outstanding bonds of the Utilities Fund are secured by the water and sewer net operating revenues. In addition, mainline extension charges and water connection fees are pledged for debt coverage.

In July 2001, the City issued \$21,311,958 in Capital Improvement Revenue Bonds which were secured by pledged City water and sewer system net operating revenues, including water connection fees. Proceeds from the bonds were used to (1) finance capital improvements to the water portion of the City's Water and Wastewater System (2) pay costs and expenses related to issuance of the Series 2001 Bonds including the municipal bond insurance premium and Reserve Fund Surety Bond premium. The bonds are payable through 2031. Total principal and interest remaining to be paid on the bonds is \$23,022,975. Current year principal and interest payments were \$1,916,926. The City's net operating water and sewer revenues were \$13,683,356. Resolution No. 94-07 provides that each of the following events is an "event of default" if a) any payment of Debt Service is not made when due, b) City becomes incapable of fulfilling its obligations, c) City admits in writing its inability to pay its debts, or files for bankruptcy, or consents to the appointment of a receiver or trustee, d) City is insolvent, or is adjudged bankrupt, e) City seeks reorganization under bankruptcy, f) Default of other covenants. Upon the occurrence and continuance of any event of default, the Holders of not less than 10% in aggregate principal amount and Accreted Value of the Bonds then outstanding may enforce the rights of the Bondholders either for the specific performance of any covenant or agreement contained herein or by any power granted for the enforcement of any proper legal remedy. Upon the happening and continuance of any event of default, Holders of not less than 51% of the aggregate principal amount and Accreted Value of the Bonds then outstanding may declare the principal and Accreted Value of all Bonds then outstanding to be due and payable.

The City has pledged future special assessment revenues to repay \$3,535,000 in utility special assessment bonds issued in June 2003. Proceeds from the bonds were used to finance water and sewer system improvements. In July 2017, the City used \$620,000 in assessment collections to partially redeem the bonds. This action a) reduced the maturity date of the bonds by two years and they are now payable through 2023 b) reduced cumulative interest expense by \$176,358, and c) reduced required debt service fund reserves. The bonds are payable from proceeds derived from special assessments. Total principal and interest remaining to be paid on the bonds is \$762,856. Principal and interest paid for the current year was \$210,888. During fiscal year ended September 30, 2019, the City collected \$141,989 in special assessments leaving \$951,855 in assessments receivable, net of allowance for uncollectible accounts, to be collected by the City in future years. It shall be an event of default under Resolution No. 2003-04 if the City shall: 1) fail to deposit with the paying agent on or before any interest payment date sufficient funds to pay the interest becoming due, 2) fail to deposit with the paying agent on or before a principal maturity date sufficient funds to pay the principal becoming due, 3) fail to deposit or pay within 10 days after the due date any other required payment under this resolution, or, 4) fail to comply in any material respect with any other covenant made in this resolution. Any registered owner, credit facility issuer, or trustee acting for registered owners may compel the performance of all duties required.

The following is a summary of business-type activities bonds payable reflected in the City's Utilities Fund as of September 30, 2019:

<b>Business-type Activities:</b>	<b>Purpose of Issue</b>	<b>Amount Issued</b>	<b>Amount Outstanding</b>	<b>Remaining Interest Rates (Percent)</b>	<b>Annual Maturity To</b>
Revenue Bonds:					
Utility Capital Improvement Revenue Bonds Series 2001	Capital improvements to water system	\$ 21,311,958	\$ 5,891,224	5.560-5710	2031
Utility Special Assessment Bonds Series 2003	Financing special assessments for water and sewer improvements	3,535,000	695,000	4.125	2023
Total Business-type Activities			<u>\$ 6,586,224</u>		

**NOTE 8 - Long Term Debt (Continued)**

C. Debt Service Requirements

The following are the debt service requirements to maturity on the City's long-term debt, excluding premiums and discounts, compensated absences as well as claims payable for governmental activities and business-type activities:

**Governmental Activities:**

Fiscal Year	Revenue/Refunding Bonds		Capital Leases		Notes Payable		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2020	\$ 1,334,721	\$ 3,821,192	\$ 104,086	\$ 152,215	\$ 2,150,000	\$ 500,281	\$ 8,062,495
2021	1,361,410	3,784,929	115,796	148,471	2,219,000	444,568	8,074,174
2022	2,079,899	3,732,997	128,173	144,306	1,570,000	392,598	8,047,973
2023	2,140,888	3,658,921	141,248	139,696	1,267,000	351,861	7,699,614
2024	2,198,286	3,583,387	155,056	134,615	1,312,000	316,997	7,700,341
2025-2029	11,826,861	15,957,972	1,021,773	578,492	6,535,000	1,011,796	36,931,894
2030-2034	17,745,000	11,934,637	1,553,525	357,681	3,340,000	177,841	35,108,684
2035-2039	21,695,000	6,178,447	1,012,071	67,071	-	-	28,952,589
2040-2044	9,205,000	590,484	-	-	-	-	9,795,484
<b>Total</b>	<b>\$69,587,065</b>	<b>\$53,242,966</b>	<b>\$ 4,231,728</b>	<b>\$ 1,722,547</b>	<b>\$18,393,000</b>	<b>\$ 3,195,942</b>	<b>\$ 150,373,248</b>

**BusinessType Activities:**

Fiscal Year	Capital Lease		Revenue/Refunding Bonds		Notes Payable		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2020	\$ 273,247	\$ 4,757	\$ 854,082	\$ 1,279,587	\$ 5,125,000	\$ 471,261	\$ 8,007,934
2021	-	-	814,560	1,316,016	5,240,000	363,211	7,733,787
2022	-	-	789,619	1,339,210	5,350,000	252,448	7,731,277
2023	-	-	679,046	1,365,904	5,455,000	139,359	7,639,309
2024	-	-	521,064	1,396,464	762,000	18,755	2,698,283
2025-2029	-	-	2,207,373	7,384,048	-	-	9,591,421
2030-2034	-	-	720,480	3,118,378	-	-	3,838,858
	<b>\$ 273,247</b>	<b>\$ 4,757</b>	<b>\$ 6,586,224</b>	<b>\$ 17,199,607</b>	<b>\$ 21,932,000</b>	<b>\$ 1,245,034</b>	<b>\$ 47,240,869</b>

**NOTE 8 - Long Term Debt (Continued)**D. Debt Defeasance and Advance Refunding

The City advances, refunds and/or defeases long-term debt primarily to reduce debt service requirements. As of September 30, 2019, the City has no outstanding defeased bonds.

E. Notes Payable

The Bayfront Community Redevelopment Agency ("BCRA") entered into a direct borrowing financial arrangement to facilitate a special, limited obligation note with a financial institution for \$6,000,000 to fund redevelopment activities of the BCRA. In May 2019, the City used \$988,000 in unspent bond proceeds to prepay principal on the 2006 BCRA Note. Principal is due annually on August 1<sup>st</sup> and interest payments are due semi-annually on August 1<sup>st</sup> and February 1<sup>st</sup> of each year. The note is collateralized by a lien upon and pledge of ad valorem taxes designated for the BCRA. The principal and interest balance outstanding as of September 30, 2019 is \$1,211,494. The note contains provisions that in the event of default resulting from: a) failure by the Agency to make any principal or interest payment within 3 days of the applicable date, b) failure by the Agency to perform any other covenant, c) the making of any material false or misleading representation, d) the filing of a bankruptcy petition against the Agency or the City, e) the filing by the Agency or the City of a voluntary petition in bankruptcy, f) the admission by the Agency or the City of its insolvency or bankruptcy. The Registered Owner may sue to protect and enforce any and all rights, including the right to specific performance.

In April 2014, the City issued a \$3,885,000 Local Option Gas Tax Refunding Note. Proceeds from the Note were used to advance refund outstanding Local Option Gas Tax Revenue Bond, Series 2004. The note, which has a maturity date of 2021, bears a fixed interest rate of 1.290% and is due semi-annually on April 1 and October 1. The Note is secured by a pledge of Local Option Gas Tax revenues. Principal and interest remaining on the Note is \$1,254,035. The total principal and interest paid during the current year was \$627,892. The note contains provisions for default resulting from: a) failure to make a payment of principal of Amortization Installment, redemption premium or interest when due, b) bankruptcy, c) default of any other covenants. Notwithstanding the foregoing, Issuer shall not be deemed in default if such default can be cured within a reasonable period and if the Issuer in good faith begins curative action and pursues such action until the default has been corrected. Any Holder may compel performance of all duties required to be performed by Issuer

In April 2014, the City issued a \$28,800,000 Utility System Refunding Revenue Note, Series 2014. Proceeds from the Note were used to refund outstanding Utility System Refunding Bonds, Series, 2002, partially refund Utility System Refunding Bonds, Series 2003 and advance refund Utility Capital Improvement Bonds, Series 2004. The Note which has a maturity date of 2022 bears a fixed interest rate of 2.060% and is due semi-annually on April 1 and October 1. The Note is secured by pledged revenues from water and sewer connection fees. Principal and interest remaining on the Note is \$11,551,290. The total principal and interest paid during the current year was \$3,974,159. Resolution 98-54 provides that each of the following qualifies as an event of default if: a) any payment of Debt Service is not made when due, b) City becomes incapable of fulfilling its obligations, c) City admits in writing its inability to pay its debts, or files for bankruptcy, or consents to the appointment of a receiver or trustee, d) City is insolvent, or is adjudged bankrupt, e) City seeks reorganization under bankruptcy, f) Default of other covenants. Upon the occurrence and continuance of any event of default, the Holders of not less than 10% in aggregate principal amount and Accreted Value of the Bonds then outstanding may enforce the rights of the Bondholders either for the specific performance of any covenant or agreement contained herein or by any power granted for the enforcement of any proper legal remedy. Upon the happening and continuance of any event of default, Holders of not less than 51% of the aggregate principal amount and Accreted Value of the Bonds then outstanding may declare the principal and Accreted Value of all Bonds then outstanding to be due and payable.

**NOTE 8 - Long Term Debt (Continued)**E. Notes Payable (Continued)

In May 2015, the City issued a \$4,744,000 Franchise Fee Revenue Note, Series, 2015. Most of the proceeds of the Note were used to finance mitigation costs relative to the I-95 Interchange Capital Improvement Project. Remaining proceeds shall be used for transportation improvements to include a connector road to the I-95 interchange. The note matures in 2026 and bears a fixed interest rate of 2.100%. Principal and interest remaining on the Note is \$3,680,554. The total principal and interest paid during the year was \$526,608. A summary follows of Resolution No. 2015-24 list of Events of Default: a) default in the payment of principal of amortization installment, redemption premium, or interest when due, b) default in the payment of fees due any provider of a Reserve Account Insurance Policy, c) bankruptcy, d) default of any other covenant. Any Holder of Bonds may enforce performance provided that acceleration shall not be a remedy unless specifically provided by Supplemental Resolution. Holder(s) of Bonds in an aggregate principal amount of not less than 25% of the Bonds then outstanding may appoint a trustee to represent such Bondholders in any legal proceeding for enforcement of Bondholders rights.

In March 2016, the City issued a \$13,190,000 Utility System Revenue Refunding Note, Series 2016, to refund Utility System Capital Improvement Refunding Bonds, Series 2005B. The Note, which has a maturity date of 2024, bears a fixed interest rate of 2.200%, and is due semi-annually on March 6 and September 6. The note is secured by pledged revenues from main line extension fee revenue and water & sewer operating revenues. Principal and interest remaining on the Series 2016 Refunding Note is \$10,271,460. Total principal and interest paid on the Refunding Note during the year was \$1,345,180. Resolution 98-54 provides that each of the following events is an "event of default" if: a) any payment of Debt Service is not made when due, b) City becomes incapable of fulfilling its obligations, c) City admits in writing its inability to pay its debts, or files for bankruptcy, or consents to the appointment of a receiver or trustee, d) City is insolvent, or is adjudged bankrupt, e) City seeks reorganization under bankruptcy, f) Default of other covenants. Upon the occurrence and continuance of any event of default, the Holders of not less than 10% in aggregate principal amount and Accreted Value of the Bonds then outstanding may enforce the rights of the Bondholders either for the specific performance of any covenant or agreement contained herein or by any power granted for the enforcement of any proper legal remedy. Upon the happening and continuance of any event of default, Holders of not less than 51% of the aggregate principal amount and Accreted Value of the Bonds then outstanding may declare the principal and Accreted Value of all Bonds then outstanding to be due and payable.

In December 2016, the City issued a Utility Special Assessment Revenue Refunding Note, Series 2016, in the par amount of \$2,060,000. The proceeds, along with an issuer contribution of \$544,523, were used to current refund the Utility Special Assessment Note, Series 2009, and pay for issuance costs. The Note, which has a maturity date of 2024, bears a fixed interest rate of 2.42%, and is payable semi-annually on January 1 and July 1. The net present value savings is \$257,702.33, or 10.4%. Principal and interest paid on the Note during the year was \$281,247. Principal and interest remaining on the Series 2016 Refunding Note is \$1,354,284. Resolution 98-54 provides that each of the following events is an "event of default" if: a) any payment of Debt Service is not made when due, b) City becomes incapable of fulfilling its obligations, c) City admits in writing its inability to pay its debts, or files for bankruptcy, or consents to the appointment of a receiver or trustee, d) City is insolvent, or is adjudged bankrupt, e) City seeks reorganization under bankruptcy, f) Default of other covenants. Upon the occurrence and continuance of any event of default, the Holders of not less than 10% in aggregate principal amount and Accreted Value of the Bonds then outstanding may enforce the rights of the Bondholders either for the specific performance of any covenant or agreement contained herein or by any power granted for the enforcement of any proper legal remedy. Upon the happening and continuance of any event of default, Holders of not less than 51% of the aggregate principal amount and Accreted Value of the Bonds then outstanding may declare the principal and Accreted Value of all Bonds then outstanding to be due and payable.

In December 2016, the City issued \$3,983,000 in Taxable Franchise Fee Revenue Refunding Note, Series 2016. The proceeds and City contributions of \$81,518.13, were used to current refund a portion of the Taxable Special Obligation Bonds (Pension Obligation), Series 2004, and cover the costs of issuance. The Note, which has a maturity date in fiscal year 2031, bears a fixed interest rate of 4.07%, and is payable semi-annually on April 1 and October 1. The net present value savings is \$344,441, or 8.73%. Principal and interest paid on the



**NOTE 8 - Long Term Debt (Continued)****E. Notes Payable (Continued)**

Refunding Note during the year was \$304,912. Principal and interest remaining on the Series 2016 Refunding Note is \$4,812,410. Resolution 2015-24 defines each of the following as an "Event of Default": a) default in the payment of the principal of, Amortization Installment, redemption premium or interest when due, b) default in the payment of fees due any provider of a Reserve Account Insurance Policy, c) bankruptcy, d) default of any other covenants, and such default shall continue for a period of 30 days after written notice received from the Holders of not less than 25% of the aggregate principal amount of Bonds outstanding or the Insurer of such amount of Bonds. Any Holder of Bonds may compel the performance of all duties required.

In February 2018, the City issued Local Option Gas Tax Revenue Note, Series 2018, in the par amount of \$9,000,000 for the construction of a connector road from Babcock Street to the new I-95 exchange and to cover costs of issuance. The note matures in October 2032 and bears a fixed interest rate of 2.71%. Principal and interest remaining on the Note totals \$10,630,449. Total principal and interest paid during the fiscal year was \$419,585. Resolution No. 2014-08 describes Events of Default as a) failure to make payments when due, b) bankruptcy, c) default of any other covenants. Notwithstanding the foregoing, the Issuer shall not be deemed in default if such default can be cured within a reasonable period of time and if the Issuer in good faith begins curative action and pursues such action until the default has been corrected. Any Holder may compel the performance of all duties required. The Holder(s) in an aggregate principal amount of not less than 25% of the obligations then outstanding may appoint a trustee to represent such Holders in any legal proceedings. During the period in which an Event of Default shall have occurred or be continuing, the Series 2018 Note shall bear interest at the "Default Rate", calculated at the greater of (i) the published Federal Reserve Bank Prime Rate plus 3%, (ii) the Federal Funds rate plus 5%, or (iii) 7% per annum; however not to exceed the maximum rate permitted by law.

In July 2018, the City entered into a direct borrowing for Equipment Lease/Purchase Agreement, Series 2018, as lessee, with Banc of America Public Capital Corp, lessor, in the amount of \$4,363,350. The purpose of the agreement is to secure equipment to be used for energy savings at City facilities. The lease matures in July 2037 and has a contract rate of 3.597%. Principal and interest remaining on the Lease is \$5,954,275. Total principal and interest paid during the fiscal year was \$288,572.

The following is a summary of the City's notes payable as of September 30, 2019:

<b>Governmental Activities:</b>	<b>Purpose of Issue</b>	<b>Amount Issued</b>	<b>Amount Outstanding</b>	<b>Remaining Interest Rates (Percent)</b>	<b>Annual Maturity To</b>
Bayfront Community Redevelopment Agency Note Series 2006	Financing of redevelopment activities of the BCRA	6,000,000	1,142,000	4.100	2022
Local Option Gas Tax Refunding Revenue Note, Series 2014	Refunding of the Local Option Gas Tax Revenue Bonds, Series 2004	3,885,000	1,238,000	1.290	2021
Franchise Fee Revenue Note Series 2015	Financing of I-95 exchange project	4,744,000	3,423,000	2.100	2026
Franchise Fee Refunding Note Series 2016	Partial Refunding of the Special Obligation Bonds, Series 2004	3,983,000	3,742,000	4.070	2031
Local Option Gas Tax Note Series 2018	Financing I-95 connector road project	9,000,000	<u>8,848,000</u>	2.710	2033
Total Governmental Activities			<u>\$ 18,393,000</u>		
<b>Business-type Activities:</b>	<b>Purpose of Issue</b>	<b>Amount Issued</b>	<b>Amount Outstanding</b>	<b>Remaining Interest Rates (Percent)</b>	<b>Annual Maturity To</b>
Utility System Refunding Revenue Note, Series 2014	Refunding of Utility Revenue Bonds Series 2002, 2003 and 2004	28,800,000	11,095,000	2.060	2022
Utility System Refunding Revenue Note, Series 2016	Refunding of Utility Revenue Bonds Series 2005B	13,190,000	9,580,000	2.200	2024
Special Assessment Revenue Refunding Note, Series 2016	Refunding of Special Assessment Note, Series 2009	2,060,000	<u>1,257,000</u>	2.420	2024
Total Business-type Activities			<u>\$ 21,932,000</u>		

**NOTE 8 - Long Term Debt (Continued)**

F. Capital Lease Obligations

The City has entered into lease agreements as lessee for financing the acquisition of equipment, bunker gear and breathing apparatus for the Fire Department, containers for the Sanitation Cart Program, and energy savings enhancements for City facilities. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of their future minimum lease payments.

Assets acquired through capital leases are as follows:

	<b>Governmental Activities</b>	<b>Enterprise Activities</b>
Asset:		
Machinery and equipment	\$ 4,830,440	\$ 2,560,000
Less: Accumulated depreciation	(550,034)	(2,304,000)
	<u>\$ 4,280,406</u>	<u>\$ 256,000</u>

Future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2019 were as follows:

<b>Governmental Activities</b>		<b>Enterprise Activities</b>	
<u>Fiscal Year</u>		<u>Fiscal Year</u>	
2020	256,301	2020	278,004
2021	264,267		
2022	272,479		
2023	280,944		
2024	289,671		
2025-2029	1,600,265		
2030-2034	1,911,206		
2035-2039	<u>1,079,142</u>		
Total minimum lease payment	5,954,275	Total minimum lease payment	<u>278,004</u>
Less: amount representing interest	<u>(1,722,547)</u>	Less: amount representing interest	<u>(4,757)</u>
Present value of minimum lease payments	<u>\$ 4,231,728</u>	Present value of minimum lease payments	<u>\$ 273,247</u>



**NOTE 9 – Employee Retirement Systems**

All City of Palm Bay full-time employees participate in one of two retirement plans offered by the City. Full-time employees participate in either the Palm Bay Defined Contribution Retirement Plan or the Palm Bay Defined Benefit Police and Firefighters Retirement System. In addition, the City offers its elected officials membership in the Florida Retirement System.

***A. Defined Contribution Retirement Plan***

The City of Palm Bay's general employees' retirement plan is a defined contribution plan administered and maintained by ICMA Retirement Corporation. The City has no fiduciary responsibility for this plan and the assets of the plan are not reported as a pension trust fund. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All full-time general employees are eligible to participate upon employment. Effective May 1, 2001, an executive plan was established which includes the City Manager, Deputy City Managers, City Clerk, City Attorney, Deputy City Attorney and all department heads except the police and fire department chiefs who are covered under the defined benefit plan. Employer contributions are vested according to the following schedule: 20% after one year of service and 20% per year thereafter until fully vested. Contributions under the plan were established by the Plan & Trust adoption agreement with ICMA Retirement Corporation and may be amended at the City's discretion.

As of December 2010, the City modified contributions for members covered under the executive plan (executive) and general employees (general). The City contributes a base of 3.75% for executive and 3% for general, to everyone's retirement account. The employee may elect to contribute an additional percentage of their salary, between 0%-9.75% and 0%-6%, for executive and general respectively. The City will match the employee contribution.

As of August 2010, the City's contribution for NAGE Blue and White employees was modified. The employer contributes a base of 3% to everyone's retirement account. The employee may elect zero to six percent (0-6%) to contribute to their account and the City will match the employee contribution.

In fiscal year 2019, employer and employee contributions to the ICMA defined contributions plan were \$1,851,343 and \$1,229,489 respectively.

***B. Defined Benefit Plan Palm Bay Police and Firefighter Plan***

**Plan Description** - The City of Palm Bay maintains a single-employer defined benefit pension plan, which covers general employees, police officers and firefighters. The Plan is closed to new general employees and that classification consists of retirees only. Coverage for firefighters and police officers is administered by the Board of Trustees of the City of Palm Bay Police and Firefighters Retirement System (the "Plan"). The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. Benefits under the plan are established in accordance with City Ordinance No. 74-9 as amended and certain provisions of Florida Statutes Chapters 185 (Police Officers) and 175 (Firefighters).

Benefit provisions of the Plan may be amended by the City Council but may not be reduced below the minimum specified by Florida Statutes, unless the plan stops receiving 175 and 185 funds. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing the Board of Trustees:

Board of Trustees of the City of Palm Bay Police and Firefighters Retirement System  
1501 Robert J. Conlan Boulevard NE, Suite 240  
Palm Bay, Florida 32905-3567 <https://www.pbpfpf.org/>

The Plan's Board of Trustee is comprised of 5 members.

- One Chairman Board Appointee
- One Vice Chairman Police Elected Representative
- One Secretary, Fire Elected Representative
- Two City Council Appointees

**NOTE 9 – Employee Retirement Systems (Continued)**

*B. Defined Benefit Palm Bay Police and Firefighter Plan (Continued)*

**Employees Covered** – Based on the Actuarial Valuation Report as of October 1, 2018 the following employees were covered by the benefit terms for the Plan:

	Police Officers	Fire Fighters	General Employees
Inactive employees or beneficiaries currently receiving benefits	107	88	2
Inactive employees entitled to benefits but not receiving them	17	10	-
Active employees	139	108	-
<b>Total members</b>	<b>263</b>	<b>206</b>	<b>2</b>

**Benefits Provided** - All regular full-time certified police officers and firefighters are eligible to participate in the Plan.

*Police officer members:*

Normal retirement shall be the earlier of attainment of (1) age 55, (2) completion of 30 years credited service regardless of age, (3) age 52 with 25 years of credited service (4) for police officers who are employed on or after October 1, 2006 and retire after that date, 28 years of credited service, regardless of age, or (5) for police officers who are employed on or after April 5, 2012, completion of 25 years of credited service, regardless of age. Average Final Compensation (AFC) is one and a half times the average of the highest five years of the last ten years of credited service. Payments for used leave are not included in AFC.

Each police officer member with less than 20 years of credited service will have a monthly normal retirement benefit in an amount equal to 2% of the member's AFC multiplied by the member's credited service performed prior to June 1, 1992 and 2½% of the member's AFC multiplied by the member's credited service performed on and after June 1, 1992. For members who have completed 20 years of credited service as sworn police officers, instead of the amount described in the previous sentence, the member's monthly normal retirement benefit shall be an amount equal to 3% of the member's AFC multiplied by the member's credited service plus 5% of AFC for service after 20 years to a maximum of 100% of the AFC upon completion of 28 years of service. For police officers hired after October 1, 2016, the maximum normal retirement benefit shall be 85% of average final compensation.

*Firefighter members:*

**Tier One members** - Firefighters hired prior to March 15, 2012.

Normal retirement shall be the earlier of attainment of (1) age 55, (2) completion of 25 years of credited service at 85% of AFC or 28 years regardless of age, or (3) age 52 with 25 years of credited service effective September 30, 2002. Average Final Compensation (AFC) is one and a half times the average of the highest five years of the last ten years of credited service. Payments for used leave are not included in AFC.

Each firefighter member with less than 20 years of credited service will have a monthly normal retirement benefit in an amount equal to 2% of the member's AFC multiplied by the member's credited service performed prior to October 1, 1991, and 2½% of the member's AFC multiplied by the member's credited service performed on and after October 1, 1991. For members who have completed 20 years of credited service as a firefighter, instead of the amount described in the previous sentence, the member's monthly normal retirement

**NOTE 9 – Employee Retirement Systems (Continued)**B. Defined Benefit Palm Bay Police and Firefighter Plan (Continued)Benefits Provided - Firefighter members (Continued)

benefit shall be an amount equal to 3% of the member's AFC multiplied by the member's credited service plus 5% of AFC for service after 20 years to a maximum of 100% of the AFC upon completion of 28 years of service.

Tier Two members – Firefighters hired on or after March 12, 2012.

Normal retirement shall be the first day of the month coincident with or next following the completion of 25 years of credited regardless of age. Provided, however that a vested member who terminates prior to attaining 25 years of credited service shall be eligible for normal retirement benefits upon reaching age 55. Average Final Compensation (AFC) is one and a half times the average of the highest five years of the last ten years of credited service. Payments for unused leave are not included in AFC.

Each firefighter with less than 20 years of credited service will have a monthly normal retirement benefit in an amount equal to 2% of the member's AFC multiplied by the member's credited service. For members who have completed 20 years of credited service as a firefighter, instead of the amount described in the previous sentence, the member's monthly normal retirement benefit shall be an amount equal to 3.2% of AFC for service after 20 years to a maximum of 90% of the AFC, excluding supplemental benefits.

Deferred Retirement Option Plan (DROP):

Effective September 30, 2000 for police officers and September 30, 2001 for firefighters, members who continue in employment past the normal retirement date may either accrue larger pensions or freeze their accrued benefit and enter the DROP. Each participant in the DROP has an account credited monthly with benefits not received and quarterly with investment earnings net of expenses based on the Plan's earnings. The DROP is administered by the Board of Trustees. Participation in the DROP is limited to 60 months.

Supplemental Benefits*Police officer members:*

Police officers who retire after October 1, 2006 receive a Supplemental Benefit equal to \$25 per month, times completed years of Credited Service. The benefit shall cease upon the retiree reaching age 65. Members approved for disability retirement are ineligible for the supplemental retirement benefit.

*Firefighter members:*Tier One members

Firefighters receive a Supplemental Benefit of \$189 per month payable over the life of the retiree only. Firefighters who retire on or after October 1, 2006, receive \$458 per month, instead of \$189. Firefighters who terminate after October 1, 2007, receive a Supplemental Benefit equal to \$25 per month times years of credited service earned prior to March 15, 2012. Effective March 15, 2012, firefighters who have not attained age 55 with 10 or more years of credited service or 25 years of credited service regardless of age on that date who either terminate while vested or terminate upon reaching normal or early retirement shall receive a supplemental benefit of \$12 per month for each year of credited service. The benefit shall cease upon the retiree reaching the age of Medicare eligibility and members approved for disability retirement are ineligible for the supplemental retirement benefit.

Tier Two members

Firefighters are eligible to receive a Supplemental Benefit of \$12 per month for each year of credited service. The benefit shall commence upon entry into the DROP or upon receipt of a retirement benefit and separation from the City. This benefit shall only be payable over the life of the member, will cease upon the member reaching the age of Medicare eligibility and members approved for disability retirement are ineligible for the supplemental retirement benefit.

**NOTE 9 – Employee Retirement Systems (Continued)**

B. Defined Benefit Palm Bay Police and Firefighter Plan (Continued)

Benefits Provided – Supplementary Benefits (Continued)

Cost of Living Adjustment:

*Police officer members:*

The Plan provides for cost-of-living adjustment to police officers who retire or enter the DROP on or after September 30, 2000. The retirement benefits will increase by 3% each year commencing with the September 30<sup>th</sup> following three years of retirement.

*Firefighter members:*

Tier One members

The Plan provides for cost-of-living adjustment to firefighters who retire or enter the DROP on or after September 30, 2001. The retirement benefits will increase by 2% each year commencing with the September 30<sup>th</sup> following six years of retirement.

Tier Two members

The cost-of-living adjustment will increase by 3% commencing with September 30<sup>th</sup> following six years of retirement.

**Contributions** - Florida Statutes, Chapters 175 and 185 require members to contribute not less than 0.5% of their annual salary. The Plan, as approved by the City Council, requires member police officers and firefighters to contribute 8.76% of their base annual salary. Funding contributions are determined annually on an actuarial basis as of October 1. The City is required to contribute at an actuarially determined amount necessary to finance current costs and amortized unfunded past service cost as provided by Florida Statute, Chapter 112. The City made contributions of \$4,409,697 in fiscal year 2019.

Municipalities that have established pension plans complying with the provisions of Chapters 175 and 185, Florida Statutes, and that have enacted appropriate taxing legislation are eligible to receive revenues generated from excise taxes on gross receipts of certain insurance premiums from policyholders covering property within the City limits. These are the Firefighters’ Pension Fund Excise Tax imposed on the gross receipts of property insurance policy premiums and the Police Officers’ Pension Fund Excise Tax imposed on the gross receipts of casualty insurance policy premiums. The City recognized as revenues and expenditures on-behalf of payment relating to pension contributions for its public safety employees by the State. These contributions from excise tax totaled \$1,339,783.

**Net Pension Liability (Asset)**

The City’s net pension liability(asset) for The Plan is measured as the total pension liability less the pension fiduciary net position. The total pension liability, net pension liability(asset) and certain sensitivity information for each of the Plan classification is measured as of October 1, 2018. The total pension liability was rolled forward from each valuation date to the Plan’s fiscal year ending September 30, 2019 using generally accepted actuarial principles. Components of the net pension liability(asset) of the City at September 30, 2019 are as follows:

	2019			
	Police	Fire	General	Total
Total pension liability	\$ 126,114,991	\$ 106,266,943	\$ 18,530	\$ 232,400,464
Plan fiduciary net pension ending	(113,100,885)	(87,715,010)	(201,166)	(201,017,061)
City’s net pension liability (asset)	\$ 13,014,106	\$ 18,551,933	\$ (182,636)	\$ 31,383,403
Plan fiduciary net pension - actuarial as a percentage of the total pension liability (asset)	89.68%	82.54%	1085.62%	86.50%

**NOTE 9 – Employee Retirement Systems (Continued)**

*B. Defined Benefit Palm Bay Police and Firefighter Plan (Continued)*

**Actuarial Assumptions** - The total pension liabilities were determined by an actuarial valuation as of October 1, 2018 updated to September 30, 2019 using the following assumptions:

	<b>Police Officers</b>	<b>Fire Fighters</b>	<b>General Employees</b>
Valuation Date	October 1, 2018	October 1, 2018	October 1, 2018
Measurement Date	September 30, 2019	September 30, 2019	September 30, 2019
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Actuarial Assumptions			
Discount Rate	7.75%	7.75%	7.75%
Inflation	2.70%	2.70%	2.70%
Payroll Growth	0.00%	4.00%	N/A
Projected Salary Increase	Varies by age	Varies by age	N/A
Investment Rate of Return	7.75%	7.75%	7.75%
Mortality	RP2000 (Combined Healthy)	RP2000 (Combined Healthy)	RP2000 (Combined Healthy)
Service Retirement	Members will retire at a rate of 5% per year prior to normal retirement		

Mortality rates were based on the RP-2000 Mortality Table (combined) and based on a study of over 650 public safety funds. The table reflects a 10.00% margin for future mortality improvements, 75.00% of deaths are assumed to be service related. The actuarial assumptions used in the October 1, 2018 valuation were based on the results of an actuarial experience study for the period 2005-2014.

**Discount Rate** - The long-term expected rate of return on pension plan investments were determined using a building block method which best estimates ranges of expected future real rates of return (expected returns, net of pension investment expenses and inflation) are developed for each major asset. 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, 2019 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Equity	35%	7.3%
Fixed Income	25%	3.6%
Real Estate	10%	4.9%
International Equity	15%	2.7%
Convertible Security	10%	6.3%
Master Limited Partnership	5%	8.1%
	<u>100%</u>	

**NOTE 9 – Employee Retirement Systems (Continued)**

B. Defined Benefit Palm Bay Police and Firefighter Plan (Continued)

Actuarial Assumptions (Continued)

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed the Plan member’s contributions will be made at the current contribution rates and that contributions from the City will be made at statutorily required rates as actuarially determined. Based on those assumptions, the 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.

**Changes in the Net Pension Liability (Asset)**- The changes in the Net Pension Liability (Asset) for The Plan as of the measurement date of September 30, 2019 are as follows:

	<b>Police</b>		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at September 30, 2018	\$ 118,884,678	\$ 111,056,112	\$ 7,828,566
Changes in the year:			
Service Cost	1,563,897	-	1,563,897
Interest on the total pension liability	9,100,104	-	9,100,104
Change in excess state money	-	-	-
Share Plan Allocation	160,785	-	160,785
Difference between expected and actual	2,401,146	-	2,401,146
Contributions - Employer	-	1,920,794	(1,920,794)
Contributions - State	-	842,305	(842,305)
Contributions - Employee	-	670,948	(670,948)
Contributions - Buyback	60,141	60,141	-
Net investment income	-	4,905,418	(4,905,418)
Benefit payments, including refunds of employee contributions	(6,055,760)	(6,055,760)	-
Administration expense	-	(299,073)	299,073
Net Changes	7,230,313	2,044,773	5,185,540
Balance at September 30, 2019	\$ 126,114,991	\$ 113,100,885	\$ 13,014,106

	<b>Fire</b>		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at September 30, 2018	\$ 101,584,570	\$ 86,405,847	\$ 15,178,723
Changes in the year:			
Service Cost	1,623,517	-	1,623,517
Interest on the Total Pension Liability	7,785,426	-	7,785,426
Change in Excess State Money	-	-	-
Share Plan Allocation	-	-	-
Changes of Benefit Terms	(23,176)	-	(23,176)
Difference between Expected and Actual Experience	752,209	-	752,209
Contributions - Employer	-	2,535,686	(2,535,686)
Contributions - State	-	497,478	(497,478)
Contributions - Employee	-	533,821	(533,821)
Net Investment Income	-	3,442,083	(3,442,083)
Benefit Payments, Including Refunds of Employee Contributions	(5,455,603)	(5,455,603)	-
Administration Expense	-	(244,302)	244,302
Net Changes	4,682,373	1,309,163	3,373,210
Balance at September 30, 2019	\$ 106,266,943	\$ 87,715,010	\$ 18,551,933

**NOTE 9 – Employee Retirement Systems (Continued)**

***B. Defined Benefit Palm Bay Police and Firefighter Plan (Continued)***

**Changes in Net Pension Liability (Asset) (Continued)**

	General Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability(Asset)
	(a)	(b)	(a)-(b)
Balance at September 30, 2018	\$ 19,517	\$ 199,099	\$ (179,582)
Changes in the year:			
Interest on the total pension liability	1,353	-	1,353
Difference between Expected and Actual Experience	1,775	-	1,775
Changes in Assumptions	-	-	-
Net Investment Income	-	10,497	(10,497)
Benefit Payments, Including Refunds of Employee Contributions	(4,115)	(4,115)	-
Administration Expense	-	(4,315)	4,315
Net Changes	(987)	2,067	(3,054)
Balance at September 30, 2019	18,530	201,166	(182,636)
<b>Total of PBP&amp;PBF Plans</b>	<b>\$ 232,400,464</b>	<b>\$ 201,017,061</b>	<b>\$ 31,383,403</b>

**Sensitivity of the Net Pension Liability(Asset) to Changes in the Discount Rate** - The following chart presents the net pension liability(asset) of the Plan as of September 30, 2019, calculated using the discount rate of 7.75% as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percent-point lower (6.75%) or 1-percent-point higher (8.75%) than the current rate.

	Discount Rate - 1% 6.75%	Current Discount 7.75%	Discount Rate + 1% 8.75%
Police Officers	\$ 29,998,917	\$ 13,014,106	\$ (797,746)
Fire Fighters	\$ 31,936,858	\$ 18,551,933	\$ 7,616,903
General Employees	\$ (181,884)	\$ (182,636)	\$ (183,331)

**Pension Plan Fiduciary Net Pension**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Police and Fire Pension Plan’s financial reports.



**NOTE 9 – Employee Retirement Systems (Continued)**

*B. Defined Benefit Palm Bay Police and Firefighter Plan (Continued)*

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

For the year ended September 30, 2019, the City recognized pension expense of \$8,750,279. At September 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Police & Fire and General	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,678,222	\$ 209,921
Changes in assumptions	1,548,235	-
Net difference between projected and actual earning on plan investments	5,413,524	4,109,941
Total	<u>\$ 11,639,981</u>	<u>\$ 4,319,862</u>

The amount reported as deferred outflow of resources and deferred inflow of resources related to pensions will be recognized as pension expense as follows:

Police & Fire and General Employees  
Year ending September 30:

2020	\$ 1,981,935
2021	1,386,178
2022	2,160,408
2023	1,666,230
2024	125,368
	<u>\$ 7,320,119</u>

**Payable to the Pension Plan**

At September 30, 2019, the City reported a payable of \$9,292 for the outstanding contributions to the pension plan for the year ended September 30, 2019.



**NOTE 9 – Employee Retirement Systems (Continued)***C. Florida Retirement System*

On June 5, 2008, the City passed Resolution 2008-55, authorizing participation of its elected officials in the Florida Retirement System (“FRS”) administered by the State of Florida. Also approved was Resolution 2008-56 providing for membership in the FRS and authorizing execution of all necessary agreements with the administrator of the FRS for extending benefits to elected officials of the City pursuant to Chapters 112 and 121, Florida Statutes.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The reports may be obtained by writing to the State of Florida, Division of Retirement:

State of Florida Division of Retirement  
Department of Management Services  
P.O Box 9000  
Tallahassee, Florida 32315-9000  
[www.dms.myflorida.com/worforce\\_operations/retirement/publications](http://www.dms.myflorida.com/worforce_operations/retirement/publications).

**Plan Description** - The Florida Retirement System is a multiple employer cost sharing public employee retirement system, administered by the Florida Legislature. FRS is available to governmental units within Florida and provides a Deferred Retirement Option Program (DROP) for eligible employees. The Plan affords retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. In addition to the benefits, members of the Florida Retirement System are afforded benefits through the Retiree Health Insurance Subsidy (HIS) Program. HIS was established and is administered in accordance with section 112.363, Florida Statutes.

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

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

**NOTE 9 – Employee Retirement Systems (Continued)**

C. Florida Retirement System (Continued)

Benefits Provided (Continued)

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is a proportion of 3.0% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3.0%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

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

HIS membership is available to all members within the FRS. The benefit is a monthly payment to assist retirees of the state-administered retirement system in paying their health insurance costs. 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 \$160 per month. 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 includes Medicare.

**Contributions** - Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute 3.0% percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contributions rates established by the Florida Legislature. These rates are updated as of July 1 each year. The employer contribution rates for elected officials for the periods October 1, 2018 through June 30, 2019 and from July 1, 2018 through September 30, 2019, were 48.70% and 48.82% respectively. These percentages include a 1.66% contribution rate for HIS.

Article X, Section 14 of the State Constitution and Part VII, Chapter 112 of the Florida Statutes provide the authority to amend the contribution rates and obligations.

The City’s contributions recognized during the fiscal year ended September 30, 2018 by FRS and HIS were \$26,380 and \$1,127 respectively.

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

The City’s proportionate share of net pension liability, pension expense related deferrals as of September 30, 2019 are as follows:

	FRS	HIS	Total
Proportionate Share of Net Pension Liability on June 30, 2019	\$ 292,997	\$ 22,715	\$ 315,712
City's portion at June 30, 2019	0.00085078	0.000203012	
City's portion at June 30, 2018	0.000840355	0.000020291	
Change in proportion during current year	0.000010425	0.000182721	

**NOTE 9 – Employee Retirement Systems (Continued)**C. Florida Retirement System (Continued)Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the fiscal year ended September 30, 2019, the City recognized pension expense of \$26,180. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS		Total
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows / Inflows of Resources
Difference between expected and actual experience	\$ 17,378	\$ 182	\$ 276	\$ 28	\$ 17,444
Change in assumptions	75,254	-	2,630	1,857	76,027
Change in proportion and differences between City Pension Plan contributions and proportionate share of contributions	56,907	1,934	7,994	131	62,836
City Pension Plan contributions subsequent to the measurement date	6,662	-	284	-	6,946
Net difference between projected actual earnings on plan investments	-	16,210	15	-	(16,195)
Total	<u>\$ 156,201</u>	<u>\$ 18,326</u>	<u>\$ 11,199</u>	<u>\$ 2,016</u>	<u>\$ 147,058</u>

The deferred outflows of resources related to the Pension Plan, totaling \$6,946 represents City contributions to the Plan subsequent to the measurement date of the net pension liability but before the end of the City's reporting period. This amount will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2020. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Year ending September 30	FRS	HIS	Net Pension Expense
2020	\$ 43,380	\$ 2,114	\$ 45,494
2021	21,723	2,043	23,766
2022	33,692	1,905	35,597
2023	24,616	1,589	26,205
2024	6,697	942	7,639
Thereafter	1,105	306	1,411
	<u>\$ 131,213</u>	<u>\$ 8,899</u>	<u>\$ 140,112</u>

**Actuarial Assumptions** – Actuarial assumptions for both cost-sharing defined benefit plans were reviewed by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. Because the HIS Program is funded on a pay-as-you-go basis, no experience study was completed for that program. The actuarial assumptions used to determine the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

**NOTE 9 – Employee Retirement Systems (Continued)**C. Florida Retirement System (FRS) (Continued)Actuarial Assumptions (Continued)

The total pension liability for FRS and HIS on the July 1, 2018 actuarial valuation was determined using the following assumptions:

	<b>FRS</b>	<b>HIS</b>
Valuation Date	July 1, 2019	July 1, 2018
Measurement Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Actuarial Assumptions		
Discount Rate	6.90%	3.50%
Inflation	2.60%	2.60%
Projected Salary Increase	3.25%	3.25%
Investment Rate of Return	6.90%	N/A
Mortality	PUB2010 with Projected Scale MP-2018	Generational RP-2000 with Projected Scale BB

The actuarial assumptions used in the July 1, 2019 valuation was 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 2019:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.10% to 6.90%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.87% to 3.50%.

The long-term expected rate of return on Pension Plan investments were based on forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for inflation assumption. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Annual Arithmetic Return</b>	<b>Compound Annual (Geometric Return)</b>
Cash	1.00%	3.30%	3.30%
Fixed Income	18.00%	4.10%	4.10%
Global Equity	54.00%	8.00%	6.80%
Real Estate	10.00%	6.70%	6.10%
Private Equity	11.00%	11.20%	8.40%
Strategic Investments	6.00%	5.90%	5.70%
	<u>100.00%</u>		

**NOTE 9 – Employee Retirement Systems (Continued)**

C. Florida Retirement System (FRS) (Continued)

**Discount Rate** - The discount rate used to measure the total pension liability was 6.90%. The Pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return. However, because the HIS program uses a pay-as-you-go funding structure, a municipal bond rate of 3.50% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index).

**Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following represents the City’s proportionate share of the net pension liability as of June 30, 2019 calculated using the discount rate, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	FRS Net Pension Liability			HIS Net Pension Liability		
	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Employer’s proportionate share of the net pension liability	\$ 506,494	\$ 292,997	\$ 114,691	\$ 25,930	\$ 22,715	\$ 20,037

**Pension Plan Fiduciary Net Position** - Detailed information regarding the Pension Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

**D. Other Post-Employment Benefits Other Than Pensions (OPEB)**

The City follows Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“OPEB”), for certain postemployment healthcare benefits provided by the City.

**Plan Description** - The City of Palm Bay administers an employee group medical insurance plan (the “Plan”) is a single-employer plan that provides medical insurance benefits to its employees and their eligible dependents. 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 Plan. Benefit provisions for the Plan 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. The Plan does not issue a publicly available financial report.

**Funding Policy** - Contribution rates for the Plan 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 towards 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 “implicit” subsidy. This implicit subsidy is an, Other Post Employment Benefit (OPEB) obligation of the City and is funded by general assets on a pay-as-you-go basis since there is no Trust Fund or equivalent arrangement into which the City makes contributions. For the year ended September 30, 2019, the City estimated its subsidized contributions towards medical cost on behalf of retirees and their covered dependents to be \$275,049.

**NOTE 9 – Employee Retirement Systems (Continued)**

D. Other Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

**Employees Covered by Benefit Terms** – As of October 1, 2017 the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	46
Active Plan Members	<u>647</u>
Total	<u><u>693</u></u>

**Total OPEB Liability** – The City’s total OPEB liability of \$11,815,244 was measured as of September 30, 2019 and was determined by an actuarial valuation as of September 30, 2019. The beginning OPEB liability for the year ended September 30, 2019 was adjusted to reflect the change in mortality recognize as of 10/01/2017.

**Significant Actuarial Assumptions and other Inputs** – The total OPEB Liability determined in the September 30, 2019 actuarial valuation used the following significant actuarial assumptions and other inputs:

Inflation	5.00%
Payroll Growth	4.00%
Discount Rate	3.75%
Healthcare Trend Rate	5.00%

Retirement Age - 100% at Normal Retirement Eligibility Date

Mortality - Florida Retirement System Mortality Table RP-2000

General (non-special risk)– For female lives, 100% of the Combined Healthy White-Collar table was used. For male lives, a 50% Combined Healthy White-Collar table, 50% Healthy Blue-Collar table blend was used.

Police & Fire (special risk) - For female lives, 100% of the Combined Healthy White-Collar table was used. For male lives, a 10% Annuitant White-Collar table, 90% Annuitant Blue-Collar table blend was used.

All tables include fully generational adjustments for mortality improvements using improvement scale BB.

Discount Rate – Given the City’s decision not to fund the OPEB plan, all future benefit payments were discounted using a high-quality bond rate of 3.75%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends.

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

**NOTE 9 – Employee Retirement Systems (Continued)**

*D. Other Post-Employment Benefits Other Than Pensions (OPEB) (Continued)*

**Changes in Total OPEB Liability**

Balance at October 1, 2017*	\$ 7,834,047
Changes for the year:	
Service Cost ( Entry Age Normal Cost) for 1 year	496,906
Interest for 1 year **	662,485
Differences Between Expected & Actual Experiences	2,179,786
Changes of Assumptions	1,198,439
Benefits Payments	<u>(556,419)</u>
Net Changes	3,981,197
Balance at September 30, 2019	<u><u>\$ 11,815,244</u></u>

\*Difference from the 9/30/2017 balance of \$7,559,163 is due to the change in mortality recognized as of 10/01/2017.

\*\*Discount rate of 3.75% for the fiscal year ended September 30, 2019.

**Sensitivity of the Total OPEB liability to Changes in the Discount Rate**

	1% Decrease	Current Discount Rate	1% Increase
	2.75%	3.75%	4.75%
Total OPEB Liability	\$ 10,179,467	\$ 11,815,244	\$ 13,863,849

**Sensitivity of the Total OPEB liability to Changes in the Healthcare Cost Trend Rates**

	1% Decrease	Healthcare Costs Trend Rate	1% Increase
	4.0%	5.0%	6.0%
Total OPEB Liability	\$ 10,060,872	\$ 11,815,244	\$ 14,039,310

**NOTE 9 – Employee Retirement Systems (Continued)**

*D. Other Post-Employment Benefits Other Than Pensions (OPEB) (Continued)*

**OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources**

OPEB expense for the fiscal year ended September 30, 2019 was \$1,193,620. On September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,638,014	\$ -
Change in assumptions	1,254,797	1,530,484
Total	<u>\$ 3,892,811</u>	<u>\$ 1,530,484</u>

**OPEB Outflows/Inflows of Resources Schedule for Future Years:**

Deferred outflow in resources related to OPEB is a result of differences between expected and actual experience while deferred inflows reflect changes in assumptions. These deferred resources will be recognized in OPEB expense as follows:

Year ending September 30	
2020	\$ 323,342
2021	323,342
2022	323,342
2023	323,342
2024	323,342
2025	323,342
Thereafter	422,275
	<u>\$ 2,362,327</u>



**NOTE 10 – Restricted Net Position**

The City maintains several special revenue funds to account for external and internal restrictions placed on revenue sources. In addition, the City has one debt service fund that account for proceeds that are restricted for the repayment of bonds. A summary of restrictions that meet the criteria for restricted net position are as follows:

**Governmental Activities**

<u>General Fund:</u>	Restricted pursuant to FDOT Contribution agreement	<u>\$ 800,000</u>
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Special Revenue Funds:

Law Enforcement Trust Fund	Forfeited property accounted for and used according to Federal and Florida laws	\$ 186,320
Impact Fee Funds	Levied pursuant to Florida Statutes, must be used for allowable improvements	8,396,492
Bayfront Community Redevelopment Agency	Levied pursuant to County and City Ordinance, must be used for activities of the redevelopment agency	836,710
SHIP	Restricted pursuant to grant agreement	547,083
HOME	Restricted pursuant to grant agreement	133,168
Neighborhood Stabilization Program	Restricted pursuant to grant agreement	<u>26,956</u>
		<u>10,126,729</u>

Debt Service Funds:

Debt Service Funds	Restricted pursuant to bond covenants for payment of principal and interest	<u>3,162,954</u>
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Capital Improvement Funds:

Capital Improvement Funds	Restricted pursuant to covenants on proceeds for capital improvement projects	<u>4,091,724</u>
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Internal Service Funds:

Employee Health Insurance Fund	Restricted pursuant FS 112.08 requiring 60 days reserve for claims as a safe-harbor regarding self-insured health plans	<u>1,800,000</u>
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Total Restricted Net Position - Governmental Activities	<u><u>\$ 19,981,407</u></u>
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**Business-type Activities**

Renewal and Replacement	Funds required to be placed in special construction accounts pursuant to Bond Covenants	\$ 9,416,364
Building Fund	Funds required to be spent on building code activities pursuant to Section 166.222, Florida Statutes	5,510,768
Capital Improvements	Water and sewer connection fees and mainline extension charges pledged for repayment of bond debt incurred for capital expansion and system improvements	<u>10,712,412</u>

Total Restricted Net Position - Business-type Activities	<u><u>\$ 25,639,544</u></u>
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**NOTE 11 – 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; injuries to employees; third party injuries and or property damage; information security and privacy; Law Enforcement Practices and natural disasters. The Risk Management program began on October 1, 1989. Historically under this program, the Risk Management Fund operated primarily as a self-insurance program. Maximum Fund amounts thru December 30, 2009 were as follows:

<b>Coverage</b>	<b>Self-Insured Retentions</b>
Worker's Compensation	\$350,000 each claim
General / Auto Liability	\$250,000 each claim
Theft, Disappearance & Dishonesty	\$ 25,000 each claim
Property Damage – Building	\$ 2,500 each claim
Property Damage – Auto	\$500 each claim / \$1,000 each claim (trucks)

During the first quarter of fiscal year 2010, a decision was made to transition the Worker's Compensation, General Liability and Automobile Liability lines of coverage from a self-insured program with the above-mentioned self-insured retentions, to an essentially fully insured program with no self-insured retention amounts for Worker's Compensation and Automobile Liability. General Liability covered the first \$100,000 as self-insured claims. This program was effective for all claims dated January 1, 2010 and beyond.

Beginning Fiscal year October 1, 2015, the City purchased coverage levels under which the Fund will only provide coverage as follows with self-insured retention amounts once again applying to all lines of coverage:

<b>Coverage</b>	<b>Self-Insured Retentions</b>
Worker's Compensation	\$350,000 each claim
*General / Auto Liability	\$200,000 each claim
Theft, Disappearance & Dishonesty	\$ 5,000 each claim
Property Damage – Building	\$2,500 each claim exception of "Named Storm"
Property Damage – Building	3% of Total Insured Value for "Named Storm" subject to a minimum of \$15,000 per occurrence
Property Damage – Auto	\$500 each claim

Claims exceeding the self-insured retention thresholds are under the umbrella of commercial coverage purchased by the City. Open claims for Worker's Compensation are currently administered by a third-party administrator.

\*The City is protected by Section 768.28, Florida Statutes, under the Doctrine of Sovereign Immunity, which limits the amount of liability of governmental entities for tort claims to \$200,000 per claim and \$300,000 per accident.

All departments of the City participate in the program. Payments are made by various funds to the Risk Management Fund based on experience and actuarial estimates of the amounts needed to pay prior and current year claims. The claims liability of \$3,497,000 reported in the Risk Management Fund at September 30, 2019 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The City's claims liability at year end is actuarially determined and includes incurred but not reported losses. Prior years' liabilities are undiscounted. Changes in the fund's claim liability are as follows:

	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Less Claims Payments	Balance at Fiscal Year End
2016-2017	2,989,625	3,088,779	(2,391,404)	3,687,000
2017-2018	3,687,000	1,636,573	(1,860,573)	3,463,000
2018-2019	3,463,000	2,813,879	(2,779,879)	3,497,000

**NOTE 12 – Employee Health Insurance Benefits**

The City maintains an Employee Benefit Internal Service Fund to account for the employee health care coverage program. Beginning January 1, 2018, the City transitioned to a self-insured plan. Based on increased employee utilization of benefits, comparative analysis projected substantial cost savings to support the change. Revenues are recognized from employee payroll deductions and city contributions. The plan is evaluated on a quarterly basis by a third-party to ensure viability. As of September 30, 2019, a liability of \$112,308 has been recorded, which represents estimated claims due and unpaid and claims incurred but not reported. Changes in the first-year liability is as follows:

	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Less Claims Payments	Balance at Fiscal Year End
2017-2018	\$ -	\$ (8,713,954)	\$ 8,826,262	\$ 112,308
2018-2019	-	107,882	4,426	112,308

**NOTE 13 – Commitments and Contingencies**

Intergovernmental Grants – Amounts received or receivable from grantors are subject to audit and adjustment by grantor agencies, principally federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time. The City is engaging auditors to audit the grant funds as requested by the Florida Housing Finance Corporation pursuant to their required procedures. The precise amounts are not known and will depend on the outcome of the audit.

Litigation – Various suits and claims arising 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 management, upon consultation with legal counsel, the City has enough insurance coverage to cover any claims and/or the liabilities that may arise from such action. The effect of such losses would not materially affect the financial position of the City or the results of its operations.

Encumbrance – The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts and other commitments are recorded to reserve the portion of applicable appropriations. Outstanding encumbrances at yearend are recorded as *restricted*, *committed*, or *assigned* fund balances, depending on the classification of the resources to be used to liquidate the encumbrance. Encumbrances outstanding as of September 30, 2019 are as follows:

Major Governmental Funds	
General Fund	\$ 557,396
Bayfront Community Redevelopment Agency	12,390
GO Bond Road Program Fund	3,145,839
Non-major Governmental Funds	<u>4,171,973</u>
	<u>\$ 7,887,598</u>

**NOTE 14 – Tax Abatements**

The City provides tax abatements through the Economic Development Ad Valorem Tax Exemption Program subject to Statement No. 77, *Tax Abatement Disclosures*. It enters into tax abatement agreements with local businesses as allowed by Article VII, Section 3 of the Florida Constitution, Chapter 196.1995 F.S., and approved by voter referendum in November 1998, August 2008, and again in November 2018, and by Council Resolution No. 98-55, Ordinance No. 2007-82, Ordinance No. 2009-32, and Ordinance 2011-67. Per Florida Statute, municipalities may exempt up to 100 percent of a business' property tax bill for the purpose of attraction or expansion of businesses within its jurisdiction. The abatements may be granted to any new business or expanding existing business that meets the definition in 196.012, F.S. This statute enumerates the following eligibility criteria to be considered: number of net new full-time jobs to be created, the average wage for the new jobs, the capital investment to be made, the type of business or operation, the environmental impact, the extent to which the applicant intends to source its supplies and materials within the jurisdiction, and any other economic-related characteristics deemed necessary by Council. For the fiscal year ended September 30, 2019, the City abated property taxes totaling \$511,826 under this program.

As part of the agreement, the benefiting businesses shall submit an annual report providing evidence of continued compliance with the definition of a new or existing business planning to expand in the City for each of the ten (10) years during which the businesses are eligible to receive the ad valorem tax exemption. If the annual report is not received, or if the annual report indicates that the business no longer meets the criteria of Section 196.012 Florida Statutes, the City Manager shall make a report to the City Council for consideration of revocation of the ad valorem tax exemption. The City Council may adopt an ordinance revoking the ad valorem tax exemption. The ordinance may provide that the City Council recover any ad valorem taxes abated in favor of the business for the time that was determined that the company no longer met the criteria.

**NOTE 15 – Subsequent Event**

On March 9, 2020, the State of Florida, Office of the Governor issued Executive Order 20-52 declaring a state of emergency for Florida as a result of the global pandemic referred to as Coronavirus (COVID-19). The Order provided guidance to limit social gathering, in addition to identifying members of the population who were at risk.

In response to Federal and State initiatives, effective March 30, 2020, the City issued a State of Emergency and closed to public access in order to facilitate "social distancing" while continuing operations with reduced staff based on stay-at-home directives.

COVID-19 has impacted financial markets and the ability to conduct commerce as usual. As of the date of Comprehensive Annual Financial Report (CAFR), it is too early for management to assess and quantify the economic impact of COVID-19 on the City.

**NOTE 16 – Other Required Disclosures*****New Pronouncements***

GASB Statement No. 83 – In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The Statement requires the measurement of an asset retirement obligation (ARO) to be based on the best estimate of the current values of outlays expected to be incurred. The best estimate should include probability weighting of all potential outcomes when such information is available or can be obtained at a reasonable cost. If probability weighting is not feasible at a reasonable cost, the most likely amount should be used. This Statement requires that a deferred outflow of resources associated with an ARO be measure at the amount of the corresponding liability upon initial measurement. Management has determined that the impact of the Statement did not have a material effect on the City.

GASB Statement No. 88 – In March 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing*. This Statement requires that additional essential information related to debt be disclosed in the notes to the financial statements, including unused lines of credit; assets pledge as collateral for the debt; and the terms specified in debt agreements related to significant events of default with

**NOTE 16 – Other Required Disclosures (Continued)***New Pronouncements (Continued)*

## GASB Statement No. 88 (Continued)

finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. In addition, the Statement requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The City implemented the provisions of GASB 88. The details of this implementation can be found in Note 8.

**Future Accounting Pronouncements**

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. This Statement is effective for the City's fiscal year ending September 30, 2020.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The Statement is effective for the City's fiscal year ending September 30, 2021.

GASB Statement No. 89 – In June 20018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of the Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement is effective for the fiscal year ending September 30, 2020.

GASB Statement No. 90 – In August 2018, GASB issued Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement is effective for the fiscal year ending September 30, 2020.

Management has not determined the impact that these future accounting pronouncements will have on the City's financial statements.

***REQUIRED SUPPLEMENTARY INFORMATION***

## Budgetary Comparison Schedules:

- General Fund
- Bayfront Community Redevelopment Agency

## Schedule of Changes in Net Pension Liability &amp; Related Ratios:

- City of Palm Bay Retirement System

## Schedule of Proportionate Share of Net Pension Liability:

- City of Palm Bay Retirement System

## Schedule of Pension Contributions:

- City of Palm Bay Retirement System

## Schedule of Funding Progress:

- Other Post-Employment Benefits

## Schedule of Investment Returns:

- City of Palm Bay Retirement System

## Notes to Required Supplementary Information

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL – GENERAL FUND  
For Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>REVENUES/TRANSFERS IN</b>				
<b>Taxes:</b>				
Ad Valorem	\$ 31,445,752	\$ 31,744,352	\$ 31,754,316	\$ 9,964
Local Option Fuel	3,848,419	3,848,419	4,147,267	298,848
Utility Service	8,923,000	8,923,000	9,111,670	188,670
Communication Service	2,600,449	2,600,449	2,540,717	(59,732)
Business Tax Receipts	563,300	563,300	563,298	(2)
	<u>47,380,920</u>	<u>47,679,520</u>	<u>48,117,268</u>	<u>437,748</u>
<b>Licenses and Permits:</b>				
Franchise Fees	5,645,000	5,698,000	5,811,170	113,170
Other Licenses and Permits	11,500	11,500	18,154	6,654
	<u>5,656,500</u>	<u>5,709,500</u>	<u>5,829,324</u>	<u>119,824</u>
<b>Intergovernmental Revenues:</b>				
Federal Grants	42,618	2,686,300	2,347,138	(339,162)
State Grants	-	142,555	152,507	9,952
Local Grants	566,796	722,796	722,796	-
State Revenue Sharing	11,830,666	11,830,666	11,702,036	(128,630)
Shared Taxes and Licenses	40,000	40,000	47,946	7,946
	<u>12,480,080</u>	<u>15,422,317</u>	<u>14,972,423</u>	<u>(449,894)</u>
<b>Charges for Services:</b>				
General Government Charges	518,005	568,005	647,486	79,481
Public Safety Charges	166,800	126,800	141,381	14,581
Physical Environment Charges	325,000	410,000	410,230	230
Transportation Charges	217,450	280,450	293,884	13,434
Culture/Recreation Charges	467,700	467,700	521,862	54,162
Charges to Other Funds	2,408,357	2,408,357	2,408,357	-
	<u>4,103,312</u>	<u>4,261,312</u>	<u>4,423,200</u>	<u>161,888</u>
<b>Fines and Forfeitures:</b>				
Court Fines and Costs	391,500	488,500	501,339	12,839
<b>Miscellaneous Revenue:</b>				
Investment income	26,000	448,000	589,971	141,971
Rents	205,000	300,000	288,500	(11,500)
Sales of Surplus	15,000	15,000	27,504	12,504
Contributions	28,200	28,200	31,509	3,309
Other Revenue	106,000	187,000	176,746	(10,254)
	<u>380,200</u>	<u>978,200</u>	<u>1,114,230</u>	<u>136,030</u>
<b>Other Sources:</b>				
Proceeds from Sale of Capital Assets	-	713,074	713,075	1
		<u>713,074</u>	<u>713,075</u>	<u>1</u>
<b>Transfers In:</b>				
Code Enforcement Fund	1,869	1,869	1,869	-
HOME Fund	-	-	1,425	1,425
NSP Fund	-	-	5,895	5,895
Building Fund	203,036	203,036	203,036	-
Fleet Service Fund	28,226	28,226	28,226	-
Employee Benefits Fund	12,500	12,500	12,500	-
Utilities Operating Fund	1,806,369	1,806,369	1,806,369	-
Stormwater Fund	59,167	59,167	59,167	-
Solid Waste Fund	64,167	64,167	64,167	-
	<u>2,175,334</u>	<u>2,175,334</u>	<u>2,182,654</u>	<u>7,320</u>
<b>Total Revenues and Transfers In</b>	<b>72,567,846</b>	<b>77,427,757</b>	<b>77,853,513</b>	<b>425,756</b>

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**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)**  
For Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>EXPENDITURES/TRANSFERS OUT</b>				
<b>General Government:</b>				
Legislative:				
Personal Services	623,227	628,824	627,300	1,524
Operating	144,765	172,565	135,695	36,870
	<u>767,992</u>	<u>801,389</u>	<u>762,995</u>	<u>38,394</u>
City Manager:				
Personal Services	718,563	826,704	629,396	197,308
Operating	108,985	112,185	76,989	35,196
Contributions	-	600	600	-
	<u>827,548</u>	<u>939,489</u>	<u>706,985</u>	<u>232,504</u>
City Attorney:				
Personal Services	276,722	276,722	229,194	47,528
Operating	298,800	299,900	105,601	194,299
	<u>575,522</u>	<u>576,622</u>	<u>334,795</u>	<u>241,827</u>
Procurement:				
Personal Services	546,858	562,769	531,140	31,629
Operating	10,960	18,870	15,705	3,165
	<u>557,818</u>	<u>581,639</u>	<u>546,845</u>	<u>34,794</u>
Finance:				
Personal Services	1,332,995	1,364,244	1,349,576	14,668
Operating	123,786	142,446	122,170	20,276
	<u>1,456,781</u>	<u>1,506,690</u>	<u>1,471,746</u>	<u>34,944</u>
Information and Innovation:				
Personal Services	1,346,379	1,322,558	1,201,235	121,323
Operating	2,016,989	2,044,878	1,706,982	337,896
Capital Outlay	-	352,998	428,848	(75,850)
	<u>3,363,368</u>	<u>3,720,434</u>	<u>3,337,065</u>	<u>383,369</u>
Human Resources:				
Personal Services	722,525	722,525	699,129	23,396
Operating	190,578	190,578	166,448	24,130
	<u>913,103</u>	<u>913,103</u>	<u>865,577</u>	<u>47,526</u>
Growth Management:				
Personal Services	1,698,608	1,695,641	1,292,221	403,420
Operating	269,574	299,499	206,401	93,098
	<u>1,968,182</u>	<u>1,995,140</u>	<u>1,498,622</u>	<u>496,518</u>
Economic Development:				
Personal Services	369,841	369,841	336,981	32,860
Operating	353,041	353,041	187,701	165,340
Contributions	201,500	201,500	200,750	750
	<u>924,382</u>	<u>924,382</u>	<u>725,432</u>	<u>198,950</u>
Facility Maintenance				
Personal Services	1,405,341	1,406,964	1,247,983	158,981
Operating	1,527,159	1,670,002	1,328,398	341,604
Capital Outlay	-	2,652,175	2,648,302	3,873
	<u>2,932,500</u>	<u>5,729,141</u>	<u>5,224,683</u>	<u>504,458</u>
Non-Departmental:				
Personal Services	-	-	3,364	(3,364)
Operating	4,542,062	7,159,305	4,577,350	2,581,955
Debt Service	128,142	128,142	2,879	125,263
	<u>4,670,204</u>	<u>7,287,447</u>	<u>4,583,593</u>	<u>2,703,854</u>
<b>Total General Government</b>	<u>18,957,400</u>	<u>24,975,476</u>	<u>20,058,338</u>	<u>4,917,138</u>

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**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)**  
For Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Public Safety:</b>				
Police:				
Personal Services	20,174,404	19,919,300	19,521,875	397,425
Operating	1,111,289	1,209,221	1,054,531	154,690
Contributions	-	300	300	-
	<u>21,285,693</u>	<u>21,128,821</u>	<u>20,576,706</u>	<u>552,115</u>
Fire:				
Personal Services	14,330,189	14,403,169	14,387,795	15,374
Operating	476,109	624,203	602,644	21,559
Capital Outlay	330,000	673,794	116,711	557,083
	<u>15,136,298</u>	<u>15,701,166</u>	<u>15,107,150</u>	<u>594,016</u>
<b>Total Public Safety</b>	<b>36,421,991</b>	<b>36,829,987</b>	<b>35,683,856</b>	<b>1,146,131</b>
<b>Transportation:</b>				
Public Works - Transportation				
Personal Services	4,211,972	4,271,818	3,850,737	421,081
Operating	1,291,851	1,246,822	1,166,120	80,702
Capital Outlay	-	11,000	9,430	1,570
<b>Total Transportation</b>	<b>5,503,823</b>	<b>5,529,640</b>	<b>5,026,287</b>	<b>503,353</b>
<b>Culture/Recreation:</b>				
Parks & Recreation				
Personal Services	3,101,587	3,236,248	3,150,615	85,633
Operating	1,127,855	1,112,990	958,659	154,331
Capital Outlay	102,000	138,040	118,671	19,369
<b>Total Culture / Recreation</b>	<b>4,331,442</b>	<b>4,487,278</b>	<b>4,227,945</b>	<b>259,333</b>
<b>Transfers Out:</b>				
Debt Service Fund	6,212,389	6,212,389	6,159,490	52,899
Stormwater Fund	310,543	310,543	310,543	-
Fleet Services Fund	630,258	960,530	960,530	-
Road Maintenance CIP	200,000	1,213,074	1,213,074	-
SHIP Fund	-	34,690	36,137	(1,447)
Community Development Block Grant Fund	-	-	5,874	(5,874)
Environment Fee Fund	-	17,250	17,250	-
Building Fund	-	28,029	28,029	-
Total Transfers Out	<u>7,353,190</u>	<u>8,776,505</u>	<u>8,730,927</u>	<u>45,578</u>
<b>Total Expenditures and Transfers Out</b>	<b>72,567,846</b>	<b>80,598,886</b>	<b>73,727,353</b>	<b>6,871,533</b>
<b>Excess (Deficiency) of Revenues and Transfers In Over (Under) Expenditures and Transfers Out</b>	<b>\$ -</b>	<b>\$ (3,171,129)</b>	<b>\$ 4,126,160</b>	<b>\$ 7,297,289</b>
<b>Fund Balance - Beginning of Year</b>			<u>14,972,626</u>	
<b>Fund Balance - End of Year</b>			<u>\$ 19,098,786</u>	

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL – BAYFRONT COMMUNITY REDEVELOPMENT AGENCY  
For Fiscal Year Ended September 30, 2019**

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 1,327,443	\$ 1,327,443	\$ -
Investment Income	6,400	15,667	9,267
Miscellaneous Revenue	-	570	570
<b>Total Revenues</b>	<b>1,333,843</b>	<b>1,343,680</b>	<b>9,837</b>
<b>EXPENDITURES</b>			
Current:			
Economic Environment	579,811	373,888	205,923
Capital Outlay	319,358	11,359	307,999
Debt Service:			
Principal Retirement	1,369,190	1,363,000	6,190
Interest and Fiscal Charges	96,770	89,972	6,798
<b>Total Expenditures</b>	<b>2,365,129</b>	<b>1,838,219</b>	<b>526,910</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(1,031,286)</b>	<b>(494,539)</b>	<b>536,747</b>
<b>OTHER FINANCING SOURCES</b>			
Transfers In	990,848	990,848	-
<b>Total Other Financing Sources</b>	<b>990,848</b>	<b>990,848</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>\$ (40,438)</b>	<b>\$ 496,309</b>	<b>\$ 536,747</b>
<b>Fund Balance - Beginning</b>		<b>340,401</b>	
<b>Fund Balance - Ending</b>		<b>\$ 836,710</b>	

**CITY OF PALM BAY POLICE AND FIRE RETIREMENT SYSTEM  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
September 30, 2019**

	Police						
	2019	2018	2017	2016	2015	2014	2013
<b>Total Pension Liability</b>							
Service Cost	\$ 1,563,897	\$ 1,590,256	\$ 1,571,207	\$ 1,641,528	\$ 1,627,434	\$ 1,682,546	\$ 1,557,913
Interest	9,100,104	8,659,017	8,317,177	8,013,990	7,846,279	7,499,442	7,164,797
Change in Excess State Money	-	(82,053)	(468,527)	82,053	97,949	84,152	-
Shared Plan Allocation	160,785	136,496	186,426	-	-	-	-
Difference between expected & actual experience	2,401,146	1,385,775	61,339	(1,049,607)	(2,269,835)	-	-
Changes in assumptions	-	-	-	3,811,157	-	-	-
Contributions Buy Back	60,141	17,077	45,396	15,167	5,777	-	-
Benefit payments, including refunds of member contributions	(6,055,760)	(6,085,882)	(5,329,528)	(5,107,223)	(5,147,483)	(4,435,345)	(4,893,215)
<b>Net Change in Total Pension Liability</b>	<b>7,230,313</b>	<b>5,620,686</b>	<b>4,383,490</b>	<b>7,407,065</b>	<b>2,160,121</b>	<b>4,830,795</b>	<b>3,829,495</b>
<b>Total Pension Liability - Beginning</b>	<b>118,884,678</b>	<b>113,263,992</b>	<b>108,880,502</b>	<b>101,473,437</b>	<b>99,313,316</b>	<b>94,482,521</b>	<b>90,653,026</b>
<b>Total Pension Liability - Ending (a)</b>	<b>126,114,991</b>	<b>118,884,678</b>	<b>113,263,992</b>	<b>108,880,502</b>	<b>101,473,437</b>	<b>99,313,316</b>	<b>94,482,521</b>
<b>Plan Fiduciary Net Position</b>							
Contributions - Employer	1,920,794	1,697,726	1,116,672	1,651,022	1,811,984	1,698,539	1,301,878
Contributions - State	842,305	793,726	716,530	684,840	618,683	604,886	572,954
Contributions - Employee	670,948	638,421	621,675	589,865	605,581	599,342	603,410
Contributions - Buy Back	60,141	17,077	45,396	15,167	5,777	-	-
Net Investment (loss) income	4,905,418	9,688,752	10,734,486	8,778,963	(435,284)	9,243,488	10,689,706
Benefit payments, including refunds of contributions	(6,055,760)	(6,085,882)	(5,329,528)	(5,107,223)	(5,147,483)	(4,435,345)	(4,893,215)
Administrative Expenses	(299,073)	(306,350)	(309,245)	(279,039)	(252,632)	(245,600)	(232,438)
<b>Net Change in Plan Fiduciary Net Pension</b>	<b>2,044,773</b>	<b>6,443,470</b>	<b>7,595,986</b>	<b>6,333,595</b>	<b>(2,793,374)</b>	<b>7,465,310</b>	<b>8,042,295</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>111,056,112</b>	<b>104,612,642</b>	<b>97,016,656</b>	<b>90,683,061</b>	<b>93,476,435</b>	<b>86,011,125</b>	<b>77,968,830</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>113,100,885</b>	<b>111,056,112</b>	<b>104,612,642</b>	<b>97,016,656</b>	<b>90,683,061</b>	<b>93,476,435</b>	<b>86,011,125</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>\$ 13,014,106</b>	<b>\$ 7,828,566</b>	<b>\$ 8,651,350</b>	<b>\$ 11,863,846</b>	<b>\$ 10,790,376</b>	<b>\$ 5,836,881</b>	<b>\$ 8,471,396</b>
Plan fiduciary net position as a percentage of the total pension liability	89.68%	93.41%	92.36%	89.10%	89.37%	94.12%	91.03%
Covered Payroll	\$ 7,648,804	N/A	N/A	N/A	N/A	\$ 6,841,804	\$ 6,877,781
Net pension liability as a percentage of covered payroll	170.15%	N/A	N/A	N/A	N/A	85.31%	123.17%

**Notes to Schedule:**

The Covered Payroll numbers shown are in compliance with GASB 82. For fiscal years 2015 to 2018 the information was not available.

Note: This is the sixth year of implementation for GASBC P20: *Pension Activities*. GASB requires information for 10 years. The City has presented information for those years for which information is available.

**CITY OF PALM BAY POLICE AND FIRE RETIREMENT SYSTEM**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**September 30, 2019**

	Fire						
	2019	2018	2017	2016	2015	2014	2013
<b>Total Pension Liability</b>							
Service Cost	\$ 1,623,517	\$ 1,563,954	\$ 1,664,642	\$ 1,460,239	\$ 1,396,536	\$ 1,299,634	\$ 1,203,365
Interest	7,785,426	7,439,387	7,171,289	6,914,011	6,469,622	6,293,170	6,027,029
Change in Excess State Money	-	-	(157,840)	-	-	-	-
Changes of Benefit Terms	(23,176)	-	-	-	-	-	-
Shared Plan Allocation	-	-	7,840	-	-	-	-
Difference between expected & actual experience	752,209	1,124,857	366,711	88,819	2,589,797	-	-
Changes in assumptions	-	-	-	2,358,009	-	-	-
Contributions Buy Back	-	-	-	18,462	-	-	-
Benefit payments, including refunds of member contributions	(5,455,603)	(5,943,601)	(5,357,309)	(4,515,339)	(5,414,256)	(5,553,839)	(2,445,969)
<b>Net Change in Total Pension Liability</b>	<b>4,682,373</b>	<b>4,184,597</b>	<b>3,695,333</b>	<b>6,324,201</b>	<b>5,041,699</b>	<b>2,038,965</b>	<b>4,784,425</b>
<b>Total Pension Liability - Beginning</b>	<b>101,584,540</b>	<b>97,399,943</b>	<b>93,704,610</b>	<b>87,380,409</b>	<b>82,338,710</b>	<b>80,299,745</b>	<b>75,515,320</b>
<b>Total Pension Liability - Ending (a)</b>	<b>106,266,913</b>	<b>101,584,540</b>	<b>97,399,943</b>	<b>93,704,610</b>	<b>87,380,409</b>	<b>82,338,710</b>	<b>80,299,745</b>
<b>Plan Fiduciary Net Position</b>							
Contributions - Employer	2,535,686	2,463,758	2,195,957	2,065,835	1,976,329	1,889,000	1,479,896
Contributions - State	497,478	522,880	506,774	559,910	590,203	639,518	622,786
Contributions - Employee	533,821	520,927	511,241	500,569	474,486	426,764	432,695
Contributions - Buy Back	-	-	-	18,462	-	-	-
Net Investment (loss) income	3,442,083	6,785,112	8,443,619	5,998,705	(251,532)	7,612,697	8,696,509
Benefit payments, including refunds of contributions	(5,455,603)	(5,943,601)	(5,357,309)	(4,515,339)	(5,414,256)	(5,553,839)	(2,445,969)
Administrative Expenses	(244,302)	(245,013)	(239,997)	(224,986)	(205,617)	(187,613)	(175,031)
<b>Net Change in Plan Fiduciary Net Pension</b>	<b>1,309,163</b>	<b>4,104,063</b>	<b>6,060,285</b>	<b>4,403,156</b>	<b>(2,830,387)</b>	<b>4,826,527</b>	<b>8,610,886</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>86,405,847</b>	<b>82,301,784</b>	<b>76,241,499</b>	<b>71,838,343</b>	<b>74,668,730</b>	<b>69,842,203</b>	<b>61,231,317</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>87,715,010</b>	<b>86,405,847</b>	<b>82,301,784</b>	<b>76,241,499</b>	<b>71,838,343</b>	<b>74,668,730</b>	<b>69,842,203</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>\$ 18,551,903</b>	<b>\$ 15,178,693</b>	<b>\$ 15,098,159</b>	<b>\$ 17,463,111</b>	<b>\$ 15,542,066</b>	<b>\$ 7,669,980</b>	<b>\$ 10,457,542</b>
Plan fiduciary net position as a percentage of the total pension liability	82.54%	85.06%	84.50%	81.36%	82.21%	90.68%	86.98%
Covered Payroll	\$ 6,093,853	N/A	N/A	N/A	N/A	\$ 4,871,735	\$ 4,937,031
Net pension liability as a percentage of covered payroll	304.44%	N/A	N/A	N/A	N/A	157.44%	211.82%

**Notes to Schedule:**

The Covered Payroll numbers shown are in compliance with GASB 82. For the prior years, the information was not available.

*Changes of assumptions:*

For measurement date 09/30/2019, amounts reported as changes of benefit terms resulted from the provisions of Chapter 112.1816, Florida Statutes. The Statutes state that effective July 1, 2019, a death or disability (under the Plan's definition of total and permanent disability) for a Firefighter due to the diagnosis of cancer or circumstances that arise out of the treatment of cancer will be treated as duty-related.

Note: This is the sixth year of implementation for GASBC P20: *Pension Activities*. GASB requires information for 10 years. The City has presented information for those years for which information is available.

**CITY OF PALM BAY POLICE AND FIRE RETIREMENT SYSTEM**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**September 30, 2019**

	General						
	2019	2018	2017	2016	2015	2014	2013
<b>Total Pension Liability</b>							
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	1,353	1,431	1,510	2,381	2,247	2,564	3,019
Difference between expected & actual experience	1,775	1,680	1,590	(10,628)	4,093	-	-
Changes in assumptions	-	-	-	2,080	-	-	-
Benefit payments, including refunds of member contributions	(4,115)	(4,115)	(4,115)	(4,115)	(5,213)	(7,835)	(9,586)
<b>Net Change in Total Pension Liability</b>	<b>(987)</b>	<b>(1,004)</b>	<b>(1,015)</b>	<b>(10,282)</b>	<b>1,127</b>	<b>(5,271)</b>	<b>(6,567)</b>
<b>Total Pension Liability - Beginning</b>	<b>19,517</b>	<b>20,521</b>	<b>21,536</b>	<b>31,818</b>	<b>30,691</b>	<b>35,962</b>	<b>42,529</b>
<b>Total Pension Liability - Ending (a)</b>	<b>18,530</b>	<b>19,517</b>	<b>20,521</b>	<b>21,536</b>	<b>31,818</b>	<b>30,691</b>	<b>35,962</b>
<b>Plan Fiduciary Net Position</b>							
Net Investment (loss) income	10,497	18,604	20,370	16,561	1,776	18,826	20,163
Benefit payments, including refunds of contributions	(4,115)	(4,115)	(4,115)	(4,115)	(5,213)	(7,835)	(9,586)
Administrative Expenses	(4,315)	(4,692)	(4,370)	(4,796)	(6,130)	(455)	(1,950)
<b>Net Change in Plan Fiduciary Net Pension</b>	<b>2,067</b>	<b>9,797</b>	<b>11,885</b>	<b>7,650</b>	<b>(9,567)</b>	<b>10,536</b>	<b>8,627</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>199,099</b>	<b>189,302</b>	<b>177,417</b>	<b>169,767</b>	<b>179,334</b>	<b>168,798</b>	<b>160,171</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>201,166</b>	<b>199,099</b>	<b>189,302</b>	<b>177,417</b>	<b>169,767</b>	<b>179,334</b>	<b>168,798</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>\$ (182,636)</b>	<b>\$ (179,582)</b>	<b>\$ (168,781)</b>	<b>\$ (155,881)</b>	<b>\$ (137,949)</b>	<b>\$ (148,643)</b>	<b>\$ (132,836)</b>
Plan fiduciary net position as a percentage of the total pension liability	1085.62%	1020.13%	922.48%	823.82%	533.56%	584.32%	469.38%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: This is the sixth year of implementation for GASBC P20: *Pension Activities*. GASB requires information for 10 years. The City has presented information for those years for which information is available.

**CITY OF PALM BAY FLORIDA RETIREMENT SYSTEM (FRS)  
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
 September 30, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.000850780%	0.000840355%	0.000620674%	0.000314544%	0.000351156%
City's proportionate share of the net pension liability (asset)	\$ 292,997	\$ 253,119	\$ 183,591	\$ 79,423	\$ 45,357
City's covered payroll	\$ 79,251	\$ 74,676	\$ 58,992	\$ 30,877	\$ 30,227
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	369.71%	338.96%	311.21%	257.22%	150.05%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	84.26%	83.89%	84.88%	92.00%

Note: 1) This is the sixth year of implementation for GASBC P20: *Pension Activities*. GASB requires information for 10 years. The City has presented information for those years for which information is available.

2) The Plan's fiduciary net position as a percentage of total pension liability is published in Note 4 of the Plan's Comprehensive Annual Financial Report.

3) These amounts are of June 30, the Plan's fiscal year end.

**CITY OF PALM BAY HEALTH INSURANCE SUBSIDY (HIS)  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
September 30, 2019**

	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	0.000202312%	0.000202913%	0.000152400%	0.000077720%	0.000079108%
City's proportionate share of the net pension liability (asset)	\$ 22,715	\$ 21,477	\$ 16,295	\$ 9,058	\$ 8,068
City's covered payroll	\$ 79,251	\$ 74,676	\$ 58,992	\$ 30,877	\$ 30,227
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	28.66%	28.76%	27.62%	29.34%	26.69%
Plan fiduciary net position as a percentage of the total pension liability	2.63%	2.15%	1.64%	0.97%	0.50%

Note: 1) This is the sixth year of implementation for GASBC P20: *Pension Activities*. GASB requires information for 10 years. The City has presented information for those years for which information is available.

2) The Plan's fiduciary net position as a percentage of total pension liability is published in Note 4 of the Plan's Comprehensive Annual Financial Report.

3) These amounts are of June 30, the Plan's fiscal year end.

**CITY OF PALM BAY POLICE AND FIRE RETIREMENT SYSTEM  
SCHEDULE OF CONTRIBUTIONS  
September 30, 2019**

Police						
	2019	2018	2017	2016	2015	2014
Actuarially determined contributions	\$ 2,493,163	\$ 2,356,572	\$ 2,195,741	\$ 2,171,756	\$ 2,332,718	\$ 2,219,273
From Excess State Money Reserve	-	-	-	-	-	-
Contributions in relation to the actuarially determined contribution	(2,556,052)	(2,354,956)	(2,115,304)	(2,253,809)	(2,332,718)	(2,219,273)
<b>Contribution deficiency (excess)</b>	<b>\$ (62,889)</b>	<b>\$ 1,616</b>	<b>\$ 80,437</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Actuarially computed - covered payroll	\$ 7,648,804	N/A	N/A	N/A	\$ 6,841,804	\$ 6,877,781
Contributions as a percentage of covered payroll	33.42%	N/A	N/A	N/A	34.10%	32.27%

**Notes to Schedule**

Valuation Date 10/1/2017  
Actuarially determined contributions rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rate:  
Actuarial cost method Frozen Entry Age Cost Method  
Amortization method  
Remaining amortization period 30 years  
Asset valuation method  
Inflation 2.70%  
Salary Increase Varies by age  
Investment Rate of Return 7.75%  
Retirement age 52-55  
Mortality RP2000

The Covered Payroll numbers shown are in compliance with GASB 82. For fiscal years 2015 to 2018, the information was not available.

Note: This is the sixth year of implementation for GASBC P20: *Pension Activities*. GASB requires information for 10 years. The City has presented information for those years for which information is available.



**CITY OF PALM BAY POLICE AND FIRE RETIREMENT SYSTEM  
SCHEDULE OF CONTRIBUTIONS  
September 30, 2019**

	Fire					
	2019	2018	2017	2016	2015	2014
Actuarially determined contributions	\$ 3,049,270	\$ 2,970,532	\$ 2,852,731	\$ 2,625,745	\$ 2,566,532	\$ 2,528,518
Contribution from Reserve	-	-	-	-	-	-
Contributions in relation to the actuarially determined contribution	(3,033,164)	(2,986,638)	(2,852,731)	(2,625,745)	(2,566,532)	(2,528,518)
Contribution deficiency (excess)	\$ 16,106	\$ (16,106)	\$ -	\$ -	\$ -	\$ -
Actuarially computed - covered payroll	\$ 6,093,853	N/A	N/A	N/A	\$ 4,871,735	\$ 4,871,735
Contributions as a percentage of covered payroll	49.77%	N/A	N/A	N/A	N/A	51.90%

**Notes to Schedule**

Valuation Date 10/1/2017  
Actuarially determined contributions rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rate:

Actuarial cost method	Entry age normal cost method
Amortization method	
Remaining amortization period	30 years
Asset valuation method	
Inflation	2.70%
Salary Increase	Varies by age
Investment Rate of Return	7.75%
Retirement age	52-55
Mortality	RP2000

The Covered Payroll numbers shown are in compliance with GASB 82. For fiscal years 2015 to 2018, the information was not available.

Note: This is the sixth year of implementation for GASBC P20: *Pension Activities*. GASB requires information for 10 years. The City has presented information for those years for which information is available.

**CITY OF PALM BAY POLICE AND FIRE RETIREMENT SYSTEM  
SCHEDULE OF CONTRIBUTIONS  
September 30, 2019**

	General					
	2019	2018	2017	2016	2015	2014
Actuarially determined contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Actuarially computed - covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

**Notes to Schedule**

Methods and assumptions used to determine contribution rate:

Actuarial cost method	Aggregate Actuarial Cost Method.
Amortization method	
Asset valuation method	
Investment Rate of Return	7.75%
Mortality	RP2000

Note: This is the sixth year of implementation for GASBC P20: *Pension Activities*. GASB requires information for 10 years. The City has presented information for those years for which information is available.

**CITY OF PALM BAY FLORIDA RETIREMENT SYSTEM (FRS)  
SCHEDULE OF CONTRIBUTIONS  
September 30, 2019**

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 26,380	\$ 23,949	\$ 16,158	\$ 7,671	\$ 8,561
Contributions in relation to the contractually required contribution	\$ (26,380)	\$ (23,949)	\$ (16,158)	\$ (7,671)	\$ (8,561)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 79,507	\$ 75,838	\$ 66,722	\$ 30,877	\$ 30,885
Contributions as a percentage of covered payroll	33.18%	31.58%	24.22%	24.84%	27.72%

Note: This is the sixth year of implementation for GASBC P20: *Pension Activities*. GASB requires information 10 years. The City has presented information for those years for which information is available.

**CITY OF PALM BAY HEALTH INSURANCE SUBSIDY (HIS)  
SCHEDULE OF CONTRIBUTIONS  
September 30, 2019**

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,127	\$ 1,100	\$ 807	\$ 398	\$ 302
Contributions in relation to the contractually required contribution	\$ (1,127)	\$ (1,100)	\$ (807)	\$ (398)	\$ (302)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 79,507	\$ 75,838	\$ 66,772	\$ 30,877	\$ 30,885
Contributions as a percentage of covered payroll	1.42%	1.45%	1.21%	1.29%	0.98%

Note: This is the sixth year of implementation for GASBC P20: *Pension Activities*. GASB requires information for 10 years. The City has presented information for those years for which information is available.

**CITY OF PALM BAY POLICE AND FIRE RETIREMENT SYSTEM  
 SCHEDULE OF INVESTMENT RETURNS  
 September 30, 2019**

Annual money-weighted rate of return, net of investment expense	<b>Police</b>	<b>Fire</b>	<b>General</b>
2019	4.47%	4.03%	5.39%
2018	9.41%	8.38%	10.06%
2017	11.25%	11.25%	11.76%
2016	9.81%	8.44%	10.02%
2015	-0.47%	-0.34%	1.02%

Note: This is the sixth year of implementation for GASBC P20: *Pension Activities*. GASB requires information for 10 years. The City has presented information for those years for which information is available.

**CITY OF PALM BAY OTHER POST EMPLOYMENT BENEFITS  
SCHEDULE OF CHANGES IN THE TOTAL OTHER POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED  
RATIOS**

**September 30, 2019**

Reporting Period Ending Measurement Date	9/30/2019 <u>9/30/2018</u>	9/30/2018 <u>9/30/2017</u>
<b>Total OPEB Liability</b>		
Service Cost	\$ 496,906	\$ 256,771
Interest for 2 years**	662,485	300,970
Differences Between Expected & Actual Experiences	2,179,786	-
Changes of Assumptions	1,198,439	274,884
Benefits Payments	<u>(556,419)</u>	<u>(233,756)</u>
<b>Net Change in Total OPEB Liability</b>	3,981,197	598,869
<b>Total OPEB Liability - Beginning (as Restated) *</b>	<u>7,834,047</u>	<u>7,559,163</u>
<b>Total OPEB Liability - Ending</b>	<u><u>\$ 11,815,244</u></u>	<u><u>\$ 8,158,032</u></u>
<b>Covered-Employee Payroll</b>	\$ 31,948,733	\$ 33,060,253
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	36.98%	24.68%

**Notes to Schedule:**

\* Difference from the 9/30/17 balances of \$7,559,163 is due to the change in mortality recognized as of 10/01/17.

The following are the discount rates used in each period:

\*\* Interest: 3.75%

Note: This is the second year of implementation for GASB 75. GASB requires information for 10 years. The City has presented information for those years for which information is available.

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**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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**NOTE 1 – BUDGETARY REQUIREMENTS**

## A. Budgetary Information

The following procedures are used to establish the budgetary data reflected in the financial statements:

- 1) No later than August 10<sup>th</sup> of each year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1.
- 2) Public hearings are held to obtain taxpayer comments.
- 3) Prior to October 1, the budget is legally enacted through the passage of an ordinance.
- 4) Budgets are legally adopted, and formal budgetary integration is employed as a management control device during the year for the general fund, all special revenue funds (except for the miscellaneous donations fund), all capital projects fund, and all debt service funds. The budgets adopted for the enterprise fund and internal service funds are for managerial control purposes.
- 5) Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- 6) The City Manager is authorized to transfer part or all unencumbered appropriation balance between activities of a department within a fund; however, any revisions that alter the total appropriations of any department or fund must be approved by the City Council. The classification detail at which expenditures may not legally exceed appropriations is at the fund level. During the fiscal year ended, various appropriations were approved in accordance with this policy. Budgeted amounts shown in the financial statements are as originally adopted and as further amended.
- 7) Appropriations lapse at the close of the fiscal year.



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**OTHER SUPPLEMENTARY INFORMATION**

Budgetary Comparison Schedule:

- BCRA Construction Fund
- GO Road Program Fund

Nonmajor Governmental Funds:

Combining Financial Statements for All Nonmajor Governmental Funds and Individual Budgetary Comparison Schedules for All Budgeted Nonmajor Governmental Funds

Nonmajor Enterprise Funds:

Combining Financial Statements for All Nonmajor Enterprise Funds

Nonmajor Enterprise Funds:

Combining Financial Statements for All Nonmajor Enterprise Funds

Fiduciary Funds:

Combining Statements for Fiduciary Funds



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**BUDGET AND ACTUAL  
BCRA CONSTRUCTION FUND  
For the Year Ended September 30, 2019**

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
<b>REVENUES</b>			
Investment Income	\$ 4,000	\$ 19,396	\$ 15,396
<b>Total Revenues</b>	<b>4,000</b>	<b>19,396</b>	<b>15,396</b>
<b>EXPENDITURES</b>			
Current:			
General Government	2,675	2,278	397
Capital Outlay	50,906	-	50,906
<b>Total Expenditures</b>	<b>53,581</b>	<b>2,278</b>	<b>51,303</b>
<b>(Deficiency) of Revenues</b>			
<b>(Under) Expenditures</b>	<b>(49,581)</b>	<b>17,118</b>	<b>66,699</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	(990,848)	(990,848)	-
<b>Total Other Financing Sources</b>	<b>(990,848)</b>	<b>(990,848)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>\$ (1,040,429)</b>	<b>\$ (973,730)</b>	<b>\$ 66,699</b>
<b>Fund Balance - Beginning</b>		<b>973,730</b>	
<b>Fund Balance - Ending</b>		<b>\$ -</b>	

**BUDGET AND ACTUAL  
GO ROAD PROGRAM FUND  
For the Year Ended September 30, 2019**

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
<b>REVENUES</b>			
Investment Income	\$ 268,000	\$ 267,477	\$ (523)
<b>Total Revenues</b>	<b>268,000</b>	<b>267,477</b>	<b>(523)</b>
<b>EXPENDITURES</b>			
Current:			
Physical Environment			
Transportation	229,706	-	229,706
Debt Service:			
Interest and Fiscal Charges	-	831,236	(831,236)
Capital Outlay	3,145,839	-	3,145,839
<b>Total Expenditures</b>	<b>3,375,545</b>	<b>831,236</b>	<b>2,544,309</b>
<b>Excess of Revenues Over Expenditures</b>	<b>(3,107,545)</b>	<b>(563,759)</b>	<b>2,543,786</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of Debt	49,391,830	50,000,000	608,170
Bond Premium	4,808,811	4,808,811	-
<b>Total Other Financing Sources</b>	<b>54,200,641</b>	<b>54,808,811</b>	<b>608,170</b>
<b>Net Change in Fund Balance</b>	<b>\$ 51,093,096</b>	<b>54,245,052</b>	<b>\$ 3,151,956</b>
<b>Fund Balance - Beginning</b>		<b>-</b>	
<b>Fund Balance - Ending</b>		<b>\$ 54,245,052</b>	



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**NONMAJOR GOVERNMENTAL FUNDS****SPECIAL REVENUE FUNDS**

Special Revenue Funds account for revenues from specific taxes or other earmarked revenue sources which, by law are designated to finance functions or activities of government. The City has the following nonmajor special revenue funds:

**Law Enforcement Trust** – This fund is used to account for proceeds obtained through the sale of confiscated and unclaimed property turned over to the City through court judgments. The proceeds are to be used solely for crime fighting purposes.

**Palm Bay Municipal Foundation Fund** – Established under Section 501(c)(3). This component unit was established to raise funds for charitable, educational, scientific and literary pursuits. It avails contributors to tax write-offs; and is the beneficiary of revenues generated from Red Light Camera violations.

**Code Nuisance Fund** – This fund is used to account for transactions related to properties with code violations where the owners are unwilling to abate the problems.

**SHIP Program** – This fund is used to account for proceeds received from the State for the City's State Housing Initiative Partnership (SHIP) program.

**Community Development Block Grant** – This fund is used to account for proceeds received from a Housing and Community Development Grant program for common residential improvements.

**HOME Grant** – This fund is used to account for the proceeds received from the State for the City's HOME Grant.

**Neighborhood Stabilization Program** – This fund accounts for Neighborhood Stabilization Program (NSP) transactions which is a federally funded initiative. NSP 1 authorized funding of \$5.2M to acquire and or rehabilitate up to 45 residential properties, NSP 3 authorized \$1.7M in funding for the purchase of foreclosed or abandoned homes and to rehabilitate, resell or redevelop these homes in order to promote equipoise in local areas.

**Miscellaneous Donations** – This fund is used to account for proceeds received as donations to the Police, Fire and Parks Departments.

**Impact Fee Trust** – This fund is used to account for proceeds provided for the acquisition and/or improvement of urban district park facilities, police capital facilities, fire capital facilities, and the expansion of the City's major road network system.

**Environmental Fee Fund** – This fund is used to account for transactions related to the City's Incidental Take Permit issued by the United States Fish and Wildlife Service.



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**DEBT SERVICE FUNDS**

The City has one debt service fund. It is used to account for the payment of principal and interest on outstanding general governmental revenue bonds.

**Debt Service Fund** – This fund is used to account for the principal and interest payments of the:

- Taxable Special Obligation Revenue Bonds, Series 2004
- Public Service Tax Revenue Bonds, Series 2010
- Taxable Special Obligation Refunding Bonds, Series 2013
- Local Option Gas Tax Refunding Note, Series 2014
- Sales Tax Refunding Bonds, Series 2015
- Franchise Fee Revenue Note, Series 2015
- Franchise Fee Revenue Note, Series 2016
- Local Option Gas Tax Revenue Note, Series 2018
- General Obligation Bonds, Series 2019
- Debt service on capital leases.

**CAPITAL PROJECTS FUNDS**

**Community Investment Fund** - This fund is used to account for financial resources earmarked for the acquisition or construction of major capital facilities or other project-oriented activities.

**I-95 Interchange Fund** - This fund is used to account for financial resources earmarked for the construction of an interchange between St. John's Heritage Parkway (Palm Bay Parkway) and Mico Road.

**Road Maintenance CIP Fund** - This fund is used to account for financial resources earmarked for the maintenance and repair of existing roadways.

**Connector Road I-95** – This fund is used to account for resources earmarked for the acquisition and construction of a connector road at the intersection of Babcock Road and the newly constructed I-95 interchange.





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**COMBINING BALANCE SHEET  
ALL NONMAJOR GOVERNMENTAL FUNDS  
September 30, 2019**

Special Revenue Funds

	Law Enforcement Trust	PB Municipal Foundation Fund	Code Nuisance Fund	SHIP Program	Community Development Block Grant	HOME Grant	Neighborhood Stabilization Program	Misc. Donations	Impact Fee Trust
<b>ASSETS</b>									
Cash and Cash Equivalents	\$ 9,993	\$ 24,679	\$ 184,710	\$ 2,052,016	\$ -	\$ -	\$ 28,171	\$ 83,966	\$ 4,535,249
Investments	254,785	-	251,959	-	-	-	-	-	5,140,821
Restricted Cash and Equivalents	-	-	-	-	-	133,504	-	-	-
Accounts Receivable	-	-	-	16	16	16	16	-	2,103
Due from Other Governments	-	-	-	-	89,998	-	184,243	-	-
Due from Other Funds	-	-	-	184,243	-	-	-	-	-
Land Held for Resale	-	4,000	-	-	-	-	-	-	-
Prepaid Items	3,595	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 268,373</b>	<b>\$ 28,679</b>	<b>\$ 436,669</b>	<b>\$ 2,236,275</b>	<b>\$ 90,014</b>	<b>\$ 133,520</b>	<b>\$ 212,430</b>	<b>\$ 83,966</b>	<b>\$ 9,678,173</b>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts Payable	\$ 1,046	\$ 578	\$ 4,670	\$ 934	\$ 4,025	\$ 26	\$ 99	\$ 330	\$ 1,281,681
Accrued Liabilities	-	-	-	711	2,813	326	1,132	-	-
Due to Other Funds	-	-	-	-	89,997	-	184,243	-	-
Advances from Other Funds	-	-	-	-	-	-	-	-	-
Due to Other Governments	-	-	-	-	-	-	-	-	-
Unearned Revenue	77,412	-	-	1,687,547	-	-	-	-	-
<b>Total Liabilities</b>	<b>78,458</b>	<b>578</b>	<b>4,670</b>	<b>1,689,192</b>	<b>96,835</b>	<b>352</b>	<b>185,474</b>	<b>330</b>	<b>1,281,681</b>
Fund Balances:									
Nonspendable	3,595	-	-	-	-	-	-	-	-
Restricted	186,320	-	-	547,083	-	133,168	26,956	-	8,396,492
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	28,101	431,999	-	-	-	-	83,636	-
Unassigned (Deficit)	-	-	-	-	(6,821)	-	-	-	-
<b>Total Fund Balances (Deficit)</b>	<b>189,915</b>	<b>28,101</b>	<b>431,999</b>	<b>547,083</b>	<b>(6,821)</b>	<b>133,168</b>	<b>26,956</b>	<b>83,636</b>	<b>8,396,492</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 268,373</b>	<b>\$ 28,679</b>	<b>\$ 436,669</b>	<b>\$ 2,236,275</b>	<b>\$ 90,014</b>	<b>\$ 133,520</b>	<b>\$ 212,430</b>	<b>\$ 83,966</b>	<b>\$ 9,678,173</b>

**COMBINING BALANCE SHEET  
ALL NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
September 30, 2019**

	Special Revenue Funds	Debt Service Funds	Capital Project Funds				Total Nonmajor Governmental Funds
	Environmental Fee Fund	Debt Service Funds	Community Investment Fund	I-95 Interchange Fund	Road Maintenance Fund	Connector Road I-95 Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 73,825	\$ 866,711	\$ 90,091	\$ 654,144	\$ 1,019,574	\$ 1,611,252	\$ 11,234,381
Investments	-	4,922,600	186,631	-	1,289,237	2,309,585	14,355,618
Restricted Cash and Equivalents	-	-	-	-	-	-	133,504
Accounts Receivable	-	956	-	-	-	4	3,127
Due from Other Governments	-	-	-	-	-	-	274,241
Due from Other Funds	-	-	-	-	-	-	184,243
Land Held for Resale	-	-	-	-	-	-	4,000
Prepaid Items	-	-	-	-	-	-	3,595
<b>Total Assets</b>	<b>\$ 73,825</b>	<b>\$ 5,790,267</b>	<b>\$ 276,722</b>	<b>\$ 654,144</b>	<b>\$ 2,308,811</b>	<b>\$ 3,920,841</b>	<b>\$ 26,192,709</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts Payable	\$ 17,250	\$ -	\$ 15,664	\$ 178,574	\$ 64,871	\$ 865,813	\$ 2,435,561
Accrued Liabilities	-	-	-	-	-	-	4,982
Due to Other Funds	-	-	-	-	-	-	274,240
Advances from Other Funds	589,402	-	-	-	-	-	589,402
Due to Other Governments	34,146	-	-	-	-	-	34,146
Unearned Revenue	-	-	-	-	-	-	1,764,959
<b>Total Liabilities</b>	<b>640,798</b>	<b>-</b>	<b>15,664</b>	<b>178,574</b>	<b>64,871</b>	<b>865,813</b>	<b>5,103,290</b>
Fund Balances:							
Nonspendable	-	-	-	-	-	-	3,595
Restricted	-	5,790,267	-	475,570	-	3,055,028	18,610,884
Committed	-	-	7,648	-	2,243,940	-	2,251,588
Assigned	-	-	253,410	-	-	-	797,146
Unassigned (Deficit)	(566,973)	-	-	-	-	-	(573,794)
<b>Total Fund Balances (Deficit)</b>	<b>(566,973)</b>	<b>5,790,267</b>	<b>261,058</b>	<b>475,570</b>	<b>2,243,940</b>	<b>3,055,028</b>	<b>21,089,419</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 73,825</b>	<b>\$ 5,790,267</b>	<b>\$ 276,722</b>	<b>\$ 654,144</b>	<b>\$ 2,308,811</b>	<b>\$ 3,920,841</b>	<b>\$ 26,192,709</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended September 30, 2019**

	Special Revenue Funds					
	Law Enforcement Trust	PB Municipal Foundation Fund	Code Nuisance Fund	SHIP Program	Community Development Block Grant	HOME Grant
<b>REVENUES</b>						
Impact Fees	\$ -	\$ -	\$ -	\$ -	\$ -	-
Intergovernmental Revenues	-	-	-	35,643	998,320	-
Charges for Services	-	-	147,424	13,706	885	42,464
Fines and Forfeitures	72,751	-	-	-	-	-
Investment Income	7,657	-	6,451	4,356	-	-
Miscellaneous Revenues	-	24,346	-	-	-	-
<b>Total Revenues</b>	<b>80,408</b>	<b>24,346</b>	<b>153,875</b>	<b>53,705</b>	<b>999,205</b>	<b>42,464</b>
<b>EXPENDITURES</b>						
Current:						
General Government	-	-	-	-	-	-
Public Safety	57,178	24,144	75,657	-	-	-
Economic Environment	-	-	-	89,842	188,500	27,659
Culture/Recreation	-	-	-	-	-	-
Debt Service:						
Principal Retirement	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Capital Outlay	15,494	-	-	-	773,800	-
<b>Total Expenditures</b>	<b>72,672</b>	<b>24,144</b>	<b>75,657</b>	<b>89,842</b>	<b>962,300</b>	<b>27,659</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>7,736</b>	<b>202</b>	<b>78,218</b>	<b>(36,137)</b>	<b>36,905</b>	<b>14,805</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	-	-	-	36,137	5,874	-
Transfers Out	-	-	(1,869)	-	-	(1,425)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(1,869)</b>	<b>36,137</b>	<b>5,874</b>	<b>(1,425)</b>
<b>Net Change in Fund Balances</b>	<b>7,736</b>	<b>202</b>	<b>76,349</b>	<b>-</b>	<b>42,779</b>	<b>13,380</b>
<b>Fund Balances (Deficit) - Beginning</b>	<b>182,179</b>	<b>27,899</b>	<b>355,650</b>	<b>547,083</b>	<b>(49,600)</b>	<b>119,788</b>
<b>Fund Balances (Deficit) - Ending</b>	<b>\$ 189,915</b>	<b>\$ 28,101</b>	<b>\$ 431,999</b>	<b>\$ 547,083</b>	<b>\$ (6,821)</b>	<b>\$ 133,168</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**ALL NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**For the Year Ended September 30, 2019**

	Special Revenue Funds			
	Neighborhood Stabilization Program	Misc. Donations	Impact Fee Trust	Environmental Fee Fund
<b>REVENUES</b>				
Impact Fees	\$ -	\$ -	\$ 5,261,719	\$ -
Intergovernmental Revenues	-	-	-	-
Charges for Services	-	-	-	24,025
Fines and Forfeitures	-	-	-	-
Investment Income	-	-	142,361	-
Miscellaneous Revenues	93	25,091	-	-
<b>Total Revenues</b>	<b>93</b>	<b>25,091</b>	<b>5,404,080</b>	<b>24,025</b>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Public Safety	-	37,279	-	-
Transportation	-	-	454	-
Economic Environment	51,524	-	-	17,250
Culture/Recreation	-	-	7,585	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Capital Outlay	42,737	-	1,570,175	-
<b>Total Expenditures</b>	<b>94,261</b>	<b>37,279</b>	<b>1,578,214</b>	<b>17,250</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(94,168)</b>	<b>(12,188)</b>	<b>3,825,866</b>	<b>6,775</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	436,061	17,250
Transfers Out	(5,895)	-	(2,011,337)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(5,895)</b>	<b>-</b>	<b>(1,575,276)</b>	<b>17,250</b>
<b>Net Change in Fund Balances</b>	<b>(100,063)</b>	<b>(12,188)</b>	<b>2,250,590</b>	<b>24,025</b>
<b>Fund Balances (Deficit) - Beginning</b>	<b>127,019</b>	<b>95,824</b>	<b>6,145,902</b>	<b>(590,998)</b>
<b>Fund Balances (Deficit) - Ending</b>	<b>\$ 26,956</b>	<b>\$ 83,636</b>	<b>\$ 8,396,492</b>	<b>\$ (566,973)</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**ALL NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**For the Year Ended September 30, 2019**

	Debt Service Funds		Capital Project Funds			Total Nonmajor Governmental Funds
	Debt Service Funds	Community Investment Fund	I-95 Interchange Fund	Road Maintenance Fund	Connector Road I-95 Fund	
<b>REVENUES</b>						
Impact Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,261,719
Intergovernmental Revenues	-	132,180	-	-	-	1,166,143
Charges for Services	-	-	-	-	-	228,504
Fines and Forfeitures	-	-	-	-	-	72,751
Investment Income	98,924	5,616	7,887	34,387	148,446	456,085
Miscellaneous Revenues	127,774	-	-	-	-	177,304
<b>Total Revenues</b>	<b>226,698</b>	<b>137,796</b>	<b>7,887</b>	<b>34,387</b>	<b>148,446</b>	<b>7,362,506</b>
<b>EXPENDITURES</b>						
Current:						
General Government	1,028	-	-	-	-	1,028
Public Safety	-	-	-	-	-	194,258
Transportation	-	-	-	70,225	3,296	73,975
Economic Environment	-	-	-	-	-	374,775
Culture/Recreation	-	-	-	-	-	7,585
Debt Service:						
Principal Retirement	3,035,095	-	-	-	-	3,035,095
Interest and Fiscal Charges	4,530,615	-	-	-	-	4,530,615
Capital Outlay	-	138,047	314,459	1,155,340	5,242,117	9,252,169
<b>Total Expenditures</b>	<b>7,566,738</b>	<b>138,047</b>	<b>314,459</b>	<b>1,225,565</b>	<b>5,245,413</b>	<b>17,469,500</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(7,340,040)</b>	<b>(251)</b>	<b>(306,572)</b>	<b>(1,191,178)</b>	<b>(5,096,967)</b>	<b>(10,106,994)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	7,734,766	-	-	1,213,074	-	9,443,162
Transfers Out	-	-	-	-	-	(2,020,526)
<b>Total Other Financing Sources (Uses)</b>	<b>7,734,766</b>	<b>-</b>	<b>-</b>	<b>1,213,074</b>	<b>-</b>	<b>7,422,636</b>
<b>Net Change in Fund Balances</b>	<b>394,726</b>	<b>(251)</b>	<b>(306,572)</b>	<b>21,896</b>	<b>(5,096,967)</b>	<b>(2,684,358)</b>
<b>Fund Balances (Deficit) - Beginning</b>	<b>5,395,541</b>	<b>261,309</b>	<b>782,142</b>	<b>2,222,044</b>	<b>8,151,995</b>	<b>23,773,777</b>
<b>Fund Balances (Deficit) - Ending</b>	<b>\$ 5,790,267</b>	<b>\$ 261,058</b>	<b>\$ 475,570</b>	<b>\$ 2,243,940</b>	<b>\$ 3,055,028</b>	<b>\$ 21,089,419</b>



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**BUDGETARY COMPARISON SCHEDULE  
LAW ENFORCEMENT TRUST  
For the Year Ended September 30, 2019**

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
<b>REVENUES</b>			
Fines and Forfeitures	\$ 69,100	\$ 72,751	\$ 3,651
Investment Income	-	7,657	7,657
<b>Total Revenues</b>	<b>69,100</b>	<b>80,408</b>	<b>11,308</b>
<b>EXPENDITURES</b>			
Current:			
Public Safety	59,174	57,178	1,996
Capital Outlay	46,535	15,494	31,041
<b>Total Expenditures</b>	<b>105,709</b>	<b>72,672</b>	<b>33,037</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(36,609)</b>	<b>7,736</b>	<b>44,345</b>
<b>Net Change in Fund Balance</b>	<b>\$ (36,609)</b>	<b>7,736</b>	<b>\$ 44,345</b>
<b>Fund Balance - Beginning</b>		<b>182,179</b>	
<b>Fund Balance - Ending</b>		<b>\$ 189,915</b>	



**BUDGETARY COMPARISON SCHEDULE  
PALM BAY MUNICIPAL FOUNDATION  
For the Year Ended September 30, 2019**

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
<b>REVENUES</b>			
Miscellaneous Revenues	\$ 31,000	\$ 24,346	\$ (6,654)
<b>Total Revenues</b>	<b>31,000</b>	<b>24,346</b>	<b>(6,654)</b>
<b>EXPENDITURES</b>			
Current:			
Public Safety	30,800	24,144	6,656
<b>Total Expenditures</b>	<b>30,800</b>	<b>24,144</b>	<b>6,656</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>200</b>	<b>202</b>	<b>2</b>
<b>Net Change in Fund Balance</b>	<b>\$ 200</b>	<b>202</b>	<b>\$ 2</b>
<b>Fund Balance - Beginning</b>		<b>27,899</b>	
<b>Fund Balance - Ending</b>		<b>\$ 28,101</b>	

**BUDGETARY COMPARISON SCHEDULE  
CODE NUISANCE FUND  
For the Year Ended September 30, 2019**

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
<b>REVENUES</b>			
Charges for Services	\$ 155,000	\$ 147,424	\$ (7,576)
Investment Income	600	6,451	5,851
<b>Total Revenues</b>	<u>155,600</u>	<u>153,875</u>	<u>(1,725)</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	89,000	75,657	13,343
<b>Total Expenditures</b>	<u>89,000</u>	<u>75,657</u>	<u>13,343</u>
<b>Excess of Revenues Over Expenditures</b>	<u>66,600</u>	<u>78,218</u>	<u>11,618</u>
<b>OTHER FINANCING USES</b>			
Transfers Out	(1,869)	(1,869)	-
<b>Total Other Financing Sources</b>	<u>(1,869)</u>	<u>(1,869)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ 64,731</u>	<u>76,349</u>	<u>\$ 11,618</u>
<b>Fund Balance - Beginning</b>		<u>355,650</u>	
<b>Fund Balance - Ending</b>		<u>\$ 431,999</u>	

**BUDGETARY COMPARISON SCHEDULE  
SHIP PROGRAM  
For the Year Ended September 30, 2019**

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental Revenues	\$ 835,748	\$ 35,643	\$ (800,105)
Charges for Services	13,800	13,706	(94)
Investment Income	3,500	4,356	856
<b>Total Revenues</b>	<b>853,048</b>	<b>53,705</b>	<b>(799,343)</b>
<b>EXPENDITURES</b>			
Current:			
Economic Environment	1,685,961	89,842	1,596,119
Culture and Recreation			-
Capital Outlay	-	-	-
<b>Total Expenditures</b>	<b>1,685,961</b>	<b>89,842</b>	<b>1,596,119</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(832,913)</b>	<b>(36,137)</b>	<b>796,776</b>
<b>OTHER FINANCING USES</b>			
Transfers In	34,690	36,137	1,447
<b>Total Other Financing Sources</b>	<b>34,690</b>	<b>36,137</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>\$ (798,223)</b>	<b>-</b>	<b>\$ 798,223</b>
<b>Fund Balance - Beginning</b>		<b>547,083</b>	
<b>Fund Balance - Ending</b>		<b>\$ 547,083</b>	

**BUDGETARY COMPARISON SCHEDULE  
COMMUNITY DEVELOPMENT BLOCK GRANT  
For the Year Ended September 30, 2019**

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental Revenues	\$ 1,808,531	\$ 998,320	\$ (810,211)
Charges for Services	-	885	885
<b>Total Revenues</b>	<b>1,808,531</b>	<b>999,205</b>	<b>(809,326)</b>
<b>EXPENDITURES</b>			
Current:			
Economic Environment	268,904	188,500	80,404
Capital Outlay	109,575	773,800	(664,225)
<b>Total Expenditures</b>	<b>378,479</b>	<b>962,300</b>	<b>(583,821)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>1,430,052</b>	<b>36,905</b>	<b>(1,393,147)</b>
<b>OTHER FINANCING SOURCES</b>			
Transfers In	-	5,874	(5,874)
<b>Net Change in Fund Balance</b>	<b>\$ 1,430,052</b>	<b>42,779</b>	<b>\$ (1,399,021)</b>
<b>Fund Balance (Deficit) - Beginning</b>		<b>(49,600)</b>	
<b>Fund Balance (Deficit) - Ending</b>		<b>\$ (6,821)</b>	

**BUDGETARY COMPARISON SCHEDULE  
HOME GRANT  
For the Year Ended September 30, 2019**

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental Revenues	\$ 503,664	\$ -	\$ (503,664)
Charges for Services	43,000	42,464	(536)
<b>Total Revenues</b>	<b>546,664</b>	<b>42,464</b>	<b>(504,200)</b>
<b>EXPENDITURES</b>			
Current:			
Economic Environment	314,656	27,659	286,997
Capital Outlay	95,621	-	95,621
<b>Total Expenditures</b>	<b>410,277</b>	<b>27,659</b>	<b>382,618</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>136,387</b>	<b>14,805</b>	<b>(121,582)</b>
<b>OTHER FINANCING SOURCES</b>			
Transfers (Out)	-	(1,425)	1,425
<b>Total Other Financing Sources</b>	<b>-</b>	<b>(1,425)</b>	<b>1,425</b>
<b>Net Change in Fund Balance</b>	<b>\$ 136,387</b>	<b>13,380</b>	<b>\$ (120,157)</b>
<b>Fund Balance - Beginning</b>		<b>119,788</b>	
<b>Fund Balance - Ending</b>		<b>\$ 133,168</b>	

**BUDGETARY COMPARISON SCHEDULE  
NEIGHBORHOOD STABILIZATION PROGRAM  
For the Year Ended September 30, 2019**

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
<b>REVENUES</b>			
Miscellaneous Revenue	\$ -	\$ 93	\$ 93
<b>Total Revenues</b>	<b>-</b>	<b>93</b>	<b>93</b>
<b>EXPENDITURES</b>			
Current:			
Economic Environment	165,131	51,524	113,607
Capital Outlay	170,000	42,737	127,263
<b>Total Expenditures</b>	<b>335,131</b>	<b>94,261</b>	<b>240,870</b>
<b>Excess of Revenues Over Expenditures</b>	<b>(335,131)</b>	<b>(94,168)</b>	<b>240,963</b>
<b>OTHER FINANCING SOURCES</b>			
Transfers (Out)	(5,900)	(5,895)	(5)
<b>Total Other Financing Sources</b>	<b>(5,900)</b>	<b>(5,895)</b>	<b>(5)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (341,031)</b>	<b>(100,063)</b>	<b>\$ 240,958</b>
<b>Fund Balance - Beginning</b>		<b>127,019</b>	
<b>Fund Balance - Ending</b>		<b>\$ 26,956</b>	

**BUDGETARY COMPARISON SCHEDULE  
MISCELLANEOUS DONATIONS  
For the Year Ended September 30, 2019**

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
<b>REVENUES</b>			
Miscellaneous Revenues	\$ 25,100	\$ 25,091	\$ (9)
<b>Total Revenues</b>	<b>25,100</b>	<b>25,091</b>	<b>(9)</b>
<b>EXPENDITURES</b>			
Public Safety	-	37,279	(37,279)
<b>Total Expenditures</b>	<b>-</b>	<b>37,279</b>	<b>(37,279)</b>
<b>Excess of Revenues Over Expenditures</b>	<b>25,100</b>	<b>(12,188)</b>	<b>(37,288)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 25,100</b>	<b>(12,188)</b>	<b>\$ (37,288)</b>
<b>Fund Balance - Beginning</b>		<b>95,824</b>	
<b>Fund Balance - Ending</b>		<b>\$ 83,636</b>	

**BUDGETARY COMPARISON SCHEDULE  
IMPACT FEE TRUST  
For the Year Ended September 30, 2019**

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
<b>REVENUES</b>			
Impact Fees	\$ 5,281,670	\$ 5,261,719	\$ (19,951)
Investment Income	38,750	142,361	103,611
<b>Total Revenues</b>	<b>5,320,420</b>	<b>5,404,080</b>	<b>83,660</b>
<b>EXPENDITURES</b>			
Current:			
Culture/Recreation	21,190	7,585	13,605
Transportation	-	454	(454)
Capital Outlay	2,883,929	1,570,175	1,313,754
<b>Total Expenditures</b>	<b>2,905,119</b>	<b>1,578,214</b>	<b>1,326,905</b>
<b>Excess of Revenues Over Expenditures</b>	<b>2,415,301</b>	<b>3,825,866</b>	<b>1,410,565</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	403,761	436,061	32,300
Transfers (Out)	(2,029,222)	(2,011,337)	17,885
<b>Total Other Financing Sources (Uses)</b>	<b>(1,625,461)</b>	<b>(1,575,276)</b>	<b>50,185</b>
<b>Net Change in Fund Balance</b>	<b>\$ 789,840</b>	<b>2,250,590</b>	<b>\$ 1,460,750</b>
<b>Fund Balance - Beginning</b>		<b>6,145,902</b>	
<b>Fund Balance - Ending</b>		<b>\$ 8,396,492</b>	



**BUDGETARY COMPARISON SCHEDULE  
ENVIRONMENTAL FEE  
For the Year Ended September 30, 2019**

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
<b>REVENUES</b>			
Charges for Services	\$ 25,800	\$ 24,025	\$ (1,775)
<b>Total Revenues</b>	<b>25,800</b>	<b>24,025</b>	<b>(1,775)</b>
<b>EXPENDITURES</b>			
Current:			
Physical Environment	17,250	17,250	-
<b>Total Expenditures</b>	<b>17,250</b>	<b>17,250</b>	<b>-</b>
<b>Excess of Revenues Over Expenditures</b>	<b>8,550</b>	<b>6,775</b>	<b>(1,775)</b>
<b>OTHER FINANCING (USES)</b>			
Transfers In	17,250	17,250	-
<b>Total Other Financing Sources</b>	<b>17,250</b>	<b>17,250</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>\$ 25,800</b>	<b>24,025</b>	<b>\$ (1,775)</b>
<b>Fund Balance (Deficit) - Beginning</b>		<b>(590,998)</b>	
<b>Fund Balance (Deficit) - Ending</b>		<b>\$ (566,973)</b>	

**BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUNDS  
For the Year Ended September 30, 2019**

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
<b>REVENUES</b>			
Investment Income	\$ 32,800	\$ 98,924	\$ 66,124
Miscellaneous Revenues	136,220	127,774	(8,446)
<b>Total Revenues</b>	<b>169,020</b>	<b>226,698</b>	<b>57,678</b>
<b>EXPENDITURES</b>			
Current:			
General Government	730	1,028	(298)
Debt Service:			
Principal Retirement	3,035,095	3,035,095	-
Interest and Fiscal Charges	4,531,059	4,530,615	444
<b>Total Expenditures</b>	<b>7,566,884</b>	<b>7,566,738</b>	<b>146</b>
<b>Deficiency of Revenues Under Expenditures</b>	<b>(7,397,864)</b>	<b>(7,340,040)</b>	<b>57,824</b>
<b>OTHER FINANCING SOURCES</b>			
Transfers In	7,837,850	7,734,766	(103,084)
<b>Total Other Financing Sources</b>	<b>7,837,850</b>	<b>7,734,766</b>	<b>(103,084)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 439,986</b>	<b>394,726</b>	<b>\$ (45,260)</b>
<b>Fund Balance - Beginning</b>		<b>5,395,541</b>	
<b>Fund Balance - Ending</b>		<b>\$ 5,790,267</b>	

**BUDGETARY COMPARISON SCHEDULE  
COMMUNITY INVESTMENT FUND  
For the Year Ended September 30, 2019**

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental Revenues	\$ 1,952,281	\$ 132,180	\$ (1,820,101)
Investment Income	-	5,616	5,616
<b>Total Revenues</b>	<b>1,952,281</b>	<b>137,796</b>	<b>(1,814,485)</b>
<b>EXPENDITURES</b>			
Capital Outlay	1,829,295	138,047	1,691,248
<b>Total Expenditures</b>	<b>1,829,295</b>	<b>138,047</b>	<b>1,691,248</b>
<b>Excess of Revenues Over Expenditures</b>	<b>122,986</b>	<b>(251)</b>	<b>(123,237)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 122,986</b>	<b>(251)</b>	<b>\$ (123,237)</b>
<b>Fund Balance - Beginning</b>		<b>261,309</b>	
<b>Fund Balance - Ending</b>		<b>\$ 261,058</b>	

**BUDGETARY COMPARISON SCHEDULE  
I-95 INTERCHANGE FUND  
For the Year Ended September 30, 2019**

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
<b>REVENUES</b>			
Investment Income	\$ -	\$ 7,887	\$ 7,887
<b>Total Revenues</b>	<u>-</u>	<u>7,887</u>	<u>7,887</u>
<b>EXPENDITURES</b>			
Current:			
Capital Outlay	772,710	314,459	458,251
<b>Total Expenditures</b>	<u>772,710</u>	<u>314,459</u>	<u>458,251</u>
<b>Excess of Revenues Over Expenditures</b>	<u>(772,710)</u>	<u>(306,572)</u>	<u>466,138</u>
<b>Net Change in Fund Balance</b>	<u>\$ (772,710)</u>	<u>(306,572)</u>	<u>\$ 466,138</u>
<b>Fund Balance - Beginning</b>		<u>782,142</u>	
<b>Fund Balance - Ending</b>		<u>\$ 475,570</u>	

**BUDGETARY COMPARISON SCHEDULE  
ROAD MAINTENANCE CIP FUND  
For the Year Ended September 30, 2019**

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
<b>REVENUES</b>			
Investment Income	\$ -	\$ 34,387	\$ 34,387
<b>Total Revenues</b>	<b>-</b>	<b>34,387</b>	<b>34,387</b>
<b>EXPENDITURES</b>			
Current:			
Transportation	105,718	70,225	35,493
Capital Outlay	3,459,043	1,155,340	2,303,703
<b>Total Expenditures</b>	<b>3,564,761</b>	<b>1,225,565</b>	<b>2,339,196</b>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<b>(3,564,761)</b>	<b>(1,191,178)</b>	<b>2,373,583</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	1,213,074	1,213,074	-
<b>Total Other Financing Sources (Uses)</b>	<b>1,213,074</b>	<b>1,213,074</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>\$ (2,351,687)</b>	<b>21,896</b>	<b>\$ 2,373,583</b>
<b>Fund Balance - Beginning</b>		<b>2,222,044</b>	
<b>Fund Balance - Ending</b>		<b>\$ 2,243,940</b>	

**BUDGETARY COMPARISON SCHEDULE  
CONNECTOR ROAD I-95 CIP FUND  
For the Year Ended September 30, 2019**

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
<b>REVENUES</b>			
Investment Income	\$ 176,200	\$ 148,446	\$ (27,754)
<b>Total Revenues</b>	<b>176,200</b>	<b>148,446</b>	<b>(27,754)</b>
<b>EXPENDITURES</b>			
Current:			
Physical Environment			
Transportation	-	3,296	(3,296)
Capital Outlay	8,253,985	5,242,117	3,011,868
<b>Total Expenditures</b>	<b>8,253,985</b>	<b>5,245,413</b>	<b>3,008,572</b>
<b>Excess of Revenues Over Expenditures</b>	<b>(8,077,785)</b>	<b>(5,096,967)</b>	<b>2,980,818</b>
<b>Net Change in Fund Balance</b>	<b>\$ (8,077,785)</b>	<b>(5,096,967)</b>	<b>\$ 2,980,818</b>
<b>Fund Balance - Beginning</b>		<b>8,151,995</b>	
<b>Fund Balance - Ending</b>		<b>\$ 3,055,028</b>	



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**NONMAJOR ENTERPRISE FUNDS**

Enterprise Funds are used to account for the acquisition, operation and maintenance of government facilities and services, which are entirely or predominantly self-supported, by user fee and charges. The operations of Enterprise Funds are accounted for in such a manner as to show a profit or loss like comparable private enterprises.

The City maintains the following Nonmajor Enterprise Funds:

**Building Inspection Fund** – This fund is used to account for building-related activities within the City. Revenues are primarily generated by user licenses and permits.

**Solid Waste Fund** – This fund is used to account for residential solid waste collection services administered by the City in partnership with Waste Management.



**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
September 30, 2019

	Nonmajor Enterprise Funds		
	Building Inspection Fund	Solid Waste Fund	Total Nonmajor Enterprise Funds
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 3,116,558	\$ 158,123	\$ 3,274,681
Investments	1,728,189	2,176,697	3,904,886
Restricted Cash and Cash Equivalents	-	331,757	331,757
Accounts Receivable - (Net)	-	504,403	504,403
Advances to Other Funds	188,453	-	188,453
Inventory	-	22,388	22,388
Prepaid Items	326	-	326
<b>Total Current Assets</b>	<b>5,033,526</b>	<b>3,193,368</b>	<b>8,226,894</b>
Noncurrent Assets:			
Advances to Other Funds	779,284	-	779,284
Capital Assets:			
Machinery, Equipment and Vehicles	548,497	2,761,770	3,310,267
Less: Accumulated Depreciation	(40,528)	(2,337,698)	(2,378,226)
<b>Total Capital Assets (Net)</b>	<b>507,969</b>	<b>424,072</b>	<b>932,041</b>
<b>Total Noncurrent Assets</b>	<b>1,287,253</b>	<b>424,072</b>	<b>1,711,325</b>
<b>Total Assets</b>	<b>6,320,779</b>	<b>3,617,440</b>	<b>9,938,219</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to OPEB	77,855	38,928	116,783
<b>Total Deferred Outflows of Resources</b>	<b>77,855</b>	<b>38,928</b>	<b>116,783</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	123,695	877,801	1,001,496
Accrued Liabilities	43,361	9,428	52,789
Unearned Revenues	-	451,669	451,669
Capital Leases Payable	-	273,247	273,247
Compensated Absences	11,140	1,860	13,000
Current Liabilities Payable from Restricted Assets:			
Customer Deposits	-	331,757	331,757
<b>Total Current Liabilities</b>	<b>178,196</b>	<b>1,945,762</b>	<b>2,123,958</b>
Noncurrent Liabilities:			
Total OPEB Liability	236,305	118,152	354,457
Compensated Absences	58,482	9,766	68,248
<b>Total Noncurrent Liabilities</b>	<b>294,787</b>	<b>127,918</b>	<b>422,705</b>
<b>Total Liabilities</b>	<b>472,983</b>	<b>2,073,680</b>	<b>2,546,663</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to OPEB	30,609	15,305	45,914
<b>Total Deferred Outflows of Resources</b>	<b>30,609</b>	<b>15,305</b>	<b>45,914</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	384,274	-	384,274
Restricted:			
Building Fund	5,510,768	-	5,510,768
Unrestricted	-	1,567,383	1,567,383
<b>Total Net Position</b>	<b>\$ 5,895,042</b>	<b>\$ 1,567,383</b>	<b>\$ 7,462,425</b>

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
For Fiscal Year Ended September 30, 2019**

	<b>Nonmajor Enterprise Funds</b>		
	<b>Building Inspection Fund</b>	<b>Solid Waste Fund</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>Operating Revenues:</b>			
Charges for Services:			
Solid Waste	\$ -	\$ 6,175,019	\$ 6,175,019
User Fees	432,198	-	432,198
Licenses and Permits	3,602,257	-	3,602,257
Miscellaneous Income	180,949	52,434	233,383
<b>Total Operating Revenues</b>	<b>4,215,404</b>	<b>6,227,453</b>	<b>10,442,857</b>
<b>Operating Expenses:</b>			
Personal Services	1,411,449	332,071	1,743,520
Material, Supplies, and Operating expenses	619,921	5,293,809	5,913,730
Depreciation	27,766	278,450	306,216
<b>Total Operating Expenses</b>	<b>2,059,136</b>	<b>5,904,330</b>	<b>7,963,466</b>
<b>Operating Income (Loss)</b>	<b>2,156,268</b>	<b>323,123</b>	<b>2,479,391</b>
<b>Nonoperating Revenues (Expenses):</b>			
Interest Income	-	51,582	51,582
Interest Expense and Fiscal Charges	-	(14,910)	(14,910)
<b>Total Nonoperating Revenues</b>	<b>-</b>	<b>36,672</b>	<b>36,672</b>
<b>Income Before Contributions and Transfers</b>	<b>2,156,268</b>	<b>359,795</b>	<b>2,516,063</b>
Transfers In	28,029	-	28,029
Transfers Out	(203,036)	(72,361)	(275,397)
<b>Change in Net Position</b>	<b>1,981,261</b>	<b>287,434</b>	<b>2,268,695</b>
<b>Total Net Position - Beginning</b>	<b>3,913,781</b>	<b>1,279,949</b>	<b>5,193,730</b>
<b>Total Net Position - Ending</b>	<b>\$ 5,895,042</b>	<b>\$ 1,567,383</b>	<b>\$ 7,462,425</b>

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
For Fiscal Year Ended September 30, 2019**

	<b>NonMajor Enterprise Funds</b>		
	<b>Building Inspection Fund</b>	<b>Solid Waste Fund</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers and Users	\$ 4,215,404	\$ 6,240,774	\$ 10,456,178
Payments to Suppliers	(598,539)	(5,578,729)	(6,177,268)
Payments to Employees	(1,434,048)	(328,658)	(1,762,706)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>2,182,817</b>	<b>333,387</b>	<b>2,516,204</b>
<b>Cash Flows from Noncapital Financing Activities</b>			
Interfund Advances	199,180	-	199,180
Transfers to Other Funds	(203,036)	(72,361)	(275,397)
Transfers from Other Funds	28,029	-	28,029
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>24,173</b>	<b>(72,361)</b>	<b>(48,188)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition/Construction of Capital Assets	(369,663)	-	(369,663)
Principal Paid on Capital Debt	-	(288,368)	(288,368)
Interest Paid on Capital Debt	-	(14,910)	(14,910)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(369,663)</b>	<b>(303,278)</b>	<b>(672,941)</b>
<b>Cash Flows from Investing Activities</b>			
Invest Purchases	(961,442)	(1,701,195)	(2,662,637)
Interest Income on Investments	-	51,582	51,582
<b>Net Cash Used by Investing Activities</b>	<b>(961,442)</b>	<b>(1,649,613)</b>	<b>(2,611,055)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>875,885</b>	<b>(1,691,865)</b>	<b>(815,980)</b>
Cash and Cash Equivalents at Beginning of Year	2,240,673	2,181,745	4,422,418
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 3,116,558</b>	<b>\$ 489,880</b>	<b>\$ 3,606,438</b>
<b>Cash and Cash Equivalents Classified As:</b>			
Current Assets	\$ 3,116,558	\$ 158,123	\$ 3,274,681
Restricted Assets	-	331,757	331,757
<b>Total Cash and Cash Equivalents</b>	<b>\$ 3,116,558</b>	<b>\$ 489,880</b>	<b>\$ 3,606,438</b>

*Continued on the next page*

**STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS (CONTINUED)**  
For Fiscal Year Ended September 30, 2019

	NonMajor Enterprise Funds		
	Building Inspection Fund	Solid Waste Fund	Total Nonmajor Enterprise Funds
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>			
Operating Income (Loss)	\$ 2,156,268	\$ 323,123	\$ 2,479,391
Depreciation	27,766	278,450	306,216
Change in Assets and Liabilities:			
Decrease in Accounts Receivable	-	29,281	29,281
(Increase) in Deferred Outflows - OPEB	(60,806)	(30,403)	(91,209)
Decrease in Inventories	-	12,224	12,224
(Increase) Decrease in Prepaid Expenses	(288)	18	(270)
(Decrease) in Accounts Payable	(39,667)	(297,997)	(337,664)
Increase in Accrued Liabilities	5,310	835	6,145
Increase in Customer Deposits	-	18,999	18,999
Increase in Total OPEB Liability	73,144	36,572	109,716
Increase (Decrease) in Compensated Absences	21,382	(2,610)	18,772
(Decrease) Unearned Revenue	-	(34,959)	(34,959)
(Decrease) Deferred Inflow - OPEB	(292)	(146)	(438)
<b>Total Adjustments</b>	<b>26,549</b>	<b>10,264</b>	<b>36,813</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 2,182,817</b>	<b>\$ 333,387</b>	<b>\$ 2,516,204</b>



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## INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods and services provided by one department or agency to other departments or agencies of the government and to other government units on a cost reimbursement basis.

**Risk Management** – This fund is used to account for the expenses incurred for workers' compensation claims, general and auto liability claims and property damage claims and the related administrative expenses to operate the City's risk management program. Revenues are generated by charges to the various departments and funds based on experience and actuarial estimates.

**Employee Benefit** – This fund is used to account for expenses incurred for insured and self-insured benefits under the City's Section 125 "cafeteria" benefits plan maintained for City employees.

**Fleet Services** – This fund is used to account for the fiscal activity related to meeting the automotive and other vehicular needs of the City. This fund purchase vehicles, maintains them and charges user departments for the vehicular usage.

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
September 30, 2019**

	Risk Management	Employee Benefit	Fleet Services	Total
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 819,548	\$ 2,562,863	\$ 537,503	\$ 3,919,914
Investments	5,212,383	4,456,293	461,984	10,130,660
Accounts Receivable (Net)	222,997	108,574	11,044	342,615
Inventory	-	-	223,390	223,390
Prepaid Items	243,400	35,101	140	278,641
<b>Total Current Assets</b>	<b>6,498,328</b>	<b>7,162,831</b>	<b>1,234,061</b>	<b>14,895,220</b>
Capital Assets:				
Machinery, Equipment and Vehicles	-	-	10,640,740	10,640,740
Less Accumulated Depreciation	-	-	(8,501,650)	(8,501,650)
<b>Total Capital Assets (Net)</b>	<b>-</b>	<b>-</b>	<b>2,139,090</b>	<b>2,139,090</b>
<b>Total Assets</b>	<b>6,498,328</b>	<b>7,162,831</b>	<b>3,373,151</b>	<b>17,034,310</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows Related to OPEB	-	-	77,855	77,855
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>77,855</b>	<b>77,855</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	66,756	139,447	162,392	368,595
Accrued Liabilities	35,910	32,385	36,100	104,395
Compensated Absences	-	-	15,341	15,341
Claims Payable	595,520	112,308	-	707,828
Advances from Other Funds	-	-	259,890	259,890
<b>Total Current Liabilities</b>	<b>698,186</b>	<b>284,140</b>	<b>473,723</b>	<b>1,456,049</b>
Noncurrent Liabilities:				
Total OPEB Liability	-	-	236,305	236,305
Compensated Absences	-	-	80,539	80,539
Claims Payable	2,901,480	-	-	2,901,480
Advances from Other Funds	-	-	684,312	684,312
<b>Total Noncurrent Liabilities</b>	<b>2,901,480</b>	<b>-</b>	<b>1,001,156</b>	<b>3,902,636</b>
<b>Total Liabilities</b>	<b>3,599,666</b>	<b>284,140</b>	<b>1,474,879</b>	<b>5,358,685</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows related to OPEB	-	-	30,609	30,609
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>30,609</b>	<b>30,609</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	-	-	1,976,698	1,976,698
Restricted:				
Employee Benefits	-	1,800,000	-	1,800,000
Unrestricted	2,898,662	5,078,691	(31,180)	7,946,173
<b>Total Net Position (Deficit)</b>	<b>\$ 2,898,662</b>	<b>\$ 6,878,691</b>	<b>\$ 1,945,518</b>	<b>\$ 11,722,871</b>

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
For Fiscal Year Ended September 30, 2019**

	Risk Management	Employee Benefit	Fleet Services	Total
<b>Operating Revenues:</b>				
Charges for Services	\$ 4,366,945	\$ 16,877,664	\$ 3,611,958	\$ 24,856,567
Miscellaneous Income	747	197	31,593	32,537
<b>Total Operating Revenues</b>	<b>4,367,692</b>	<b>16,877,861</b>	<b>3,643,551</b>	<b>24,889,104</b>
<b>Operating Expenses:</b>				
Personal Services	1,112,923	2,072,776	1,259,024	4,444,723
Contracted Services	60,373	1,519,749	-	1,580,122
Supplies and Materials	73,891	1,523	1,754,367	1,829,781
Repairs and Maintenance	-	-	422,724	422,724
Other Services and Charges	76,592	17,936	14,459	108,987
Claims/Premium Expense	1,792,244	10,752,978	-	12,545,222
Depreciation	-	-	596,168	596,168
<b>Total Operating Expenses</b>	<b>3,116,023</b>	<b>14,364,962</b>	<b>4,046,742</b>	<b>21,527,727</b>
<b>Operating Income (Loss)</b>	<b>1,251,669</b>	<b>2,512,899</b>	<b>(403,191)</b>	<b>3,361,377</b>
<b>Nonoperating Revenues (Expenses)</b>				
Interest Income	127,914	90,177	12,519	230,610
Interest Expense and Fiscal Charges	-	-	(33,207)	(33,207)
Intergovernmental Revenues	-	-	35,620	35,620
Gain on Sale of Capital Assets	-	-	5,227	5,227
Gain (Loss) on Disposal of Capital Assets	-	-	(14,295)	(14,295)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>127,914</b>	<b>90,177</b>	<b>5,864</b>	<b>223,955</b>
<b>Income (Loss) Before Transfers</b>	<b>1,379,583</b>	<b>2,603,076</b>	<b>(397,327)</b>	<b>3,585,332</b>
Transfers In	-	-	960,530	960,530
Transfers Out	-	(12,500)	(30,726)	(43,226)
<b>Change in Net Position</b>	<b>1,379,583</b>	<b>2,590,576</b>	<b>532,477</b>	<b>4,502,636</b>
<b>Total Net Position - Beginning</b>	<b>1,519,079</b>	<b>4,288,115</b>	<b>1,413,041</b>	<b>7,220,235</b>
<b>Total Net Position - Ending</b>	<b>\$ 2,898,662</b>	<b>\$ 6,878,691</b>	<b>\$ 1,945,518</b>	<b>\$ 11,722,871</b>



**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For Fiscal Year Ended September 30, 2019**

	Risk Management	Employee Benefit	Fleet Services	Total
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers and Users	\$ 4,147,177	\$ 16,864,078	\$ 3,646,013	\$ 24,657,268
Payments to Suppliers	(2,002,729)	(12,344,609)	(2,233,082)	(16,580,420)
Payments to Employees	(1,078,923)	(2,072,776)	(1,185,601)	(4,337,300)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>1,065,525</b>	<b>2,446,693</b>	<b>227,330</b>	<b>3,739,548</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Interfund Advances	-	-	(254,830)	(254,830)
Intergovernmental Revenues	-	-	35,620	35,620
Transfers from Other Funds	-	(12,500)	929,804	917,304
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>-</b>	<b>(12,500)</b>	<b>710,594</b>	<b>698,094</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition/Construction of Capital Assets	-	-	(696,394)	(696,394)
Interest Paid on Capital Debt	-	-	(33,207)	(33,207)
Proceeds from Sales of Capital Assets	-	-	(9,068)	(9,068)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>-</b>	<b>-</b>	<b>(738,669)</b>	<b>(738,669)</b>
<b>Cash Flows from Investing Activities</b>				
Investment purchases	(2,846,081)	(3,633,518)	(11,518)	(6,491,117)
Interest Income on Investments	127,914	90,177	12,519	230,610
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(2,718,167)</b>	<b>(3,543,341)</b>	<b>1,001</b>	<b>(6,260,507)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(1,652,642)</b>	<b>(1,109,148)</b>	<b>200,256</b>	<b>(2,561,534)</b>
Cash and Cash Equivalents at Beginning of Year	2,472,190	3,672,011	337,247	6,481,448
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 819,548</b>	<b>\$ 2,562,863</b>	<b>\$ 537,503</b>	<b>\$ 3,919,914</b>

*Continued on the next page*

**COMBINING STATEMENT OF CASH FLOWS (CONTINUED)**  
**INTERNAL SERVICE FUNDS**  
For Fiscal Year Ended September 30, 2019

	Risk Management	Employee Benefit	Fleet Services	Total
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>				
Operating Income (Loss)	\$ 1,251,669	\$ 2,512,899	\$ (403,191)	\$ 3,361,377
Depreciation	-	-	596,168	596,168
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(220,515)	(13,783)	2,602	(231,696)
(Increase) in Deferred Outflows - OPEB	-	-	(60,806)	(60,806)
Decrease in Inventory	-	-	28,912	28,912
(Increase) in Prepaid Expenses	(3,050)	-	(140)	(3,190)
(Decrease) in Accounts Payable	(4,993)	(55,149)	(17,926)	(78,068)
Increase in Accrued Liabilities	8,414	2,726	8,288	19,428
Increase in Total OPEB Liability	-	-	73,144	73,144
Increase in Compensated Absences	-	-	571	571
Increase in Claims Payable	34,000	-	-	34,000
(Decrease) in Deferred Inflows - OPEB	-	-	(292)	(292)
<b>Total Adjustments</b>	<b>(186,144)</b>	<b>(66,206)</b>	<b>630,521</b>	<b>378,171</b>
<b>Net Cash Provided by (Used) in Operating Activities</b>	<b>\$ 1,065,525</b>	<b>\$ 2,446,693</b>	<b>\$ 227,330</b>	<b>\$ 3,739,548</b>

There are no noncash investing, capital, and financing activities.

## PENSION TRUST FUNDS

Pension Trust Funds hold assets to be used to pay pension benefits to participants of the City's Police and Firefighters Retirement System.

**Police Officers** – This trust fund holds, invests and disburses funds to participants in the Plan who are Police Officers.

**Fire Fighters** – This trust fund holds, invests and disburses funds to participants in the Plan who are Fire Fighters.

**General Employees** – This trust fund holds, invests and disburses funds to participants in the Plan who are General Employees.

**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**PENSION TRUST FUNDS**  
September 30, 2019

<b>ASSETS</b>	<b>Police Officers</b>	<b>Fire Fighters</b>	<b>General Employees</b>	<b>Total</b>
Cash and Cash Equivalents	\$ 3,814,856	\$ 2,156,980	\$ 10,049	\$ 5,981,885
Investments, at fair value:				
Common Stock	33,898,254	21,584,536	-	55,482,790
Domestic Equity Funds	10,618,690	8,157,017	126,842	18,902,549
U.S. Government securities	22,024,579	14,706,263	-	36,730,842
Corporate Bonds	3,918,023	2,660,368	-	6,578,391
Bond Funds	-	-	74,013	74,013
International Equity Funds	14,514,488	14,191,547	-	28,706,035
Real Estate Funds	11,440,651	11,440,651	-	22,881,302
Convertible Securities	10,493,576	10,276,293	-	20,769,869
Master Limited Partnership	2,955,905	2,955,905	-	5,911,810
<b>Total investments</b>	<b>109,864,166</b>	<b>85,972,580</b>	<b>200,855</b>	<b>196,037,601</b>
Receivables:				
Accrued Interest and Dividends	157,550	118,244	-	275,794
Due from Broker	404,005	361,350	-	765,355
Other	1,195	10,437	-	11,632
Due to/from Other Funds	7,706	2,073	(9,779)	-
<b>Total Receivables</b>	<b>570,456</b>	<b>492,104</b>	<b>(9,779)</b>	<b>1,052,781</b>
Other assets:	28,970	22,590	94	51,654
<b>Total Assets</b>	<b>114,278,448</b>	<b>88,644,254</b>	<b>201,219</b>	<b>203,123,921</b>
<b>LIABILITIES</b>				
Accounts Payable	151,726	135,322	54	287,102
Deferred City Contributions	62,889	32,203	-	95,092
Due to broker	1,025,838	761,718	-	1,787,556
<b>Total Liabilities</b>	<b>1,240,453</b>	<b>929,243</b>	<b>54</b>	<b>2,169,750</b>
<b>NET POSITION</b>				
<b>Restricted for Pension Benefits</b>	<b>\$ 113,037,995</b>	<b>\$ 87,715,011</b>	<b>\$ 201,165</b>	<b>\$ 200,954,171</b>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PENSION TRUST FUNDS  
For Fiscal Year Ended September 30, 2019**

	Police Officers	Fire Fighters	General Employees	Total
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 1,857,905	\$ 2,551,792	\$ -	\$ 4,409,697
Employee	670,947	533,821	-	1,204,768
State	842,305	497,478	-	1,339,783
Employee Buybacks	60,141	-	-	60,141
<b>Total Contributions</b>	<b>3,431,298</b>	<b>3,583,091</b>	<b>-</b>	<b>7,014,389</b>
Investment Earnings:				
Net Appreciation in Fair Value of Investments	2,926,766	1,828,680	6,128	4,761,574
Interest and Dividends	2,555,245	2,075,065	4,534	4,634,844
Miscellaneous	1,632	1,266	3	2,901
<b>Total Investment Earnings</b>	<b>5,483,643</b>	<b>3,905,011</b>	<b>10,665</b>	<b>9,399,319</b>
Less: Investment Expenses	578,225	462,927	168	1,041,320
<b>Net investment Income</b>	<b>4,905,418</b>	<b>3,442,084</b>	<b>10,497</b>	<b>8,357,999</b>
<b>Total Additions</b>	<b>8,336,716</b>	<b>7,025,175</b>	<b>10,497</b>	<b>15,372,388</b>
<b>DEDUCTIONS</b>				
Benefits	5,902,852	5,290,996	4,115	11,197,963
Refunds	152,908	164,607	-	317,515
Administrative Expense	299,073	244,302	4,315	547,690
<b>Total Deductions</b>	<b>6,354,833</b>	<b>5,699,905</b>	<b>8,430</b>	<b>12,063,168</b>
<b>Change in Net Position</b>	<b>1,981,883</b>	<b>1,325,270</b>	<b>2,067</b>	<b>3,309,220</b>
<b>Net Position - Beginning of Year</b>	<b>111,056,112</b>	<b>86,389,741</b>	<b>199,098</b>	<b>197,644,951</b>
<b>Net Position - End of Year</b>	<b>\$ 113,037,995</b>	<b>\$ 87,715,011</b>	<b>\$ 201,165</b>	<b>\$ 200,954,171</b>



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**STATISTICAL SECTION****FINANCIAL TRENDS**

These schedules contain tend information to help the reader understand how the City's financial performance and condition have changed over time.

1. Net Position by Component
2. Changes in Net Position
3. Fund Balances of Governmental Funds
4. Changes in Fund Balances, Governmental Funds

**REVENUE CAPACITY**

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

5. Assessed and Estimated Actual Value of Taxable Property
6. Direct and Overlapping Property Tax Rates
7. Principal Property Taxpayers
8. Property Tax Levies and Collections

**DEBT CAPACITY**

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

9. Ratios of Outstanding Debt by Type
10. Direct and Overlapping Bonded Debt – General Obligation Bonds
11. Pledged Revenue Coverage

**DEMOGRAPHIC, ECONOMIC AND OPERATING INFORMATION**

These schedules offer demographic and economic indicators in addition to service and infrastructure data to help the reader understand the environment within which the City's financial activities take place and how the information in the report relates to services provided and activities performed.

12. Demographic and Economic Statistics
13. Principal Employers in the City of Palm Bay
14. FTEs of City Government Employees by Function/Program
15. Capital Asset Statistics
16. Operating Indicators by Function/Program

**OTHER**

These schedules offer additional financial information and the data required to be disclosed for the City's outstanding debt.

17. Impact Fee Revenues Collections and Balances
18. Utilities Debt Service Applicable to Transportation Projects
19. Historical Public Service Tax Collections by Category
20. Gallons of Taxable Fuel Sold Brevard County
21. Certified LOGT Revenues
22. Utility Debt Service Coverage
23. Utility Rate Comparison with Neighboring Utilities
24. Ten Largest Water and Wastewater System Customers

**ADDITIONAL NOTES**

The following schedules were omitted because they do not apply to the City:

- Ratios of General Bonded Debt Outstanding
- Legal Debt Margin Information

There is no legal limit administered by City Charter or Code, nor by Florida Statutes on the amount of debt the City can issue, therefore tables showing the legal debt limit and debt margins are not applicable.



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**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 45,103,439	\$ 64,944,616	\$ 62,197,018	\$ 66,933,138	\$ 71,988,153	\$ 70,258,921	\$ 84,756,657	\$ 78,676,964	\$ 87,256,566	\$ 84,229,260
Restricted	11,054,682	8,965,925	7,900,735	7,587,515	5,964,416	5,746,759	5,763,641	7,966,761	11,792,213	19,981,407
Unrestricted	9,184,015	(4,638,406)	47,211	(3,145,670)	(6,747,290)	(53,586,502)	(57,691,625)	(55,471,045)	(64,588,210)	(59,297,467)
<b>Total Governmental Activities Net Position</b>	<b>\$ 65,342,136</b>	<b>\$ 69,272,135</b>	<b>\$ 70,144,964</b>	<b>\$ 71,374,983</b>	<b>\$ 71,205,279</b>	<b>\$ 22,419,178</b>	<b>\$ 32,828,673</b>	<b>\$ 31,172,680</b>	<b>\$ 34,460,569</b>	<b>\$ 44,913,200</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 43,159,143	\$ 48,685,483	\$ 60,343,032	\$ 62,299,381	\$ 61,749,179	\$ 58,896,518	\$ 67,665,318	\$ 74,985,257	\$ 83,110,556	\$ 99,514,931
Restricted	18,902,136	14,989,123	14,318,054	14,614,847	16,204,682	17,373,682	17,669,639	19,153,725	20,540,196	26,023,818
Unrestricted	21,647,095	20,437,168	9,337,659	8,798,590	8,693,892	13,934,194	11,060,046	9,705,692	14,962,808	15,738,652
<b>Total Business-Type Activities Net Position</b>	<b>\$ 83,708,374</b>	<b>\$ 84,111,774</b>	<b>\$ 83,998,745</b>	<b>\$ 85,712,818</b>	<b>\$ 86,647,753</b>	<b>\$ 90,204,394</b>	<b>\$ 96,395,003</b>	<b>\$ 103,844,674</b>	<b>\$ 118,613,560</b>	<b>\$ 141,277,401</b>
<b>Primary Government</b>										
Net Investment in Capital Assets	\$ 88,262,582	\$ 113,630,099	\$ 122,540,050	\$ 129,232,519	\$ 133,737,332	\$ 129,155,439	\$ 152,421,975	\$ 153,662,221	\$ 170,367,122	\$ 183,744,191
Restricted	29,956,818	23,955,048	22,218,789	22,202,362	22,169,098	23,120,441	23,433,280	27,120,486	32,332,409	46,005,225
Unrestricted	30,831,110	15,798,762	9,384,870	5,652,920	1,946,602	(39,652,308)	(46,631,579)	(45,765,353)	(49,625,402)	(43,558,815)
<b>Total Primary Government Net Position</b>	<b>\$ 149,050,510</b>	<b>\$ 153,383,909</b>	<b>\$ 154,143,709</b>	<b>\$ 157,087,801</b>	<b>\$ 157,853,032</b>	<b>\$ 112,623,572</b>	<b>\$ 129,223,676</b>	<b>\$ 135,017,354</b>	<b>\$ 153,074,129</b>	<b>\$ 186,190,601</b>

Note: In FY2015, the City implemented the provisions of GASB 68 Accounting and Financial Reporting for Pensions. Additionally, in FY2018 the City implemented the provision of GASB 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pension. The impact of these Statements caused a negative balance in the City's unrestricted Net Position

**CHANGES IN NET POSITION  
Last Ten Fiscal Years  
(Accrual Basis of  
Accounting)**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 8,294,658	\$ 9,660,449	\$ 7,838,165	\$ 15,899,479	\$ 11,320,574	\$ 12,492,364	\$ 18,278,547	\$ 18,030,253	\$ 18,031,358	\$ 24,380,488
Public Safety	34,825,258	37,294,661	33,687,869	33,939,602	34,103,180	32,769,687	31,933,038	33,513,185	30,947,636	34,160,050
Physical Environment	555,383	490,105	872,935	769,669	677,359	585,508	570,447	536,267	545,462	510,564
Transportation	13,021,454	13,676,102	12,984,446	9,036,843	8,442,089	8,363,210	9,065,890	10,938,430	11,737,057	9,226,210
Economic Environment	1,228,397	2,360,314	1,576,831	2,337,960	1,154,870	1,313,271	1,181,876	1,406,369	1,751,250	748,663
Culture/Recreation	9,601,349	8,992,328	3,890,650	3,899,965	4,098,455	4,873,978	3,988,802	5,392,682	4,804,488	4,865,004
Interest on Long-Term Debt	4,888,851	4,449,497	3,441,661	3,149,007	5,263,276	5,017,788	5,102,968	4,321,154	5,208,624	1,916,027
<b>Total Governmental Activities Expenses</b>	<b>72,415,350</b>	<b>76,923,456</b>	<b>64,292,557</b>	<b>69,032,525</b>	<b>65,059,803</b>	<b>65,415,806</b>	<b>70,121,568</b>	<b>74,138,340</b>	<b>73,025,875</b>	<b>75,807,006</b>
Business-Type Activities:										
Water and Wastewater	24,197,960	24,178,305	23,238,071	22,726,306	22,780,534	22,319,745	21,842,674	22,352,343	23,474,356	23,687,045
Building Inspections & Permitting	1,233,060	892,279	712,026	703,220	694,894	761,991	948,470	1,203,472	1,723,865	2,059,136
Stormwater Utility	-	3,564,481	3,164,194	3,408,174	3,547,693	3,684,940	3,635,942	4,087,303	5,562,055	5,744,908
Solid Waste	-	-	-	5,050,744	5,107,458	5,332,128	5,367,656	5,378,107	5,042,519	5,919,240
<b>Total Business-Type Activities Expenses</b>	<b>25,431,020</b>	<b>28,635,065</b>	<b>27,114,291</b>	<b>31,888,444</b>	<b>32,130,579</b>	<b>32,098,804</b>	<b>31,794,742</b>	<b>33,021,225</b>	<b>35,802,795</b>	<b>37,410,329</b>
<b>Total Primary Government Expenses</b>	<b>\$ 97,846,370</b>	<b>\$ 105,558,521</b>	<b>\$ 91,406,848</b>	<b>\$ 100,920,969</b>	<b>\$ 97,190,382</b>	<b>\$ 97,514,610</b>	<b>\$ 101,916,310</b>	<b>\$ 107,159,565</b>	<b>\$ 108,828,670</b>	<b>\$ 113,217,335</b>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	\$ 2,799,160	\$ 2,739,313	\$ 2,902,743	\$ 2,927,501	\$ 3,196,240	\$ 3,014,113	\$ 3,024,578	\$ 3,107,163	\$ 3,510,018	\$ 4,074,433
Public Safety	2,167,865	1,453,430	1,383,344	1,269,430	2,050,531	764,000	824,263	1,015,504	1,074,778	1,050,036
Physical Environment	135,167	4,979,119	5,136,773	223,441	226,297	232,242	281,573	314,000	421,054	434,255
Transportation	782,820	1,884,626	1,055,081	952,387	597,809	1,710,317	1,871,355	2,511,864	3,420,947	4,575,752
Economic Environment	687,998	45,299	27,433	72,764	139,089	103,081	109,255	299,757	272,945	57,055
Culture/Recreation	5,322,674	5,674,661	259,619	336,261	383,348	460,205	870,841	1,776,798	1,746,744	1,733,944
Operating Grants and Contributions	7,310,174	6,585,450	3,139,324	1,938,613	1,095,233	780,996	1,713,078	1,797,091	3,238,810	3,586,892
Capital Grants and Contributions	574,722	469,643	610,535	10,132,184	6,137,400	3,187,506	14,539,432	156,824	383,046	132,180
<b>Total Governmental Activities Program Revenues</b>	<b>19,780,580</b>	<b>23,831,541</b>	<b>14,514,852</b>	<b>17,852,581</b>	<b>13,825,947</b>	<b>10,252,460</b>	<b>23,234,375</b>	<b>10,979,001</b>	<b>14,068,342</b>	<b>15,644,547</b>
Business-Type Activities:										
Charges for Services	23,477,022	27,765,064	26,861,196	33,812,755	34,289,146	35,731,792	37,513,330	39,583,404	49,570,994	50,058,912
Operating Grant and Contributions	24,862	-	54,425	-	19,965	-	-	264,422	924,986	177,515
Capital Grants and Contributions	4,505,547	3,078,516	921,157	259,698	562,976	1,211,678	1,690,644	2,072,222	2,679,813	10,365,135
<b>Total Business-Type Activities Program Revenues</b>	<b>28,007,431</b>	<b>30,843,580</b>	<b>27,836,778</b>	<b>34,072,453</b>	<b>34,872,087</b>	<b>36,943,470</b>	<b>39,203,974</b>	<b>41,920,048</b>	<b>53,175,793</b>	<b>60,601,562</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 47,788,011</b>	<b>\$ 54,675,121</b>	<b>\$ 42,351,630</b>	<b>\$ 51,925,034</b>	<b>\$ 48,698,034</b>	<b>\$ 47,195,930</b>	<b>\$ 62,438,349</b>	<b>\$ 52,899,049</b>	<b>\$ 67,244,135</b>	<b>\$ 76,246,109</b>
Net (Expense)/Revenue										
Governmental Activities	\$ (52,634,770)	\$ (53,091,915)	\$ (49,777,705)	\$ (51,179,944)	\$ (51,233,856)	\$ (55,163,346)	\$ (46,887,193)	\$ (63,159,339)	\$ (58,957,533)	\$ (60,162,459)
Business-Type Activities	2,576,411	2,208,515	722,487	2,184,009	2,741,508	4,844,666	7,409,232	8,898,823	17,372,998	23,191,233
<b>Total Primary Government Net Expense</b>	<b>\$ (50,058,359)</b>	<b>\$ (50,883,400)</b>	<b>\$ (49,055,218)</b>	<b>\$ (48,995,935)</b>	<b>\$ (48,492,348)</b>	<b>\$ (50,318,680)</b>	<b>\$ (39,477,961)</b>	<b>\$ (54,260,516)</b>	<b>\$ (41,584,535)</b>	<b>\$ (36,971,226)</b>

**General Revenues and Other Changes in Net Position**

Governmental Activities:

Property Taxes	\$ 27,399,051	\$ 24,606,678	\$ 22,759,737	\$ 22,247,692	\$ 22,257,795	\$ 23,657,324	\$ 24,728,117	\$ 27,050,557	\$ 29,893,290	\$ 33,081,759
Franchise Fees	5,731,594	5,281,867	4,935,960	4,958,135	5,330,303	5,414,637	5,367,504	5,440,630	5,588,373	5,811,170
Utility Service Taxes	6,847,450	6,732,890	6,865,192	7,304,617	7,883,592	7,978,611	8,288,194	8,529,879	8,878,776	9,111,670
Communication Service Taxes	3,739,028	3,521,956	3,446,340	3,313,753	3,014,756	2,953,713	2,756,084	2,569,293	2,638,032	2,540,717
State Revenue Sharing	6,966,869	7,221,568	7,633,919	8,282,875	8,848,921	9,691,968	10,074,949	10,910,021	11,579,482	11,702,036
Gas Tax	2,369,610	2,390,212	3,105,994	3,284,506	3,287,172	3,490,076	3,854,156	4,089,629	3,744,098	4,147,267
Investment Earnings	305,744	122,491	90,002	33,628	72,435	108,870	129,394	283,435	675,851	1,311,729
Miscellaneous	322,372	637,595	486,691	1,146,588	783,037	560,143	548,241	840,762	653,012	1,117,075
Transfers	2,195,383	2,480,899	1,326,699	903,994	1,170,069	1,607,411	1,549,049	1,789,140	2,087,287	1,791,667
<b>Total Governmental Activities</b>	<b>55,877,101</b>	<b>52,996,156</b>	<b>50,650,534</b>	<b>51,475,788</b>	<b>52,648,080</b>	<b>55,462,754</b>	<b>57,295,688</b>	<b>61,503,346</b>	<b>65,738,201</b>	<b>70,615,090</b>

Business-Type Activities:

Investment Earnings	1,163,855	649,777	473,724	399,973	246,593	287,353	318,936	316,365	454,585	1,253,244
Miscellaneous	(31,918)	26,007	17,459	34,085	21,271	32,033	11,490	23,623	31,314	11,031
Transfers	(2,195,383)	(2,480,899)	(1,326,699)	(903,994)	(1,170,069)	(1,607,411)	(1,549,049)	(1,789,140)	(2,087,287)	(1,791,667)
<b>Total Business-Type Activities</b>	<b>(1,063,446)</b>	<b>(1,805,115)</b>	<b>(835,516)</b>	<b>(469,936)</b>	<b>(902,205)</b>	<b>(1,288,025)</b>	<b>(1,218,623)</b>	<b>(1,449,152)</b>	<b>(1,601,388)</b>	<b>(527,392)</b>

<b>Total Primary Government</b>	<b>\$ 54,813,655</b>	<b>\$ 51,191,041</b>	<b>\$ 49,815,018</b>	<b>\$ 51,005,852</b>	<b>\$ 51,745,875</b>	<b>\$ 54,174,729</b>	<b>\$ 56,077,065</b>	<b>\$ 60,054,194</b>	<b>\$ 64,136,813</b>	<b>\$ 70,087,698</b>
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Special Item	\$ -	\$ 4,025,658	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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**Change in Net Position**

Governmental Activities	\$ 3,242,331	\$ 3,929,999	\$ 872,829	\$ 295,844	\$ 1,414,224	\$ 299,407	\$ 10,409,495	\$ (1,655,993)	\$ 6,780,668	\$ 10,452,631
Business-Type Activities	1,512,965	403,400	(113,029)	1,714,073	1,839,303	3,556,641	6,190,609	7,449,671	15,771,610	22,663,841
<b>Total Primary Government</b>	<b>\$ 4,755,296</b>	<b>\$ 4,333,399</b>	<b>\$ 759,800</b>	<b>\$ 2,009,917</b>	<b>\$ 3,253,527</b>	<b>\$ 3,856,048</b>	<b>\$ 16,600,104</b>	<b>\$ 5,793,678</b>	<b>\$ 22,552,278</b>	<b>\$ 33,116,472</b>

Source: City of Palm Bay Finance Department

**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Fund</b>										
Reserved	\$ 20,932	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -
Unreserved	5,769,980	-	-	-	-	-	-			-
Nonspendable	-	7,836	5,743	1,647,185	61,938	46,334	39,002	21,112	32,134	92,969
Restricted	-	-	-	-	-	-	-	-	-	800,000
Committed	-	-	-	-	227,109	184,176	184,628	193,358	3,032,788	255,356
Assigned	-	1,539,853	1,525,044	525,456	82,644	152,211	50,883	149,855	154,098	302,040
Unassigned	-	4,530,160	7,069,823	9,833,161	9,668,623	7,899,629	8,900,069	8,267,662	11,753,606	17,648,421
<b>Total General Fund</b>	<b>\$ 5,790,912</b>	<b>\$ 6,077,849</b>	<b>\$ 8,600,610</b>	<b>\$ 12,005,802</b>	<b>\$ 10,040,314</b>	<b>\$ 8,282,350</b>	<b>\$ 9,174,582</b>	<b>\$ 8,631,987</b>	<b>\$ 14,972,626</b>	<b>\$ 19,098,786</b>
<b>All Other Governmental Funds</b>										
Reserved	\$ 14,891,522	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:	535,780	-	-	-	-	-	-	-	-	-
Special Revenue Funds	9,221,859	-	-	-	-	-	-	-	-	-
Debt Service Funds	3,246,773	-	-	-	-	-	-	-	-	-
Capital Projects Funds	7,903,411	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	1,048,796	15,980	17,289	870	4,979	3,595
Restricted	-	16,747,649	12,669,953	10,664,652	9,875,846	14,941,367	9,604,137	11,745,717	13,495,777	73,692,646
Committed	-	11,126	11,126	-	22,320	2,717,649	2,991,029	3,193,172	11,568,282	2,251,588
Assigned	-	201,780	391,769	-	82,497	144,627	647,747	692,699	659,468	797,146
Unassigned	-	(917,839)	(1,945,502)	(1,849,913)	(883,982)	(1,109,237)	(831,310)	(639,711)	(640,598)	(573,794)
<b>Total All Other Governmental Funds</b>	<b>\$ 35,799,345</b>	<b>\$ 16,042,716</b>	<b>\$ 11,127,346</b>	<b>\$ 8,814,739</b>	<b>\$ 10,145,477</b>	<b>\$ 16,710,386</b>	<b>\$ 12,428,892</b>	<b>\$ 14,992,747</b>	<b>\$ 25,087,908</b>	<b>\$ 76,171,181</b>

The City implemented the provisions of GASBC 1800: *Classification and terminology* in fiscal year 2011. Prior fiscal years have not been retroactively restated.

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Taxes	\$ 41,039,594	\$ 37,925,252	\$ 36,710,391	\$ 36,679,583	\$ 36,976,223	\$ 38,618,035	\$ 40,176,777	\$ 42,789,546	\$ 45,720,435	\$ 49,444,711
Impact Fees	960,804	1,027,028	372,457	720,155	639,943	1,877,655	2,176,573	2,963,444	3,849,450	5,261,719
Licenses and Permits	5,760,068	5,304,766	4,955,478	4,970,086	5,335,605	5,423,766	5,376,631	5,449,708	5,605,873	5,829,324
Intergovernmental Revenues	18,122,233	18,295,184	11,413,620	20,481,781	16,274,115	13,756,149	14,579,032	13,694,884	15,871,102	16,138,566
Charges for Services	3,292,144	8,684,082	9,237,360	3,975,672	3,555,264	3,060,208	3,381,246	3,897,960	4,613,847	4,651,704
Fines and Forfeitures	1,577,268	1,020,034	1,011,608	791,871	1,553,992	527,797	553,825	580,173	604,150	574,090
Investment Income	291,246	121,702	88,203	32,488	72,233	105,157	120,831	240,902	597,276	1,081,119
Contributions	1,704,617	1,281,897	-	-	-	-	-	-	-	-
Miscellaneous Revenues	659,167	994,753	745,030	1,213,985	1,050,804	674,725	669,186	970,787	700,513	969,610
<b>Total Revenues</b>	<b>73,407,141</b>	<b>74,654,698</b>	<b>64,534,147</b>	<b>68,865,621</b>	<b>65,458,179</b>	<b>64,043,492</b>	<b>67,034,101</b>	<b>70,587,404</b>	<b>77,562,646</b>	<b>83,950,843</b>
<b>Expenditures</b>										
General Government	9,127,668	9,337,427	7,526,638	7,753,501	10,628,283	10,823,743	14,493,101	15,234,453	18,191,610	20,061,644
Public Safety	34,312,623	34,586,291	32,154,990	33,402,862	33,218,144	32,918,077	31,307,440	32,606,478	33,194,023	35,878,114
Physical Environment	301,606	211,012	92,382	990	12,711	-	-	-	-	-
Transportation	9,413,087	9,642,321	9,429,373	5,282,387	4,580,076	4,624,274	4,599,336	6,509,086	7,901,067	5,100,262
Economic Environment	1,228,397	1,733,091	1,574,094	1,096,703	988,309	1,001,717	691,830	491,654	802,224	748,663
Culture/Recreation	8,585,222	7,714,253	3,392,219	3,510,980	3,791,612	4,550,190	3,610,577	4,519,649	4,293,661	4,235,530
<b>Debt Service:</b>										
Principal Retirement	3,682,804	16,351,987	2,221,789	2,217,335	2,460,197	1,967,805	2,344,046	2,564,622	2,506,898	4,398,095
Interest and Fiscal Charges	4,768,607	4,518,073	3,339,325	3,219,159	3,959,193	4,505,412	4,431,182	4,387,618	4,261,115	5,451,823
Bond Issue Costs	-	133,096	-	-	-	-	-	-	-	-
Capital Outlay	11,389,623	14,314,045	6,696,831	14,120,928	8,360,630	4,788,835	11,238,697	3,175,468	4,361,160	9,263,528
<b>Total Expenditures</b>	<b>82,809,637</b>	<b>98,541,596</b>	<b>66,427,641</b>	<b>70,604,845</b>	<b>67,999,155</b>	<b>65,180,053</b>	<b>72,716,209</b>	<b>69,489,028</b>	<b>75,511,758</b>	<b>85,137,659</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>										
	(9,402,496)	(23,886,898)	(1,893,494)	(1,739,224)	(2,540,976)	(1,136,561)	(5,682,108)	1,098,376	2,050,888	(1,186,816)
<b>Other Financing Sources (Uses)</b>										
Transfers In	10,967,555	9,474,108	7,048,290	9,253,219	11,746,077	10,416,938	11,192,306	10,210,916	10,230,312	12,616,664
Transfers Out	(9,802,172)	(8,117,209)	(7,547,405)	(7,915,475)	(10,484,089)	(9,217,429)	(10,262,545)	(9,669,517)	(9,753,116)	(11,742,301)
Proceeds From Sale of Capital Assets	-	-	-	-	-	-	409,500	330,390	566,866	713,075
Issuance of Debt	-	5,485,000	-	-	-	4,744,000	-	-	9,000,000	50,000,000
Bond Premium	-	-	-	-	-	-	-	-	-	4,808,811
Bond Discount	-	-	-	-	-	-	-	-	(22,500)	-
Issuance of Refunding Debt	-	-	-	2,268,000	54,740,000	-	15,922,652	3,983,000	-	-
Proceeds From Capital Leases	3,024,022	-	-	506,890	-	-	754,000	-	4,363,350	-
Payment to Refunded Bond Escrow Agent	-	-	-	(2,215,000)	(54,095,765)	-	(15,723,067)	(3,931,905)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>4,189,405</b>	<b>6,841,899</b>	<b>(499,115)</b>	<b>1,897,634</b>	<b>1,906,223</b>	<b>5,943,509</b>	<b>2,292,846</b>	<b>922,884</b>	<b>14,384,912</b>	<b>56,396,249</b>
Special Item	-	(2,424,693)	-	-	-	-	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>\$ (5,213,091)</b>	<b>\$ (19,469,692)</b>	<b>\$ (2,392,609)</b>	<b>\$ 158,410</b>	<b>\$ (634,753)</b>	<b>\$ 4,806,948</b>	<b>\$ (3,389,262)</b>	<b>\$ 2,021,260</b>	<b>\$ 16,435,800</b>	<b>\$ 55,209,433</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>										
	12.46%	24.33%	9.36%	9.73%	10.79%	10.76%	11.08%	10.61%	9.82%	13.61%

Bond principal retirement in fiscal year 2011 includes the prepayment of the Palm Bay Road Loan fund.

Source: City of Palm Bay Finance Department

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
Last Ten Fiscal Years**

Fiscal Year Ended September 30	Centrally Assessed	Real Property	Personal Property	Total Estimated Actual Value	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
<b>2019</b>	<b>\$ 4,439,296</b>	<b>\$ 7,351,414,300</b>	<b>\$ 307,274,133</b>	<b>\$ 7,663,127,729</b>	<b>\$ 3,675,352,667</b>	<b>\$ 3,987,775,062</b>	<b>8.4500</b>
2018	4,286,855	6,557,914,630	292,093,163	6,854,294,648	3,257,123,697	3,597,170,951	8.4500
2017	4,043,730	5,826,201,100	302,075,674	6,132,320,504	2,864,512,704	3,267,807,800	8.4500
2016	3,680,327	5,004,843,870	285,414,593	5,293,938,790	2,325,206,127	2,968,732,663	8.5000
2015	2,770,508	4,482,050,210	305,316,609	4,790,137,327	1,994,187,604	2,794,652,213	8.6326
2014	2,339,055	3,974,742,930	302,825,423	4,279,907,408	1,640,796,077	2,639,111,331	8.6326
2013	2,845,608	3,742,718,710	299,963,912	4,045,528,230	1,531,359,937	2,514,168,293	9.0000
2012	3,045,632	3,881,723,920	267,824,965	4,152,594,517	1,565,788,444	2,586,806,073	9.0000
2011	2,922,219	4,807,504,670	312,268,802	5,122,695,691	1,787,027,471	3,335,668,220	7.5000
2010	3,242,757	5,803,424,830	350,996,460	6,157,664,047	2,099,481,373	4,058,182,674	6.8165

Source: Brevard County Property Appraiser

**PROPERTY TAX RATES – DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
Last Ten Fiscal Years

Fiscal Year	City of Palm Bay Direct Rates			Overlapping Rates Brevard County			Total Direct and Overlapping Rates
	Operating Millage	Debt Service Millage	Total Direct Rates	Operating Millage	School District	Special Districts	
<b>2019</b>	<b>8.4500</b>	-	<b>8.4500</b>	<b>5.3540</b>	<b>6.2990</b>	<b>0.3759</b>	<b>20.4789</b>
2018	8.4500	-	8.4500	5.6025	6.5680	0.3981	21.0186
2017	8.4500	-	8.4500	5.8548	6.9160	0.4212	21.6420
2016	8.5000	-	8.5000	6.0692	7.2750	0.4412	22.2854
2015	8.6326	-	8.6326	6.2310	7.3390	0.4633	22.6659
2014	8.6326	-	8.6326	6.3979	7.6060	0.4752	23.1117
2013	9.0000	-	9.0000	6.5199	8.0960	0.4782	24.0941
2012	9.0000	-	9.0000	6.5199	8.1120	0.4782	24.1101
2011	7.5000	-	7.5000	5.8249	7.6530	0.5627	21.5406
2010	6.8165	-	6.8165	5.1077	7.6870	0.5627	20.1739

PRINCIPAL PROPERTY TAXPAYERS  
September 30, 2019

Taxpayers	2019			2010		
	Taxes Assessed	Rank	Percentage of Total Taxes Levied	Taxes Assessed	Rank	Percentage of Total Taxes Levied
L3Harris Corporation	\$ 399,290	1	1.2%	\$ 270,187	1	1.3%
WE Lighthouse Pointe Owner LLC	152,100	2	0.5%	\$ 62,030	10	0.3%
The Pavilions at Monterey LLC	142,593	3	0.4%			
Renasas Electronics America Inc	142,068	4	0.4%	163,596	2	0.8%
CAPE, LLC	140,883	5	0.4%			
WRH Madalyn Landing LLLP	136,890	6	0.4%			
WSL Glenbrooke Investors V LLC	122,525	7	0.4%	119,778	3	0.6%
AMFP IV Vinings LLC	114,075	8	0.3%	86,570	5	0.4%
Palm Bay Shopping Plaza LLC	106,046	9	0.3%	95,431	4	0.4%
Wal-Mart Stores East LP	93,772	10	0.3%	86,218	6	0.4%
Rivera Terrace Properties LLC	87,726	11	0.3%	52,657	17	0.2%
H F Partnership LLP	84,352	12	0.3%	69,528	8	0.3%
Palm Bay Improvements LLC	73,469	13	0.2%	58,622	12	0.3%
Bayside Lakes LLP	71,905	14	0.2%	43,626	20	0.2%
Palm Bay Storage 18 (FL) LLC	70,279	15	0.2%			
Jaws Palm Bay LLC	69,288	16	0.2%	46,666	19	0.2%
Villas at Palm Bay LLC	65,065	17	0.2%	54,750	14	0.3%
Southern Malabar Cove	62,530	18	0.2%			
Palm Bay Partners LLC	62,294	19	0.2%	56,577	13	0.3%
Moallem, David	58,954	20	0.2%	65,530	9	0.3%
Lowe's Home Centers Inc	-	-	-	61,351	11	0.3%
Portfolio Real Estate Palm Bay	-	-	-	54,532	15	0.3%
PB/ES LLC	-	-	-	52,925	16	0.2%
Home Depot USA Inc	-	-	-	48,052	18	0.2%
Capstone Capital Corp	-	-	-	80,094	7	0.4%
<b>Total</b>	<b>\$ 2,256,104</b>		<b>6.8%</b>	<b>\$ 1,628,720</b>		<b>7.6%</b>

Source: Brevard County Tax Collector



**PROPERTY TAX LEVIES AND COLLECTIONS**  
Last Ten Fiscal Years

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	% of Levy		Amount	% of Levy
<b>2019</b>	<b>\$ 33,696,699</b>	<b>\$ 32,987,945</b>	<b>97.9%</b>	<b>\$ 93,814</b>	<b>\$ 33,081,759</b>	<b>98.2%</b>
2018	30,396,095	29,713,617	97.8%	179,673	29,893,290	98.3%
2017	27,612,976	26,938,819	97.6%	111,738	27,050,557	98.0%
2016	25,234,228	24,629,466	97.6%	99,651	24,729,117	98.0%
2015	24,125,115	23,528,650	97.5%	128,673	23,657,323	98.1%
2014	22,782,392	22,130,096	97.1%	127,699	22,257,795	97.7%
2013	22,627,515	21,817,153	96.4%	430,539	22,247,692	98.3%
2012	23,281,255	22,608,173	97.1%	151,563	22,759,737	97.8%
2011	25,017,512	24,376,725	97.4%	229,953	24,606,678	98.4%
2010	27,662,602	26,742,020	96.7%	657,031	27,399,051	99.0%

Source: City of Palm Bay Finance Department

**RATIOS OF OUTSTANDING DEBT BY TYPE  
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities											Activities						% of Personal Income	Per Capita	
	Municipal Service Tax Bonds	Local Option Gas Tax Bonds	Taxable Special Obligation Bonds	Sales Tax Revenue Bonds	TSO Refunding Bonds	Sales Tax Refunding Bonds*	General Obligation Bonds**	Capital Leases	BCRA Notes Payable	PST Loan Payable	FMLC Comm Paper Notes	LOGT Refunding Notes	2015 Franchise Fee Revenue Notes	2016 Franchise Fee Revenue Notes	Utility Revenue Bonds	Utility Notes	Capital Leases			Total Primary Government
2019	\$ 5,015,000	\$ -	\$ 462,065	\$ -	\$ 50,320,000	\$ 14,233,336	\$ 53,990,608	\$ 4,231,728	\$ 1,142,000	\$ -	\$ -	\$ 10,086,000	\$ 3,423,000	\$ 3,742,000	\$ 6,580,885	\$ 21,932,000	\$ 273,247	\$ 175,431,869	6.45%	1,521
2018	5,175,000	-	519,121	-	50,855,000	14,789,415	-	4,624,767	2,505,000	-	-	10,846,000	3,873,000	3,892,000	7,459,667	26,957,000	561,614	132,057,584	5.32%	1,172
2017	5,330,000	-	573,305	-	50,855,000	15,330,494	-	793,941	2,865,000	-	-	2,446,000	4,313,000	3,983,000	8,373,342	31,935,000	840,174	127,638,256	5.51%	1,154
2016	5,485,000	-	4,652,695	-	50,855,000	15,896,573	-	1,382,836	3,210,000	-	-	3,041,000	4,744,000	-	9,953,729	37,200,000	1,109,260	137,530,093	6.04%	1,260
2015	5,485,000	-	4,784,387	15,853,121	50,855,000	-	-	965,385	3,545,000	761,000	-	3,625,000	4,744,000	-	26,940,143	28,000,000	1,369,194	146,927,230	6.46%	1,367
2014	5,485,000	-	4,917,880	15,890,000	50,855,000	-	-	379,686	3,865,000	1,519,000	-	3,885,000	-	-	29,197,731	31,590,000	1,620,288	149,204,585	7.03%	1,410
2013	5,485,000	4,455,000	42,999,258	16,285,000	-	-	-	606,146	4,170,000	2,268,000	-	-	-	-	63,561,079	-	-	139,829,483	6.56%	1,336
2012	8,370,000	4,905,000	43,226,447	16,665,000	-	-	-	2,436,369	4,465,000	-	-	-	-	-	68,586,012	-	-	148,653,828	7.37%	1,434
2011	9,015,000	5,340,000	43,351,447	17,030,000	-	-	-	2,827,874	4,750,000	-	-	-	-	-	73,234,911	-	-	155,549,232	7.59%	1,503
2010	4,150,000	5,755,000	43,421,447	17,380,000	-	-	-	23,861,281	5,020,000	-	13,981,000	-	-	-	95,658,103	-	-	209,226,831	9.71%	2,023

Debt Limitation: The City does not have a legal debt limit

\*Includes unamortized premium

\*\*Includes unamortized premium/discount

Source: City of Palm Bay Finance Department

**DIRECT AND OVERLAPPING BONDED DEBT – GENERAL OBLIGATION BONDS  
September 30, 2019**

Taxing District	Assessed Valuation	Net Debt Outstanding	Overlapping	City's Share of Debt
Brevard County	\$ 37,701,442,889	\$ 39,165,601	10.58%	\$ 4,142,643
City of Palm Bay Governmental Activities Direct Debt				
Bonds Payable		\$ 124,021,011		
Notes Payable		18,393,000		
Capital Leases		4,231,728		<u>146,645,739</u>
Total Direct and Overlapping Governmental Activities Debt				<u>\$ 150,788,382</u>

Notes: Based on 2019 estimated taxable assessed valuation.  
 The percentage of overlapping debt is estimated using taxable property values.  
 The calculation was derived by dividing the City's total taxable value by the total  
 Outstanding debt for Brevard County

Sources: City of Palm Bay Finance Department  
 Brevard County Finance Department

**PLEDGED REVENUE COVERAGE**  
Last Ten Fiscal Years

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
<b>2019</b>	<b>\$ 29,993,764</b>	<b>\$ 16,310,408</b>	<b>\$ 13,683,356</b>	<b>\$ 5,485,672</b>	<b>\$ 1,750,593</b>	<b>1.89</b>
2018	28,248,280	15,678,734	12,569,546	5,420,748	1,809,119	1.74
2017	28,099,716	14,188,214	13,911,502	5,367,565	1,862,622	1.92
2016	26,930,542	13,565,725	13,364,817	4,622,371	2,072,108	2.00
2015	25,606,702	13,713,299	11,893,403	5,365,152	2,282,307	1.56
2014	24,556,798	13,261,955	11,294,843	4,608,347	2,937,545	1.50
2013	23,869,662	12,972,795	10,896,867	4,874,933	3,679,346	1.27
2012	23,351,079	12,772,311	10,578,768	4,503,899	3,396,741	1.34
2011	23,092,830	11,926,644	11,166,186	4,728,192	3,894,598	1.29
2010	23,521,722	12,148,574	11,373,148	4,546,582	4,373,963	1.27

Notes:

(1) Operating Revenue includes interest income.

(2) Direct Operating Expenses are operating expenses excluding depreciation and amortization.

Calculations for item (1) and (2) exclude construction and assessment fund activities; therefore, it will not tie directly to the Statement of Revenues, Expenses and Change in Fund Positions Proprietary Funds

This table does not include the full provisions of the bond covenants.

**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
Last Ten Years

Year	Population	Personal Income (thousands)	Per Capita Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
<b>2019</b>	<b>115,322</b>	<b>\$ 2,718,947</b>	<b>\$ 23,577</b>	<b>41.2</b>	<b>14.1</b>	<b>14,587</b>	<b>3.1%</b>
2018	112,703	2,483,072	22,032	40.8	14.1	14,587	3.1%
2017	110,623	2,316,335	20,939	43.0	14.1	14,711	3.8%
2016	109,162	2,277,447	20,863	40.7	14.1	14,661	5.4%
2015	107,481	2,276,018	21,176	40.6	14.0	14,896	5.9%
2014	105,815	2,121,273	20,047	40.3	14.0	14,618	6.5%
2013	104,693	2,130,607	20,351	39.9	14.0	14,386	7.4%
2012	103,681	2,017,529	19,459	38.7	14.1	14,422	9.4%
2011	103,504	2,048,448	19,791	38.9	14.1	13,386	10.3%
2010	103,422	2,155,004	20,837	38.0	14.1	14,677	12.1%

Sources:  
 Florida Department of Education  
 Bureau of Economics and Business Research, University of Florida  
 US Department of Labor  
 City of Palm Bay Growth Management Department

**PRINCIPAL EMPLOYERS IN THE CITY OF PALM BAY**  
Current Year and Nine Years Ago

Employer	2019			2010		
	Number of Employees	Rank	% of Total Employment	Number of Employees	Rank	% Total Employment
3LHarris Corporation	3,450	1	6.48%	5,613	1	12.18%
Brevard County School Board	1,501	2	2.82%	1,475	2	3.20%
City of Palm Bay	832	3	1.56%	805	3	1.75%
Palm Bay Hospital	610	4	1.15%	575	6	1.25%
Publix (3 of 3 locations reported)	460	5	0.86%	360	8	0.78%
Wal*Mart	390	6	0.73%	400	7	0.87%
ReneSas (Formerly Intersil)	375	7	0.70%	576	5	1.25%
Eastern Florida State College	233	8	0.44%	238	9	0.52%
Winn Dixie (2 locations)	205	9	0.39%	200	10	0.43%
Home Depot	160	10	0.30%			0.00%
Lowe's	0	11	0.00%			0.00%
AAR Corp	0	12	0.00%			0.00%
Bass Pro Shop	0	13	0.00%			0.00%
MC Assembly	0		0.00%	689	4	1.50%
Totals	<u>8,216</u>		<u>15.43%</u>	<u>10,931</u>		<u>23.73%</u>

Note:  
Number of employees listed is employed within the City of Palm Bay

Sources:  
US Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics  
City of Palm Bay Growth Management Department  
City of Palm Bay Budget Division

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government										
Legislative	4	4	4	4	4	4	4	4	4	4
Management	5	5	5	5	6	6	7	7	10	11
Finance	16	16	16	22	20	19	18	36	35	32
Procurement	7	6	6							
Community Planning	2	2	2	2	2	2	2	2	2	2
Other	61	61	59	58	38	36	32	29	31	31
Public Safety										
Police	243	236	236	243	249	249	251	250	261	265
Fire	137	137	136	136	134	133	133	138	130	131
Code Enforcement	11	9	9							
Building	33	30	23	17	15	14	13	14	17	24
Physical Environment										
Utilities	145	141	132	135	135	134	133	118	120	118
Economic Environment										
Economic /Neighborhood Development	7	7	8	7	4	4	5	6	9	9
Transportation										
Public Works	132	128	128	126	120	120	121	117	127	120
Culture/Recreation										
Parks	54	54	55	52	52	50	50	54	58	58
<b>Total</b>	<b>857</b>	<b>836</b>	<b>819</b>	<b>807</b>	<b>768</b>	<b>771</b>	<b>769</b>	<b>775</b>	<b>804</b>	<b>805</b>

Source: City of Palm Bay Budget Division

**CAPITAL ASSETS STATISTICS**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Police</b>										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol Units	122	118	125	125	125	127	127	127	127	127
Policemen and Officers	166	160	159	160	160	160	152	160	166	166
<b>Fire</b>										
Stations	6	6	6	6	6	6	5	5	5	5
Firefighters and Officers	122	122	125	123	135	123	122	122	127	118
<b>Public Works</b>										
Streets (miles)	865.37	865.37	865	865	865	865	862	862	862	862
Street lights	5108	5108	5108	5108	3968	3960	3960	3960	3960	3960
<b>Parks and Recreation</b>										
Community Centers	3	3	2	2	1	1	1	1	1	1
Developed Parks	32	32	32	32	31	31	31	31	25	25
Acreage of developed parks	515	515	515	515	315	314	314	314	241	241
Acreage of all park land	2225	2225	2225	2225	2025	2025	2025	2025	1674	1674
<b>Water System</b>										
Water mains (miles)	622	618	619	617	614	614	604	603	596	580
Fire hydrants	2960	2908	2913	2899	2888	2888	2886	2886	2833	2739
Treatment plants	3	3	3	3	3	3	3	3	3	3
Service connections	35158	34439	33840	33221	32812	32495	32232	31811	31630	31145
Capacity (mgd)	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5
<b>Wastewater System</b>										
Sanitary sewer lines (miles)	300	296	307	301	295	295	295	290	290	290
Treatment plants	2	2	2	2	2	2	2	2	2	2
Service connections - sewer	17377	17075	16858	16484	16221	16023	15323	15031	14909	14807
Service connections - reclaimed water	455	427	427	427	425	425	424	421	420	416
Treatment capacity (mgd)	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2

Source: Various City Department



**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Police</b>										
Physical Arrests	2,799	3,273	3,770	2,530	3,076	3,612	3,295	3,504	4,655	3,715
Parking Violations	-	-	1	-	11	11	5	10	257	317
Traffic Tickets	4,520	4,577	4,185	3,842	4,847	5,765	6,361	6,626	9,998	16,785
Total Traffic Stops	17,493	17,760	14,524	11,075	10,568	12,731	12,009	22,117	22,424	39,851
Calls for Service	95,862	100,309	98,155	87,635	143,882	159,576	148,938	229,903	243,417	195,756
<b>Fire</b>										
Number of calls for service	15,066	14,713	14,761	14,443	13,408	12,285	11,683	11,317	11,115	10,520
Number of fires extinguished	472	430	465	405	280	275	275	251	450	455
<b>Public Works</b>										
Refuse Collection (pounds) (2)		-	-	-	-	-	-	-	61,540	115,690
New Street Miles		-	-	-	-	-	-	-	-	-
Canal Clearing (3)	1,081,080	986,836	498,088	716,105	16,888	4,820	34,071	67,238	N/A	N/A
New Street (1)		-	-	-	-	1	-	-	-	-
Potholes repaired	1,329	1,245	1,294	1,275	1,441	1,286	1,108	888	620	946
<b>Parks and Recreation</b>										
Community Center Attendance	23,191	19,000	17,340	12,989	18,690	20,341	18,827	15,614	20,545	26,501
Camp Programs	1,404	960	877	1,160	790	566	457	405	87	275
Program Membership	24,565	6,000	5,157	6,764	4,363	4,344	2,031	928	1,341	1,396
<b>Water System</b>										
New Connections	719	668	559	409	317	263	421	181	485	806
Water main breaks	5	4	-	-	1	1	1	1	8	16
Average daily consumption (millions of gallons)	7	7	7	7	6	6	6	6	6	6
Active accounts	35,158	34,439	33,840	33,221	32,812	32,495	32,232	31,811	31,630	31,145
<b>Wastewater System</b>										
Average daily sewage treatment (millions of gallons)	4	4	3	3	3	3	3	3	3	3
Active Accounts	17,377	17,075	16,858	16,484	16,221	16,023	15,323	15,031	14,949	14,807
<b>Building</b>										
Total Inspections	22,077	26,035	16,455	12,874	10,461	9,783	8,006	7,990	8,497	8,851
Permits Issued	9,320	11,415	7,696	6,328	5,468	4,823	4,131	3,980	4,332	4,473

Source: Various City Departments

(1) Information could not be retrieved

(2) No longer being tracked

(3) Started tracking in 2012 - decrease in 2014 due to concentration on drainage cleaning.

In 2016, canal cleaning transitioned to a more accurate GIS information tracking system.

This accounts for the large variance.

Source: Various City Departments

**IMPACT FEE COLLECTIONS AND BALANCES**  
Last Ten Fiscal Years

**Last Ten Fiscal Years**

<b>Collections</b>					
Fiscal Year	Police Impact Fees	Fire Impact Fees	Parks Impact Fees	Transportation Impact Fees	Total Collections
<b>2019</b>	<b>\$ 44,516</b>	<b>\$ 295,657</b>	<b>\$ 661,635</b>	<b>\$ 4,402,272</b>	<b>\$ 5,404,080</b>
2018	30,022	217,586	508,618	3,147,058	3,903,284
2017	28,369	193,301	437,373	2,326,002	2,985,045
2016	21,970	145,907	325,258	1,688,950	2,182,085
2015	19,636	121,065	189,269	1,574,917	1,904,887
2014	10,714	61,972	119,130	454,802	646,618
2013	7,621	54,444	128,377	529,713	720,155
2012	2,396	15,885	42,650	311,526	372,457
2011	6,417	40,492	105,915	1,105,388	1,258,212
2010	7,114	49,204	121,662	906,921	1,084,901

<b>Balances</b>				
Type	Balance at beginning of Fiscal Year	Collections	Uses	Balance at end of Fiscal Year
Police Impact Fees	\$ 55,315	\$ 44,516	\$ -	\$ 99,831
Fire Impact Fees	369,459	295,657	26,665	638,451
Parks Impact Fees	821,729	661,635	94,352	1,389,012
Transportation Impact Fees	4,899,399	4,402,272	3,032,473	6,269,198
<b>Totals</b>	<b>\$ 6,145,902</b>	<b>\$ 5,404,080</b>	<b>\$ 3,153,490</b>	<b>\$ 8,396,492</b>

<b>Significant Usage</b>	
Fire Station 5 Rebuild	24,539
Fred Poppe Regional Park Campground	32,585
Power Turf Renovator Equipment	12,320
Parks Movie Screen & Projector Equipment	17,880
Parks Wake Forest Basketball Court	21,055
Transportation Land Acquisition Malabar Rd Widening	56,220
Transportation Culver St	1,400,524
Transfer to Debt Service for 2018 LOGT Note	751,248
Transfers to Debt Service for 2015 Sales Tax Bond	217,967
Transfers to Debt Service for 2014 LOGT Gas Tax Note	606,061

Note: Collections include interest earnings

Sources: City of Palm Bay Finance Department

**UTILITIES DEBT SERVICE APPLICABLE TO TRANSPORTATION PROJECTS  
Last Ten Fiscal Years**

Fiscal Year	Debt Service			Portion Related To Road Improvements
	Refunding Bonds Series 2005B	Refunding Notes Series 2016	Special Assessment Bonds Series 2003	
<b>2019</b>	<b>\$ -</b>	<b>\$ 1,285,000</b>	<b>\$ 271,068</b>	<b>\$ 666,399</b>
2018	-	1,275,000	302,178	675,165
2017	-	1,363,250	870,250	951,703
2016	3,182,706	476,211	246,850	1,677,011
2015	1,777,681		248,250	868,668
2014	1,774,082		248,365	867,169
2013	1,818,251		248,053	886,030
2012	1,465,189		247,403	733,941
2011	1,774,308		246,393	866,437
2010	1,648,158		250,043	813,726

Note:

Portion of project costs related to roadway restoration and drainage improvements:

43% for 1998 Utility Revenue Bonds

42% for 2003 Utility Assessment Bonds

Portion of principal for Special Assessment Bonds was prepaid in fiscal year 2006.

Source: City of Palm Bay Utilities

Last Ten Fiscal Years						Last Ten Fiscal Years			
Fiscal Year	Electricity	Communication Services	Gas	Water	Total	Fiscal Year	Sales Tax Revenue	Max Annual Debt Service 2015 Bonds	Debt Service Coverage
2019	\$ 7,570,916	\$ 2,540,717	\$ 124,903	\$ 1,415,851	\$ 11,652,387	2019	\$ 6,751,673	\$ 1,054,406	6.40
2018	7,356,613	2,638,032	128,314	1,393,850	11,516,809	2018	6,822,769	1,054,406	6.47
2017	7,050,646	2,569,292	112,092	1,367,141	11,099,171	2017	6,311,425	1,054,406	5.99
2016	6,862,108	2,756,084	97,281	1,328,805	11,044,278	2016	5,900,650	1,054,406	5.60
2015	6,597,099	2,953,713	100,256	1,281,256	10,932,324	2015	5,627,552	1,162,250	4.84
2014	6,533,657	3,014,756	115,725	1,234,210	10,898,348	2014	5,245,081	1,162,250	4.51
2013	5,994,198	3,313,753	91,033	1,219,386	10,618,370	2013	5,012,444	1,162,250	4.31
2012	5,538,018	3,446,340	120,661	1,206,514	10,311,533	2012	4,790,989	1,162,250	4.12
2011	5,523,218	3,637,601	80,387	1,129,285	10,370,491	2011	4,555,098	1,162,250	3.92
2010	5,691,766	3,854,672	96,210	1,059,474	10,702,122	2010	4,456,874	1,162,250	3.83

Historical Pledged State Revenue Sharing Funds

Last Ten Fiscal Years	
Fiscal Year	State Revenue Sharing
2019	\$ 4,885,364
2018	4,690,878
2017	4,525,840
2016	4,109,953
2015	3,997,325
2014	3,603,840
2013	3,270,431
2012	2,842,930
2011	2,666,470
2010	2,509,995

Source: City of Palm Bay Finance Department

**CERTIFIED GALLONS OF TAXABLE FUEL SOLD IN BREVARD COUNTY, FLORIDA AND LOCAL  
OPTION GAS TAX REVENUE  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Motor Fuel</b>	<b>Diesel Fuel</b>	<b>Total</b>	<b>Annual Local Option Gas Tax Revenue</b>
<b>2019</b>	<b>\$ 269,240,363</b>	<b>\$ 179,364,276</b>	<b>\$ 448,604,639</b>	<b>\$ 4,147,267</b>
2017	263,674,585	136,285,660	399,960,245	3,744,098
2017	251,459,738	149,535,894	400,995,632	3,854,156
2016	251,459,738	149,535,894	400,995,632	3,854,156
2015	235,247,029	127,886,050	363,133,079	3,490,076
2014	132,380,145	19,992,183	152,372,328	3,287,172
2013	234,444,633	115,596,498	350,041,132	3,284,506
2012	236,330,147	106,207,434	342,537,581	3,105,994
2011	239,919,288	37,011,535	276,930,822	2,390,212
2010	247,235,293	32,236,346	279,471,639	2,369,610

Sources:  
Florida Department of Revenue  
City of Palm Bay Finance Department

**DISTRIBUTION OF BREVARD COUNTY LOCAL OPTION GAS TAX REVENUES**  
Fiscal Year Ended September 30, 2019

Jurisdiction	Percent Share Total	Percent Share Municipalities	2019 Revenue Share
Brevard County	47.14	0.000%	\$ 10,419,679
Cape Canaveral	1.54	2.920%	340,810
Cocoa	2.55	4.820%	563,001
Cocoa Beach	1.42	2.690%	314,440
Grant-Valkaria	0.67	1.260%	147,272
Indialantic	0.57	1.071%	125,191
Indian Harbor Beach	1.47	2.789%	325,914
Malabar	0.46	0.864%	101,027
Melbourne	13.94	26.378%	3,081,982
Melbourne Beach	0.37	0.696%	81,323
Melbourne Village	0.08	0.144%	16,856
<b>Palm Bay</b>	<b>16.18</b>	<b>30.606%</b>	<b>3,576,103</b>
Palm Shores	0.11	0.212%	24,739
Rockledge	3.70	6.991%	816,897
Satellite Beach	1.86	3.512%	410,352
Titusville	4.79	9.063%	1,058,922
West Melbourne	3.16	5.984%	699,161
Total	100.00	100.000%	\$ 22,103,669

Source: Brevard County Board of County Commissioners

**UTILITIES DEBT SERVICE COVERAGE**  
**Last Ten Fiscal Years**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating Revenues	\$ 22,626,385	\$ 22,511,829	\$ 22,931,067	\$ 23,488,824	\$ 24,336,022	\$ 25,381,193	\$ 26,654,593	\$ 27,831,857	\$ 27,927,138	\$ 29,143,681
Interest Income	895,337	581,001	420,012	380,838	220,776	225,509	275,950	267,859	321,142	850,083
Operating Expenses (excl. depreciation/amortization)	(12,148,574)	(11,926,644)	(12,772,311)	(12,972,795)	(13,261,955)	(13,713,299)	(13,565,725)	(14,188,214)	(15,678,734)	(16,310,408)
Net Revenues	\$ 11,373,148	\$ 11,166,186	\$ 10,578,768	\$ 10,896,867	\$ 11,294,843	\$ 11,893,403	\$ 13,364,818	\$ 13,911,502	\$ 12,569,546	\$ 13,683,356
Restricted MLE Account Balance	1,683,700	1,683,700	1,683,700	1,683,700	1,683,700	1,771,681	1,768,801	1,363,250	1,364,490	1,345,180
MLE Portion Attributable to MLE Expansion %	1,648,158	1,089,046	1,465,189	1,773,251	1,774,082	1,777,681	818,917	1,363,250	1,364,490	1,345,180
Connection Fees Available for Debt Service	4,505,572	4,080,322	3,666,511	3,665,453	3,662,264	3,133,651	3,372,758	3,363,377	3,363,207	3,171,095
<b>Parity Debt Service</b>	<b>\$ 8,920,545</b>	<b>\$ 7,937,528</b>	<b>\$ 7,900,640</b>	<b>\$ 8,205,614</b>	<b>\$ 7,545,892</b>	<b>\$ 7,647,459</b>	<b>\$ 6,694,479</b>	<b>\$ 7,230,189</b>	<b>\$ 7,229,866</b>	<b>\$ 7,236,265</b>
2001 Revenue Bonds	1,920,000	1,920,000	1,920,000	1,920,000	1,920,000	1,920,000	1,920,000	1,917,135	1,917,675	1,916,926
2002 Refunding Bonds	536,088	528,238	534,863	535,175	72,658	-	-	-	-	-
2003 Refunding Bonds	3,784,500	3,787,900	3,787,900	3,784,500	3,298,600	-	-	-	-	-
2004 Revenue Bonds	192,087	192,488	192,688	192,688	28,744	-	-	-	-	-
2005 A Revenue Bonds	839,712	419,856	-	-	-	-	-	-	-	-
2005 B Refunding Bonds	1,648,158	1,089,046	1,465,189	1,773,251	1,774,082	1,777,681	342,706	-	-	-
2014 Refunding Note	-	-	-	-	451,808	3,949,778	3,955,562	3,949,801	3,947,701	3,974,159
2016 Refunding Note	-	-	-	-	-	-	476,211	1,363,250	1,364,490	1,345,180
<b>Total Debt Service</b>	<b>8,920,545</b>	<b>7,937,528</b>	<b>7,900,640</b>	<b>8,205,614</b>	<b>7,545,892</b>	<b>7,647,459</b>	<b>6,694,479</b>	<b>7,230,186</b>	<b>7,229,866</b>	<b>7,236,265</b>
<b>DEBT SERVICE COVERAGE</b>										
<b>PART A: Parity Debt Service</b>										
<b>Test 1</b>										
Net Revenues	11,373,148	11,166,186	10,578,768	10,896,867	11,294,843	11,893,403	13,364,818	13,911,502	12,569,546	13,683,356
Parity Debt Service Less Portion Attributable to MLE Expansion %	7,272,387	6,848,482	6,435,451	6,432,363	5,771,810	5,869,778	5,875,562	5,866,936	5,865,376	5,891,085
Actual	1.56	1.63	1.64	1.69	1.96	2.03	2.27	2.37	2.14	2.32
Required	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
and										
<b>Test 2</b>										
Net Revenues	\$ 11,373,148	\$ 11,166,186	\$ 10,578,768	\$ 10,896,867	\$ 11,294,843	\$ 11,893,403	\$ 13,364,818	\$ 13,911,502	\$ 12,569,546	\$ 13,683,356
Restricted MLE Account Balance	1,683,700	1,683,700	1,683,700	1,683,700	1,683,700	1,771,681	1,768,801	1,363,250	1,364,490	1,345,180
Total	\$ 13,056,848	\$ 12,849,886	\$ 12,262,468	\$ 12,580,567	\$ 12,978,543	\$ 13,665,084	\$ 15,133,619	\$ 15,274,752	\$ 13,934,036	\$ 15,028,536
Parity Debt Service	8,920,545	7,937,528	7,900,640	8,205,614	7,545,892	7,647,459	6,694,479	7,230,186	7,229,866	7,236,265
Actual	1.46	1.62	1.55	1.53	1.72	1.79	2.26	2.11	1.93	2.08
Required	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
or										
<b>PART B: Parity Debt Service</b>										
<b>Test 1</b>										
Net Revenues	\$ 11,373,148	\$ 11,166,186	\$ 10,578,768	\$ 10,896,867	\$ 11,294,843	\$ 11,893,403	\$ 13,364,818	\$ 13,911,502	\$ 12,569,546	\$ 13,683,356
Connection Fees Available for Debt Service	4,505,572	4,080,322	3,666,511	3,665,453	3,662,264	3,133,651	3,372,758	3,363,377	3,363,207	3,171,095
Total	\$ 15,878,720	\$ 15,246,508	\$ 14,245,279	\$ 14,562,320	\$ 14,957,107	\$ 15,027,054	\$ 16,737,576	\$ 17,274,879	\$ 15,932,753	\$ 16,854,451
Parity Debt Service Less Portion Attributable to MLE Expansion %	7,272,387	6,848,482	6,435,451	6,432,363	5,771,810	5,869,778	5,875,562	5,866,936	5,865,376	5,891,085
Actual	2.18	2.23	2.21	2.26	2.59	2.56	2.85	2.94	2.72	2.86
Required	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
and										
<b>Test 2</b>										
Net Revenues	\$ 11,373,148	\$ 11,166,186	\$ 10,578,768	\$ 10,896,867	\$ 11,294,843	\$ 11,893,403	\$ 13,364,818	\$ 13,911,502	\$ 12,569,546	\$ 13,683,356
Connection Fees Available for Debt Service	4,505,572	4,080,322	3,666,511	3,665,453	3,662,264	3,133,651	3,372,758	3,363,377	3,363,207	3,171,095
Restricted MLE Account Balance	1,683,700	1,683,700	1,683,700	1,683,700	1,683,700	1,771,681	1,768,801	1,363,250	1,364,490	1,345,180
Total	\$ 17,562,420	\$ 16,930,208	\$ 15,928,979	\$ 16,246,020	\$ 16,640,807	\$ 16,798,735	\$ 18,506,377	\$ 18,638,129	\$ 17,297,243	\$ 18,199,631
Parity Debt Service	8,920,545	7,937,528	7,900,640	8,205,614	7,545,892	7,647,459	6,694,479	7,230,186	7,229,866	7,236,265
Actual	1.97	2.13	2.02	1.98	2.21	2.20	2.76	2.58	2.39	2.52
Required	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
and										
<b>Proviso</b>										
Net Revenues	11,373,148	11,166,186	10,578,768	10,896,867	11,294,843	11,893,403	13,364,818	13,911,502	12,569,546	13,683,356
Parity Debt Service	\$ 8,920,545	\$ 7,937,528	\$ 7,900,640	\$ 8,205,614	\$ 7,545,892	\$ 7,647,459	\$ 6,694,479	\$ 7,230,186	\$ 7,229,866	\$ 7,236,265
Actual	1.27	1.41	1.34	1.33	1.50	1.56	2.00	1.92	1.74	1.89
Required	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Note: The calculation of Net Revenue only includes utility water and sewer fund activities

Source: City of Palm Bay Billing & Collections Division

UTILITY RATE COMPARISON WITH NEIGHBORING UTILITIES  
September 30, 2019

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
<u>Neighboring Utilities</u>			
City of West Melbourne	\$ 45.63	\$ 38.52	\$ 84.15
City of Daytona Beach	37.93	50.66	88.59
City of Port St. Lucie	28.34	50.14	78.48
<b>City of Palm Bay</b>	<b>32.51</b>	<b>48.28</b>	<b>80.79</b>
City of Melbourne	30.85	46.08	76.93
City of Cocoa	30.41	48.56	78.97
City of Edgewater	35.31	50.45	85.76
City of Holly Hill	35.92	41.33	77.25
Brevard County	26.30	43.62	69.92
Indian River County	19.20	28.88	48.08
City of Vero Beach	17.75	37.84	55.59
City of New Smyrna Bch	16.92	38.96	55.88
City of Ormond Beach	24.62	32.08	56.70
City of Port Orange	24.50	33.45	57.95
Average of Neighboring Utilities	\$ 28.74	\$ 41.58	\$ 70.33

Note:

Amounts shown are for 5,000 gallons monthly service and reflect standard residential single-family rates effective October 1, 2017 and are exclusive of taxes.

Source: City of Palm Bay Billing & Collections Division



**TEN LARGEST WATER AND WASTEWATER SYSTEM CUSTOMERS**  
**September 30, 2019**

Water Customers	12-Month Usage (1)	Percent of Total	Revenue Generated	Percent of Total
3LHarris Corporation	32,687	1.64%	\$ 241,188	1.60%
Woodlake Village Apartments	26,225	1.32%	171,167	1.13%
Palm Bay Community Hospital	19,904	1.00%	139,898	0.93%
School Board of Brevard County	18,499	0.93%	116,431	0.77%
WE Lighthouse Point Owner LLC	15,864	0.80%	99,740	0.66%
The Park at Palm Bay	13,164	0.66%	75,080	0.50%
AMFP IV Vinings LLC	11,769	0.59%	69,626	0.46%
WRH Madalyn Landing	11,762	0.59%	66,290	0.44%
Empirian Property Management Inc	8,953	0.45%	58,471	0.39%
Creative Choice Homes	8,796	0.44%	55,956	0.37%
<b>Total</b>	<b>167,623</b>	<b>8.42%</b>	<b>\$ 1,093,847</b>	<b>7.25%</b>

Wastewater Customers	12-Month Usage (1)	Percent of Total	Revenue Generated	Percent of Total
3LHarris Corporation	32,687	3.11%	\$ 223,904	2.01%
Woodlake Village Apartments	26,255	2.50%	173,459	1.56%
Palm Bay Community Hospital	19,904	1.89%	104,435	0.94%
School Board of Brevard County	17,808	1.69%	155,725	1.40%
WE Lighthouse Point Owner LLC	15,864	1.51%	110,783	1.00%
The Park at Palm Bay	13,164	1.25%	97,462	0.88%
AMFP IV Vinings LLC	11,769	1.12%	104,741	0.94%
WRH Madalyn Landing	11,762	1.12%	89,427	0.80%
Empirian Property Management Inc	8,953	0.85%	69,076	0.62%
Creative Choice Homes	8,796	0.84%	60,933	0.55%
<b>Total</b>	<b>166,962</b>	<b>15.87%</b>	<b>\$ 1,189,945</b>	<b>10.70%</b>

(1) In thousands of gallons

Source: City of Palm Bay



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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the year ended September 30, 2019**

FEDERAL AWARDS				
<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>CFDA Number</u>	<u>Grantor Number / Pass Through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>Pass Through to Subrecipients</u>
<b><u>U.S. Department of Housing &amp; Urban Development</u></b>				
Community Development Block Grant / Entitlement grant	14.218	B-17-MC-12-0032	\$ 455,238	\$ 88,270
Community Development Block Grant / Entitlement Grant	14.218	B-18-MC-12-0032	<u>507,062</u>	<u>88,270</u>
Total Community Development Block Grant Cluster			962,300	88,270
Neighborhood Stabilization Program - NSP 1	14.256	B-08-MN-12-0021	100,156	-
Passed through Brevard County:				
HOME Grant	14.239	M-16-DC-12-0200	<u>29,083</u>	<u>-</u>
Total Passed through Brevard County			129,239	-
<b>Total Department of Housing &amp; Urban Development</b>			<u><b>1,091,539</b></u>	<u><b>88,270</b></u>
<b><u>U.S. Department of Justice</u></b>				
Passed through the Florida Office of the Attorney General:				
Victim Crime Assistance	16.575	D-00446	<u>31,502</u>	<u>-</u>
Total Passed through the Florida Office of the Attorney General			31,502	-
Equitable Sharing Program	16.922	FL0051200	<u>40,570</u>	<u>-</u>
<b>Total U.S. Department of Justice</b>			<u><b>72,072</b></u>	<u><b>-</b></u>
<b><u>U.S. Department of Homeland Security - FEMA</u></b>				
Passed through Florida Division of Emergency Management				
Disaster Grants - Public Assistance				
(Presidentially Declared Disaster) - Hurricane Matthew	97.036	FEMA-4283-DR-FL	52,833	-
(Presidentially Declared Disaster) - Hurricane Irma	97.036	FEMA-4337-DR-FL	2,259,570	-
Assistance to Firefighters Grant - Fire Exhaust System	97.044	EMW-2016-FO-04058	<u>3,233</u>	<u>-</u>
<b>Total U.S. Department of Homeland Security</b>			<u><b>2,315,636</b></u>	<u><b>-</b></u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><b>\$ 3,479,247</b></u>	<u><b>\$ 88,270</b></u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For Fiscal Year Ended September 30, 2019**

**NOTE 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards is presented using the modified basis of accounting for grants accounted for in governmental funds and the accrual basis of accounting for grants accounted for in proprietary funds.

**NOTE 2 - Indirect Cost Rate**

The Uniform Guidance allows a City to elect a 10% de minimus indirect cost rate. For the year ended September 30, 2019, the City elected not to use this rate.

**NOTE 3 - Non-cash Awards**

The City did not receive any non-cash federal awards.



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Certified Public Accountants

**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***

The Honorable Mayor and  
Members of the City Council  
City of Palm Bay, 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 Palm Bay, Florida, (the "City") as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 29, 2020. Our report includes a reference to other auditors who audited the financial statements of the Police and Firefighters' Retirement System, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that were reported on separately by those auditors.

**Internal Control over Financial Reporting**

Management of the City is responsible for establishing and maintaining effective 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City'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 over financial reporting 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Honorable Mayor and  
Members of the City Council  
City of Palm Bay, Florida

### **Compliance and Other Matters**

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

We noted certain matters that we reported to management of the City in a separate letter dated April 29, 2020.

### **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.

**MSL, P.A.**

Certified Public Accountants

Orlando, Florida  
April 29, 2020



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable Mayor and  
Members of the City Council  
City of Palm Bay, Florida

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of the City of Palm Bay, Florida (the “City”) with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the fiscal year ended September 30, 2019. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

**Management’s Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

**Auditor’s Responsibility**

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

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the City’s compliance.

**Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.



The Honorable Mayor and  
Members of the City Council  
City of Palm Bay, Florida

### **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to in the first paragraph of this section. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item IC-2019-001, that we consider to be a significant deficiency.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon April 29, 2020, which contained unmodified opinions on those financial statements. Our report on the basic financial statements also contained references to the reports of other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements.

The Honorable Mayor and  
Members of the City Council  
City of Palm Bay, Florida

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**  
*(Continued)*

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis, as required by the Uniform Guidance, and is 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**MSL, P.A.**

Certified Public Accountants

Orlando, Florida  
April 29, 2020

**CITY OF PALM BAY, FLORIDA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended September 30, 2019**

**SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

**Financial Statements**

Type of Auditor's Report Issued:

**Unmodified Opinion**

Internal control over financial reporting:

- Material weakness(es) identified?                     Yes                     No
- Significant deficiency(ies) identified?                 Yes                     None reported

Noncompliance material to financial statements noted?                     Yes                     No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?                     Yes                     No
- Significant deficiency(ies) identified?                 Yes                     None reported

Type of report issued on compliance for major federal programs:

**Unmodified Opinion**

Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?                     Yes                     No

**Identification of Major Federal Programs:**

<b><u>CFDA Number(s)</u></b>	<b><u>Name of Federal Program(s)</u></b>
14.218	Community Development Block Grant/Entitlement Grant
97.036	FEMA Disaster Grants – Public Assistance

Dollar threshold used to distinguish between Type A and Type B programs:    Federal                    \$750,000

Auditee qualified as low-risk auditee?                     Yes                     No

# CITY OF PALM BAY, FLORIDA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

For the Year Ended September 30, 2019

### SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

### SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS SECTION

#### IC 2019-001 - Payroll Documentation - CFDA 14.218 CDBG Significant Deficiency in Internal Control over Compliance

#### CFDA 14.218 Community Development Block Grant/Entitlement Grant B-17-MC-12-0032 and B-18-MC-12-0032 Federal Agency: Department of Housing and Urban Development

**Criteria:** The City should document review and approval of time sheet allocations of payroll expenses to the grant program, including the date of the employee certification and supervisor review, to provide evidence that the internal control procedure was performed timely.

**Condition:** We noted during the fiscal year 2019 testing that time sheets for the employees charging payroll expense to grants did not include the date of the employee's certification and supervisor's review of the grant allocation.

**Cause:** The City did not require employees to document the date of employee certification or supervisor review of payroll grant allocations on employee timesheets.

**Effect:** Untimely reviews of payroll allocations could result in a misstatement of grant expenditures.

**Perspective:** Payroll expenses charged to the CDBG, SHIP, HOME, and NSP grants.

**Recommendation:** We recommend that the City's documentation of payroll grant allocations include the date of the employee certification and supervisor review to ensure timely review has occurred.

**Questioned Costs:** None

**Management's Response:** Finance will no longer accept timesheets submitted via email without the recommended signatures and dates. Timesheets documenting hours worked on grants will be signed and dated by the employee. The employee's supervisor will sign, date and submit timesheets to Finance at least bi-weekly in conjunction with approving the employees' time for processing by Payroll to ensure timely review is occurring.

**CITY OF PALM BAY, FLORIDA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*)**

**For the Year Ended September 30, 2019**

**SECTION IV - PRIOR-YEAR AUDIT FINDINGS**

**IC 2018-001 Allowable Costs**

Status: Cleared

**IC 2016-002 Payroll Allocations**

Status: Cleared



## CORRECTIVE ACTION PLAN

April 29, 2020

The City of Palm Bay, Florida respectfully submits the following corrective action plan for the year ended September 30, 2019.

### Name and address of independent public accounting firm:

Moore, Stephens Lovelace, P.A.  
255 S. Orange Ave, Suite 600  
Orlando, FL 32801

### Audit Period:

Fiscal Year October 1, 2018 – September 30, 2019

The findings from the April 24, 2020 Schedule of Findings and Questions Costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

### IC 2019-001 - Payroll Documentation - CFDA 14.218 CDBG

**Recommendation:** We recommend that the City's documentation of payroll grant allocations include the date of the employee certification and supervisor review to ensure timely review has occurred.

**Management's Response:** Finance will no longer accept timesheets submitted via email without the recommended signatures and dates. Timesheets documenting hours worked on grants will be signed and dated by the employee. The employee's supervisor will sign, date and submit timesheets to Finance at least bi-weekly in conjunction with approving the employees' time for processing by Payroll to ensure timely review is occurring.

### MLC 2019-001 Information Technology

**Recommendation:** We recommend that the City evaluate the IT areas noted in our assessment and implement appropriate procedures to ensure the continued security of the City's IT environment.

**Management's Response:** IT will evaluate and implement measures to address the areas needing improvement. Some areas were corrected, while funding to address others, will be requested during the City's annual budget process



## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

The Honorable Mayor and  
Members of the City Council  
City of Palm Bay, Florida

### **Report on the Financial Statements**

We have audited the basic financial statements of the City of Palm Bay, Florida (the "City") as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated April 29, 2020.

### **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; the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and Chapter 10.550, *Rules of the Auditor General*.

### **Other Reporting Requirements**

We have also issued our 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*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance; Schedule of Findings and Questioned Costs; and our Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated April 29, 2020, 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 report. Corrective actions have been taken to address the findings and recommendations made in the preceding annual financial audit as noted on the following page.

The Honorable Mayor and  
 Members of the City Council  
 City of Palm Bay, Florida

**Tabulation of Uncorrected Audit Findings**

<u>Current Year Finding #</u>	<u>2017-18 Fiscal Year Finding #</u>	<u>2016-17 Fiscal Year Finding #</u>
Cleared, no longer a finding	Partially Cleared, incorporated into Finding # IC 2018-001	IC 2015-002
Cleared, no longer a finding	IC 2016-002	IC 2016-002
Cleared, no longer a finding	Partially Cleared, incorporated into Finding # MLC 2018-001	IC 2016-008
Cleared, no longer a finding	IC 2018-001	-
Cleared, no longer a finding	MLC 2018-002	-
IC 2019-001	-	-
MLC 2019-001	-	-

**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 is disclosed in the notes to the financial statements.

**Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the City 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. It is management’s responsibility to monitor the City’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.

**Financial Condition and Management**

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 had the following recommendation:

**MLC 2019-001 Information Technology**

**Criteria:** To ensure proper financial accounting and reporting, security of financial information, as well as operational effectiveness, appropriate information technology (“IT”) controls should be implemented, maintained, and updated, as necessary, to keep pace with the constantly changing technology environment.

**Condition:** During our audit of the City’s financial statements, we performed an assessment of the City’s IT operations and controls and noted areas for improvement. Specific details of our observations are not disclosed in this report to avoid the possibility of compromising City information. However, appropriate City personnel have been notified of these matters.



The Honorable Mayor and  
Members of the City Council  
City of Palm Bay, Florida

**Recommendation:** We recommend that the City evaluate the IT areas noted in our assessment and implement appropriate procedures to ensure the continued security of the City's IT environment.

**Management's Response:** IT will evaluate and implement measures to address the areas needing improvement. Some areas were corrected, while funding to address others, will be requested during the City's annual budget process.

### **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, provided 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 which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

### **Purpose of this Letter**

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

**MSL, P.A.**

Certified Public Accountants

Orlando, Florida  
April 29, 2020



## INDEPENDENT ACCOUNTANT'S REPORT

The Honorable Mayor and  
Members of the City Council  
City of Palm Bay, Florida

We have examined the City of Palm Bay, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2019. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance 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 with those requirements. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2019.

*MSL, P.A.*

Certified Public Accountants

Orlando, Florida  
April 29, 2020



**William Capote**  
Mayor



**Kenny Johnson**  
Deputy Mayor



**Brian Anderson**  
Councilman



**Jeff Bailey**  
Councilman



**Harry Santiago Jr.**  
Councilman