Comprehensive Annual Financial Report City of Satellite Beach, Florida



Fiscal Year Ended September 30, 2019



City of Satellite Beach, Florida COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2019

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CITY OF SATELLITE BEACH, FLORIDA

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

INCORPORATED 1957

February 19, 2020

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

State law requires that every general-purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2019.

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

Carr Riggs & Ingram Certified Public Accountants & Advisors, have issued an unqualified ("Clean") opinion on the City of Satellite Beach's financial statements for the year ended September 30, 2019. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Government

The City of Satellite Beach, incorporated in 1957, is a coastal community spanning the barrier island between the Banana River segment of the Indian River Lagoon on the west and the Atlantic Ocean on the east. It currently occupies 3.8 square miles, of which 2.9 miles are land and 617 acres are navigable water in the Banana River and the City's Canals. The population for the City of Satellite Beach was 10,617 in 2019.

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

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

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

Local Economy and Outlook

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

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

Long-term Financial Planning and Major Initiatives

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

The latest CIP was adopted by the City Council for the Fiscal Year 2019-2020 through Fiscal Year 2023-2024. The City desires to maintain current service levels and improve upon and maintain facilities and infrastructure.

In order to achieve long-term plans, the City annually updates its goals and objectives for each calendar year. The City desires to continue to invest in technology and training to consistently improve service delivery and communication. City Council's goals for 2019-2020 included a number of major initiatives, including renewing the City's facilities and infrastructure; expand outreach and communication with local businesses; and focus on growth of the City's commercial sector. The City will also continue to work on projects and strategies to protect and restore the Indian River Lagoon and develop employee training and a citizen's academy focused on sustainable practices, and continue working to complete the City's Sustainability Action Plan Green Achievement Targets.

Relevant Financial Policies

The City of Satellite Beach has adopted comprehensive financial policies. The City of Satellite Beach has a policy that requires the adoption of a balanced annual operating budget. Due to the increased millage rate, the City was able to bring the unassigned reserves to a positive \$225,955. This was a concerned audit comment in the prior year, and was able to be removed for the 2018-2019 fiscal year.

The City of Satellite Beach created a Stabilization Reserve Policy in 2013. This policy was created to maintain and manage the General Fund Stabilization Reserve (committed funds in the City's reserves) to help restore stability to the City's finances following several years of economic downturn. This Stabilization Reserve was established to fund expenditures incurred in response to major disasters, fund other non-routine expenditures approved by formal action of the City Council, and to protect the City's credit rating by ensuring the City's ability to continue to make prompt payments to creditors/vendors when emergencies occur. This reserve is not permitted to fund new programs or other expenditures that should be funded with operating revenues, contingences, and unassigned General Fund reserves. By October 1, 2023, at least 60 days of budgeted operating expenditures, excluding capital costs and transfers from the General Fund Balance (City reserves), are planned to be committed to the Stabilization Reserve. To use these funds, City Council is required to formally recognize the natural disaster or other non-routine occasion before making final decisions on using the Stabilization Reserves. 80% of the net position for fiscal year 2018-2019 increased the Stabilization Reserve from \$852,745 to \$1,635,635. 60 days of operating expenditures for fiscal year 2018-2019 is \$1,795,333. The City is projected to be in compliance with the Stabilization Reserve Policy by October 1, 2023.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Distinguished Budget Presentation Award to the City of Satellite Beach for its annual budget document dated October 1, 2018. To qualify for the Distinguished Budget Presentation Award, the City's budget document has to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The Government Finance Officers Association of the United State and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting for its comprehensive annual financial report (CAFR) dated September 30, 2018. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by government and its management. The CAFR has been judged by an impartial panel to meet the highest standards of the program, which includes demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the CAFR.

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

Respectfully submitted,

Courtney Barker City Manager

Brittany Jumper

Support Services Director/Comptroller

City of Satellite Beach, Florida City Officials Year Ended September 30, 2019

Mayor Frank Catino

Vice Mayor Mark Brimer

Council Members
Mindy Gibson
Dominick Montanaro
Jodi Rozycki

<u>City Attorney</u> James P. Beadle

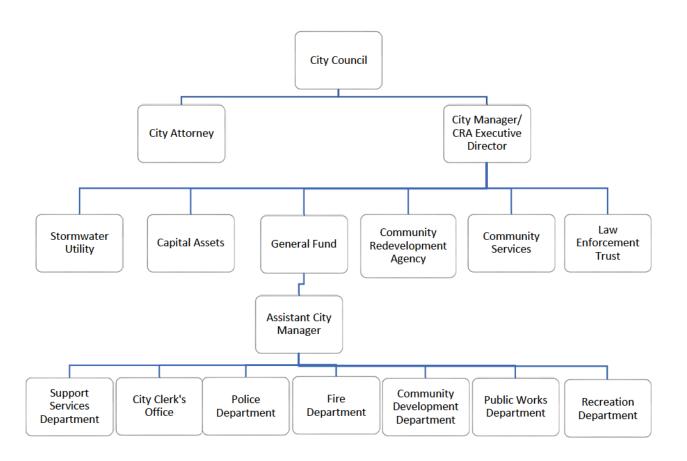
<u>City Manager</u> Courtney Barker

> <u>City Clerk</u> Gwen Peirce

Assistant City Manager Liz Alward

<u>Support Services Director / Comptroller</u> Brittany Jumper

City of Satellite Beach, Florida Organizational Chart Year Ended September 30, 2019





Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Satellite Beach Florida

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

September 30, 2018

Executive Director/CEO

Christopher P. Morrill



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Satellite Beach, Florida (the "City") as of and for the year ended September 30, 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City of Satellite Beach, Florida as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 – 25, the budgetary comparison information on pages 86-89 and the defined benefit pension plan information and the other postemployment benefits information on pages 90-99 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, combining and individual nonmajor fund financial statements, budgetary schedules of special revenue funds and capital asset fund and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Melbourne, Florida

Caux Rigge & Ingram, L.L.C.



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As management of the City of Satellite Beach, Florida (the "City"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City of Satellite Beach, Florida, for the fiscal year ended September 30, 2019.

Financial Highlights

- The assets and deferred inflows of resources of the City of Satellite Beach, Florida, exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$17,508,322 (net position). Of this amount, (\$10,806,671) represents the unrestricted net deficit due to recording of the total OPEB obligation and related deferred inflows of \$5,503,648; pension liabilities and related deferred inflows and outflows of \$6,541,553; and compensated absences of \$685,828 which are not currently funded.
- The City's total net position increased by \$1,012,624, primarily due to the increased millage rate, and capital projects continuing in to fiscal year 2019-2020.
- As of the close of the current fiscal year, the City of Satellite Beach, Florida's governmental funds reported combined ending fund balances of \$7,512,972, an increase of \$5,727,792 in comparison with the prior year, mainly due to debt proceeds of \$5,000,000. These proceeds are to complete the design and permit phase of the Public Works and Fire Department building. The majority of the expenditures will occur in fiscal year 2019-2020. The proceeds also funded roofs, air conditioners, air handlers, and many other energy efficient savings projects. Again, the projects began in the currently fiscal year, and will finish in fiscal year 2019-2020.
- The City of Satellite Beach, Florida's total long-term liabilities increased by \$3,936,274 during the current fiscal year. The increase is due to a net increase in notes payable and capital leases of \$4,027,953 offset by a net decrease in compensated absences of \$91,679.

Overview of the Financial Statements

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

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

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

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

The government-wide financial statements can be found on pages 28-31 of this report.

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

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

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

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

The basic governmental fund financial statements can be found on pages 32-36 of this report.

Proprietary funds. Proprietary funds are used to account for business-like activities. The City has a proprietary fund called an internal service fund. Internal service funds account for goods and services provided by one department or agency to another department or agency of the governmental unit (or to other governmental units) on a cost-reimbursement basis.

The City of Satellite Beach, Florida, maintains one individual proprietary fund. Information is presented separately in a proprietary fund statement of net position, statement of revenues, expenses and changes in fund net position, and statement of cash flows.

The basic proprietary fund financial statements can be found on pages 37-39 of this report.

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43-83 of this report.

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

Required supplementary information can be found on pages 86-99 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a City's financial position. In the case of the City of Satellite Beach, Florida, assets exceeded liabilities by \$17,508,322 at the close of the most recent fiscal year.

The following table reflects the condensed statement of net position:

CITY OF SATELLITE BEACH, FLORIDA'S Net Position

	2019	2018		
Current and other assets	\$ 9,189,483	\$ 2,836,144		
Capital assets	33,625,558	33,810,152		
Total assets	42,815,041	36,646,296		
Deferred outflows of resources	2,929,424	4,127,577		
Long-term liabilities outstanding	22,818,655	20,914,287		
Other liabilities	1,542,508	816,263		

Total liabilities	24,361,163	21,730,550
Deferred inflows of resources	3,874,980	2,547,625
Net position:		
Net investment in		
Capital assets	22,804,907	27,017,454
Restricted	5,510,086	941,307
Unrestricted (deficit)	(10,806,671)	(11,463,063)
Total net position	\$ 17,508,322	\$ 16,495,698

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

The City of Satellite Beach, Florida, uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Satellite Beach, Florida reports net investment in capital assets, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional \$5,510,086 of the City's net position represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the City of Satellite Beach, Florida, is only able to report a positive balance in its net investment in capital assets and restricted net position. The City reported an unrestricted net deficit of (\$10,806,671) primarily due to recording of the net OPEB obligation of \$3,728,912, compensated absences of \$685,828 and aggregate net pension liability of \$7,664,990 and related deferred inflows of resources of \$3,580,723 offset by deferred outflows of resources of \$2,929,424. These liabilities are not currently funded.

The following table shows condensed revenue and expense data:

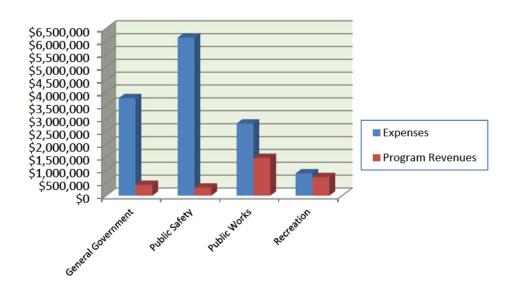
CITY OF SATELLITE BEACH, FLORIDA'S Changes in Net Position

	2019		 2018
Program revenues:			
Charges for services	\$	2,118,891	\$ 1,519,827
Operating grants and			
contributions		144,919	44,980
Capital grants and contributions		864,084	41,500
General revenues:			
Property taxes		8,415,825	7,254,925
Franchise fees and other taxes		2,721,062	2,627,465
Shared revenues not restricted			
to specific programs		1,015,263	999,801
Grants and contributions not			
restricted to specific programs		1,776	10,935

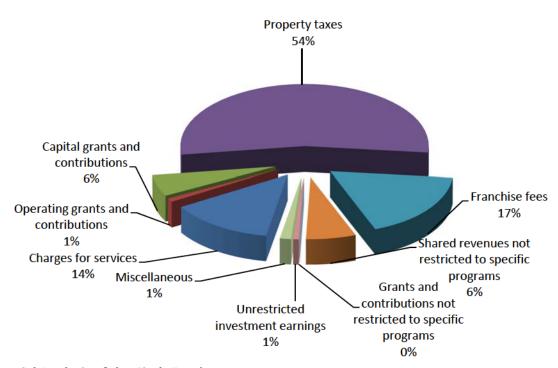
Unrestricted investment		
earnings	111,830	36,049
Miscellaneous	228,525	587,146
Total revenues	15,622,175	13,122,628
Program expenses:		
General government	3,783,019	2,904,285
Public safety	6,145,653	6,333,268
Public works	3,545,573	2,672,181
Recreation	865,768	860,047
Interest on long term debt	269,538	271,391
Total expenses	14,609,551	13,041,172
Change in net position	1,012,624	81,456
Net position – beginning	16,495,698	19,892,490
Prior period adjustment	-	(3,478,248)
Net position – beginning, as restated	16,495,698	16,414,242
Net position – ending	\$ 17,508,322	\$ 16,495,698

The City's net position increased by \$1,012,624 during the current fiscal year.

Statement of Activities – Government-wide Expenses and Program Revenues



Statement of Activities – Government-wide Revenues by Source



Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City of Satellite Beach, Florida's governmental funds reported combined ending fund balances of \$7,512,972, an increase of \$5,727,792 in comparison with the prior year. The fund balances of nonspendable, restricted or committed indicate that it is not available for new spending because it is obligated for prepaid items \$(141,296) restricted for specific purposes \$(5,510,086) or committed to pay for obligations previously authorized by the City \$(1,635,635). Unrestricted unassigned fund balance was \$225,955 at year end.

The General Fund is the chief operating fund of the City of Satellite Beach, Florida. At the end of the current fiscal year, unassigned fund balance was \$225,955, while total fund balance was \$1,992,404. The fund balance of the City of Satellite Beach, Florida's General Fund increased by \$1,200,138 during the current fiscal year. The increase is primarily due to FEMA reimbursements from Hurricane Irma, as well as an increased millage rate. The decision to discontinue funding of Community

Redevelopment Agency projects, will increase amounts returned to taxing authorities and will assist in increasing unassigned fund balance.

The Community Redevelopment Agency Special Revenue Fund has a total fund balance of \$544,035, which is restricted for the Community Redevelopment Agency special revenue fund activities. The restricted fund balance increased this year, due to projects budgeted for, which have not been fully expended.

The Capital Assets Fund has a total fund balance of \$4,483,184, most of which is restricted for capital asset purchases. The net increase in fund balance during the current year in the Capital Assets Fund was \$4,267,779. This was due to debt proceeds to build a Public Works Building and Fire Station and to replace many dilapidated infrastructure assets, i.e.: roofs, air conditioners, air handlers etc.

The Stormwater Utility Fund has a total fund balance of \$239,918, most of which is restricted for stormwater system improvements and maintenance. The net increase in fund balance during the current year was \$191,638. This was due to the City's use of grant funding to help pay for some of the improvements to the system during the year.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget (net increase of \$237,020 in appropriated expenditures and transfers out) can be briefly summarized as follows:

- \$200,579 in increases in General Government Services
- \$214,002 in increases in Police and Fire
- \$81,870 in increases in Public Works
- \$5,075 in decreases in Recreation
- \$254,356 in decreases in Transfers out

This increase in expenditures corresponds to a \$761,481 increase in revenues and other financing sources as follows; decrease of \$181 in taxes; increase of \$685 in licenses and permits; increase of \$180,609 in intergovernmental; increase of \$6,799 in charges for services; decrease in \$3,793 in fines and forfeitures; increase of \$43,594 in interest and other; and an increase of \$533,768 in transfers in. The above items resulted in a net change of \$524,461 whereby the original adopted budget planned for a change in fund balance of \$393,922 as compared to a net increase in fund balance of \$918,383 per the final amended budget.

Capital Asset and Debt Administration

Capital assets. The City of Satellite Beach, Florida's investment in capital assets as of September 30, 2019, amounts to \$33,625,558 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure and construction in progress. The total decrease in the City of Satellite Beach, Florida's investment in capital assets for the current fiscal year was approximately 1 percent.

CITY OF SATELLITE BEACH, FLORIDA'S Capital Assets

(net of depreciation)

2019		2018
\$ 11,406,744	\$	12,958,748
2,115,063		2,219,263
2,603,131		2,802,706
2,503,812		2,363,590
13,018,908		12,483,874
 1,977,900		981,971
\$ 33,625,558	\$	33,810,152
\$	\$ 11,406,744 2,115,063 2,603,131 2,503,812 13,018,908 1,977,900	\$ 11,406,744 \$ 2,115,063 2,603,131 2,503,812 13,018,908 1,977,900

Additional information on the City of Satellite Beach, Florida's capital assets can be found in Note 4.B. on page 59 of this report.

Notes payable. At the end of the current fiscal year, the City of Satellite Beach, Florida, had notes payable outstanding of \$10,556,576.

The City's notes payable balances increased by \$4,172,259 during the current fiscal year due to additional debt proceeds for Public Works and Fire Station building improvements, along with replacing old infrastructure to be more energy efficient.

Capital leases payable. At the end of the current fiscal year, the City of Satellite Beach, Florida, had total capital leases outstanding of \$264,075.

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

	2019	2018
Capital lease City vehicles	164,610	244,978
Capital lease Police Records Mgmt.	99,465	163,403
Total capital leases	\$ 264,075	\$ 408,381

The City's total capital lease obligations had a net decrease of \$144,306 during the current fiscal year.

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

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

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

At the end of the current fiscal year, the City of Satellite Beach, Florida, had total compensated absences of \$685,828. Total compensated absences decreased by a net amount of \$91,679 during the year, which includes additions of \$456,514 and reductions of \$548,193.

It is estimated that \$397,360 of these compensated absences will be due within one year based upon average usage over the three prior years.

Additional information on the City of Satellite Beach, Florida's long-term debt can be found in Note 4.D. on pages 61-65 of this report.

Economic Factors and Next Year's Budgets and Rates

Inflationary trends in the region compare to national indices. Among other factors, this was considered in preparing the City of Satellite Beach, Florida's budget for the 2019/2020 fiscal year.

The City of Satellite Beach, Florida, in 2018/2019 did allocate an additional \$782,890 of the total fund balance as a committed balance to be utilized as an emergency reserve per Ordinance 936. In addition, the City increased the unassigned fund balance by \$438,999 from the previous fiscal year. In 2013 Council adopted Ordinance 936 establishing an emergency reserve to assist in managing future unforeseen circumstances. These reserves will assist the City in managing any unforeseen future economic factors that may negatively affect the City. Based on past experience FEMA reimbursement is not expected to be completely received and the City will have to take in consideration other alternatives in order to continue capital projects along with keeping up the services currently provided to our residents.

Requests for Information

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



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BASIC FINANCIAL STATEMENTS

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

	Governmental
September 30, 2019	Activities
ASSETS	
Cash and cash equivalents	\$ 3,385,069
Investments	4,315,994
Accounts receivable	214,539
Due from other governments	856,890
Prepaid items	141,296
Derivative instrument - interest rate swap	275,695
Capital assets not being depreciated:	
Land	11,406,744
Construction in progress	1,977,900
Capital assets, net of accumulated depreciation	
Buildings	2,115,063
Improvements other than buildings	2,603,131
Equipment	2,503,812
Infrastructure	13,018,908
Total assets	42,815,041
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	2 929 424
Total deferred outflows of resources	2,929,424
Total deferred outflows of resources	2,929,424

	Governmental
September 30, 2019	Activities
LIABILITIES	
Accounts payable	1,211,304
Accrued expenses	137,103
Accrued interest payable	112,375
Other post employment benefits liability	81,726
Noncurrent liabilities:	
Due within one year	1,389,958
Due in more than one year	10,116,521
Other post employment benefits liability, less current portion	3,647,186
Aggregate net pension liability	7,664,990
Total liabilities	24,361,163
DEFERRED INFLOWS OF RESOURCES	
Accumulated increase in fair value of derivative instrument - interest rate swap	275,695
Deferred revenue - business tax receipts	18,562
Deferred inflows related to other post employment benefits	1,774,736
Deferred inflows related to pensions	1,805,987
Total deferred inflows of resources	3,874,980
NET POSITION	
Net investment in capital assets	22,804,907
Restricted for:	
Community Redevelopment Agency	544,035
Community services	224,120
Law enforcement	29,311
Capital assets	4,479,891
Stormwater	232,729
Unrestricted (deficit)	(10,806,671)
Total net position	\$ 17,508,322

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

For the year ended September 30, 2019

		Program Revenues					
		Operating C			Capital		
			Charges for		Grants and		Grants and
Functions/Programs	Expenses		Services	С	ontributions	(Contributions
Governmental activities:							
General government	\$ 3,783,019	\$	273,052	\$	95,461	\$	-
Public safety	6,145,653		279,803		25,382		16,343
Public works	3,545,573		967,806		23,276		727,741
Recreation	865,768		598,230		800		120,000
Interest and related costs							
on long-term debt	269,538		-		-		-
Total governmental activities	\$ 14,609,551	\$	2,118,891	\$	144,919	\$	864,084

General revenues:

Property taxes

Franchise fees and other taxes

Shared revenues not restricted to specific programs

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Miscellaneous

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

Net (Expense) Revenue and Change in **Net Position** \$ (3,414,506) (5,824,125) (1,826,750) (146,738) (269,538)(11,481,657) 8,415,825 2,721,062 1,015,263 1,776 111,830 228,525 12,494,281 1,012,624 16,495,698 \$ 17,508,322

City of Satellite Beach, Florida Balance Sheet – Governmental Funds

		Community							
			F	Redevelopment		Capital		Stormwater	
September 30, 2019		General		Agency		Assets	l	Jtility Fund	
ASSETS									
Cash and cash equivalents	\$	976,912	\$	905,803	\$	1,221,957	\$	-	
Investments		616,214		117,427		3,539,989		31,719	
Accounts receivable		136,336		-		76,403		-	
Due from other funds		448,011		-		-		-	
Due from other governments		153,890		-		-		703,000	
Prepaid items		130,814		-		3,293		7,189	
Total assets	\$	2,462,177	\$	1,023,230	\$	4,841,642	\$	741,908	
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$	319,108	\$	479,195	\$	358,458	\$	53,979	
Accrued expenses		132,103		-		-		-	
Due to other funds		-		-		-		448,011	
Total liabilities		451,211		479,195		358,458		501,990	
Deferred inflows of resources:									
Deferred revenue - business tax receipts		18,562		-		-		-	
Fund balances:									
Nonspendable		130,814		-		3,293		7,189	
Restricted		-		544,035		4,479,891		232,729	
Committed		1,635,635		-		-		-	
Unassigned		225,955		-		-		-	
Total fund balances		1,992,404		544,035		4,483,184		239,918	
Total liabilities and fund balances	\$	2,462,177	\$	1,023,230	\$	4,841,642	\$	741,908	

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

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

Deferred outflow of resources related to pension earnings and subsequent contributions for other post employment benefits are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accounting.

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

Internal service funds are used by management to charge the costs of certain activities, such as health care coverage, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.

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

Interest on long-term debt is not accrued in governmental funds but rather is recognized as an expenditure when due.

Net position of governmental activities

			Total
	Nonmajor		Governmental
	Funds		Funds
	Fullus		Fullus
\$	241,550	\$	3,346,222
~	10,645	~	4,315,994
	1,800		214,539
	-,555		448,011
	_		856,890
	_		141,296
\$	253,995	\$	9,322,952
_	· · ·	Ė	
\$	564	\$	1,211,304
	-		132,103
	-		448,011
	564		1,791,418
	-		18,562
			141,296
	- 252 /21		5,510,086
	253,431		1,635,635
	_		225,955
	253,431		7,512,972
\$	253,995		1,012,012
_			
			33,625,558
			, ,
			2,929,424
			(3,580,723)
			33,847
			(22,900,381)
			(112,375)
		\$	
		~	17,500,522

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

For the year ended September 30, 2019

			Community			
		R	Redevelopment	Capital	S	tormwater
	General		Agency	Assets		Utility Fund
Revenues						
Taxes	\$ 9,691,813	\$	614,035	\$ 831,039	\$	-
Licenses and permits	275,381		-	-		-
Intergovernmental	1,313,822		-	120,370		727,741
Charges for services	811,099		-	-		967,636
Fines and forfeitures	39,357		-	-		-
Investment and other income	64,344		10,775	87,341		8,669
Total revenues	12,195,816		624,810	1,038,750		1,704,046
Expenditures						
Current:						
General government	2,521,662		904,649	15,013		-
Public safety	5,439,259		-			-
Public works	1,917,455		-	-		23,291
Recreation	794,005		-	-		-
Capital outlay	98,242		106,216	1,179,221		1,195,784
Debt service:						
Principal retired	-		340,800	476,825		154,422
Interest and other	1,377		138,517	99,912		5,015
Total expenditures	10,772,000		1,490,182	1,770,971		1,378,512
Excess (deficiency) of						
revenues over (under)						
expenditures	1,423,816		(865,372)	(732,221)		325,534
Other financing sources (uses)						
Transfers in	1,183,761		1,408,139			_
Transfers out	(1,408,139)		(1,049,865)			(133,896
Issuance of debt	-		-	5,000,000		-
Proceeds from sale of capital assets	700		562,375	-		-
Net other financing			•			
sources (uses)	(223,678)		920,649	5,000,000		(133,896)
Net change in fund balances	1,200,138		55,277	4,267,779		191,638
Fund balances, beginning of year	792,266		488,758	215,405		48,280
Fund balances, end of year	\$ 1,992,404	\$	544,035	\$ 4,483,184	\$	239,918

		Total
	Nonmajor	Governmental
	Funds	Funds
\$	-	\$ 11,136,887
	-	275,381
	-	2,161,933
	559	1,779,294
	44	39,401
	58,150	229,279
	58,753	15,622,175
	_	3,441,324
	-	5,439,259
	36,543	1,977,289
	-	794,005
	9,250	2,588,713
	5,255	_,,,,,,,,,
	_	972,047
	_	244,821
	45,793	15,457,458
_	1.5/2.55	20,107,100
	12,960	164,717
_	12,300	104,717
	_	2,591,900
	-	(2,591,900)
	-	5,000,000
	-	
_		563,075
		E E62 075
_	12,960	5,563,075 5,727,792
	•	
_	240,471	1,785,180
Ş	253,431	\$ 7,512,972

City of Satellite Beach, Florida

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

For the year ended September 30, 2019

Tor the year ended September 30, 2019	_	
Net change in fund balances - total governmental funds	\$	5,727,792
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.		1,405,711
In the statement of activities, only the gain (loss) on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the capital assets sold.		(1,590,305)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(4,027,953)
Some expenses, such as compensated absences, are reported in the statement of activities when earned or incurred. As they do not require the use of current financial resources, they are not reported as expenditures in governmental funds until they have matured. This is the amount of such expenses reported in the statement of activities in the prior year that have matured in the current year.		66,962
Expenses related to the City's net pension obligations reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(556,805)
Expenses related to the City's OPEB obligation reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		19,752
Internal service funds are used by management to charge the costs of certain activities, such as insurance and health care expenses, to individual funds. The net revenue (expense) of the internal service funds is reported with government activities.		(32,530)
Change in net position of governmental activities	\$	1,012,624
change in het position of governmental activities	٧	1,012,024

City of Satellite Beach, Florida Statement of Net Position – Proprietary Fund

	Governmenta Activities	
	Interna	
	Service Fund	
September 30, 2019	Health Insurance	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 38,847	
Total assets	38,847	
LIABILITIES		
Current liabilities:		
Accrued liabilities	5,000	
Total liabilities	5,000	
NET POSITION		
Unrestricted	33,847	
Total net position	\$ 33,847	

City of Satellite Beach, Florida Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund

	Governmental Activities -
	Internal
	Service Fund
For the year ended September 30, 2019	Health Insurance
Operating revenues:	
Charges for services	\$ 1,650
Total operating revenues	1,650
Operating expenses:	
Insurance claims and expenses	34,180
Total operating expenses	34,180
Change in net position	(32,530)
Net position, beginning of year	66,377
Net position, end of year	\$ 33,847

City of Satellite Beach, Florida Statement of Cash Flows – Proprietary Fund

	G	overnmental Activities -	
	Activitie Interr		
		Service Fund	
For the year ended September 30, 2019		th Insurance	
Cash flows from operating activities:			
Cash received from interfund services provided	\$	219,650	
Cash payments to suppliers for goods and services	•	(181,166)	
Net cash used in operating activities		38,484	
Net decrease in cash and cash equivalents		38,484	
Cash and cash equivalents, beginning of year		363	
Cash and cash equivalents, end of year	\$	38,847	
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$	(32,530)	
Adjustments to reconcile operating loss to net cash used in			
operating activities: Change in assets and liabilities:			
(Increase) decrease in assets:			
Due from other funds		210 000	
		218,000	
Increase (decrease) in liabilities: Accrued expenses		(146,986)	
Total adjustments			
Net cash used in operating activities	\$	71,014	
iver cash used in operating activities)	38,484	

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

September 30, 2019	
ASSETS	
Receivables:	
Contributions	\$ 229,596
Investments, at fair value:	
Florida Municipal Investment Trust Fund	28,019,764
Total assets	28,249,360
LIABILITIES	
Benefits payable	-
Total liabilities	-
NET POSITION	
Net position restricted for pensions	\$ 28,249,360

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

For the year ended September 30, 2019

ADDITIONS	
Contributions:	
Employees	\$ 215,910
City	983,839
State	228,467
Total contributions	1,428,216
Investment earnings:	
Net appreciation in fair value of investments	1,460,987
Total additions	2,889,203
DEDUCTIONS	
Benefit payments	1,365,202
Administrative expenses	78,135
Total deductions	1,443,337
Change in net position	1,445,866
Net position restricted for pensions, beginning of year	26,803,494
Net position restricted for pensions, end of year	\$ 28,249,360



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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Satellite Beach, Florida (the "City") was created pursuant to Chapter 73-129, Laws of Florida, in 1957. The City operates under a chartered council-manager form of government. The accompanying financial statements present the government and its blended component units, an entity for which the government is considered to be financially accountable. A blended component unit, although a legally separate entity, is, in substance, part of the government's operations.

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

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

The City of Satellite Beach general employees participate in the City of Satellite Beach General Employees' Retirement System (General Employees' System) if they were hired prior to September 30, 1996 or the General Employees' Money Purchase Pension Plan (Money Purchase Plan) if they were hired subsequent to September 30, 1996. Both plans function for the benefit of all regular city employees, but the General Employees' System is governed by a five-member pension board of trustees. The City appoints three members and the employees select two members to serve as trustees. The City is authorized to establish benefit levels and to approve the actuarial assumptions used in the determination of contribution levels for the General Employees' System and also is financially responsible for funding the Money Purchase Plan.

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

565 Cassia Blvd Satellite Beach, Florida 32937

A. REPORTING ENTITY (Continued)

Excluded from the reporting entity

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used which are not eliminated in the process of consolidation. *Governmental activities* are those which normally are supported by taxes and intergovernmental revenues.

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

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)

For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except grant revenues, for which the period is twelve months.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

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

Additionally, the government reports the following fund types:

The Internal Service Fund – Health Insurance – Accounts for the activity of the City's self-insurance care program, services are for health care insurance costs provided to other departments of the City on a cost reimbursement basis.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)

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

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and providing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the City's internal service fund are charges to other funds for services. Operating expenses for the internal service fund include the cost of sales and services as well as administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Expenses for compensated absences are allocated based on a percentage of total salaries and wages for the year for the various functions.

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

D. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION OR EQUITY

1. Cash, cash equivalents and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Deposits available within various funds, except pension trust funds, were consolidated for investment purposes. Substantially all deposits at September 30, 2019, were invested using the pooled investment concept. Interest earned was allocated to the various funds based on their average cash and investment balances.

D. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION OR EQUITY (Continued)

1. Cash, cash equivalents and investments (continued)

Investments are reported at fair value, with the exception of external investment pools which comply with criteria set forth in Section I50: *Investments* of the GASB Codification and have elected to measure their investments at amortized cost. Accordingly, the fair value of the City's position in the external investment pools having met these criteria is equal to the value of pooled shares.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balance outstanding between the governmental activities and the fiduciary - pension trust funds are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are considered to be fully collectible.

The City is permitted by State law to levy taxes up to 10 mills on assessed valuation. However, Chapter 74-430, Laws of Florida, a special act applicable only to governmental units in Brevard County, limits the annual increase to 10% of the prior year's millage. During a Special Session in June 2007, the Florida Legislature adopted HB1B, which limits municipal property tax rates effective with the 2007-2008 fiscal year. This legislation establishes reductions in the millage rate based on a calculated growth in per capita taxes between the 2002 and 2007 fiscal years. The Legislature did authorize local governments to use the rolled back millage rate if approved by a super majority vote of the governing body. The Satellite Beach City Council tax levy for the fiscal year ended September 30, 2019 was 8.8212 mills, as approved by a majority vote.

As provided by law, the Brevard County Property Appraiser assesses all properties for ad valorem taxing purposes and the Brevard County Tax Collector collects and distributes all taxes. Ad valorem taxes are levied based on property valuation as of January 1. The fiscal year for which ad valorem taxes are levied begins on October 1. Taxes are due beginning November 1, delinquent on April 1, and a lien placed on May 30. Property tax revenues are recognized in the fiscal year for which they are budgeted and also become due and payable. Virtually all unpaid taxes are collected via tax sale certificates sold on or prior to June 1.

D. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION OR EQUITY (Continued)

3. Prepaid items

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. In the fund financial statements, payments on notes or capital lease payables that are not due and payable are recorded as prepaid items. Prepaid items are recorded as expenditures when consumed rather than when purchased.

4. Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$2,000 or more and an estimated useful life in excess of three years.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

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

5. Compensated absences

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

D. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION OR EQUITY (Continued)

6. Swap agreements

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

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

<u>Long-term debt</u> – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. The City has no bond premiums, discounts or issuance costs associated with its long-term obligations. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources.

<u>Compensated absences</u> – It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All leave benefits are accrued when incurred in the government-wide financial statements. A liability for this amount is reported in governmental funds only if it has matured or if they will be liquidated with expendable, available financial resources.

<u>Pension and OPEB liabilities</u> – Net pension liabilities and net OPEB liabilities are determined based on actuarial valuations. See Notes 5.B. and 5.C. for additional information.

8. Deferred outflows / inflows of resources

Resources received before time requirements have been met, which were previously reported as unearned revenue liabilities in the governmental funds, are classified as deferred inflows of resources.

The deferred outflows and inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with Section P20: Pension Activities – Reporting for Benefits through Trusts That Meet Specified Criteria of the GASB Codification. Note 5.C. includes a complete discussion of retirement commitments.

The deferred inflows related to other postemployment benefits (OPEB) are an aggregate of items related to OPEB as calculated in accordance with GASB Codification Section P52: Postemployment Benefits Other Than Pensions – Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria. Note 5.B. presents a complete discussion of OPEB commitments.

D. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION OR EQUITY (Continued)

9. Fund equity

The governmental fund financial statements present fund balance classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

<u>Nonspendable Fund Balance</u> – Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) as well as property acquired for resale.

<u>Restricted Fund Balance</u> – Amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

<u>Committed Fund Balance</u> – Amounts that can be used only for specific purposes determined by a formal action (resolution, etc.) of the City Council, the City's highest level of decision making authority. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally.

On August 7, 2013, the City adopted a fund balance stabilization policy. The City's General Fund stabilization reserve policy is to commit a minimum of 60 days of the prior year's operating expenditures, excluding capital outlay and transfers from the General Fund balance by October 1, 2023.

80% of the current fiscal year's additions to reserves are to be added to committed fund balance in the General Fund and used to fund expenditures for critical services in response to major natural disasters upon City Council approval.

<u>Assigned Fund Balance</u> – Includes spendable fund balance amounts established by the City Manager or her designee, and/or the City Council that are intended to be used for specific purposes that are neither considered restricted or committed. The City has an assigned fund balance related to health care obligations in the internal service fund.

<u>Unassigned Fund Balance</u> – This is the residual classification for the General Fund. This represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

D. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION OR EQUITY (Continued)

9. Fund equity (continued)

The City uses restricted amounts first when both restricted and unrestricted fund balances are available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

E. RECENTLY ISSUED AND IMPLEMENTED ACCOUNTING PRONOUNCEMENTS

In fiscal year 2019, the City has implemented GASB Statement No. 83, Certain Asset Retirement Obligations. The objective of this statement is to provide for the measurement and accounting of legally enforceable liabilities associated with the retirement of tangible capital assets. Additional information on changes to the financial statements related to the implementation of this statement can be found in Note 4F.

The City has implemented GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The implementation of this statement did not result in any change in the City's financial statements. GASB Statement No. 88 requires that additional essential information related to debt be disclosed in the notes to the financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to the financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placement of debt separately from other debt. Additional information can be found in Note 4D.

GASB Statement No. 84, Fiduciary Activities, seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

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

E. RECENTLY ISSUED AND IMPLEMENTED ACCOUNTING PRONOUNCEMENTS (Continued)

Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. The objectives of this 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 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

F. RECLASSIFICATION

Certain amounts for prior fiscal years have been reclassified to be consistent with fiscal year 2019 presentation.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

<u>Budgetary Information</u> – The City has elected, as permitted by Section 2400: <u>Budgetary Reporting</u> of the GASB Codification, to disclose all budgetary information in the notes to the required supplementary information.

NOTE 3: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

The governmental fund balance sheet includes reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including net OPEB obligation, net pension liability and compensated absences, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$(22,900,381) difference are as follows:

NOTE 3: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION (Continued)

Note payable – CRA	\$ (2,715,500)
Note payable - Capital Asset Fund	(7,841,076)
Capital leases payable	(264,075)
Net pension liability	(7,664,990)
Other postemployment benefit (OPEB) liability	(3,728,912)
Compensated absences	(685,828)
Net adjustment to reduce fund balance - total governmental	
funds to arrive at net position-governmental activities	\$ (22,900,381)

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENTWIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures and changes in fund balances includes reconciliation between *net changes in fund balances - total governmental funds and changes in net position of governmental activities* as reported in the government-wide statement of activities.

One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$1,405,711 difference are as follows:

Capital outlay	\$ 2,588,713
Depreciation expense	(1,183,002)
Net adjustment to increase net changes in fund balances - total governmental	_
funds to arrive at changes in net position of governmental activities	\$ 1,405,711

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds."

Neither transaction, however, has any effect on net position. The details of this \$(4,027,953) difference are as follows:

Debt	issu	ıed:
NI - +		

Note payable	\$ (5,000,000)
Principal repayments	972,047
Net adjustment to decrease net changes in fund balances - total governmental	
funds to arrive at changes in net position of governmental activities	\$ (4,027,953)

NOTE 3: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Another element of that reconciliation states that "Some expenses, such as compensated absences, are reported in the statement of activities when earned or incurred. As they do not require the use of current financial resources, they are not reported as expenditures in governmental funds until they have matured. This is the amount of such expenses reported in the statement of activities in the prior year that have matured in the current year." The details of this \$66,962 difference, which is the amount of expenses that were reported in the statement of activities in the prior year that have matured in the current year, are as follows:

Changes in compensated absences	\$ 91,679
Interest expense	(24,717)
Net adjustment to increase net changes in fund balances - total governmental	_
funds to arrive at changes in net position of governmental activities	\$ 66,962

NOTE 4: DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

<u>Deposits</u>

At September 30, 2019, the primary government's carrying amount of deposits was \$3,385,069 including \$2,251 of petty cash, and the bank balance was \$3,660,148. As of September 30, 2019, \$250,000 of the City's bank balances is covered by the Federal Depository Insurance Corporation (FDIC).

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

<u>Investments</u>

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

City of Satellite Beach, Florida Notes to Financial Statements

NOTE 4: DETAILED NOTES ON ALL FUNDS (Continued)

A. DEPOSITS AND INVESTMENTS (Continued)

At the close of the fiscal year, the City held investments in the Local Government Surplus Funds Trust Fund ("Florida PRIME") external investment pool. The Florida PRIME is administered by the Florida State Board of Administration ("SBA"), who provides regulatory oversight. Florida PRIME currently meets all of the necessary criteria set forth in Section In5: *Investment Pools (External)* of the GASB Codification to measure its investments at amortized cost; therefore, the City's account balance in the SBA is also reported at amortized cost.

Under GASB Codification Section I50: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost, it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of September 30, 2019, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the City's access to 100 percent of their account value in the external investment pool.

During the year ended September 30, 2019, the City also participated in a Special Purpose Investment Account ("SPIA") of the Florida Treasury Investment Pool, which combines short and intermediate term fixed income investment strategies. The asset structure is designed to provide strong liquidity using short term, high quality investments and additional investment income using intermediate investments. This is a pool of investments in which the City owns a share of the pool and not the underlying securities.

During the year ended September 30, 2019, the City also participated in Florida Public Assets for Liquidity Management, ("Florida PALM"), external investment pool. The Florida PALM is a common law trust established under the laws of the State of Florida and is designed to meet the cash management and short term needs of its participants. The Fund is sponsored by the Florida School Boards Association and the Florida Association of District School Superintendents and is directed by a board of trustees. This is a pool of investments in which the City owns a share of the pool and not the underlying securities.

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

Within the pension trust fund, the City of Satellite Beach Police Officers' and Firefighters' Retirement System is authorized within certain limitations by its governing board to invest in time, savings and money market deposits, obligations of the U.S. government and government agencies, stocks, commingled funds administered by national or state banks, mutual funds, bonds and foreign securities.

City of Satellite Beach, Florida Notes to Financial Statements

NOTE 4: DETAILED NOTES ON ALL FUNDS (Continued)

A. DEPOSITS AND INVESTMENTS (Continued)

The City of Satellite Beach General Employees' Retirement System is authorized within certain limitations by its governing board to invest in certificates of deposit, repurchase agreements, commercial paper, obligations of the U.S. government and government agencies, stocks, bonds and foreign securities.

During the year ended September 30, 2019, the investments of both of the Police Officers' and Firefighters' pension plans and the General Employees' pension plans were held with the Florida Municipal Investment Trust (FMIvT). The FMIvT is a Local Government Investment Pool (LGIP) and is considered an external investment pool for reporting purposes. The plans own shares in one or more FMIvT portfolios. The plans' investments are the FMIvT portfolios, not the individual securities held within each FMIvT portfolio. The City owns a share of the portfolio and not the underlying securities.

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

Credit risk – Credit rate risk is the risk of losses due to the failure of the security issue or backer. The City's investment policy does not address credit risk; however, investments are limited to state sponsored investment pools, which are diversified in their underlying portfolios so that potential losses will be minimized. The City's Police Officers' and Firefighters' and the General Employees' Pension Trusts do not address credit rate risk.

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

Concentration of credit risk — Concentration of credit risk is an increased risk of loss that occurs as more investments are acquired from one issuer (i.e., lack of diversification). The investment policies for the City's pension trust funds do address concentration risk; however, it is addressed under Sections 175.071(b) and 185.06(b), Florida Statutes, which state the board of trustees may not invest more than 5 percent of its assets in the common stock or capital stock of any one issuing company, nor may the aggregate investment in any one issuing company exceed 5 percent of the outstanding capital stock of that company or the aggregate of its investments under this subparagraph at cost exceed 50 percent of the assets of the fund.

A. DEPOSITS AND INVESTMENTS (Continued)

At September 30, 2019, the City had the following investments:

		Weighted Average	Effective		
Investment type	Fair Value	to Maturity (WAM)	Duration	Rating	Agency
Primary government:					
SBA (Florida PRIME)	\$ 109,059	50 days	-	AAAm	S&P
SPIA	676,456	-	2.65 years	A+f	S&P
Florida PALM	3,530,479	39 days	-	AAAm	S&P
Primary government total	\$ 4,315,994				
Pension trust funds:					
Florida Municipal					
Investment Trust (FMIvT)	\$ 28,019,764				
Broad Market HQ Bond					
Fund		5.9 years		Aaf/S4	Fitch
Core Plus Fixed Income		6.84 years		Not r	ated
Diversified Large Cap		-	-	Not r	ated
Diversified Small to Mid		-	-	Not r	ated
Сар		-	-	Not r	ated
International Equity		-	-	Not r	ated
Core Real Estate		-	-	Not r	ated
Pension trust funds total	\$ 28,019,764				

Fair Value

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

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

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
- Level 2: Inputs to the valuation methodology include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means;

A. DEPOSITS AND INVESTMENTS (Continued)

• If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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

As of September 30, 2019, the City did not hold any investments which met the criteria set forth in GASB Codification Section 3100 and would be required to be classified within the fair value hierarchy. At September 30, 2019, the City had the following investments:

		Fair Value
Investments excluded from		_
fair value hierarchy		
Investments in derivative instrume	nts:	
Interest rate swap	\$	275,695

		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments measured at net ass	et value:			_
FMIvT	28,019,764	-	Semi-	5-15 days
Florida PALM	3,530,479	-	Immediate	Daily
SPIA	676,456	_	I mmediate	6 months*
Total investments measured at		_		
net asset value	32,226,699	_		
Total investments excluded		_		
from fair value hierarchy	\$ 32,502,394	_		

^{*} For more than 40% withdrawal of the prior 3 months average investment balance

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2019.

FMIvT, Florida PALM, and SPIA: The pool is valued using the quoted value of the underlying assets or similar assets and multiplied by the City's percentage of ownership in the pool.

Interest rate swap: The derivative investment is valued using a market approach that considers benchmark interest rates.

A. DEPOSITS AND INVESTMENTS (Continued)

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

The City's investment of \$109,059 in the SBA (Florida PRIME) is measured at amortized cost. As of September 30, 2019, there were no redemption fees or maximum transactions amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

B. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019 was as follows:

	Beginning		Decreases/		Ending	
		Balance	Increases	Transfers		Balance
Governmental activities:						
Capital assets, not being depreciated:						
Land	\$	12,958,748	\$ -	\$ (1,552,004)	\$	11,406,744
Construction in progress		981,971	1,982,210	(986,281)		1,977,900
Total capital assets,						_
not being depreciated		13,940,719	1,982,210	(2,538,285)		13,384,644
Capital assets, being depreciated:						
Buildings		4,465,707	6,799	-		4,472,506
Improvements other than buildings		5,264,691	53,900	(8,200)		5,310,391
Equipment		5,483,881	545,102	(204,328)		5,824,655
Infrastructure		22,325,887	986,983	-		23,312,870
Total capital assets being						
depreciated		37,540,166	1,592,784	(212,528)		38,920,422
Less accumulated depreciation for:						_
Buildings		(2,246,444)	(110,999)	-		(2,357,443)
Improvements other than buildings		(2,461,985)	(246,642)	1,367		(2,707,260)
Equipment		(3,120,291)	(373,412)	172,860		(3,320,843)
Infrastructure		(9,842,013)	(451,949)	-		(10,293,962)
Total accumulated depreciation		(17,670,733)	(1,183,002)	174,227		(18,679,508)
Total capital assets						_
being depreciated, net		19,869,433	409,782	(38,301)		20,240,914
Governmental activities						
capital assets, net	\$	33,810,152	\$ 2,391,992	\$ (2,576,586)	\$	33,625,558

B. CAPITAL ASSETS (Continued)

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

Governmental activities:	
General government	\$ 170,543
Public safety	249,695
Physical environment	684,560
Recreation	78,204
Total depreciation expense - governmental activities	\$ 1,183,002

C. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances

The composition of interfund balances as of September 30, 2019, is as follows:

	 Due to:					
	 General	Sto	ormwater			
	Fund		Utility		Total	
Due from:						
Stormwater Utility	\$ 448,011	\$	-	\$	448,011	
Total	\$ 448,011	\$	-	\$	448,011	

The balance between the general fund and the stormwater utility fund is for short-term interfund loans to cover cash shortfalls.

Interfund transfers

Interfund transfers for the year ended September 30, 2019:

Transfers in:							
neral Fund	CRA Fund		Total				
-	\$	1,408,139	\$	1,408,139			
1,049,865		1,049,865 -			1,049,865		
133,896		-		133,896			
1,183,761	\$	1,408,139	\$	2,591,900			
	- 1,049,865 133,896	- \$ 1,049,865 133,896	- \$ 1,408,139 1,049,865 - 133,896 -	- \$ 1,408,139 \$ 1,049,865 - 133,896 -			

C. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

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

D. LONG-TERM DEBT

Capital leases

Total

During 2014, the City entered into a new capital lease to finance the purchase of a records management computer aided dispatch system. The lease requires quarterly payments of \$17,004 which includes an annual fixed interest rate of 2.92% through final maturity in fiscal year 2021.

During 2017, the City entered into a new capital lease to finance the purchase of a fire truck. The lease requires annual payments of \$84,284 which includes an annual fixed interest rate of 1.59% through final maturity in fiscal year 2020. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception dates.

The assets acquired through capital leases are as follows:

Asset:	
Equipment	\$ 442,850
Vehicles	442,105
Less: Accumulated depreciation	(515,241)

Obligations of governmental activities under capital lease at September 30, 2019, are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2020	\$ 147,478 \$	4,820 \$	152,298
2021	116,597	1,969	118,566
Total	\$ 264,075 \$	6,789 \$	270,864

D. LONG-TERM DEBT (Continued)

Notes payable

Stormwater Utility Notes Payable: On October 5, 2009, the City entered into a loan agreement with a bank in the amount of \$1,200,000 with an interest rate of 5.94%. Monthly payments of \$13,286, including interest and principal, are due through maturity of October 5, 2019. The note is secured by equipment. The City paid the balance of the note payable prior to September 30, 2019; therefore, there is no principal or interest due in 2020.

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

The note is secured by revenues of the Community Redevelopment Agency fund. Principal and interest paid for the current fiscal year was \$478,777 and pledged gross revenues were approximately \$614,035. As of September 30, 2019, principal and interest to maturity in 2026 to be paid from pledged future revenues totaled \$3,252,415.

As a means of lowering its borrowing costs, when compared against fixed rate borrowings at the time of issuance in May 2006, the City entered into an interest rate swap agreement with the bank issuing it a \$6,250,000 variable rate note. The intention of the swap was to effectively change the City's variable rate note to a synthetic fixed rate of 4.23%. Under the swap agreement, the City pays the counterparty interest calculated at a fixed rate of 4.23%. In return, the counterparty owes the City interest based on 63.7% of the London Interbank Offering Rate (LIBOR) plus a spread of 0.50%. Only the net difference in the interest payments is actually exchanged with the counterparty. The \$6,250,000 in note principal is not exchanged; it is only the basis on which the interest payments are calculated. The swap agreement has a term of 20 years and a notional amount of \$3,056,300 as of September 30, 2019. The associated variable-rate note has a \$3,056,300 principal amount as of the same date and has a like term. There are no embedded options on the swap agreements and no cash was paid or received when the swap agreements were entered into.

The debt service requirements of the variable-rate debt and net swap payments are shown below assuming current interest rates remain the same. The current variable rate on the \$6,250,000 note is 1.66% as of September 30, 2019. Therefore, the interest rate related to the \$6,250,000 swap is 2.57% as of the same date, calculated as the difference between the synthetic fixed rate of 4.23% and the 1.66% variable rate.

City of Satellite Beach, Florida Notes to Financial Statements

NOTE 4: DETAILED NOTES ON ALL FUNDS (Continued)

D. LONG-TERM DEBT (Continued)

The interest rate swap agreement has a negative fair value of \$275,695 as of September 30, 2019. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate note payable, creating lower synthetic rates. Because the payments on the City's variable-rate notes payable adjust to changing interest rates, the note payable does not have corresponding fair value increases. The fair value of the swap was obtained from the counterparty and is based on the quoted market price using the mark-to-market method. The change in fair value for the year ended September 30, 2019 is a negative of approximately \$45,044.

As of September 30, 2019, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the City would be exposed to credit risk in the amount of the derivatives' fair value. As of September 30, 2019, the swap's counterparty was rated AA- by Fitch. The calculation of variable interest payments is an estimate. It is calculated based upon the total interest to be paid less the calculated amount of swap interest to be paid.

The derivative (interest rate swap) contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The City or the counterparty may terminate the swaps if the other party fails to perform under the terms of the contracts. If the swaps were terminated, the variable-rate notes and bonds would no longer carry synthetic interest rates. Also, if at the time of termination a swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value as of that date. As of September 30, 2019, the City has no intention of terminating its swap agreements.

Utility Tax Revenue Note Series 2015: On August 21, 2015, the City entered into a loan agreement with a bank in an amount of \$2,500,000 with a fixed interest rate of 2.97% to fund various capital improvement projects within the City. The note requires semi-annual interest payments ranging from \$8,250 to \$37,125 and annual principal payments ranging from \$139,000 to \$203,000 through the maturity date of October 1, 2030.

The first interest payment was paid October 1, 2015 and the first principal payment was paid October 1, 2016. Interest accrued in the current year was \$59,292.

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

The note requires annual principle payments of \$189,519 beginning on June 1, 2019 and variable biannual payments of interest ranging from \$14,923 to \$5,971 on June 1 and December 1, beginning on December 1, 2018.

D. LONG-TERM DEBT (Continued)

Utility Tax Revenue Note, Series 2019: On May 21, 2019, the City entered into a loan agreement with a bank in an amount of \$3,537,000 with a fixed interest rate of 2.65% to fund various capital improvement projects within the City. The note requires semi-annual interest payments ranging from \$3,154 to \$49,469 and annual principal payments ranging from \$83,000 to \$238,000 through the maturity date of September 30, 2039.

The first interest payment will be paid December 1, 2019 and the first principal payment was paid June 1, 2020.

Half-Cent Sales Tax Revenue Note, Series 2019: On July 2, 2019, the City entered into a loan agreement with a bank in an amount of \$1,463,000 with a fixed interest rate of 2.55% to fund various capital improvement projects within the City. The note requires semi-annual interest payments ranging from \$1,492 to \$18,653 and annual principal payments ranging from \$70,000 to \$117,000 through the maturity date of September 30, 2039.

The first interest payment will be paid December 1, 2019 and the first principal payment was paid June 1, 2020.

Line of Credit: On October 19, 2018, the City entered into a \$500,000 line of credit agreement with a bank to provide for funding in the event of a natural disaster or other projects as defined in the agreement. The line has a maturity date of January 19, 2020 and each advance will bear interest at the LIBOR rate plus 200 basis points. During the year ended September 30, 2019, the City drew down and repaid \$384,322. The City had no balance outstanding on the line of credit at September 30, 2019.

Pledged revenues and principal and interest payments are as follows:

		Future	Current	Current	Current
	Amount	Principal	Pledged	Principal &	Percentage
Pledged Revenue	of issue	and Interest	Revenue	Interest	of Revenue
Community Redevelopment Agency					_
Variable Rate Tax Increment					
Revenue Note	\$ 6,250,000	\$ 2,928,589	\$1,986,836	\$ 408,280	21%
Utility Tax Revenue Note Series 2015	2,500,000	2,475,767	831,039	206,682	25%
Utility Tax Revenue Refunding Note					
Series 2018	947,596	817,396	831,039	213,427	26%
Utility Tax Revenue Note Series 2019	3,537,000	4,655,280	831,039	179,334	22%
Half-Cent Sales Tax Revenue Note,					
Series 2019	1,463,000	1,775,969	642,960	101,918	16%

D. LONG-TERM DEBT (Continued)

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

			Interest	
September 30,	Principal	Interest	(swap)	Total
2020	\$ 845,119	\$ 264,342	\$ 18,572 \$	1,128,033
2021	889,219	245,887	17,724	1,152,830
2022	920,319	223,571	16,825	1,160,715
2023	952,819	200,532	15,904	1,169,255
2024	836,700	176,749	14,928	1,028,377
2025-2029	3,039,400	609,432	26,785	3,675,617
Thereafter	3,073,000	375,912	-	3,448,912
Totals	\$ 10,556,576	\$ 2,096,425	\$ 110,738 \$	12,763,739

Long-term liabilities

Long-term liability activity for the year ended September 30, 2019, was as follows:

Governmental activities: Notes from direct borrowings: Note payable – CRA \$ 3,056,300 \$ - \$ (340,800) \$ 2,715,500 \$ 355,600 Note payable – Stormwater utility 154,422 - (154,422) - - - Notes payable - Capital asset fund 3,173,595 5,000,000 (332,519) 7,841,076 489,519 Total notes from direct borrowings 6,384,317 5,000,000 (827,741) 10,556,576 845,119 Capital leases payable 408,381 - (144,306) 264,075 147,479 Compensated absences 777,507 456,514 (548,193) 685,828 397,360		Beginning			Ending	Due Within
Notes from direct borrowings: Note payable – CRA \$ 3,056,300 \$ - \$ (340,800) \$ 2,715,500 \$ 355,600 Note payable – Stormwater utility 154,422 - (154,422) - - Notes payable – Capital asset fund 3,173,595 5,000,000 (332,519) 7,841,076 489,519 Total notes from direct borrowings 6,384,317 5,000,000 (827,741) 10,556,576 845,119 Capital leases payable 408,381 - (144,306) 264,075 147,479		Balance	Additions	Reductions	Balance	One Year
Note payable – CRA \$ 3,056,300 \$ - \$ (340,800) \$ 2,715,500 \$ 355,600 Note payable – Stormwater utility 154,422 - (154,422) - - Notes payable - Capital asset fund 3,173,595 5,000,000 (332,519) 7,841,076 489,519 Total notes from direct borrowings 6,384,317 5,000,000 (827,741) 10,556,576 845,119 Capital leases payable 408,381 - (144,306) 264,075 147,479	Governmental activities:					
Note payable – Stormwater utility 154,422 - (154,422) Notes payable - Capital asset fund 3,173,595 5,000,000 (332,519) 7,841,076 489,519 Total notes from direct borrowings 6,384,317 5,000,000 (827,741) 10,556,576 845,119 Capital leases payable 408,381 - (144,306) 264,075 147,479	Notes from direct borrowings:					
Stormwater utility 154,422 - (154,422) - - Notes payable - Capital asset fund 3,173,595 5,000,000 (332,519) 7,841,076 489,519 Total notes from direct borrowings 6,384,317 5,000,000 (827,741) 10,556,576 845,119 Capital leases payable 408,381 - (144,306) 264,075 147,479	Note payable – CRA	\$ 3,056,300	\$ -	\$ (340,800)	\$ 2,715,500	\$ 355,600
Notes payable - Capital asset fund 3,173,595 5,000,000 (332,519) 7,841,076 489,519 Total notes from direct borrowings 6,384,317 5,000,000 (827,741) 10,556,576 845,119 Capital leases payable 408,381 - (144,306) 264,075 147,479	Note payable –					
Capital asset fund 3,173,595 5,000,000 (332,519) 7,841,076 489,519 Total notes from direct borrowings 6,384,317 5,000,000 (827,741) 10,556,576 845,119 Capital leases payable 408,381 - (144,306) 264,075 147,479	Stormwater utility	154,422	-	(154,422)	-	-
Total notes from direct borrowings 6,384,317 5,000,000 (827,741) 10,556,576 845,119 Capital leases payable 408,381 - (144,306) 264,075 147,479	Notes payable -					
direct borrowings 6,384,317 5,000,000 (827,741) 10,556,576 845,119 Capital leases payable 408,381 - (144,306) 264,075 147,479	Capital asset fund	3,173,595	5,000,000	(332,519)	7,841,076	489,519
Capital leases payable 408,381 - (144,306) 264,075 147,479	Total notes from					_
	direct borrowings	6,384,317	5,000,000	(827,741)	10,556,576	845,119
Compensated absences 777,507 456,514 (548,193) 685,828 397,360	Capital leases payable	408,381	-	(144,306)	264,075	147,479
	Compensated absences	777,507	456,514	(548,193)	685,828	397,360
Total long-term	Total long-term					
liabilities \$ 7,570,205 \$ 5,456,514 \$ (1,520,240) \$ 11,506,479 \$ 1,389,958	liabilities	\$ 7,570,205	\$ 5,456,514	\$ (1,520,240)	\$ 11,506,479	\$ 1,389,958

For the governmental activities, compensated absences are generally liquidated by the General fund. Capital leases are generally liquidated by the Capital Assets fund. The note payable – CRA is liquidated by tax revenues received by the Community Redevelopment Agency fund. The notes payable – Stormwater is liquidated by stormwater utility fees.

E. GOVERNMENTAL FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are as follows:

		General	General Community			Capital S		Stormwater		Nonmajor	
		Fund	Re	Redevelopment		Assets		Utility		Funds	
Nonspendable:											
Prepaid items	\$	130,814	\$	-	\$	3,293	\$	7,189	\$	-	
Restricted for:											
Community services		-		-		-		-		224,120	
Community redevelopment											
Economic development		-		544,035		-		-		-	
Capital assets		-		-	4,	479,891		-		-	
Law enforcement		-		-		-		-		29,311	
Stormwater		-		-		-		232,729		-	
Committed:											
Stabilization	1	,635,635		-		-		-		-	
Unassigned		225,955		-		-		-		-	
Total fund balances	\$1	,992,404	\$	544,035	\$4,	483,184	\$	239,918	\$	253,431	

F. Asset Retirement Obligations

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

The City has an underground fuel storage tank which is regulated by Florida Administrative Code (FAC) 62-762, and requires certain activities if use of the fuel storage tank is discontinued. The City has determined the fair value of the liability for disposal of this item is immaterial at September 30, 2019 and, accordingly, has not recorded an asset retirement obligation for this matter.

NOTE 5: OTHER INFORMATION

A. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance through Preferred Government Insurance Trust (PGIT). Coverage provided by PGIT includes general liability, auto liability, property and workers' compensation. As of October 1, 2018, the City has eliminated the self-insurance program described below used in prior years and is now fully insured by PGIT.

Prior to fiscal year 2019, the City utilized a self-insurance program for employee health insurance coverage effective October 1, 2015, instituting a high deductible, self-funded HRA health insurance program, which paid 100% of a fixed level of claims for each employee, and provides discounted rates and co-insurance capped by a catastrophic claims limit. The uninsured risk of loss was \$30,000 deductible per covered person. Commercial insurance for claims in excess of the coverage provided by the City was supplied by a private insurance company. The City had contracted with outside agencies to perform certain administrative functions, such as monitoring, reviewing and paying claims. The City terminated the self-insurance program September 30, 2018 and continues to pay out remaining claims.

Settled claims did not exceed commercial excess coverage in any of the years the program was established.

As of September 30, 2019, the City reported a liability of \$5,000 in the internal service fund which is included in accrued liabilities. Changes in the estimated accrued claims payable in fiscal year 2019 were as follows:

	2019
Balance at beginning of year	\$ 66,377
Current year claims and changes in estimate	(27,197)
Claims payments	(34,180)
Balance at end of year	\$ 5,000

B. OTHER POSTEMPLOYMENT BENEFITS

The City follows Section P52: Postemployment Benefits Other Than Pensions – Reporting for Benefits Not Provided Through Trusts That Meet Specified Criteria (OPEB) of the GASB Codification, for certain postemployment health care benefits provided by the City.

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

NOTE 5: OTHER INFORMATION (Continued)

B. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Employees and their dependents may elect to remain in the Plan upon retirement up to age 65. After age 65, the City's insurance coverage becomes secondary to the retiree's Medicare insurance. At the last valuation, the Plan has 17 retirees and spouses receiving benefits and has a total of 98 active participants and dependents. Of that total, 81 are not yet eligible to receive benefits.

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

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

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

For the year ended September 30, 2019, the City will recognize OPEB expense of \$139,539, which includes both an estimate of the implied subsidy contributions described above and the explicit subsidy contributions paid on behalf of eligible retirees. Contributions of plan members not eligible for an explicit subsidy totaled \$15,350 for the year ended September 30, 2019.

Plan membership: Plan membership as of October 1, 2018 (the valuation date) was:

	Number of
	covered individuals
Inactive members currently receiving benefits	17
Inactive members entitled to but not yet receiving benefits	-
Active members	81
Total	98

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

Employer's reporting date: September 30, 2019
Measurement date: September 30, 2019
Valuation date: October 1, 2018

City of Satellite Beach, Florida Notes to Financial Statements

NOTE 5: OTHER INFORMATION (Continued)

B. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial assumptions:

Discount rate: 3.58% Salary increases: 4.75%

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

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

Healthcare cost trend rate: Increases in healthcare costs are assumed to be 7.00% for the 2018/19 fiscal year graded down by 0.50% per year to 5.00% for the 2022/23 and later fiscal years. Healthcare costs are assumed to increase at the rate of 3.50% for each year of age.

Implied subsidy: Because the insurance carrier charges the same monthly rate for health insurance regardless of age, an implied monthly subsidy of \$350 for the retiree and \$225 for the retiree's spouse under the HMO plan and \$400 for the retiree and \$275 for the retiree's spouse under the POS plan has been assumed at age 62 for the 2018/19 fiscal year; at other ages, the implied subsidy was developed based on the age-related morbidity assumption and, for other fiscal years, the implied subsidy was increased in accordance with the healthcare cost trend rates.

Mortality basis: Sex-distinct rates set forth in the PUB-2010 Mortality Table (without income adjustments) for general and public safety employees, with full generational improvements in mortality using Scale MP-2017

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

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

NOTE 5: OTHER INFORMATION (Continued)

B. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

Changes: Since the prior measurement date, the discount rate was decreased from 3.64% per annum to 3.58% per annum, the implied monthly subsidy under the HMO plan at age 62 for the 2018/19 fiscal year was decreased from \$435.38 for the retiree and \$464.40 for the retiree's spouse to \$350 for the retiree and \$225 for the retiree's spouse, the implied monthly subsidy under the POS plan at age 62 for the 2018/19 fiscal year was decreased from \$435.38 for the retiree and \$464.40 for the retiree's spouse to \$400 for the retiree and \$275 for the retiree's spouse, and the mortality basis was changed from the RP-2000 Mortality Table with generational improvements in mortality using Scale BB to the PUB-2010 Mortality Table with generational improvements in mortality using Scale MP-2017.

The components of the OPEB liability at September 30, 2019 were as follows:

	Total OPEB	Fiduciary net	OPEB	Funded
	liability	position	liability (asset)	percentage
\$	3,728,912	\$ -	\$ 3,728,912	0%

The changes in the OPEB liability for the year ended September 30, 2019 were as follows:

	Total OPEB	Fiduciary Net		OPEB
	Liability	Position		Liability
Balance as of September 30, 2018	\$ 5,589,327	\$ - \$,	5,589,327
Service cost	239,420	-		239,420
Expected interest growth	400,473	-		400,473
Demographic experience	(2,107,150)	-		(2,107,150)
Benefit payments and refunds	(341,815)	-		(341,815)
Assumption changes	(51,343)	-		(51,343)
Balance as of September 30, 2019	\$ 3,728,912	\$ - \$	>	3,728,912

B. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

	19	% decrease 2.58%	Di	scount rate 3.58%	1	% increase 4.58%
OPEB liability	\$	4,181,450	\$	3,728,912	\$	3,357,941

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

	1% decrease	Current trend	1% increase
	in trend rate	rate	in trend rate
	(4.00% - 6.00%)	(5.00% - 7.00%)	(6.00% - 8.00%)
OPEB liability	\$ 3,319,425	\$ 3,728,912	\$ 4,223,701

Deferred inflows and outflows: On September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred	Deferred
	Outflows of	Inflows of
Other Post Employment Benefits	Resources	Resources
Demographic gain/loss	\$ -	\$ 1,609,850
Assumption changes	-	164,886
Total deferred outflows and deferred inflows of		
resources related to other post		
employment benefits	\$ -	\$ 1,774,736

C. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

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

C. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Money Purchase Plan

Plan description and funding requirements: The City of Satellite Beach Money Purchase Plan (the "Money Plan") is a defined contribution pension plan established on October 1, 1996 under City Ordinance No. 655 and is administered by a third party. The Money Plan provides benefits at retirement to all full-time employees, except police officers and firefighters, hired after October 1, 1996. At September 30, 2019, there were 54 active plan members.

The Money Plan members are required to contribute 5% of their annual salary to the Money Plan, and the City is required to contribute a matching amount of 5%. Money Plan provisions and contribution requirements are established and may be amended by the City Council. The City and the employees each contributed \$112,388 to the Plan for fiscal year 2019.

<u>Defined Benefit Plans</u>

Summary of significant accounting policies basis of accounting and valuation of investments: The financial statements of the plans are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The government's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. The fair value of investments in external investment pools is determined through measurement of the fair value of the underlying securities using market or market-corroborated data.

The City recognized as revenues and expenditures on-behalf payments relating to pension contributions for its public safety employees that the State of Florida paid to the retirement plan in the amount of \$228,467 to partially fund the Police Officers' and Firefighters' Plan. These contributions are funded by an excise tax, collected by the State, on property and casualty insurance gross receipts of premiums from policy holders.

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

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

C. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

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

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

	Police	
	Officers' and	General
	Firefighters'	Employees'
Plan membership as of October 1, 2018:	Plan	Plan
Inactive plan members or beneficiaries currently receiving benefits	24	21
Inactive plan members entitled to but not yet receiving benefits	8	2
Active plan members	39	5
Total	71	28

Plan benefits	Police Officers' and Firefighters' Plan	General Employees' Plan
Employees covered	Full-time firefighters and police officers employed by the City.	Only participants as of September 30, 1986 are eligible to continue participation.
Types of benefits offered	Retirement, disability, and pre-retireme	ent death benefits.
Basic pension formula	3% of average monthly earnings multiplied by years of credited service.	3% of average earnings multiplied by Credited Service prior to October 1, 2010 plus 2% of average earnings multiplied by credited service earned after September 30, 2010.
Early retirement adjustment	Retirement benefit is reduced by 3% for each year early retirement age precedes normal retirement age.	Basic pension formula is reduced by 1/15 for each of the first 5 years plus 1/30 of the next five years for each year prior to normal retirement age.
Disability pension	For a service connected disability, the of average earnings. For a non-service participant has earned 10 years of service or 25% of average earnings.	ce connected disability, provided the

C. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Plan benefits	Police Officers' and Firefighters' Plan	General Employees' Plan
Pre-retirement death benefit	Basic pension formula payable for 10 participant beginning at the participan return of accumulated employee contrinon-vested participant.	t's early or normal retirement age or
Normal retirement age	52 with five years of service.	62 with five years of service.
Early retirement age	50 with 10 years of service.	55 with 10 years of service. Any age with 35 years of service.
Vesting requirement	100% after 5 years of service.	5 years of service.
Form of payment	Actuarially equivalent single life annu Actuarially equivalent 50%, 66.67%, annuity; or any other actuarially equiva Board of Trustees.	75%, or 100% joint and contingent
Average earnings	Average of the highest consecutive the of the last 10 years.	ee years of pensionable earnings out
Cost of living adjustment	No automatic cost-of-living adjustment	is provided.
Deferred Retirement Option Plan (DROP)	A DROP is available for those participants who have attained their normal retirement age. Individuals may participate in DROP for up to 60 months. DROP accounts are credited with interest based on the actual investment.	A DROP option is available for those participants who are at least age 57 and have attained early or normal retirement age. Individuals may participate in DROP for up to 60 months. DROP accounts are credited with interest based on the actual investment less a 0.1875% quarterly administrative charge.
DROP balance as of		
October 1, 2019	\$208,084	\$68,004
Legal authority	Plan was established May 22, 1973 pursuant to City ordinance, and has since amended.	Plan was established May 22, 1973 pursuant to City ordinance, and has since amended.
Changes	No significant plan changes were adopted since the prior	The benefit terms did not change from the prior measurement date.

C. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Net pension liability of the sponsor: The components of the net pension liability of the sponsor on September 30, 2019 were as follows:

	F	Police Officers'		General
	and Fir	efighters' Plan	Em	ployees' Plan
Total pension liability	\$	26,498,377	\$	9,044,971
Less: Fiduciary net position		(20,034,323)		(7,844,035)
Net pension liability	\$	6,464,054	\$	1,200,936
· · · · · · · · · · · · · · · · · · ·	•	., . ,	·	,,
Plan Fiduciary Net Position as a percentage of the				

total pension liability 76% 87%

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of October 1, 2018 updated to September 30, 2019 using the following actuarial assumptions:

Discount rate	Police Officers' and Firefighters' Plan 7.00% per annum (2.77% per ar inflation); this rate was used to disc	General Employees' Plan nnum is attributable to long-term ount all future benefit payments.	
Salary increases	For both plans, 4.75% per annum.		
Cost-of-living increases	For both plans, none assumed.		
Mortality basis	For both plans, sex-distinct rates set forth in the RP-2000 Combined Mortality Table, with full generational improvements in mortality using Scale BB.		
Retirement	100% retirement is assumed to occur at age 52 with five years of service; participants who are age 50 with 10 years of service are assumed to retire at the rate of 2.50% per year; participants who have attained normal retirement age are assumed to retire no earlier than one year after the valuation date.	100% retirement is assumed at age 62 with five years of service or 5.00% retirement per year is assumed with 35 years of service or 2.50% retirement per year is assumed at age 55 with 10 years of service; a participant who has attained his normal retirement age as of the valuation date is assumed to retire one year later.	
Other decrements	Assumed employment termination is based on the Scale 155 Table; assumed disability is based on the Wyatt 1985 Disability Study (Class 4).	Assumed employment termination is based on the Scale 155 Table; assumed disability is based on the Wyatt 1985 Disability Study (Class 1).	

C. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

	Police Officers'			
	and Firefighters' Plan	General Employees' Plan		
Non-investment expenses	1.25% of future payroll. 1	.75% of future payroll.		
Future contributions	Contributions from the employer and made as legally required.	d employees are assumed to be		
Changes	Since the prior measurement date, the mortality basis was changed fr a 2007 projection of the RP-2000 Mortality Table for annuitants to RP-2000 Combined Mortality Table with full generational improveme in mortality using Scale BB.			

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

These ranges are combined to produce the long term expected rate of return by weighting the expected real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2019 are summarized in the following table:

		Expected Long-
Investment Category	Target Allocation	Term Real Return
Core bonds	15%	1.60% per annum
Multi-Sector	15%	2.10% per annum
U.S. large cap equity	34%	4.60% per annum
U.S. small cap equity	15%	6.70% per annum
Non U.S. equity	21%	5.00% per annum
Total or weighted arithmetic average	100%	4.23% per annum

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

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

C. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

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

	1% Decrease		1% Increase
	6.00%	7.00%	8.00%
Police Officers' and Firefighters' Plan			_
Net pension liability	\$ 9,700,069	\$ 6,464,054 \$	3,788,962
General Employees' Plan			
Net pension liability	2,064,940	1,200,936	461,469
Aggregate net pension liability	\$ 11,765,009	\$ 7,664,990 \$	4,250,431

Net pension liability and changes in the net pension liability: The City's net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability for the Police Officers' and Firefighters' Plan and for the General Employees' Plan was also determined as of that date.

	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
Police Officers' and Firefighters' Plan	(a)	(b)	(a) - (b)
Reporting period ending September 30, 2018	\$ 25,319,474	\$ 18,845,669	\$ 6,473,805
Changes due to:			
Service cost	696,923	-	696,923
Expected interest growth	1,786,927	1,325,420	461,507
Unexpected interest income	-	(317,639)	317,639
Demographic experience	(440,088)	-	(440,088)
Contributions - Employer	-	906,257	(906,257)
Contributions - Employee	-	192,542	(192,542)
Benefit payments and refunds	(864,859)	(864,859)	-
Administrative expenses	-	(53,067)	53,067
Net changes	1,178,903	1,188,654	(9,751)
Reporting period ending September 30, 2019	\$ 26,498,377	\$ 20,034,323	\$ 6,464,054

C. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Increase (Decrease)

Increase	_		Plan Fiduciary		
		Total Pension	Net Pension		
		Liability	Net Position		Liability
General Employees' Plan		(a)	(b)		(a) - (b)
Reporting period ending September 30, 2018	\$	8,921,121	\$ 7,640,171	\$	1,280,950
Changes due to:					_
Service cost		70,157	-		70,157
Expected interest growth		610,071	528,037		82,034
Unexpected interest income		-	(127,283)		127,283
Demographic experience		(56,035)	-		(56,035)
Contributions - Employer		-	306,047		(306,047)
Contributions - Employee		-	22,474		(22,474)
Benefit payments and refunds		(500,343)	(500,343)		-
Administrative expenses		-	(25,068)		25,068
Net changes		123,850	203,864		(80,014)
Reporting period ending September 30, 2019	\$	9,044,971	\$ 7,844,035	\$	1,200,936

Pension expense and deferred outflows and deferred inflows of resources related to pensions: For the year ended September 30, 2019, the City has recognized pension expense of \$1,488,287 and \$113,837 for the Police Officers' and Firefighters' Pension Plan and the General Employees' Pension Plan, respectively. At September 30, 2019, the City reported deferred outflows and deferred inflows of resources from the following sources:

	Deferred	Deferred
	Outflows of	Inflows of
Police Officers' and Firefighters' Plan	Resources	Resources
Investment gain/loss	\$ -	\$ 178,355
Demographic gain/loss	143,784	828,298
Assumption changes	2,650,016	672,281
Total - Police Officers' and Firefighters' Plan	2,793,800	1,678,934
		_
General Employees' Plan		
Investment gain/loss	-	107,071
Demographic gain/loss	14,439	-
Assumption changes	121,185	19,982
Total - General Employees' Plan	135,624	127,053
Total deferred outflows and deferred inflows		
of resources related to pensions	\$ 2,929,424	\$ 1,805,987

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

C. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

	Pol	ice Officers'	
		and	General
		Firefighters'	Employees'
Fiscal Year Ending September 30,		Plan	Plan
2020	\$	169,906	\$ 30,638
2021		131,384	(66,427)
2022		84,722	18,905
2023		373,106	25,455
2024		355,748	_
Total	\$	1,114,866	\$ 8,571

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

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

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

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

Both Plans hold their investments in the Florida Municipal Pension Trust Fund, an external investment pool established for the purpose of funding individually designed employee pension plans and certain other post-employment benefit plans of participating municipalities, public agencies and political subdivisions of the State of Florida. The Florida Municipal Pension Trust Fund issues a stand-alone financial report each year, which contains a Schedule of Member Balances by Plan Type that lists the Plans' balances. This report is available to the public at the Florida Municipal Pension Trust Fund's administrative office: Retirement Department, Florida League of Cities, Inc., P.O. Box 1757, Tallahassee, FL 32302.

C. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Combining fund information. The pension trust funds fiduciary net position activity as of September 30, 2019 and the change in fiduciary net position for the year ended:

	Po	olice Officers'	and	Firefighters'			
		Defined			General		
		Benefit Plan		Share Plan	Employees'		Total
ASSETS							
Receivables:							
Contributions	\$	229,596	\$	-	\$ -	\$	229,596
Investments, at fair value:							
Florida Municipal Investment							
Trust Fund		19,804,727		371,002	7,844,035		28,019,764
Total assets		20,034,323		371,002	7,844,035		28,249,360
LIABILITIES							
Benefits payable		-		-	-		
Total liabilities		-		-	-		-
NET POSITION					_		
Held in trust for pension benefits	\$	20,034,323	\$	371,002	\$ 7,844,035	\$	28,249,360

The pension trust funds change in fiduciary net position activity as of September 30, 2019 was as follows:

	Po	lice Officers'	and	Firefighters'				
		Defined			General			
		Benefit Plan		Share Plan	Employees '	Total		
ADDITIONS								
Contributions:								
Employees	\$	192,541	\$	-	\$ 23,369	\$ 215,910		
City		677,792		-	306,047	983,839		
State		228,467		-	-	228,467		
Total contributions		1,098,800		-	329,416	1,428,216		
Total investment earnings:								
Net appreciation in fair value								
of investments		1,006,981		53,252	400,754	1,460,987		
Total additions		2,105,781		53,252	730,170	2,889,203		
DEDUCTIONS								
Benefit payments		864,859		-	500,343	1,365,202		
Administrative expenses		53,067		-	25,068	78,135		
Total deductions		917,926		-	525,411	1,443,337		
Change in net position		1,187,855		53,252	204,759	1,445,866		
Net position, beginning of year		18,846,468		317,750	7,639,276	26,803,494		
Net position, end of year	\$	20,034,323	\$	371,002	\$ 7,844,035	\$ 28,249,360		

C. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Pension Expense Summary

The total of the City's pension expense for the fiscal year ended September 30, 2019 is as follows:

	Pension
Plan Description	Expense
Defined contribution plan:	<u> </u>
Money purchase plan	\$ 112,388
Defined benefit plans:	
Police Officers' and Firefighters' plan	1,488,287
General Employees' plan	113,837
Total pension expense	\$ 1,714,512

D. COMMITMENTS AND CONTINGENCIES

Operating leases

The City leases certain equipment under noncancelable operating leases. The total costs of such leases were \$24,126 for the year ended September 30, 2019. The future minimum lease payments for the leases are as follows:

Year Ending September 30:

2020	\$ 23,824
2021	16,029
Total	\$ 39,853

Community Redevelopment Agency Fund

The City received communication from the Joint Legislative Auditing Committee (the "Committee"), dated July 8, 2011, in response to the use of public funds allocated to, and deposited in, the Satellite Beach Community Redevelopment Agency (CRA) Fund. There is a difference of opinion as to whether the City was authorized to transfer restricted CRA funds to the City's General Fund and expend the funds on general government expenditures. The questioned transfers totaled \$2,289,177 for the police department, which were incurred from the 2003/2004 fiscal year through the 2009/2010 fiscal year, and for the fire department from the 2005/2006 fiscal year through the 2009/2010 fiscal year. The Committee suggested to the City to request an opinion of the Attorney General on the matter. The City initially proceeded with the preparation of a letter seeking the Attorney General's opinion, but City Council instead decided to approve a settlement agreement between the City and the CRA. The agreement dated October 4, 2012, states that the City will transfer a total of \$565,408 at zero percent interest. The total is payable annually beginning December 31, 2012 through December 31, 2027, in

City of Satellite Beach, Florida Notes to Financial Statements

NOTE 5: OTHER INFORMATION (Continued)

D. COMMITMENTS AND CONTINGENCIES (Continued)

the amount of \$35,338 per year. Nothing contained in the agreement constitutes a pledge of the full faith and credit of the City, or constitutes or creates a lien on the City's ad valorem revenues, funds, or real, personal, tangible or intangible properties.

The Community Redevelopment Agency continues to utilize tax increment financing to fund redevelopment projects in accordance with Section 163, Florida Statutes.

On August 20, 2013, Brevard County executed an inter-local Agreement with the City of Satellite Beach and the Satellite Beach Community Redevelopment Agency for Tax Increment Financing (TIF) contributions. The purpose of the agreement was to return unused Tax Increment Financing (TIF) to the City and the County from the CRA. In exchange for entering into this agreement, Brevard County agreed not to pursue any future litigation against the City regarding the repayment of questionable transfers identified by the Joint Legislative Auditing Committee in July of 2011. The agreement also assists the City with increasing fund balance by returning the unused tax increment revenue from the Community Redevelopment Agency to the General Fund.

The allocated amounts of TIF funds to be provided for fiscal years 2012/2013 through 2018/2019 are \$1,173,688 to the County and \$1,311,213 to the City's reserves. The annual amounts, to be paid each September 30th for the duration of the agreement, are based on anticipated tax revenues and the operating needs of the CRA and, therefore, fluctuate each year. Nothing contained in the agreement constitutes a pledge of the full faith and credit of the City, or constitutes or creates a lien on the City's ad valorem revenues, funds, or real, personal, tangible or intangible properties.

On January 1, 2018 Brevard County, Florida and the CRA negotiated an interlocal agreement whereas the CRA will not amend the CRA master plan without approval from Brevard County, and the CRA will not obligate itself to any new indebtedness secured by a pledge of revenue from Brevard County TIF revenues. The CRA has agreed to refund all unspent and unplanned TIF funding to the City and County, based on their funding contributions with the County no longer contributing any TIF funding after September 30, 2026.

The allocated amounts of TIF funds to be provided to the County for the year ending September 30, 2019 were \$756,489 and have been included with general government expenditures in the Community Redevelopment Agency Fund. Future estimated payments are as follows:

The allocated amounts of TIF funds to be provided to the City for the year ending September 30, 2019 were \$160,000 and have been included with transfers out in the Community Redevelopment Agency Fund.

City of Satellite Beach, Florida Notes to Financial Statements

NOTE 5: OTHER INFORMATION (Continued)

E. LITIGATION

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



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REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS

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

				Vai	riance with
				Fi	nal Budget
	Original	Final			Positive
For the year ended September 30, 2019	Budget	Budget	Actual		(Negative)
Revenues					
Taxes	\$ 9,727,636	\$ 9,699,709	\$ 9,691,813	\$	(7,896)
Licenses and permits	246,950	275,381	275,381		-
Intergovernmental	1,133,213	1,313,822	1,313,822		-
Charges for services	804,300	811,099	811,099		-
Fines and forfeitures	43,150	39,357	39,357		-
Investment and other income	20,750	64,344	64,344		-
Total revenues	11,975,999	12,203,712	12,195,816		(7,896)
Expenditures					
Departments:					
General governmental services	2,527,861	2,630,198	2,521,662		108,536
Public Safety	5,305,565	5,518,190	5,439,259		78,931
Public works	1,890,057	1,971,927	1,917,455		54,472
Recreation	846,792	841,717	794,005		47,712
Interest expense	-	1,377	1,377		-
Capital outlay	-	98,242	98,242		-
Total expenditures	10,570,275	11,061,651	10,772,000		289,651
Excess of revenues					
over expenditures	1,405,724	1,142,061	1,423,816		281,755
Other financing sources (uses)					
Transfers in	649,993	1,183,761	1,183,761		-
Transfers out	(1,662,495)	(1,408,139)	(1,408,139)		-
Proceeds from sale of capital assets	700	700	700		-
Net other financing sources (uses)	(1,011,802)	(223,678)	(223,678)		-
Net change in fund balances	 393,922	918,383	1,200,138		281,755
Fund balances, beginning of year	792,266	792,266	792,266		-
Fund balances, end of year	\$ 1,186,188	\$ 1,710,649	\$ 1,992,404	\$	281,755

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

For the year ended September 30, 2019		Original Budget		Final Budget		Actual	Fi	riance with nal Budget Positive (Negative)
Revenues								
Taxes	\$	614,035	\$	614,035	\$	614,035	\$	-
Investment and other income		3,000		10,775		10,775		-
Total revenues		617,035		624,810		624,810		-
Expenditures								
Department:								
General government		546,104		905,647		904,649		998
Physical environment		9,300		-		-		-
Capital outlay		580,000		106,216		106,216		-
Debt service:								
Principal retired		313,300		340,800		340,800		-
Interest		151,477		138,517		138,517		-
Total expenditures	1	,600,181		1,491,180		1,490,182		998
Deficiency of revenues under								
expenditures		(983,146)		(866,370)		(865,372)		998
Other financing sources								
Transfers in	1	,408,139		1,408,139		1,408,139		-
Transfers out		(499,993)	((1,049,865)	(1,049,865)		-
Proceeds from sale of capital assets		-		562,375		562,375		-
Net other financing sources		908,146		920,649		920,649		-
Net change in fund balances		(75,000)		54,279		55,277		998
Fund balances, beginning of year		488,758		488,758		488,758		-
Fund balances, end of year	\$	413,758	\$	543,037	\$	544,035	\$	998

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

					riance with
				F	inal Budget
	Original	Final			Positive
For the year ended September 30, 2019	Budget	Budget	Actual		(Negative)
Revenues					
Intergovernmental	\$ 6,000	\$ 727,741	\$ 727,741	\$	-
Charges for services	1,005,000	967,363	967,636		273
Investment and other income	400	8,669	8,669		-
Total revenues	1,011,400	1,703,773	1,704,046		273
Expenditures					
Current:					
Public works	169,243	23,291	23,291		-
Capital outlay	532,721	1,195,784	1,195,784		-
Debt service:					
Principal retired	145,538	154,422	154,422		-
Interest and other	13,898	5,015	5,015		-
Total expenditures	861,400	1,378,512	1,378,512		-
Excess of revenues					
over expenditures	150,000	325,261	325,534		273
over experiences	 130,000	323,201	323,334		273
Other financing uses					
Transfers out	(150,000)	(133,896)	(133,896)		-
Total other financing uses	(150,000)	(133,896)	(133,896)		-
Net change in fund balances	-	191,365	191,638		273
Fund balances, beginning of year	48,280	48,280	48,280		-
Fund balances, end of year	\$ 48,280	\$ 239,645	\$ 239,918	\$	273

City of Satellite Beach, Florida Budgetary Notes to Required Supplementary Information

NOTE 1. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal yearend.

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

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

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

September 30,	2019	2018
Total OPEB liability - beginning	\$ 5,589,327	\$ 5,413,248
Changes due to:		
Service cost	239,420	167,637
Expected interest growth	400,473	184,043
Demographic experience	(2,107,150)	-
Assumption changes	(51,343)	-
Benefit payments and refunds	(341,815)	(175,601)
Net changes in total OPEB liability	(1,860,415)	176,079
Total OPEB liability - ending (a)	\$ 3,728,912	\$ 5,589,327
Plan fiduciary net position		
Contributions - employer	\$ 341,815	\$ 175,601
Benefit payments	(341,815)	(175,601)
Net changes in plan fiduciary net position	-	-
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	\$ -	\$ -
OPEB liability - ending (a) - (b)	\$ 3,728,912	\$ 5,589,327
Covered-employee payroll for the measurement period	\$ 4,167,591	\$ 3,755,183
OPEB Liability as a percentage of covered-employee payroll	89.47%	148.84%

Notes:

⁽¹⁾ The City implemented GASB Statement No. 75, Accounting and Financial Reporting for Pensions, in 2018. The employer must eventually disclose a 10-year history. However, until a full 10-year trend is compiled, information will be presented only for those years which information is available.

⁽²⁾ The City does not accumulate assets in a trust that meets the criteria in paragraph 4 of GASBS No. 75 to pay related benefits.

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

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

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

Police Of	ficers'	and Firefighte	ers' Pe	ension Plan			
For the year ended September 30,		2019	2018	2018		2016	
Total Pension Liability							
Service cost	\$	696,923	\$	731,362	\$	713,303	\$ 590,076
Expected interest growth		1,786,927		1,702,438		1,478,789	1,120,821
Demographic experience		(440,088)		(353,509)		377,868	5,636
Benefit payments and refunds		(864,859)		(746,538)		(699,053)	(675,359)
Assumption changes		-		-		1,332,146	3,952,648
Net change in total pension liability		1,178,903		1,333,753		3,203,053	4,993,822
Total pension liability - beginning		25,319,474		23,985,721		20,782,668	15,788,846
Total pension liability - ending (a)		26,498,377	\$	25,319,474	\$	23,985,721	\$ 20,782,668
Plan Fiduciary Net Position							
Expected interest growth	\$	_,===, :==	\$	1,221,028	\$	1,048,032	\$ 940,589
Unexpected investment income		(317,639)		4,354		974,179	200,914
Contributions - Employer		906,257		938,295		1,085,748	732,952
Contributions - Employee		192,542		198,453		200,058	189,218
Benefit payments and refunds		(864,859)		(746,538)		(699,053)	(675,359)
Administrative expense		(53,067)		(42,035)		(39,960)	(36,881)
Net change in plan fiduciary net position		1,188,654		1,573,557		2,569,004	1,351,433
Plan fiduciary net position - beginning		18,845,669		17,272,112		14,703,108	13,351,675
Plan fiduciary net position - ending (b)		20,034,323	\$	18,845,669	\$	17,272,112	\$ 14,703,108
Net pension liability - ending (a) - (b)	\$	6,464,054	\$	6,473,805	\$	6,713,609	\$ 6,079,560
Dian fiducianu not nacition as a neventage							
Plan fiduciary net position as a percentage		75.640/		74 430/		72.040/	70.750/
of the total pension liability		75.61%		74.43%		72.01%	70.75%
Covered payroll	\$	2,292,753	\$	2,419,522	\$	2,366,291	\$ 2,102,177
Net pension liability as a percentage of							
covered payroll		281.93%		267.57%		283.72%	289.20%

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

-				
_		2015		2014
	\$	372,463	\$	466,047
		1,542,236		1,291,782
		(724,920)		-
		(670,595)		(682,024)
		(1,681,706)		-
		(1,162,522)		1,075,805
_		16,951,368		15,875,563
_	\$	15,788,846	\$	16,951,368
	\$	1,205,916	\$	977,638
		(1,211,301)		93,909
		682,374		773,093
		174,323		170,359
		(670,595)		(987,787)
		(37,244)		(36,101)
		143,473		991,111
_	_	13,208,202		12,217,091
	\$	13,351,675	\$	13,208,202
	\$	2,437,171	\$	3,743,166
•				
		84.56%		77.92%
	\$	2,023,912	Ś	1,980,916
	Ų	2,023,312	Ą	1,300,310
		120.42%		188.96%

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

General Employees' Pension Plan									
For the year ended September 30,	2019			2018		2017		2016	
Total Pension Liability									
Service cost	\$	70,157	\$	64,653	\$	63,643	\$	78,648	
Expected interest growth		610,071		615,783		560,761		464,555	
Demographic experience		(56,035)		(266,265)		101,155		147,878	
Benefit payments and refunds		(500,343)		(507,590)		(537,145)		(515,793)	
Assumption changes		-		-		578,190		1,275,317	
Net change in total pension liability		123,850		(93,419)		766,604		1,450,605	
Total pension liability - beginning		8,921,121		9,014,540		8,247,936		6,797,331	
Total pension liability - ending (a)	\$	9,044,971	\$	8,921,121	\$	9,014,540	\$	8,247,936	
Plan Fiduciary Net Position									
Expected interest growth		528,037		502,616	Ś	452,897	Ś	428,775	
Unexpected investment income		(127,283)		32,752	•	426,663	•	92,895	
Contributions - Employer		306,047		354,222		349,352		341,136	
Contributions - Employee		22,474		23,561		22,233		33,168	
Benefit payments & refunds		(500,343)		(507,590)		(537,145)		(515,793)	
Administrative expense		(25,068)		(18,525)		(24,005)		(23,534)	
Net change in plan fiduciary net position		203,864		387,036		689,995		356,647	
Plan fiduciary net position - beginning		7,640,171		7,253,135		6,563,140		6,206,493	
Plan fiduciary net position - ending (b)	\$	7,844,035	\$	7,640,171	\$	7,253,135	\$	6,563,140	
Net pension liability - ending (a) - (b)	\$	1,200,936	\$	1,280,950	\$	1,761,405	\$	1,684,796	
Plan fiduciary net position as a percentage									
of the total pension liability		86.72%		85.64%		80.46%		79.57%	
of the total pension hability		00.72%		63.04%		00.40%		13.3170	
Covered payroll	\$	298,165	\$	281,381	\$	273,990	\$	400,181	
Net pension liability as a percentage of									
covered payroll		402.78%		455.24%		642.87%		421.01%	

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

	2015		2014
,	47.201	,	F7 21C
\$	47,281	\$	57,216
	636,922		560,156
	11,264		- (404 450)
	(577,609)		(484,450)
	(574,972)		122 022
	(457,114)		132,922
ć	7,254,445 6,797,331	\$	7,121,523 7,254,445
\$	0,797,331	Ş	7,254,445
\$	571,279	\$	475,890
	(555,367)		32,305
	370,855		428,556
	31,458		30,262
	(577,609)		(469,255)
	(22,473)		(22,674)
	(181,857)		475,084
	6,388,350		5,913,266
\$	6,206,493	\$	6,388,350
\$	590,838	¢	866,095
7	330,030	7	800,033
	91.31%		88.06%
\$	386,980	\$	366,815
	152.68%		236.11%

City of Satellite Beach, Florida Required Supplementary Pension Information Schedule of Contributions - Last Six Fiscal Years

Police	Officers'	and Firefighters' Po	ension Plan		
For the year ended September 30,		2019	2018	2017	2016
Actuarially determined contribution	\$	903,329 \$	933,442 \$	796,903 \$	732,952
Contributions recognized by the plan		906,257	938,295	1,085,748	906,259
Contribution deficiency (excess)	\$	(2,928) \$	(4,853) \$	(288,845) \$	(173,307)
Covered payroll	\$	2,292,753 \$	2,419,522 \$	2,366,291 \$	2,102,177
Contributions as a percentage of					
covered payroll		39.53%	38.78%	45.88%	43.11%
	General E	mployees' Pension	Plan		
For the year ended September 30,		2019	2018	2017	2016
Actuarially determined contribution	\$	306,047 \$	354,222 \$	349,352 \$	341,136
Contributions recognized by the plan		306,047	354,222	349,352	341,136
Contribution deficiency (excess)	\$	- \$	- \$	- \$	-
Covered payroll	\$	298,165 \$	281,381 \$	273,990 \$	400,181

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

2015	2014
\$ 113,837	\$ 1,714,512
-	-
\$ 113,837	\$ 1,714,512
\$ 2,023,912	\$ 1,980,916
0.00%	0.00%
2015	2014
\$ -	\$ -
-	-
\$ -	\$ -
\$ 386,980	\$ 366,815

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

Police Officers' and Firefighters' Pension Plan											
For the year ended September 30,	2019	2018	2017	2016	2015	2014					
Annual expected long-term real return											
on investments											
Weighted arithmetic average	4.23%	4.08%	4.08%	4.08%	5.48%	4.48%					
Ge	neral Employ	ees' Pensio	n Plan								
				2016	2015	2014					
For the year ended September 30,	2019	2018	2017	2016	2015	2014					
Annual expected long-term real return											
on investments											
on investments											

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

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

	Police Officers' and Firefighters' Plan					
Valuation date	October 1, 2018	October 1, 2018				
	Actuarially determined contribution ra years prior to the end of the fiscal year i	tes are calculated as of October 1, two in which the contributions are reported.				
Funding method	Entry Age Normal Cost Method	Aggregate Cost Method				
Amortization method	Level dollar	Not applicable				
Amortization period	30 years	15 years				
Asset valuation method	Equal to the prior year's actuarial value of assets adjusted for contribenefit payments and expenses. This is further adjusted by the average on the market value of assets for the preceding 4 years. The actuarial assets is restricted to 80% - 120% of the market value.					
Inflation	2.77% per annum	2.77% per annum				
Salary increases	4.75% per annum unless	actual amounts are known.				
Interest rate	7% per annum	7% per annum				
Retirement age	52 with 5 years of service	62 with 5 years of service				
Early retirement rate	50 with 10 years of service	55 with 10 years of service or any age with 35 years of service				
Termination rates	Sex-distinct rates set for	rth in the Scale 155 Table.				
Disability rates	Sex-distinct rates set forth in the Wyatt 1985 Disability Study (Class 4).	Sex-distinct rates set forth in the Wyatt 1985 Disability Study (Class 1).				
Mortality	Sex-distinct rates set forth in the RP-2 generational improvements in mortality	000 Combined Mortality Table, with full using Scale BB.				
Expenses	Administrative expenses are assumed to be 1.25% of future payroll. The interest rate assumed is net of investment expenses and commissions.	Administrative expenses are assumed to be 1.75% of future payroll. The interest rate assumed is net of investment expenses and commissions.				

None

Changes



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CITY OF SATELLITE BEACH, FLORIDA

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

	Special Revenue							
						Total		
				Law		Nonmajor		
	C	ommunity	Enf	orcement	Gov	vernmental		
September 30, 2019		Services		Trust		Funds		
ASSETS								
Cash and cash equivalents	\$	214,075	\$	27,475	\$	241,550		
Investments		8,809		1,836		10,645		
Accounts receivable		1,800		-		1,800		
Total assets	\$	224,684	\$	29,311	\$	253,995		
LIABILITIES								
Accounts payable	\$	564	\$	-	\$	564		
Total liabilities		564		-		564		
FUND BALANCES								
Restricted		224,120		29,311		253,431		
Total fund balances		224,120		29,311		253,431		
Total liabilities and fund balances	\$	224,684	\$	29,311	\$	253,995		

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

					Total
			Law	,	Nonmajor
	C	ommunity	Enforcement	G	overnmental
For the year ended September 30, 2019		Services	Trust	:	Funds
Revenues					
Charges for services	\$	559	\$ -	\$	559
Fines and forfeitures		-	44		44
Investment and other income		50,323	7,827		58,150
Total revenues		50,882	7,871		58,753
Expenditures					
Current:					
Public works		36,543	-		36,543
Capital outlay		9,250	-		9,250
Total expenditures		45,793	-		45,793
Excess of revenues					
over expenditures		5,089	7,871		12,960
Net change in fund balances		5,089	7,871		12,960
Fund balances, beginning of year		219,031	21,440		240,471
Fund balances, end of year	\$	224,120	\$ 29,311	\$	253,431

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

				Var	riance with
				Fi	nal Budget
	Original	Final			Positive
For the year ended September 30, 2019	Budget	Budget	Actual		(Negative)
Revenues					
Charges for services	\$ 400	\$ 559	\$ 559	\$	-
Investment and other income	24,270	50,323	50,323		-
Total revenues	24,670	50,882	50,882		-
Expenditures					
Current:					
Public works	39,120	36,540	36,543		(3)
Capital outlay	9,250	9,250	9,250		-
Total expenditures	48,370	45,790	45,793		(3)
Net change in fund balances	(23,700)	5,092	5,089		(3)
Fund balances, beginning of year	219,031	219,031	219,031		-
Fund balances, end of year	\$ 195,331	\$ 224,123	\$ 224,120	\$	(3)

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

				 iance with
	Original	Final		 Positive
For the year ended September 30, 2019	Budget	Budget	Actual	(Negative)
Revenues				
Fines and forfeitures	\$ -	\$ -	\$ 44	\$ 44
Investment and other income	-	-	7,827	7,827
Total revenues	-	-	7,871	7,871
Expenditures				
Current:				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balances	-	-	7,871	7,871
Fund balances, beginning of year	21,440	21,440	21,440	-
Fund balances, end of year	\$ 21,440	\$ 21,440	\$ 29,311	\$ 7,871

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

						Variance	with	
						Final Budget		
		Original		Final			Pos	itive
For the year ended September 30, 2019		Budget		Budget		Actual	(Nega	tive)
Revenues								
Taxes	\$	793,000	\$	831,039	\$	831,039	\$	-
Intergovernmental		-		120,370		120,370		-
Interest and other		1,000		87,341		87,341		-
Total revenues		794,000		1,038,750		1,038,750		-
Expenditures								
Current								
General government		120		15,013		15,013		-
Recreation		10,000		80,000		-	80,	000
Capital outlay		461,500		4,705,446		1,179,221	3,526,	225
Debt service:								
Principal retired		476,825		476,825		476,825		-
Interest and other		99,911		99,912		99,912		-
Total expenditures	:	1,048,356		5,377,196		1,770,971	3,606,	225
Deficiency of revenues								
under expenditures		(254,356)		(4,338,446)		(732,221)	3,606,	225
Other financing uses								
Transfers in		254,356		-		-		-
Proceeds from long-term debt		-		5,000,000		5,000,000		-
Net other financing uses		254,356		5,000,000		5,000,000		-
Net change in fund balances		-		661,554		4,267,779	3,606,	225
Fund balances, beginning of year		215,405		215,405		215,405		-
Fund balances, end of year	\$	215,405	\$	876,959	\$	4,483,184	\$ 3,606,	225

STATISTICAL SECTION

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

Table of Contents

A. Financial Trends

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

Schedule A1 Net Position by Component

Schedule A2 Changes in Net Position

Schedule A3 Fund Balances – Governmental Funds

Schedule A4 Changes in Fund Balances – Governmental Funds

B. Revenue Capacity

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

Schedule B1 Assessed Value and Estimated Actual Value of Taxable Property

Schedule B2 Tax Revenues by Source – Governmental Funds

Schedule B3 Direct and Overlapping Property Tax Rates

Schedule B4 Principal Property Taxpayers

Schedule B5 Property Tax Levies and Collections

C. Debt Capacity

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

Schedule C1 Ratio of Outstanding Debt by Type

Schedule C2 Direct and Overlapping Governmental Activities Debt

Schedule C3 Pledged Revenue Coverage

Schedule C4 Ratios of General Bonded Debt Outstanding

Schedule C5 Legal Debt Margin Information

D. Demographic and Economic Information Financial Trends

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

Schedule D1 Demographic and Economic Statistics

Schedule D2 Principal Employers

E. Operating Information

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

Schedule E1 Employees by Function/Program

Schedule E2 Operating Indicators by Function/Program

Schedule E3 Capital Asset Statistics by Function/Program

Additional Notes

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



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

Fiscal Year ended September 30,	2019	2018	2017	2016
Governmental activities				
Net investment in capital assets	\$ 22,804,907	\$ 27,017,454	\$ 26,078,307	\$ 25,272,490
Restricted	5,510,086	941,307	1,468,861	1,619,299
Unrestricted	(10,806,671)	(11,463,063)	(7,654,678)	(5,481,463)
Total governmental activities				
net position	17,508,322	16,495,698	19,892,490	21,410,326
Primary government				
Net investment in capital assets	22,804,907	27,017,454	26,078,307	25,272,490
Restricted	5,510,086	941,307	1,468,861	1,619,299
Unrestricted	(10,806,671)	(11,463,063)	(7,654,678)	(5,481,463)
Total primary government				
net position	\$ 17,508,322	\$ 16,495,698	\$ 19,892,490	\$ 21,410,326

Source: City of Satellite Beach Support Services Department

Schedule A1

2015	2014	2013	2012	2011	2010
\$ 24,900,824	\$ 24,600,877	\$ 24,203,216	\$ 23,346,919	\$ 22,048,335	\$ 20,469,966
4,072,434	1,441,474	1,607,635	2,128,047	1,745,222	1,862,742
(7,791,388)	(1,516,601)	(1,782,751)	(1,812,099)	(1,105,710)	85,056
(*,****)	(=,0=0,00=)	(=): ==): ==	(1,012,000)	(1,103), 10)	03,030
21,181,870	24,525,750	24,028,100	23,662,867	22,687,847	22,417,764
24,900,824	24,600,877	24,203,216	23,346,919	22,048,335	20,469,966
4,072,434	1,441,474	1,607,635	2,128,047	1,745,222	1,862,742
(7,791,388)	(1,516,601)	(1,782,751)	(1,812,099)	(1,105,710)	85,056
					_
\$ 21,181,870	\$ 24,525,750	\$ 24,028,100	\$ 23,662,867	\$ 22,687,847	\$ 22,417,764

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

Fiscal Year ended September 30,	2019	2018	2017	2016
Expenses:				_
Governmental activities:				
General government	\$ 3,783,019	\$ 2,904,285	\$ 3,973,747	\$ 2,825,504
Public safety	6,145,653	6,333,268	5,935,564	5,170,779
Public works	3,545,573	2,672,181	2,610,724	2,401,705
Recreation	865,768	860,047	815,610	825,813
Interest and related costs				
on long term debt	269,538	271,391	270,548	327,277
Total expenses -				
governmental activities	14,609,551	13,041,172	13,606,193	11,551,078
Program revenues:				
Governmental activities:				
Charges for Services:				
General Government	\$ 273,052	\$ 286,774	365,836	166,775
Public Safety	279,803	139,136	137,209	132,088
Public Works	967,806	498,839	425,057	497,699
Recreation	598,230	595,078	563,425	631,519
Operating Grants and Contributions				
General Government	95,461	-	-	-
Public Safety	25,382	22,015	30,086	213,429
Public Works	23,276	22,665	29,471	23,880
Recreation	800	300	101	350
Capital Grants and Contributions				
Public Safety	16,343	-	1,000	1,000
Public Works	727,741	-	-	-
Recreation	120,000	41,500	32	50,185
Total program revenues -				
governmental activities	3,127,894	1,606,307	1,552,217	1,716,925
Net (expense) revenue -				
governmental activities	(11,481,657)	(11,434,865)	(12,053,976)	(9,834,153)

Schedule A2

 2015	2014	2013	2012 20		2011	2010
\$ 2,156,505	\$ 2,327,860	\$ 2,586,470	\$ 2,383,884	\$	2,723,298	\$ 2,691,235
4,454,959	4,260,007	4,261,342	4,520,260		4,808,480	4,447,626
2,251,199	2,170,032	1,889,881	1,951,699		2,164,604	2,588,456
743,255	713,537	740,695	691,930		720,816	733,763
282,025	270,351	287,553	320,364		350,830	395,068
9,887,943	9,741,787	9,765,941	9,868,137		10,768,028	10,856,148
0,001,010	3,7 12,7 37	3,7 55,5 12	0,000,207		20,100,020	20,000,210
173,258	164,886	151,936	127,927		174,764	198,028
128,765	127,559	130,331	136,460		146,461	149,251
498,609	315,315	314,332	317,378		314,331	320,049
625,639	586,734	581,961	532,645		522,132	519,898
-	-	-	-		72,330	38,700
31,556	57,225	52,141	49,549		53,265	51,920
14,230	37,079	101,804	11,293		10,960	8,937
100	4,621	-	-		-	-
180,104	9,888	30,000	1,481		92,671	17,105
-	11,397	266,890	1,163,130		902,301	489,914
715	10,369	6,542	129,550		35,661	141
1,652,976	1,325,073	1,635,937	2,469,413		2,324,876	1,793,943
						
(8,234,967)	(8,416,714)	(8,130,004)	(7,398,724)		(8,443,152)	(9,062,205)

(Continued on next page)

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

Fiscal Year ended September 30,	2019	2018	2017		2016
General revenues:					_
Governmental activities:					
Property taxes	\$ 8,415,825	\$ 7,254,925	\$ 6,783,312	\$	6,371,353
Franchise fees and other taxes	2,721,062	2,627,465	2,596,137		2,633,925
Share revenues not restricted to					
specific programs	1,015,263	999,801	957,349		899,109
Grants and contributions not					
restricted to specific programs	1,776	10,935	2,051		1,484
Unrestricted investment earnings	111,830	36,049	27,603		32,328
Miscellaneous	228,525	587,146	169,688		124,410
Total general revenues -					_
governmental activities	12,494,281	11,516,321	10,536,140		10,062,609
					_
Change in net position -					
governmental activities	1,012,624	81,456	(1,517,836)		228,456
Change in net position -					
total government	\$ 1,012,624	\$ 81,456	\$ (1,517,836)	\$	228,456

(Continued from previous page)

Source: City of Satellite Beach Support Services Department

Schedule A2 (Continued)

	2015	2014		2013			2012		2011		2010
\$	5,998,358	\$	5,606,772	\$	5,283,753	\$	5,255,269	\$	5,535,868	\$	5,974,079
•	2,285,666	•	2,310,949	•	2,193,001	•	2,150,263	•	2,127,871	•	2,094,261
	870,604		826,339		787,425		758,676		771,373		798,775
	9,850		665		23,561		31,421		2,706		107,392
	26,277		17,143		18,914		33,867		55,648		85,349
	114,860		152,496		188,583		144,248		219,769		96,044
											_
	9,305,615		8,914,364		8,495,237		8,373,744		8,713,235		9,155,900
	1,070,648		497,650		365,233		975,020		270,083		93,695
			· · · · · ·		· · · · · ·		· · · · · ·		· · · · ·		<u> </u>
\$	1,070,648	\$	497,650	\$	365,233	\$	975,020	\$	270,083	\$	93,695

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

Fiscal year ended September 30,	2019	2018	2017	2016
General Fund				
Nonspendable	\$ 130,814	\$ 152,565	\$ 87,165	\$ 113,249
Restricted	-	-	-	-
Committed	1,635,635	852,745	852,745	852,745
Assigned	-	-	-	-
Unassigned (deficit)	225,955	(213,044)	(307,572)	421,069
Reserved	-	-	-	-
Unreserved	-	-	-	
Total General Fund	\$ 1,992,404	\$ 792,266	\$ 632,338	\$ 1,387,063
				_
All other governmental funds:				
Nonspendable	\$ 10,482	\$ 51,607	\$ 80,563	\$ 265,080
Restricted	5,510,086	941,307	1,468,861	1,619,299
Reserved	-	-	-	-
Unreserved, reported in:				
Special revenue funds	-	-	-	_
Total all other governmental funds	\$ 5,520,568	\$ 992,914	\$ 1,549,424	\$ 1,884,379

Source: City of Satellite Beach Support Services Department

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

Schedule A3

	2015		2014		2013	2012 2011*		2011*		2010	
<u>,</u>	40.457	¢	120 410	۲	01 602	¢	165.059	¢	105.000	¢	
\$	49,457	\$	139,410	\$	81,682	\$	165,958	\$	185,908	\$	-
	-		149,868		149,868		149,868		-		-
	852,745		562,244		367,274		84,853		6,470		-
	-		-		-		-		133,938		-
	532,183		309,688		260,947		-		465,248		-
	-		-		-		-		-		186,104
	-		-		-		-		-		1,259,021
\$	1,434,385	\$	1,161,210	\$	859,771	\$	400,679	\$	791,564	\$	1,445,125
\$	51,429	\$	49,942	\$	7,959	\$	870	\$	4,116	\$	-
	4,072,434		1,286,953		1,457,767		1,977,309		1,741,106		-
	-		-		-		-		-		1,196
	-		-		-		-		-		1,861,546
\$	4,123,863	\$	1,336,895	\$	1,465,726	\$	1,978,179	\$	1,745,222	\$	1,862,742

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

Fiscal year ended September 30,	2019	2018	2017	2016
Revenues:				
Taxes	\$ 11,136,887	\$ 9,882,390	\$ 9,379,449	\$ 9,005,278
Licenses and permits	275,381	278,451	352,094	160,259
Intergovernmental	2,161,933	1,412,978	1,092,446	1,025,845
Charges for services	1,779,294	1,177,239	1,067,431	1,208,085
Fines and forfeitures	39,401	38,678	45,657	43,538
Interest and other	229,279	331,523	151,280	336,529
Total revenues	15,622,175	13,121,259	12,088,357	11,779,534
Expenditures:				
Current:				
General government	3,441,324	2,901,189	2,841,906	2,716,039
Public safety	5,439,259	5,432,558	5,338,401	4,692,448
Public works	1,977,289	2,022,736	1,994,331	1,740,589
Recreation	794,005	758,407	749,825	778,573
Capital outlay - small dollar items	-	63,013	271,075	-
Capital outlay	2,588,713	1,976,024	1,354,830	3,258,577
Debt service:				
Principal retired	972,047	1,741,124	772,453	616,719
Interest and other	244,821	288,890	264,330	 263,395
Total expenditures	15,457,458	15,183,941	13,587,151	14,066,340
Excess (deficiency) of revenues				
over (under) expenditures	164,717	(2,062,682)	(1,498,794)	(2,286,806)
Other financing sources (uses):				
Transfers in	2,591,900	1,880,235	2,374,472	1,877,527
Transfers out	(2,591,900)	(1,880,235)	(2,374,472)	(1,877,527)
Payment to refund capital leases	-	-	-	-
Proceeds from issurance of debt	5,000,000	947,596	-	-
Capital lease proceeds	-	718,505	408,364	-
Insurance proceeds	-	-	-	-
Note payable proceeds	-	-	-	-
Proceeds from sale of fixed assets	563,075	-	750	-
Total other financing				
sources (uses)	5,563,075	1,666,101	409,114	_
Net change in fund balances	\$ 5,727,792	\$ (396,581)	\$ (1,089,680)	\$ (2,286,806)
Debt Service as a Percentage of				
Noncapital Expenditures	10%	18%	9%	9%

Source: City of Satellite Beach Support Services Department

Schedule A4

 2015	2014	2013	2012	2011		2010
\$ 8,284,024	\$ 7,917,721	\$ 7,476,754	\$ 7,405,532	\$	7,663,739	\$ 8,068,340
168,765	157,751	143,214	117,067		161,477	182,951
1,183,288	1,027,435	1,320,520	2,218,402		2,017,769	1,506,253
1,199,362	976,143	970,811	922,994		902,859	921,432
45,748	47,522	54,415	63,729		83,418	75,024
77,404	87,918	149,240	99,746		196,456	176,854
10,958,591	10,214,490	10,114,954	10,827,470		11,025,718	10,930,854
2,182,951	2,209,815	2,241,669	2,285,849		2,378,062	2,387,503
4,384,001	4,104,501	4,010,613	4,276,053		4,467,050	4,308,185
1,581,961	1,515,572	1,324,307	1,436,564		1,605,184	1,863,945
731,330	697,086	727,624	683,080		707,615	723,251
-	-	-	-		-	-
588,574	1,245,634	838,416	1,243,026		1,582,202	1,111,348
653,824	837,949	787,186	746,726		715,862	691,817
275,807	272,298	290,512	323,187		353,217	398,838
10,398,448	10,882,855	10,220,327	10,994,485		11,809,192	11,484,887
560,143	(668,365)	(105,373)	(167,015)		(783,474)	(554,033)
1,480,134	1,073,342	1,048,402	862,015		1,257,519	1,883,125
(1,480,134)	(1,073,342)	(1,048,402)	(862,015)		(1,257,519)	(1,883,125)
-	-	-	-		-	(1,079,041)
2,500,000	-	-	-		-	-
-	796,141	38,193	-		-	1,254,942
-	11,232	10,919	6,987		8,393	7,699
-	-	-	-		-	1,200,000
-	33,600	2,900	2,100		4,000	-
 2,500,000	840,973	52,012	9,087		12,393	1,383,600
\$ 3,060,143	\$ 172,608	\$ (53,361)	\$ (157,928)	\$	(771,081)	\$ 829,567
10%	13%	13%	12%		12%	12%

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

	T	axable Value		Personal				
	Rea	al Property for	F	Property for				New
Fiscal Year Ended		Operating		Operating	G	iross Taxable	Cor	nstruction
September 30,		Purposes		Purposes		Value	Tax	able Value
2019	\$	956,568,541	\$	14,447,091	\$	971,015,632	\$	5,373,199
2018		904,489,814		13,121,899		917,611,713		2,318,960
2017		834,517,167		12,832,337		847,349,504		3,629,950
2016		725,000,652		12,007,698		737,008,350		9,570,160
2015		677,596,138		18,663,326		696,259,464		2,826,100
2014		634,110,040		17,507,111		651,617,151		4,342,390
2013		594,293,870		16,119,343		610,413,213		8,942,693
2012		578,336,330		11,777,901		590,114,231		9,136,790
2011		640,672,110		13,350,053		654,022,163		7,448,920
2010		710,484,890		14,280,846		724,765,736		9,248,150

Source: Brevard County Property Appraiser

Schedule B1

Ad	ljusted Taxable Value	Final Taxable Value	Millage Rate Per \$1,000			
\$	965,642,433	\$ 915,229,667	8.8212			
	915,292,753	846,112,825	8.1518			
	843,719,554	846,368,915	8.1518			
	727,438,190	783,329,385	8.2900			
	693,433,364	694,558,891	8.2900			
	647,274,761	651,162,743	8.3206			
	601,470,520	613,335,462	8.3206			
	580,997,441	593,792,397	8.3979			
	646,573,243	651,947,637	8.5285			
	715,517,586	723,485,530	8.1439			

City of Satellite Beach, Florida

Tax Revenues by Source – Governmental Funds

Last Ten Fiscal Years

Fiscal Year Ended				Community		Local Option Gas		Communications	
September 30,	Pr	operty Taxes	Re	Redevelopment		Taxes		Service Tax	
2019	\$	7,801,789	\$	614,035	\$	477,362	\$	386,233	
2018		6,680,787		574,138		446,200		393,709	
2017		6,257,854		525,458		481,213		377,634	
2016		5,895,283		476,070		483,307		403,528	
2015		5,574,093		424,265		437,585		428,137	
2014		5,229,663		377,109		412,020		452,746	
2013		4,948,763		334,990		392,344		492,286	
2012		4,922,711		332,558		392,096		497,722	
2011		5,140,035		395,833		299,118		504,326	
2010		5,494,548		479,531		239,765		516,952	

Source: City of Satellite Beach Support Services Department

Schedule B2

		Insurance			% Change	
Loc	al Business	Premium Tax	Utility and			over Prior
	Tax	(Pension)	Franchise Taxes	Total		Year
\$	49,653	\$ 227,857	\$ 1,579,958	\$	11,136,887	13%
	42,674	220,026	1,524,856		9,882,390	5%
	48,583	202,278	1,486,429		9,379,449	4%
	40,597	235,710	1,470,783		9,005,278	9%
	50,817	208,658	1,160,469		8,284,024	5%
	43,679	238,563	1,163,941		7,917,721	6%
	47,566	219,955	1,040,850		7,476,754	1%
	50,388	145,565	1,064,492		7,405,532	-3%
	55,022	163,393	1,106,012		7,663,739	-5%
	52,647	166,029	1,118,868		8,068,340	

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

Ci	ity of Satellite Beach	Overlapping Rates				
Fiscal Year ended Steptember 30,	Operating Millage	Total Direct Rate	Brevard County School Board	Brevard County		
2019	8.8212	8.8212	6.2990	3.9456		
2018	8.1518	8.1518	6.2990	3.9456		
2017	8.1518	8.1518	6.5680	4.1550		
2016	8.2900	8.2900	6.9160	4.3631		
2015	8.2900	8.2900	7.2750	4.5497		
2014	8.3206	8.3206	7.3390	4.6814		
2013	8.3206	8.3206	7.6060	4.8239		
2012	8.3559	8.3559	8.0960	4.9063		
2011	8.5285	8.5285	8.1120	4.9063		
2010	8.1439	8.1439	7.6530	4.2717		

Source: Brevard County Tax Collector

Schedule B3

	Over	ap	nig	g R	lat	es
--	------	----	-----	-----	-----	----

	0		
	St. Johns Water	Fla Inland	
Brevard County	Management	Navigation	Total Direct and
Special Districts	District	District	Overlapping
1.2600	0.2562	0.1804	20.7624
1.4084	0.2562	0.0320	20.0930
1.4475	0.2724	0.0320	20.6267
1.4917	0.2885	0.0320	21.3813
1.5195	0.3023	0.0320	21.9685
1.5496	0.3164	0.0345	22.2415
1.5740	0.3283	0.0345	22.6873
1.6136	0.3313	0.0345	23.3376
1.6136	0.3313	0.0345	23.5262
1.5532	0.4158	0.0345	22.0721

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

	Septem	nber 30,	2019	September 30, 2010 *			
			Percentage			Percentage	
			of Total			of Total	
	Taxable		Assesed	Taxable		Assessed	
Taxpayer	Assessed Value	Rank	Value	Assessed Value	Rank	Value	
Woodshire Brevard LLC	\$ 10,960,000	1	1.30%	\$ -		0.00%	
New Plan Venture Direct	8,114,020	2	0.96%	6,800,000	3	0.94%	
Las Olas Beach Club Assoc. Inc.	6,110,750	3	0.72%	7,376,550	2	1.02%	
Oceana Oceanfront Dev. LLC	3,321,450	4	0.39%			0.00%	
Regency Center, LLC	2,559,150	5	0.30%	2,400,000	5	0.33%	
Robert A. Martin	1,961,230	6	0.23%			0.00%	
304 Lansing Island Revocable Tst.	1,937,480	7	0.23%			0.00%	
Walgreens, Co.	1,931,160	8	0.23%	1,922,550	8	0.27%	
Mauricio Castellon	1,728,670	9	0.20%	-		0.00%	
Richard Love Jr.	1,714,160	10	0.20%	1,993,350	7	0.28%	
Satellite Beach Pharmacy, LLC				-		0.00%	
Oceana Beach Club, LLC				3,202,500	4	0.44%	
Thomas Vice				2,079,720	6	0.29%	
Satellite Beach Partners, LLC				8,937,080	1	1.24%	
Thomas Wienckoski				1,837,030	9	0.25%	
Robert Shaprio Trustee				1,828,030	10	0.25%	
Total taxable assessed value for				_			
principal property taxpayers	\$ 40,338,070		4.76%	\$ 38,376,810		5.31%	

Source: Brevard County Tax Collector

^{*} Based on estimate - historical information not available due to system conversion at the Brevard County Tax Collector's office.

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

Collected Within the Fiscal

Year of the Levy **Total Collections to Date** Delinquent Fiscal Year Ended **Total Tax Levy** Taxes Amount Percentage Amount Percentage September 30, for Fiscal Year Collected of Levy Collected Collected of Levy 8,094,436 \$ 95% **\$ 121,278** 2019 7,680,512 7,801,789 96% 2018 6,897,343 85,682 6,680,787 6,595,105 96% 97% 2017 6,385,544 6,257,854 98% 6,257,854 98% 2016 6,090,664 5,857,461 96% 37,822 5,895,283 97% 2015 5,780,423 5,452,035 94% 122,058 5,574,093 96% 5,418,481 5,229,663 97% 2014 97% 5,229,663 2013 5,125,099 4,805,952 94% 142,811 4,948,763 97% 5,560,135 178,656 4,922,711 2012 4,744,055 85% 89% 2011 5,891,994 248,388 87% 4,891,647 83% 5,140,035 2010 6,147,181 5,418,924 75,624 5,494,548 89% 88%

Source: Brevard County Tax Collector

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

	Governmenta	al Activities				
			Total		Percentage	
Fiscal Year Ended		Capital	Outstanding	Total Personal	of Personal	Debt Per
September 30,	Note Payable	Leases	Debt	Income	Income	Capita
2019	\$ 10,556,576	\$ 264,075	\$ 10,820,651	\$ 421,282,560	2.57%	1,019
2018	6,384,317	408,381	6,792,698	346,508,232	1.96%	657
2017	6,048,060	819,662	6,867,722	368,427,800	1.86%	654
2016	6,633,525	598,286	7,231,811	367,761,375	1.97%	690
2015	7,150,490	698,040	7,848,530	373,540,521	2.10%	754
2014	5,202,033	800,321	6,002,354	344,632,680	1.74%	583
2013	5,730,034	314,128	6,044,162	338,530,634	1.79%	586
2012	6,233,775	559,380	6,793,155	337,548,060	2.01%	659
2011	6,713,947	825,934	7,539,881	320,757,632	2.35%	742
2010	7,171,709	1,084,034	8,255,743	316,745,297	2.61%	817

Source: City of Satellite Beach Support Services Department

City of Satellite Beach, Florida Direct and Overlapping Governmental Activities Debt As of September 30, 2019 Schedule C2

At September 30, 2019

Governmental Unit	Dek	Applicable Percentage (2)	City's Estimated Share e of Direct and Overlapping Debt			
Brevard County	\$	39,165,601	2.65%	\$	1,036,522	
City of Satellite Beach Director Total Note Payable & Ca		Activity)		10,820,651		
Total Direct and Overlapp	ing Del		\$	11,857,173		

Sources: (1) City of Satellite Beach Support Services Department

(2) Brevard County Finance Department

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

Fiscal Year Ended	Debt Coverage			Debt Service	Debt :	Service
September 30,	Revenues		F	Requirements	Coverage	
2019	\$	2,817,875	\$	903,755		3.12
2018		2,510,657		680,560		3.69
2017		2,301,510		674,125		3.41
2016		2,105,016		513,014		4.10
2015		1,638,743		467,256		3.51
2014		1,062,911		467,325		2.27
2013		950,849		467,780		2.03
2012		910,636		468,317		1.94
2011		1,225,479		467,843		2.62
2010		1,488,544		468,107		3.18

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

Source: City of Satellite Beach Support Services Department

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

Stand Variation de de		A	No. Book of	Ratio of Net	Net Bonded
Fiscal Year Ended		Assessed	Net Bonded	Bonded Debt to	Debt Per
September 30,	Population (2)	Value(1)	Debt	Assessed Value	Capita
2019	10617	\$ 915,229,667	-	0.00%	0.00
2018	10346	846,112,825	-	0.00%	0.00
2017	10504	846,368,915	-	0.00%	0.00
2016	10485	783,329,385	-	0.00%	0.00
2015	10403	694,558,891	-	0.00%	0.00
2014	10290	651,162,743	-	0.00%	0.00
2013	10322	613,335,462	-	0.00%	0.00
2012	10315	593,792,397	-	0.00%	0.00
2011	10166	651,947,637	-	0.00%	0.00
2010	10109	723,485,530	-	0.00%	0.00

As of September 30, 2019 the City of Satellite Beach has no General Bonded Debt.

Sources: (1) Brevard County Property Appraiser

(2) University of Florida Bureau of Economic and Business Reasearch

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

Fiscal year ended September 30,	2019	2018	2017	2016
Debt limit Total net debt applicable to limit	\$ 45,761,483 10,820,651	\$ 42,305,641 \$ 6,792,698	\$ 42,318,446 \$ 6,867,722	5 39,166,469 7,231,811
Legal debt margin	\$ 34,940,832	\$ 35,512,943	35,450,724 \$	31,934,658
Total net debt applicable to the limit as a percentage of the debt limit	24%	16%	16%	18%

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

Schedule C5

	2015	2014	2013	2012	2011		2010
						_	
\$ 34,7	27,945	\$ 32,558,137	\$ 30,666,773	\$ 29,689,620	\$ 32,597,382	\$	36,174,277
7,8	48,530	6,002,354	6,044,162	6,793,155	7,539,881		8,255,743
							_
\$ 26,8	79,415	\$ 26,555,783	\$ 24,622,611	\$ 22,896,465	\$ 25,057,501	\$	27,918,534
	23%	18%	20%	23%	23%		23%

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

				Median		
Fiscal Year Ended		Median	Per Capita	Household	Public School	Unemployment
September 30,	Population (1)	Age (2)	Income (2)	Income (2)	Enrollment (2)	Rate (3)
2019	10,617	45.4	\$ 39,680	\$ 74,800	2,572	2.3%
2018	10,346	43.1	33,492	63,793	2,910	5.2%
2017	10,504	43.1	35,075	63,170	2,697	3.6%
2016	10,485	43.1	35,075	63,170	2,697	5.2%
2015	10,403	42.9	35,907	65,000	2,694	5.8%
2014	10,290	43.9	33,492	63,793	2,623	6.7%
2013	10,322	45.3	32,797	63,014	2,470	8.1%
2012	10,315	45.0	32,724	61,712	2,545	9.0%
2011	10,166	45.2	31,552	60,870	2,661	11.0%
2010	10,109	45.7	31,333	55,552	2,717	11.1%

Sources: (1) University of Florida Bureau of Economic and Business Reasearch

(2) US Census Bureau

(3) Bureau of Labor Statistics (Not Seasonally Adjusted)

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

	2018*		2009*	
	Number of		Number of	
Employer	Employees	Rank	Employees	Rank
School Board of Brevard County	9,000	1		
Health First Inc.	8,000	2	6,420	2
Harris Corporation	6,000	3	6,550	1
Northrop Grumman Corporation	2,000	4	1,560	5
Bevard County	2,000	5		
Department of Defense	2,000	6		
NASA	1,000	7		
Rockwell Collin Inc.	1,000	8	1,450	6
Steward Medical Group, Inc.	1,000	9		
Eastern Florida State College	1,000	10		
United Space Alliance			6,000	3
Wuesthoff Health System			2,440	4
Parrish Medical Center			1,180	7
DRS Optronics			1,090	8
Florida Institute of Technology			1,040	9
Melbourne Internal Medicine Assc.			950	10
Total number of employees	33,000	_	28,680	

Source: Economic Development Commission of Florida's Space Coast

Note: Figures are for Brevard County. No City figures are available.

^{*} Last Year's data, as current information no longer has number of employees.

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

Full-time Equivalent Employees	2019	2018	2017	2016	2015
Function					
General Government					
City Clerk	2	2	2	2	3
Support Services	8	8	9	7	7
Police	40	38	38	38	35
Fire	18	18	18	18	17
Community Redevelopment	5	5	4	4	3
Public Works	18	18	18	17	17
Recreation	8	8	8	8	9
Total	99	97	97	94	91

Source: City Support Services Department

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

Schedule E1

2014	2013	2012	2011	2010
3	3	3	3	3
6	6	6	8	8
0	0	0	0	0
33	32	32	40	39
17	17	18	18	18
3	4	4	5	5
16	16	18	19	19
13	13	13	13	15
91	91	94	106	107

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

Function/Program	2019	2018	2017	2016
				_
Community Development				
Building permits issued	1,971	2,006	1,594	1,366
Building inspections conducted	3,444	3,408	2,232	2,023
Police				
Arrests/Traffic Arrests	200	322	327	325
DUI's	64	91	71	76
Tickets	1,183	1,348	1,263	1,494
Fire				
Structure/Other Fires	22	13	1,513	1,412
Incidents/Call Outs	1,632	1,408	1,428	1,229
Annual Inspections	422	603	235	252
Public Works				
Replacement stormwater pipe (feet)	60	40	775	398
Replacement of storm drain inlets	1	10	15	16
Replacement of curbs (feet)	-	-	295	1,181
Replacement of sidewalk (feet)	113	208	230	984
Replacement of gutter (feet)	120	97	-	-
Asphalt patching (tons)	18	21	-	10

Source: Various City of Satellite Beach Departments

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

Schedule E2

2015	2014	2013	2012	2011	2010
4.502	4 477	1 400	1 216	1 260	1 422
1,582	1,477	1,408	1,316	1,268	1,422
2,126	2,036	1,908	1,644	1,914	2,292
325	310	313	379	406	409
67	71	88	97	82	101
1,453	1,664	1,846	2,074	2,951	3,013
1,382	1,430	1,240	[A]	[A]	[A]
1,139	1,092	1,060	[A]	[A]	[A]
251	192	173	[A]	[A]	[A]
180	451	316	[A]	[A]	[A]
7	13	10	[A]	[A]	[A]
_	492	246	[A]	[A]	[A]
300	505	402	[A]	[A]	[A]
80	27	53	[A]	[A]	[A]
16	8	12	[A]	[A]	[A]

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

Function/Program	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Schools										
Elementary	2	2	2	2	2	2	2	2	2	2
Middle School	1	1	1	1	1	1	1	1	1	1
High School	1	1	1	1	1	1	1	1	1	1
Police										
Station	1	1	1	1	1	1	1	1	1	1
Police Officers	23	21	21	21	21	21	21	21	21	21
Fire										
Station	1	1	1	1	1	1	1	1	1	1
Firefighters	17	15	15	15	15	15	15	15	15	15
Other Public Works										
Streets (linear miles)	37	37	37	37	37	37	37	37	37	37
Streetlights	435	435	435	435	435	435	435	435	435	435
Parks and Recreation										
Oceanfront Parks	4	4	4	4	4	4	4	4	4	4
Desoto Park Tennis Courts	8	8	8	8	8	8	8	8	8	8
Samsons Island Nature Park	1	1	1	1	1	1	1	1	1	1
Football Field	1	1	1	1	1	1	1	1	1	1
Soccer Field	3	3	3	3	3	3	3	3	3	3
Skatepark	1	1	1	1	1	1	1	1	1	1
Dog Park	1	1	1	1	1	1	1	1	1	1

Source: Various City of Satellite Beach Departments



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

Honorable Mayor and City Council City of Satellite Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Satellite Beach, Florida, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Satellite Beach, Florida's basic financial statements, and have issued our report thereon dated February 14, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Satellite Beach, Florida's internal control over financial reporting (internal control) 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 City of Satellite Beach, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Satellite Beach, Florida's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described below as IC 2019-002 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described below as IC 2017-001, IC 2019-001, and IC 2019-003 to be significant deficiencies.

IC 2017-001 REVENUE RECEIPTING AND RECONCILIATION

<u>Criteria</u>: Fundamental elements of internal control include (a) the segregation of duties and (b) regular reconciliation of revenue generated to revenue recorded. This significant deficiency, was initially identified in the fiscal 2017 audit, and was partially remediated in the recreation department. However the revenue collected through the building department was not remediated.

<u>Condition</u>: During the audit, we noted there was not adequate segregation of duties between those who receive funds and those who can void or alter transactions. We also noted there was not adequate reconciliation between funds received and funds recorded into the general ledger.

<u>Cause</u>: Revenue is collected in various locations and in disparate software applications. The lack of centralized cashiering or software application requires employees to be able to void their own transactions and perform their own refunds. In addition, there is not adequate reconciliation of voided transactions and revenue recorded in these other applications to the general ledger.

<u>Effect</u>: There is the potential that errors or defalcation could occur and not be found by the City's system of internal control.

<u>Recommendation</u>: We recommend the City implement procedures to segregate the cash collected from the refund/void process. In addition, we recommend revenue is reconciled to the general ledger monthly.

<u>Management Response</u>: The City recognized the internal control issue. The challenge is the software used for the community development department allows for transactions to be deleted and voided. Staff is recommending a software change to tie into the City's financial software. The ability for the software to communicate with the financial software will adequately segregate the duties and reduce the potential of errors or defalcation in the City's system of internal controls.

IC 2019-001 RECREATION ATTENDANCE RECORDS

<u>Criteria</u>: The City should maintain support for attendance versus tuition charged and collected, and the amount paid to instructors compensated on a per student basis and reconcile to attendance records.

Condition: Attendance records are not maintained for classes held in the recreation department.

<u>Cause</u>: The City does not have procedures in place to effectively require, and follow up with instructors who do not take attendance.

<u>Effect</u>: Instructors may be compensated for students who did not attend the class; students who drop-in may not be required to pay for the class; or, tuition collected could be misappropriated and not detected by the City's control structure

<u>Recommendation</u>: The City should require attendance logs be submitted for each class held by the recreation department.

<u>Management Response</u>: The City recognizes the issue of recreation attendance records. The City is in the process of working with our attorney and the contracts the instructors sign to add language to make it mandatory for attendance sheets to be attached in order for the City to make payment to the instructor.

IC 2019-002 CAPITAL ASSETS

<u>Criteria</u>: All capital asset additions and disposals should be recorded in the capital asset listing, along with any proceeds received from the sale in accordance with GASB Codification 1400.

<u>Condition</u>: The City did not record all items which met its capitalization policy nor did it record all disposals in its capital asset listing.

<u>Cause</u>: The City's controls over the recording capital asset additions and disposals failed to operate as designed. There is insufficient evidence to determine that the control operated effectively for each City department.

<u>Effect</u>: The City's capital assets accounts were overstated by the assets disposed (\$1,552,004) and understated by the assets not recorded (\$98,242).

<u>Recommendation</u>: We recommend the design of the control over capital asset additions should include an analysis of all items purchased where the amount exceeds the capitalization threshold established by the City. The control should also include a review of City Council minutes for items with a non-cash affect. The City should perform the annual inventory control consistent with its design and require all departments to participate and respond.

Management Response: The City recognizes the issue of the capital assets. The City as of October 2019 implemented a new financial software which allows for our capital assets to be better monitored. The City will put in place controls to work with each department, which include the review of City Council minutes, to make sure capital assets are added, disposed, and properly recorded in the future.

IC 2019-003 TRANSFERS FROM SPECIAL REVENUE FUNDS

<u>Criteria</u>: Transfers from special revenue funds require adequate supporting detail to determine the expense was in accordance with the purpose of the restricted fund in accordance with GASB Codification 1300.105.

<u>Condition</u>: The control over review and approval of transfers from special revenue funds does not operate in sufficient detail to detect or prevent an error.

<u>Cause</u>: Time sheet detail, including hours spent working on projects funded by special revenue funds, were not retained in sufficient detail.

<u>Effect</u>: Transfers from special revenue funds may not be allowable, and conversely the general fund may be overburdened with expenses which could be paid from restricted funds.

<u>Recommendation</u>: The City should design a control and record keeping system whereby the employee can enter the job hours that should be allocated to the special revenue fund, along with documentation of approval of the job hours by the employee's supervisor.

<u>Management Response</u>: The City recognizes the issue of the transfers from special revenue funds. The City implemented a new financial software as of October 2019 which brought payroll in house from a 3rd party. In doing so this allows for employees to be able to record their time in the time sheet system. The employee is able to make note about the specific project they are working on and allows them to mark which special revenue fund may be funding the project. The time sheets are approved by the employee, the supervisor, and the department head.

Compliance and Other Matters

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

City of Satellite Beach, Florida's Responses to Findings

The City of Satellite Beach, Florida's responses to the findings identified in our audit are described in IC 2017-001, IC 2019-001, IC 2019-002 and IC 2019-003 above. The City of Satellites Beach, Florida's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Melbourne, Florida February 14, 2020

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INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Satellite Beach, Florida (the "City") as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated February 14, 2020.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 14, 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 financial audit report. The status of each finding and recommendation made in the preceding annual financial audit report, is noted below:

Prior Year Management Letter Comments: *	
IC 2017-001 Revenue receipting and reconciliation	Uncorrected
IC 2017-002 Expenditures in excess of appropriations	Corrected
IC 2017-003 Financial Condition	Corrected
IC 2018-001 Capital outlay for purchase of land	Corrected
IC 2018-002 Review of purchasing card transactions	Corrected

^{*} The findings listed above originated in the fiscal year 2017 and 2018 audits.

Official Title and Legal Authority

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

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

Financial Condition and Management

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

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

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

Additional Matters

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

Purpose of this Letter

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

Melbourne, Florida

Caux Rigge & Ingram, L.L.C.

February 14, 2020



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

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

We have examined the City of Satellite Beach, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, Local Government Investment Policies, during the year ended September 30, 2019. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

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

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

In our opinion, the City complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2019.

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

Melbourne, Florida

Can, Rigge & Ingram, L.L.C.

February 14, 2020