Comprehensive Annual Financial Report City of Satellite Beach, Florida



Fiscal Year Ended September 30, 2020



City of Satellite Beach, Florida COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2020

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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



March 3, 2021

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, 2020.

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

Carr Riggs & Ingram Certified Public Accountants & Advisors have issued an unmodified ("Clean") opinion on the City of Satellite Beach's financial statements for the year ended September 30, 2020. The independent auditors' 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 10,887 in 2020.

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

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

administration services. The City of Melbourne provides water to the City of Satellite Beach and is responsible for the maintenance of the water lines, and Brevard County provides sewer services and is responsible for the maintenance of the sewer lines.

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

Local Economy and Outlook

The City of Satellite Beach is primarily a residential community with strong property values, a family-oriented community, and beautiful beaches (40% of the City's 2.8 miles of oceanfront property is City owned for public access). The City is approximately 96% built-out. The largest remaining tract of vacant land includes a nearly 100-acre parcel in the northeast quadrant of the City that was formerly used for Patrick 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 the schools in Satellite Beach are "A" rated. According to the Space Coast Economic Development Commission, the Space Coast area boasts 48 engineers per 1,000 workers, more than any other metro area in the state. The City's economy has benefited from its proximity to Patrick 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 2020-2021 through Fiscal Year 2024-2025. The City desires to maintain current service levels and improve upon and maintain facilities and infrastructure.

To achieve long-term plans, the City annually updates its goals and objectives for each calendar year. The City desires to continue to invest in technology and training to consistently improve service delivery and communication. City Council's goals for 2020-2021 included several major initiatives, including working to make the City more financially sustainable; to be prepared for disaster related incidents; continue to work renewing the City's facilities and infrastructure; update

audio and visual system in the Council Chambers, giving the ability for Citizens to watch meetings from home and still be able to participate; to continue to seek all grant opportunities to help offset cost and unforeseen expenditures; 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. The City was able to maintain a positive unassigned reserve of \$413,226 for fiscal year 2019-2020 an increase of \$187,271 from the prior 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. The addition of 80% of the change in "spendable fund balance" for fiscal year 2019-2020 increased the Stabilization Reserve from \$1,635,635 to \$2,384,718. 60 days of operating expenditures for fiscal year 2019-2020 is \$1,889,666. The City is projected to follow the Stabilization Reserve Policy by October 1, 2023.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Distinguished Budget Presentation Award to the City of Satellite Beach for its annual budget document dated October 1, 2019. To qualify for the Distinguished Budget Presentation Award, the City's budget document must be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The Government Finance Officers Association of the United State and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting for its comprehensive annual financial report (CAFR) dated September 30, 2019. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by government and its management. The 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

Butlery Jumper

Support Services Director/Comptroller

City of Satellite Beach, Florida City Officials Year Ended September 30, 2020

Mayor Frank Catino

<u>Vice Mayor</u> Mindy Gibson

Council Members

Mark Brimer

Dominick Montanaro

Jodi Rozycki

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

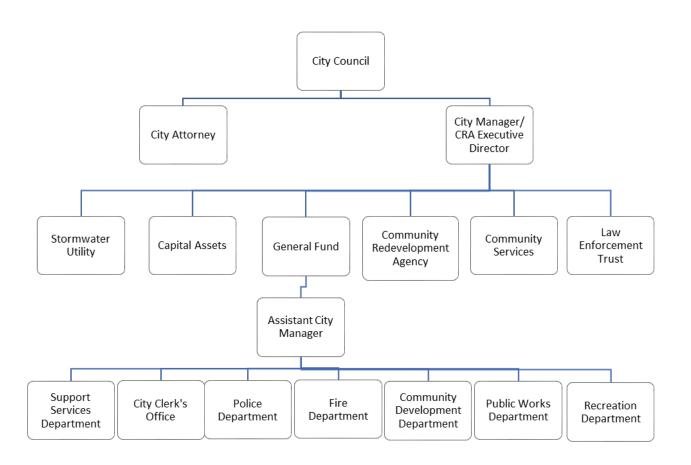
<u>City Manager</u> Courtney Barker

> <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, 2020





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, 2019

Christopher P. Morrill

Executive Director/CEO



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

(321) 255-0088 (321) 259-8648 (fax) www.cricpa.com

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, 2020, and the related notes to the financial statements, which collectively comprise the City of Satellite Beach, Florida's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City of Satellite Beach, Florida as of September 30, 2020, 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 90 – 92 and the defined benefit pension plan information and the other postemployment benefits information on pages 93 – 101 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Satellite Beach, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary schedules of nonmajor funds and capital asset fund and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

Caux Rigge & Ingram, L.L.C.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2021 on our consideration of the City of Satellite Beach, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Satellite Beach, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Satellite Beach, Florida's internal control over financial reporting and compliance.

Melbourne, Florida March 1, 2021



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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, 2020.

Financial Highlights

- The assets and deferred outflows 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 \$18,905,235 (net position). Of this amount, (\$9,741,400) represents the unrestricted net deficit due to recording of the total OPEB liability and related deferred inflows and outflows of \$5,342,223; pension liabilities and related deferred inflows and outflows of \$6,695,207; and compensated absences of \$596,756 which are not currently funded.
- The City's total net position increased by \$1,396,913, primarily due to an increase in property taxes due to increased property values and an increase in capital projects and asset additions in 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 \$6,159,307, a decrease of \$1,353,665 in
 comparison with the prior year. This is mainly due to the loan proceeds for the public works
 buildings beginning to be spent down, along with no longer carrying a fund balance for the
 Community Redevelopment Agency Fund.
- The City of Satellite Beach, Florida's total long-term liabilities decreased by \$1,048,550 during the current fiscal year. The decrease is due to a net decrease in notes payable and capital leases of \$959,478 combined with a net decrease in compensated absences of \$89,072.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

The City of Satellite Beach, Florida, maintains 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, and the Capital Assets 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 32-38 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 internal service fund was liquidated during the current fiscal year.

The basic proprietary fund financial statements can be found on pages 39 – 41 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 42 – 43 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 45 - 87 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 90 - 101 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a City's financial position. In the case of the City of Satellite Beach, Florida, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$18,905,235 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

	2020	2019
Current and other assets	\$ 7,688,789	\$ 9,189,483
Capital assets	35,322,112	33,625,558
Total assets	43,010,901	42,815,041
Deferred outflows of resources	2,656,925	2,929,424

CITY OF SATELLITE BEACH, FLORIDA'S Net Position (Continued)

	2020	2019
Long-term liabilities	22,313,885	22,900,381
outstanding		
Other liabilities	1,214,275	1,460,782
Total liabilities	23,528,160	24,361,163
Deferred inflows of resources	3,234,431	3,874,980
Net position:		
Net investment in		
capital assets	25,460,939	22,804,907
Restricted	3,185,696	5,510,086
Unrestricted (deficit)	(9,741,400)	(10,806,671)
Total net position	\$ 18,905,235	\$ 17,508,322

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 \$3,185,696 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 (\$9,741,400) primarily due to recording of the OPEB liability of \$4,425,353; compensated absences of \$596,756; aggregate net pension liability of \$7,430,603; and OPEB- and pension-related deferred inflows of resources of \$2,838,399 offset by deferred outflows of resources of \$2,656,925. 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

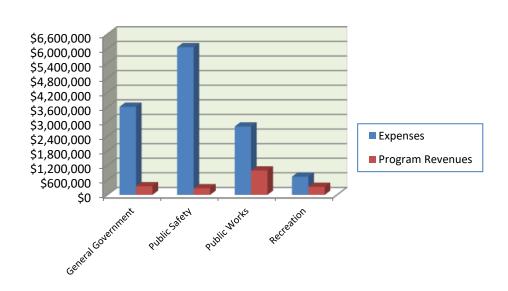
	2020		2019		
Program revenues:		_			
Charges for services	\$	1,890,794	\$	2,118,891	
Operating grants and contributions		50,898		144,919	
Capital grants and contributions		14,168		864,084	
General revenues:					
Property taxes		8,792,095		8,415,825	
Franchise fees and other taxes		2,759,077		2,721,062	

CITY OF SATELLITE BEACH, FL'S Changes in Net Position (Continued)

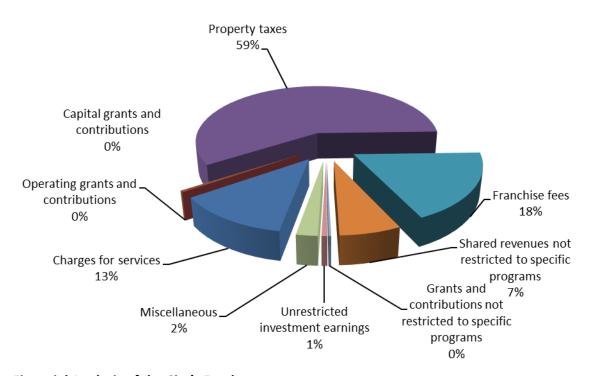
	2020	2019
Shared revenues not restricted		
to specific programs	990,429	1,015,263
Grants and contributions not		
restricted to specific programs	41,952	1,776
Unrestricted investment		
earnings	92,707	111,830
Miscellaneous	344,960	228,525
Total revenues	14,977,080	15,622,175
Program expenses:		
General government	3,619,660	3,783,019
Public safety	6,066,516	6,145,653
Public works	2,808,928	3,545,573
Recreation	748,686	865,768
Interest on long term debt	336,377	269,538
Total expenses	13,580,167	14,609,551
Change in net position	1,396,913	1,012,624
Net position – beginning	17,508,322	16,495,698
Net position – ending	\$ 18,905,235	\$ 17,508,322

The City's net position increased by \$1,396,913 during the current fiscal year, primarily due to an increase in property taxes due to increased property values and an increase in capital projects and asset additions in fiscal year 2019-2020. While program expenses decreased in fiscal year 2019-2020 due to pandemic-related shut downs, there was a similar decrease in program revenues.

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 \$6,159,307, a decrease of \$1,353,665 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 (\$182,856), restricted for specific purposes (\$3,178,507) or committed to pay for obligations previously authorized by the City (\$2,384,718). Unrestricted, unassigned fund balance was \$413,226 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 \$413,226, while total fund balance was \$2,973,611. The fund balance of the City of Satellite Beach, Florida's General Fund increased by \$981,207 during the current fiscal year. The increase is primarily due to final FEMA reimbursements from Hurricane Irma, as well as CARES Act reimbursements. 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 (CRA) Special Revenue Fund has a total fund balance of \$0. Pursuant to a change in State Statutes, Community Redevelopment Agency's must provide remaining funds back to the taxing authorities, unless the remaining funds are used to reduce CRA-related debt or are appropriated to a specific redevelopment project.

The Capital Assets Fund has a total fund balance of \$2,462,561, most of which is restricted for capital asset purchases. The net decrease in fund balance during the current year in the Capital Assets Fund was \$2,020,623. This was due to finishing energy efficient projects along with finishing up the public works – fire station building design and permitting.

General Fund Budgetary Highlights

Total revenues and transfers in were under budget by \$107,809 due primarily to revenues not meeting adjusted revenue targets and a reduction in the Solid Waste allocation for payroll. Similarly, total expenditures were under budget by \$155,033 primarily due to reduction in training-related travel costs and other reductions of operating costs in response to decreased activity as a result of the COVID-19 pandemic.

Total revenues and transfers in between the original budget and the final amended budget decreased \$325,708 due primarily to a reduction in charges for services and other revenues impacted by COVID-19.

Differences between the original budget and the final amended budget (net decrease of \$286,067 in appropriated expenditures and transfers out) can be briefly summarized as follows:

- \$36,165 in decreases in General Government Services, Legislative, City Clerk's office and Support Services;
- \$26,696 in decreases in Police and Fire;
- \$26,557 in decreases in Public Works;
- \$196,649 in decreases in Recreation.

These decreases in budgeted expenditures (appropriations) are directly related to COVID-19 due to the temporary shut-down of recreation services and reduction in payroll costs such as overtime. The City was able to receive reimbursement from the CARES Act to help offset additional costs associated with the pandemic, keeping our employees and citizens safe during this time period. Recreation department had the largest decrease which reflects not having programs March 2020 through September 30, 2020.

Capital Asset and Debt Administration

Capital assets. The City of Satellite Beach, Florida's investment in capital assets as of September 30, 2020, amounts to \$35,322,112 (net of accumulated depreciation). This investment in capital assets

includes land, buildings, improvements, equipment, infrastructure, and construction in progress. The total increase in the City of Satellite Beach, Florida's investment in capital assets for the current fiscal year was approximately 5 percent.

CITY OF SATELLITE BEACH, FLORIDA'S Capital Assets

(net of depreciation)

	2020	2019
Land	\$ 11,406,744	\$ 11,406,744
Buildings	2,967,693	2,115,063
Improvements other than buildings	2,497,306	2,603,131
Equipment	3,423,193	2,503,812
Infrastructure	12,549,472	13,018,908
Construction in progress	2,477,704	1,977,900
Total	\$ 35,322,112	\$ 33,625,558

Additional information on the City of Satellite Beach, Florida's capital assets can be found in Note 2 on pages 62 – 63 of this report.

Notes payable. At the end of the current fiscal year, the City of Satellite Beach, Florida, had notes payable outstanding of \$9,744,457.

The City's notes payable balances decreased by \$812,119 during the current fiscal year due to adding a new note Utility Tax Revenue Refunding Note Series 2020 and paying off Utility Tax Revenue Note Series 2015.

Capital leases payable. At the end of the current fiscal year, the City of Satellite Beach, Florida, had total capital leases outstanding of \$116,716.

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

	2020	2019
Capital lease City vehicles	 82,958	 164,610
Capital lease Police Records Mgmt.	33,758	99,465
Total capital leases	\$ 116,716	\$ 264,075

The City's total capital lease obligations had a net decrease of \$147,359 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 \$596,756. Total compensated absences decreased by a net amount of \$89,072 during the year, which includes additions of \$589,647 and reductions of \$678,719.

It is estimated that \$398,098 of these compensated absences will be due within one year based upon average usage over the three prior years.

Additional information on the City of Satellite Beach, Florida's long-term debt can be found in Note 2 on pages 64 – 69 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 2019/2020 did allocate an additional \$749,083 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 \$187,271 from the previous fiscal year. In 2013, the City Council adopted Ordinance No. 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, 2020	Activities
ASSETS	
Cash and cash equivalents	\$ 2,220,063
Investments	4,532,532
Accounts receivable	257,148
Due from other governments	227,126
Prepaid items	182,856
Derivative instrument - interest rate swap	269,064
Capital assets not being depreciated:	
Land	11,406,744
Construction in progress	2,477,704
Capital assets, net of accumulated depreciation	
Buildings	2,967,693
Improvements other than buildings	2,497,306
Equipment	3,423,193
Infrastructure	12,549,472
Total assets	43,010,901
	_
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to other post employment benefits	606,062
Deferred outflows related to pensions	2,050,863
Total deferred outflows of resources	2,656,925

	Governmental
September 30, 2020	Activities
LIABILITIES	
Accounts payable	374,075
Due to other governments	547,806
Accrued expenses	211,569
Accrued interest payable	80,825
Noncurrent liabilities:	
Due within one year	
Compensated absences	398,098
Notes payable	893,219
Lease liability	116,716
Other post employment benefits	111,864
Due in more than one year	
Compensated absences	198,658
Notes payable	8,851,238
Other post employment benefits	4,313,489
Aggregate net pension liability	7,430,603
Total liabilities	23,528,160
DEFERRED INFLOWS OF RESOURCES	
Accumulated increase in fair value of derivative instrument - interest rate swap	269,064
Deferred revenue - business tax receipts	126,968
Deferred inflows related to other post employment benefits	1,522,932
Deferred inflows related to pensions	1,315,467
Total deferred inflows of resources	3,234,431
NET POSITION	
Net investment in capital assets	25,460,939
Restricted for:	
Community services	244,719
Law enforcement	34,685
Capital assets	2,462,561
Stormwater	443,731
Unrestricted (deficit)	(9,741,400)
Total net position	\$ 18,905,235

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

For the year ended September 30, 2020

			Program Revenues					
						Operating		Capital
				Charges for		Grants and		Grants and
Functions/Programs		Expenses		Services	C	ontributions	С	ontributions
Governmental activities:								_
General government	\$	3,619,660	\$	347,199	\$	7,697	\$	-
Public safety		6,066,516		256,554		14,850		-
Public works		2,808,928		962,962		23,961		14,168
Recreation		748,686		324,079		4,390		-
Interest and related costs on								
long-term debt		336,377		-		-		-
Total governmental activities	\$:	13,580,167	\$	1,890,794	\$	50,898	\$	14,168

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

\$ (3,264,764) (5,795,112) (1,807,837) (420,217)

(336,377) (11,624,307)

8,792,095 2,759,077 990,429 41,952 92,707 344,960 13,021,220 1,396,913 17,508,322 \$ 18,905,235

City of Satellite Beach, Florida Balance Sheet – Governmental Funds

				Community		
			Rec	levelopment		Capital
September 30, 2020		General		Agency		Assets
ASSETS						
Cash and cash equivalents	\$	2,245	\$	1,687,213	\$	-
Investments		1,027,495		119,485		3,341,830
Accounts receivable		165,367		-		89,775
Due from other funds		1,984,713		-		-
Due from other governments		217,016		-		-
Prepaid items		175,667		-		-
Total assets	\$	3,572,503	\$	1,806,698	\$	3,431,605
RESOURCES, AND FUND BALANCES Liabilities: Accounts payable	\$	223,829	\$	50,468	\$	80,380
Accrued expenses	•	211,569	•	-	•	-
Due to other funds		33,360		1,211,590		888,664
Due to other governments		3,166		544,640		-
Total liabilities		471,924		1,806,698		969,044
Deferred inflows of resources:						
Deferred revenue - business tax receipts		126,968		-		-
Fund balances:						
Nonspendable		175,667		-		-
Restricted		-		-		2,462,561
Committed		2,384,718		-		-
Unassigned		413,226		-		
Total fund balances		2,973,611		-		2,462,561
Total liabilities and fund balances	\$	3,572,503	\$	1,806,698	\$	3,431,605

	Nonmajor Funds	G	Total overnmental Funds
\$	530,605 43,722 2,006 148,901 10,110 7,189	\$	2,220,063 4,532,532 257,148 2,133,614 227,126 182,856
\$	742,533	\$	9,553,339
\$	19,398 - -	\$	374,075 211,569 2,133,614
	-		547,806
	19,398		3,267,064
	-		126,968
	7,189		182,856
	715,946		3,178,507
	-		2,384,718
	722 125		413,226
<u> </u>	723,135	<u>,</u>	6,159,307
\$	742,533	\$	9,553,339



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

For the year ended September 30, 2020	
Total fund balances for governmental funds	\$ 6,159,307
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	35,322,112
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 accrual accounting.	2,656,925
Deferred inflows of resources related to pension earnings, and other post- employment benefits are not recognized in the funds; however, they are recorded in the statement of net position under full accrual accounting.	(2,838,399)
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.	(22,313,885)
Interest on long-term debt is not accrued in governmental funds but rather is recognized as an expenditure when due.	(80,825)

Net position of governmental activities

\$ 18,905,235

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

				Community	
			Red	development	Capital
		General		Agency	Assets
Revenues					
Taxes	\$	10,059,836	\$	631,917	\$ 859,419
Licenses and permits		344,809		-	-
Intergovernmental		1,282,076		-	40,952
Charges for services		531,591		-	-
Fines and forfeitures		33,366		-	-
Investment and other income		77,293		7,412	81,046
Total revenues		12,328,971		639,329	981,417
Expenditures					
Current:					
General government		2,883,869		547,080	34,593
Public safety		5,690,978		-	-
Public works		2,088,328		-	-
Recreation		674,831		-	-
Capital outlay		-		424,385	2,115,020
Debt service:					
Principal retired		-		355,600	636,878
Interest and other		-		119,379	248,549
Total expenditures		11,338,006		1,446,444	3,035,040
Excess (deficiency) of					
revenues over (under)					
expenditures		990,965		(807,115)	(2,053,623)
Other financing sources (uses)					
Transfers in		1,464,912		1,474,670	-
Transfers out		(1,474,670)		(1,211,590)	-
Refunding note issued		-		-	1,969,000
Payment to refunded note escrow		-		-	(1,936,000)
Net other financing		(0 ==0)			
sources (uses)		(9,758)		263,080	33,000
Net change in fund balances		981,207		(544,035)	(2,020,623)
Fund balances, beginning of year	<u>,</u>	1,992,404	<u>,</u>	544,035	 4,483,184
Fund balances, end of year	\$	2,973,611	\$	-	\$ 2,462,561

	Total
Nonmajor	Governmental
Funds	Funds
\$ -	\$ 11,551,172
-	344,809
14,168	1,337,196
954,410	1,486,001
-	33,366
57,786	223,537
1,026,364	14,976,081
_	3,465,542
3	5,690,981
53,101	2,141,429
-	674,831
524,366	3,063,771
,	, ,
-	992,478
-	367,928
577,470	16,396,960
448,894	(1,420,879)
_	2,939,582
(219,108)	(2,905,368)
-	1,969,000
	(1,936,000)
(219,108)	67,214
229,786	(1,353,665)
493,349	7,512,972
\$ 723,135	\$ 6,159,307

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, 2020

Net change in fund balances - total governmental funds	\$ (1,353,665)
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.	1,722,794
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.	(26,240)
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.	959,478
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.	120,623
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.	(153,655)
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.	161,425
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 governmental activities.	(33,847)
Change in net position of governmental activities	\$ 1,396,913

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

		mental vities - nternal
	Service	e Fund
September 30, 2020	Health Ins	urance
ASSETS	\$	-
LIABILITIES		-
NET POSITION	\$	-

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, 2020	Health Insurance
Operating revenues:	
Charges for services	\$ 1,000
Total operating revenues	1,000
Operating expenses:	
Insurance claims and expenses	633
Total operating expenses	633
Income before transfers	367
Transfers out	(34,214)
Change in net position	(33,847)
Net position, beginning of year	33,847
Net position, end of year	\$ -

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

	Go	vernmental Activities -
		Internal
	S	ervice Fund
For the year ended September 30, 2020	Healt	h Insurance
Cash flows from operating activities:		
Cash received from interfund services provided	\$	1,000
Cash payments to suppliers for goods and services		(5,633)
Net cash used in operating activities		(4,633)
Cash flows from noncapital financing		
activities:		(24.24.4)
Cash transfers out to other funds		(34,214)
Net cash used in noncapital		()
financing activities		(34,214)
Net decrease in cash and cash equivalents		(38,847)
Cash and cash equivalents, beginning of year		38,847
Cash and cash equivalents, end of year	\$	-
Reconciliation of operating income to net cash used in operating activities:		
Operating income	\$	367
Adjustments to reconcile operating income to net cash used in operating activities: Change in assets and liabilities: Increase (decrease) in liabilities:		
Accrued expenses		(5,000)
Total adjustments		(5,000)
Net cash used in operating activities	\$	(4,633)

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

September 30, 2020	
ASSETS	
Receivables:	
Contributions	\$ 190,724
Investments, at fair value:	
Florida Municipal Investment Trust Fund	29,579,803
Total assets	29,770,527
LIABILITIES	
Benefits payable	315,131
Total liabilities	315,131
NET POSITION	
Net position restricted for pension benefits	\$ 29,455,396

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

For the year ended September 30, 2020

ADDITIONS	
Contributions:	
Employees	\$ 222,567
City	1,156,701
State	249,122
Total contributions	1,628,390
Investment earnings:	
Net appreciation in fair value of investments	1,845,963
Total additions	3,474,353
DEDUCTIONS	
Benefit payments	2,190,013
Administrative expenses	78,304
Total deductions	2,268,317
Change in net position	1,206,036
Net position, beginning of year	28,249,360
Net position, end of year	\$ 29,455,396



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Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

Blended Component Units

The Community Redevelopment Agency (the "Agency") was established by the City Council in June 2002 to promote the rehabilitation, conservation and/or redevelopment of the Community Redevelopment Area (the "Area"). The Agency is governed by a board comprised of five commissioners who also serve as members of the City Council. Revenue sources for the Agency consist primarily of property taxes from the Area and support from the City's general fund. Any bond issue authorizations are approved by the City Council and the legal liability for the general obligation portion of the Agency's debt remains with the government. The Agency is reported as a major special revenue fund for the year ended September 30, 2020.

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.

Blended Component Units (Continued)

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

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

565 Cassia Blvd Satellite Beach, Florida 32937

Excluded from the Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources

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

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

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

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. The fund was liquidated during fiscal year 2020.

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.

Fund Financial Statements (Continued)

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

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

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

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

Budgetary Information

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

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

Cash and cash equivalents

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

Investments

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

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

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

Receivables and payables

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

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

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

Interfund Activities and Transactions

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

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

Prepaid items

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

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

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.

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

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

Deferred outflows / inflows of resources

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

The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with Section P20: Pension Activities – Reporting for Benefits through Trusts That Meet Specified Criteria of the GASB Codification. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years.

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

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

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

The deferred revenue - business tax receipts (BTR) relate to a non-exchange transaction where the City has received funds, however it does not meet the requirement for recognition of revenue in the current period, and will be recognized in a future period. The accumulated increase in fair value of derivative instrument - interest rate swap relate to a transaction the City entered into where it exchanged the variable interest rate on a note payable for a fixed rate. The variable rate is currently lower than the fixed rate, resulting in a negative fair value at September 30, 2020. The deferred inflows related to the swap will be recognized as an adjustment to interest expense in future reporting years.

Swap agreements

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

Compensated absences

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

Long-Term Obligations

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

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

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

Pensions

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

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

Other Post-Employment Benefits (OPEB) Liability

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

Categories and Classification of Fund Equity

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

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

City of Satellite Beach, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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

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

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

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

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

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

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

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

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

Revenues and Expenditures/Expenses

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

Property taxes – The City is permitted by State law to levy taxes up to 10 mills on assessed valuation. However, Chapter 74-430, Laws of Florida, a special act applicable only to governmental units in Brevard County, limits the annual increase to 10% of the prior year's millage. During a Special Session in June 2007, the Florida Legislature adopted HB1B, which limits municipal property tax rates effective with the 2007-2008 fiscal year. This legislation establishes reductions in the millage rate based on a calculated growth in per capita taxes between the 2002 and 2007 fiscal years. The Legislature did authorize local governments to use the rolled back millage rate if approved by a super majority vote of the governing body. The Satellite Beach City Council levy for the fiscal year ended September 30, 2020 was 8.7000 mills, which was .4095 higher than the roll back rate of 8.2905.

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

Use of Estimates

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

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 1, 2021. See Note 8 for relevant disclosure(s). No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

During the year ended September 30, 2020, the City adopted GASB 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 had no effect on the City.

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

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 will be effective for the fiscal years beginning after December 15, 2019.

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

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In May 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The objectives of this Statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the

Recently Issued and Implemented Accounting Pronouncements (Continued)

hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments.

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

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

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

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

Recently Issued and Implemented Accounting Pronouncements (Continued)

To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

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

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

Deposits

At September 30, 2020, the primary government's carrying amount of deposits was \$2,220,063 including \$2,245 of petty cash, and the bank balance was \$2,325,744. As of September 30, 2020, \$250,000 of the City's bank balances is covered by the Federal Depository Insurance Corporation (FDIC).

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

Investments

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

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

City of Satellite Beach, Florida Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

During the year ended September 30, 2020, 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.

During the year ended September 30, 2020, the investments of both of the Police Officers' and Firefighters' pension plans and the General Employees' pension plans were held with the Florida Municipal Investment Trust (FMIvT). The FMIvT is a Local Government Investment Pool (LGIP) and is considered an external investment pool for reporting purposes. The plans own shares in one or more FMIvT portfolios. The plans' investments are the FMIvT portfolios, not the individual securities held within each FMIvT portfolio.

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

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

As of September 30, 2020, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the City's or pension plans access to 100 percent of their account value in the Florida PRIME, Florida PALM, or FMIVT external investment pools.

During the year ended September 30, 2020, 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.

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

Custodial credit risk — Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of

City of Satellite Beach, Florida Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

deposits are defined as public deposits. The financial institutions in which the City places its deposits are certified as "qualified public depositories," as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

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

Credit risk – Section I50: Investments of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. The City's Police Officers' and Firefighters' and the General Employees' Pension Trusts do not address credit rate risk.

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

Concentration of credit risk — Section I50: Investments of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments.

The City's investment policy does not address concentration risk. The Police Officer & Pension Plan restricts the percentage of assets that may be held in the stock of any one company and the bonds issued by any one issuer.

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

Deposits and Investments (Continued)

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

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

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

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 (L3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

At September 30, 2020, the City had the following investments:

		Weighted Average			
Investment type	Fair Value	to Maturity (WAM) Duration		Rating	Agency
Primary government:					
SBA (Florida PRIME)	\$ 110,352	53 days	-	AAAm	S&P
SPIA	184,433	-	0.43 years	A+f	S&P
Florida PALM	4,237,747	51 days	-	AAAm	S&P
Primary government total	\$ 4,532,532				
		Weighted Average	Effective		
Investment type	Fair Value	to Maturity (WAM)	Duration	Rating	Agency
Pension trust funds:					_
Florida Municipal					
Investment Trust (FMIvT)	\$ 29,579,803				
Broad Market HQ Bond					
Fund		6.60 years		AAf/S4	Fitch
Core Plus Fixed Income		5.82 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	\$ 29,579,803				

Deposits and Investments (Continued)

Interest Rate SWAP

The City's investment in the interest rate swap derivative investment of \$(269,064) is valued using a market approach that considers benchmark interest rates (Level 2 inputs).

Assets Valued at Net Asset Value

The City's investment in the SPIA is reported at the net asset value (NAV) in accordance with GASB Codification Section I50: *Investments*. The City's investment is currently not subject to a redemption notice period, and the investment is able to be redeemed immediately.

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.

Capital Assets

Capital asset activity for the year ended September 30, 2020 was as follows:

	Beginning		ſ	Decreases/		Ending		
		Balance	Increases		Transfers		Balance	
Governmental activities:								
Capital assets, not being depreciated:								
Land	\$	11,406,744	\$ -	\$	-	\$	11,406,744	
Construction in progress		1,977,900	2,108,707	(1,608,903)		2,477,704	
Total capital assets,							_	
not being depreciated		13,384,644	2,108,707	(1,608,903)		13,884,448	
Capital assets, being depreciated:							_	
Buildings		4,472,506	1,015,107		-		5,487,613	
Improvements other than buildings		5,310,391	337,175		-		5,647,566	
Equipment		5,824,655	1,211,685		(256,177)		6,780,163	
Infrastructure		23,312,870	-		-		23,312,870	
Total capital assets being			<u> </u>					
depreciated		38,920,422	2,563,967		(256,177)		41,228,212	

Capital Assets (Continued)

	Beginning		Decreases/	Ending
	Balance	Increases	Transfers	Balance
Less accumulated depreciation for:				
Buildings	(2,357,443)	(162,477)	-	(2,519,920)
Improvements other than buildings	(2,707,260)	(451,949)	8,949	(3,150,260)
Equipment	(3,320,843)	(257,115)	220,988	(3,356,970)
Infrastructure	(10,293,962)	(469,436)	-	(10,763,398)
Total accumulated depreciation	(18,679,508)	(1,340,977)	229,937	(19,790,548)
Total capital assets				
being depreciated, net	20,240,914	1,222,990	(26,240)	21,437,664
Governmental activities				
capital assets, net	\$ 33,625,558	\$ 3,331,697	\$ (1,635,143)	\$ 35,322,112

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

General government	\$ 197,197
Public safety	313,768
Physical environment	737,510
Recreation	92,502
Total depreciation expense - governmental activities	\$ 1,340,977

Interfund receivables, payables, and transfers

The composition of interfund balances as of September 30, 2020, is as follows:

	 Due to:					
	 General		Nonmajor			
	Fund		funds	Total		
Due from:						
General fund	\$ -	\$	33,360	\$	33,360	
Capital asset	773,123		115,541		888,664	
Community redevelopment	1,211,590		-		1,211,590	
Total	\$ 1,984,713	\$	148,901	\$	2,133,614	

The balance from the capital asset fund due to the general fund and nonmajor funds is for short-term interfund loans to cover cash shortfalls. The balance from the community redevelopment fund due to general fund is for a return of excess unspent tax increment financing (TIF) funds.

Interfund receivables, payables, and transfers (Continued)

Interfund transfers for the year ended September 30, 2020:

	 Transfers in:					
	General Fund	CRA Fund	Total			
Transfers out:						
General fund	\$ -	\$	1,474,670	\$	1,474,670	
Community redevelopment fund	1,211,590		-		1,211,590	
Nonmajor funds	219,108		-		219,108	
Internal service fund	34,214		-		34,214	
Total	\$ 1,464,912	\$	1,474,670	\$	2,939,582	

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, (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), and (4) transfer residual balances upon liquidation of a fund (internal service fund).

Long-Term Debt and Liabilities

Capital leases

During 2013, the City entered into a 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. The balance of the capital lease outstanding at September 30, 2020 is \$33,758.

During 2017, the City entered into a 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 1.60% through final maturity in fiscal year 2021. The balance of the capital lease outstanding at September 30, 2020 is \$82,958.

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	(475,211)
Total	\$ 409,744

Long-Term Debt and Liabilities (Continued)

Obligations of governmental activities under capital lease at September 30, 2020, are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2021	\$ 116,716 \$	1,695 \$	118,411
Total	\$ 116,716 \$	1,695 \$	118,411

Notes payable

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

The note is secured by revenues of the Community Redevelopment Agency fund. Principal and interest paid for the current fiscal year was \$474,979. As of September 30, 2020, principal and interest to maturity in 2026 to be paid from pledged future revenues totaled \$2,710,365. At September 30, 2020 accrued interest for the Community Redevelopment Agency Variable Rate Tax Increment Revenue Note is \$16,637.

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 \$2,539,900 as of September 30, 2020. The associated variable-rate note has a \$2,539,900 principal amount as of the same date and has a like term. There are no embedded options on the swap agreements and no cash was paid or received when the swap agreements were entered into.

The debt service requirements of the variable-rate debt and net swap payments are shown below assuming current interest rates remain the same. The current variable rate on the \$6,250,000 note is 0.59% as of September 30, 2020. Therefore, the interest rate related to the \$6,250,000 swap is 3.64% as of the same date, calculated as the difference between the synthetic fixed rate of 4.23% and the 0.59% variable rate.

Long-Term Debt and Liabilities (Continued)

The interest rate swap agreement has a negative fair value of \$269,064 as of September 30, 2020. 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, 2020 is a negative of approximately \$6,631.

As of September 30, 2020, 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, 2020, the swap's counterparty was rated AA- by Fitch. The calculation of variable interest payments is an estimate. It is calculated based upon the total interest to be paid less the calculated amount of swap interest to be paid.

The derivative (interest rate swap) contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the contracts. If the swap was terminated, the variable-rate notes and bonds would no longer carry synthetic interest rates. Also, if at the time of termination a swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value as of that date. As of September 30, 2020, the City has no intention of terminating its swap agreement.

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. The Utility Tax Revenue Note, Series 2015 was refunded during the year ended September 30, 2020 by the Utility Tax Revenue Refunding Note, Series 2020.

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

City of Satellite Beach, Florida Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (Continued)

The note requires annual principle payments of \$189,519 beginning on June 1, 2019 and variable biannual payments of interest ranging from \$2,956 to \$14,789 on June 1 and December 1, beginning on December 1, 2018. At September 30, 2020 accrued interest for the Utility Tax Revenue Refunding Note, Series 2018 is \$5,948.

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

Interest payments are due each December 1 and payments of principal and interest are due each June 1. At September 30, 2020 accrued interest for the Utility Tax Revenue Note, Series 2019 is \$30,510.

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

Interest payments are due each December 1 and payments of principal and interest are due each June 1. At September 30, 2020 accrued interest for the Half-Cent Sales Tax Revenue Note, Series 2019 is \$11,841.

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

The first payment of principal and interest is due October 1, 2020. At September 30, 2020 accrued interest for the Utility Tax Revenue Refunding Note, Series 2020 is \$15,889.

Long-Term Debt and Liabilities (Continued)

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	\$2,870,774	\$2,106,587	\$ 474,979	23%
Utility Tax Revenue Note Series 2015	2,500,000	-	859,419	208,280	24%
Utility Tax Revenue Refunding Note					
Series 2018	947,596	604,149	859,419	213,395	25%
Utility Tax Revenue Note Series 2019	3,537,000	4,475,946	859,419	179,334	21%
Half-Cent Sales Tax Revenue Note,					
Series 2019	1,463,000	1,674,051	598,388	101,918	17%
Utility Tax Revenue Refunding Note					
Series 2020	1,969,000	2,154,524	859,419	-	0%

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

			Interest	
September 30,	Principal	Interest	(swap)	Total
2021	\$ 893,219	\$ 253,944	\$ 45,782 \$	1,192,945
2022	932,319	233,699	38,590	1,204,608
2023	963,819	212,271	31,086	1,207,176
2024	845,700	190,176	23,262	1,059,138
2025	873,800	172,240	15,101	1,061,141
2026-2030	2,660,600	516,958	6,588	3,184,146
Thereafter	2,575,000	295,290	-	2,870,290
Totals	\$ 9,744,457	\$ 1,874,578	\$ 160,409 \$	11,779,444

Long-Term Debt and Liabilities (Continued)

Long-term liability activity for the year ended September 30, 2020, was as follows:

	Beginning			Ending	Due Within
	Balance	Additions	Reductions	Balance	One Year
Governmental activities:					
Notes from direct borrowings:					
Note payable – CRA	\$ 2,715,500	\$ -	\$ (355,600)	\$ 2,359,900	\$ 370,700
Notes payable -					
Capital asset fund	7,841,076	1,969,000	(2,425,519)	7,384,557	522,519
Total notes from					
direct borrowings	10,556,576	1,969,000	(2,781,119)	9,744,457	893,219
Capital leases payable	264,075	-	(147,359)	116,716	116,716
Compensated absences	685,828	589,647	(678,719)	596,756	398,098
Total long-term					
liabilities	\$ 11,506,479	\$ 2,558,647	\$ (3,607,197)	\$ 10,457,929	\$ 1,408,033

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

Asset Retirement Obligations

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

The City has an underground fuel storage tank which is regulated by Florida Administrative Code (FAC) 62-762, and requires certain activities if use of the fuel storage tank is discontinued. The City has determined the fair value of the liability for disposal of this item is immaterial at September 30, 2020 and, accordingly, has not recorded an asset retirement obligation for this matter.

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		Capital		Nonmajor
	Fund		Asset		Funds
Nonspendable:					
Prepaid items	\$ 175,667	\$	-	\$	7,189
Restricted for:					
Community services	-		-		244,719
Capital assets	-		2,462,561		-
Law enforcement	-		-		34,685
Stormwater	-		-		436,542
Committed:					
Stabilization	2,384,718		-		-
Unassigned	413,226		-		-
Total fund balances	\$ 2,973,611	\$	2,462,561	\$	723,135

Net investment in Capital Assets

	Governmental
September 30, 2020	Activities
Capital assets (net)	\$ 35,322,112
Outstanding debt related to capital assets	(9,861,173)
Net investment in capital assets	\$ 25,460,939

Note 3: RETIREMENT PLANS

The City maintains three retirement plans covering its regular employees. A single-employer, defined benefit pension plan that covers all regular police and fire employees, the City of Satellite Beach Police Officers' and Firefighters' Plan'); 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").

City of Satellite Beach, Florida Notes to Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Defined Contribution Money Purchase Plan

Plan description and funding requirements: The City of Satellite Beach Money Purchase Plan (the "Money Plan") is a defined contribution pension plan established on October 1, 1996 under City Ordinance No. 655 and is administered by a third party. The Money Plan provides benefits at retirement to all full-time employees, except police officers and firefighters, hired after October 1, 1996. At September 30, 2020, there were 102 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 \$117,046 to the Plan for fiscal year 2020.

Summary of Significant Accounting Policies (All Plans)

Basis of Accounting

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

Method Used to Value Investments

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

The City recognized as revenues and expenditures on-behalf payments relating to pension contributions for its public safety employees that the State of Florida paid to the retirement plan in the amount of \$249,122 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.

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

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

Defined Benefit Plans

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

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

	Police	
	Officers' and	General
	Firefighters'	Employees'
Plan membership as of October 1, 2019:	Plan	Plan
Inactive plan members or beneficiaries currently receiving benefits	24	21
Inactive plan members entitled to but not yet receiving benefits	10	2
Active plan members	42	5
Total	76	28

	Police Officers'							
Plan benefits	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-retirem	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.						

Defined Benefit Plans (Continued)

Dland have effe	Police Officers'	Consent Freedom of Disc
Plan benefits Early retirement adjustment	and Firefighters' Plan Retirement benefit is reduced by 3% for each year early retirement age precedes normal retirement age.	General Employees' Plan 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 long of average earnings. For a non-service participant has earned 10 years of formula or 25% of average earnings.	ce connected disability, provided the
Pre-retirement death benefit	Basic pension formula payable for 10 participant beginning at the participan return of accumulated employee contra non-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 equivalent Board of Trustees.	75%, or 100% joint and contingent
Average earnings	Average of the highest consecutive throof the last 10 years.	ree years of pensionable earnings out
Cost of living adjustment	No automatic cost-of-living	g 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	\$206,667

Defined Benefit Plans (Continued)

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

Net pension liability of the sponsor: The components of the net pension liability of the sponsor on September 30, 2020 were as follows:

	Police Officers' and Firefighters' Plan			General
				nployees' Plan
Total pension liability	\$	27,184,205	\$	9,225,611
Less: Fiduciary net position		(20,894,773)		(8,084,440)
Net pension liability	\$	6,289,432	\$	1,141,171
Plan Fiduciary Net Position as a percentage of the				
total pension liability		77%		88%

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of October 1, 2019 updated to September 30, 2020 using the following actuarial assumptions:

Police Officers'	
and Firefighters' Plan	General Employees' Plan
7.00% per annum (2.77% per annum inflation); this rate was used to discount	_
For both plans, 4.75% per annum.	
For both plans, none assumed.	
For both plans, sex-distinct rates set Mortality Tables with generational im Scale BB.	
1.25% of future payroll. 1.7	'5% of future payroll.
Contributions from the employer and made as legally required.	employees are assumed to be
	7.00% per annum (2.77% per annum inflation); this rate was used to discount For both plans, 4.75% per annum. For both plans, none assumed. For both plans, sex-distinct rates se Mortality Tables with generational im Scale BB. 1.25% of future payroll. 1.7

Defined Benefit Plans (Continued)

	Police Officers'	
	and Firefighters' Plan	General Employees' Plan
Retirement	100% retirement is assumed to	100% retirement is assumed at
	occur at age 52 with five years of	age 62 with five years of service or
	service; participants who are age	5.00% retirement per year is
	50 with 10 years of service are	assumed with 35 years of service
	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.	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	Assumed employment termination is based on the Scale 155
	Table; assumed disability is based on the Wyatt 1985 Disability Study (Class 4).	Table; assumed disability is based on the Wyatt 1985 Disability Study (Class 1).
Changes	No assumption changes were mapperiod.	ade since the prior measurement

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

These ranges are combined to produce the long term expected rate of return by weighting the expected real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020 are summarized in the following table:

		Expected Long-
Investment Category	Target Allocation	Term Real Return
Core bonds	15%	1.60% per annum
Core plus	15%	2.10% per annum
U.S. large cap equity	34%	4.60% per annum
U.S. small cap equity	11%	5.50% per annum
Non U.S. equity	15%	6.70% per annum
Core real estate	10%	5.00% per annum
Total or weighted arithmetic average	100%	4.23% per annum

Defined Benefit Plans (Continued)

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

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

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

	1% Decrease	Discount Rate	1% Increase
	6.00%	7.00%	8.00%
Police Officers' and Firefighters' Plan			
Net pension liability	\$ 9,598,027	\$ 6,289,432 \$	3,589,714
General Employees' Plan			
Net pension liability	1,992,718	1,141,171	410,757
Total net pension liability	\$ 11,590,745	\$ 7,430,603 \$	4,000,471

Defined Benefit Plans (Continued)

Net pension liability and changes in the net pension liability: The City's net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability for the Police Officers' and Firefighters' Plan and for the General Employees' Plan was also determined as of that date.

Increase (D	ecrease)
	Total Pe

	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
Police Officers' and Firefighters' Plan	(a)	(b)	(a) - (b)
Reporting period ending September 30, 2019	\$ 26,498,377	\$ 20,034,323	\$ 6,464,054
Changes due to:			
Service cost	735,330	-	735,330
Expected interest growth	1,869,174	1,387,332	481,842
Unexpected interest income	-	(88,898)	88,898
Demographic experience	(339,369)	-	(339,369)
Contributions - Employer	-	992,960	(992,960)
Contributions - Employee	-	200,809	(200,809)
Benefit payments and refunds	(1,579,307)	(1,579,307)	-
Administrative expenses	-	(52,446)	52,446
Net changes	685,828	860,450	(174,622)
Reporting period ending September 30, 2020	\$ 27,184,205	\$ 20,894,773	\$ 6,289,432

Increase (Decrease)

	<u> </u>	Total Pension	Plan Fiduciary	Net Pension
		Liability	Net Position	Liability
General Employees' Plan		(a)	(b)	(a) - (b)
Reporting period ending September 30, 2019	\$	9,044,971	\$ 7,844,035	\$ 1,200,936
Changes due to:				
Service cost		66,874	-	66,874
Expected interest growth		618,506	539,357	79,149
Unexpected interest income		-	(16,314)	16,314
Demographic experience		62,100	-	62,100
Contributions - Employer		-	288,302	(288,302)
Contributions - Employee		-	21,758	(21,758)
Benefit payments and refunds		(566,840)	(566,840)	-
Administrative expenses		-	(25,858)	25,858
Net changes		180,640	240,405	(59,765)
Reporting period ending September 30, 2020	\$	9,225,611	\$ 8,084,440	\$ 1,141,171

Defined Benefit Plans (Continued)

Pension expense and deferred outflows and deferred inflows of resources related to pensions: For the year ended September 30, 2020, the City has recognized pension expense of \$1,1,88,792 and \$246,124 for the Police Officers' and Firefighters' Pension Plan and the General Employees' Pension Plan, respectively. At September 30, 2020, 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	\$ 65,123	\$ -
Demographic gain/loss	64,091	836,055
Assumption changes	1,921,649	470,396
Total - Police Officers' and Firefighters' Plan	2,050,863	1,306,451
		_
General Employees' Plan		
Investment gain/loss	-	9,016
Demographic gain/loss	-	-
Assumption changes	-	
Total - General Employees' Plan	-	9,016
Total deferred outflows and deferred inflows		
of resources related to pensions	\$ 2,050,863	\$ 1,315,467

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

	Police Of	ficers'		
		and	General	
	Firefi	ghters'	Employees'	
Fiscal Year Ending September 30,		Plan	Plan	
2021	\$ 8	1,461 \$	(63,164)	
2022	3	4,799	22,168	
2023	32	3,183	28,718	
2024	30	5,823	3,262	
2025		(854)		
Total	\$ 74	4,412 \$	(9,016)	

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.

Defined Benefit Plans (Continued)

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.

Defined Benefit Plans (Continued)

Combining fund information. The pension trust funds fiduciary activity as of September 30, 2020 and the change in fiduciary net position for the year ended:

	Po	lice Officers'	and	Firefighters'	_		
	Defined					General	
		Benefit Plan		Share Plan		Employees'	Total
ASSETS							
Receivables:							
Contributions	\$	190,724	\$	-	\$	=	\$ 190,724
Investments, at fair value:							
Florida Municipal Investment							
Trust Fund		21,019,180		476,183		8,084,440	29,579,803
Total assets		21,209,904		476,183		8,084,440	29,770,527
LIABILITIES							
Benefits payable		315,131		_		-	315,131
Total liabilities		315,131		-		-	315,131
NET POSITION							
Held in trust for pension benefits	\$	20,894,773	\$	476,183	\$	8,084,440	\$ 29,455,396

The pension trust funds change in fiduciary net position activity as of September 30, 2020 was as follows:

	Police Officers' and Firefighters'							
		Defined				General		
		Benefit Plan		Share Plan		Employees'		Total
ADDITIONS								
Contributions:								
Employees	\$	200,809	\$	_	\$	21,758	\$	222,567
City		868,399		-		288,302		1,156,701
State		124,561		124,561		-		249,122
Total contributions		1,193,769		124,561		310,060		1,628,390
Total investment earnings:								
Net appreciation in fair value								
of investments		1,298,434		24,486		523,043		1,845,963
Total additions		2,492,203		149,047		833,103		3,474,353
DEDUCTIONS								
Benefit payments		1,579,307		43,866		566,840		2,190,013
Administrative expenses		52,446		-		25,858		78,304
Total deductions		1,631,753		43,866		592,698		2,268,317
Change in net position		860,450		105,181		240,405		1,206,036
Net position, beginning of year		20,034,323		371,002		7,844,035		28,249,360
Net position, end of year	Ş	20,894,773	Ş	476,183	Ş	8,084,440	Ş	29,455,396

Defined Benefit Plans (Continued)

The total of the City's pension expense for the fiscal year ended September 30, 2020 is as follows:

	Pension
Plan Description	Expense
Defined contribution plans:	_
Money purchase plan	\$ 117,046
Police Officers' and Firefighters' share plan	124,561
Defined benefit plans:	
Police Officers' and Firefighters' plan	1,188,792
General Employees' plan	246,124
Total pension expense	\$ 1,676,523

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

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

Plan description

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

Employees and their dependents may elect to remain in the Plan upon retirement up to age 65. After age 65, the City's insurance coverage becomes secondary to the retiree's Medicare insurance. At the last valuation, the Plan has 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, 2020, the City will recognize an OPEB benefit (rather than an expense) of \$161,425, 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, 2020.

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

Actuarial Assumption and Other Inputs

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

Employer's reporting date: September 30, 2020
Measurement date: September 30, 2020
Valuation date: October 1, 2018

Discount rate: 2.14% 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.

Actuarial Assumption and Other Inputs (Continued)

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).

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.

Actuarial Assumption and Other Inputs (Continued)

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

Changes: Since the prior measurement date, the discount rate was decreased from 3.64% per annum to 2.10% 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, 2020 were as follows:

Total OPEB	Fiduciary net	OPEB	Funded
 liability	position	liability	percentage
\$ 4,425,353	\$ -	\$ 4,425,353	0%

The changes in the OPEB liability for the year ended September 30, 2020 were as follows:

	Total OPEB Liability	Fiduciary Net Position	OPEB Liability
Balance as of September 30, 2019	\$ 3,728,912	\$ -	\$ 3,728,912
Service cost	111,864	-	111,864
Expected interest growth	80,126	-	80,126
Benefit payments and refunds	(194,139)	-	(194,139)
Assumption changes	698,590	-	698,590
Balance as of September 30, 2020	\$ 4,425,353	\$ -	\$ 4,425,353

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 1.14%	Di	scount rate 2.14%	19	% increase 3.14%
OPEB liability	\$	5,035,968	\$	4,425,353	\$	3,935,081

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

	19	% decrease	Cur	rent trend	19	% increase
	in	trend rate		rate	in	trend rate
	(4.0	00% - 6.00%)	(5.0	0% - 7.00%)	(6.0	00% - 8.00%)
•						
OPEB liability	\$	3,860,609	\$	4,425,353	\$	5,121,301

Deferred inflows and outflows: On September 30, 2020, 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	\$ -	\$ 1,396,625
Assumption changes	606,062	126,307
Total deferred outflows and deferred inflows of		
resources related to other post		
employment benefits	\$ 606,062	\$ 1,522,932

Note 5: COMMITMENTS AND CONTINGENCIES

Operating leases

The City leases certain equipment under noncancelable operating leases. The total costs of such leases were \$69,386 for the year ended September 30, 2020. The future minimum lease payments for the leases are as follows:

Year Ending September 30:

rear Enaing September 50:	
2021	\$ 63,379
2022	45,447
2023	45,447
2024	31,424
2025	5,832
Total	\$ 191,529

Note 6: RISK MANAGEMENT

Litigation

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

Insurance

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

Self-insurance – Employee Health

Prior to fiscal year 2019, the City utilized a self-insurance program for employee health insurance coverage, 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 the self-insurance fund was liquidated as of September 30, 2020.

City of Satellite Beach, Florida Notes to Financial Statements

Note 7: UNCERTAINTIES

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

Note 8: SUBSEQUENT EVENTS

Revenue Note Series 2021 - On January 28, 2021, the City entered into a loan agreement with a bank in an amount of \$2,975,000 with a fixed interest rate of 1.95% for the purpose of funding stormwater system improvements. The note is secured by pledged revenues from stormwater utility fees and the City intends to liquidate the liability from the stormwater fund. The note requires regular payments of principal and interest each December 1st and March 1st, beginning December 1, 2021 and maturing March 1, 2023.



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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

						Va	riance with
						Fi	nal Budget
	Or	iginal	Final	Final		Positive	
For the year ended September 30, 2020	В	udget	Budget		Actual		(Negative)
Revenues							
Taxes	\$ 9,933	,944	\$ 9,898,616	\$	9,810,714	\$	(87,902)
Licenses and permits	251	,100	344,809		344,809		-
Intergovernmental	1,136	,058	1,230,409		1,282,076		51,667
Charges for services	813	,400	531,591		531,591		-
Fines and forfeitures	43	,150	33,366		33,366		-
Investment and other income	20	,750	115,507		77,293		(38,214)
Total revenues	12,198	,402	12,154,298		12,079,849		(74,449)
Expenditures							
Departments:							
General governmental services	2,930	,595	2,894,430		2,883,869		10,561
Public safety	5,601	,507	5,574,811		5,441,856		132,955
Public works	2,122	,413	2,095,856		2,088,328		7,528
Recreation	875	,469	678,820		674,831		3,989
Total expenditures	11,529	,984	11,243,917		11,088,884		155,033
Excess of revenues							
over expenditures	668	,418	910,381		990,965		80,584
Other financing sources (uses)							
Transfers in	1,779	,876	1,498,272		1,464,912		(33,360)
Transfers out	(1,474	,670)	(1,474,670)		(1,474,670)		
Net other financing sources (uses)	305	,206	23,602		(9,758)		(33,360)
Net change in fund balances	973	,624	933,983	_	981,207		47,224
Fund balances, beginning of year	1,992	•	1,992,404		1,992,404		-
Fund balances, end of year	\$ 2,966	,028	\$ 2,926,387	\$	2,973,611	\$	47,224

Reconciliation of budgetary basis to the basic financial statements:

Tax revenue on the budgetary basis	\$ 9,810,714
Insurance premium taxes - Police	107,448
Insurance premium taxes - Fire	141,674
Tax revenue as reported on the Statement of Revenues,	_
Expenditures and Changes in Fund Balances	\$ 10,059,836
Public safety expenditures on the budgetary basis	\$ 5,441,856
Public safety expenditures on the budgetary basis Insurance premium taxes passed through to the pension trust	\$ 5,441,856 249,122
	\$

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

							iance with
						Fi	nal Budget
		Original	Final				Positive
For the year ended September 30, 2020		Budget	Budget		Actual		(Negative)
Revenues							
Taxes	\$	652,762	\$ 631,917	\$	631,917	\$	-
Investment and other income		5,000	7,412		7,412		-
Total revenues		657,762	639,329		639,329		-
Expenditures							
Department:							
General government		578,779	547,080		547,080		-
Capital outlay		-	424,385		424,385		-
Debt service:							
Principal retired		340,800	355,600		355,600		-
Interest		137,977	119,379		119,379		-
Total expenditures	1	,057,556	1,446,444		1,446,444		-
Deficiency of revenues under							_
expenditures		(399,794)	(807,115)		(807,115)		
Other financing sources (uses)							
Transfers in	1	,474,670	1,474,670		1,474,670		-
Transfers out	(1	,074,876)	(1,211,590)	(1,211,590)		-
Net other financing sources (uses)		399,794	263,080		263,080		-
Net change in fund balances		-	(544,035)		(544,035)		-
Fund balances, beginning of year		544,035	544,035		544,035		
Fund balances, end of year	\$	544,035	\$ -	\$	-	\$	-

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

The City 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 Three Fiscal Years

September 30,	2020	2019	2018
Total OPEB liability - beginning Changes due to:	\$ 3,728,912	\$ 5,589,327	\$ 5,413,248
Service cost	111,864	239,420	167,637
	•	•	184,043
Expected interest growth	80,126	400,473	164,043
Demographic experience	-	(2,107,150)	-
Assumption changes	698,590	(51,343)	-
Benefit payments and refunds	(194,139)		(175,601)
Net changes in total OPEB liability	696,441		176,079
Total OPEB liability - ending (a)	\$ 4,425,353	\$ 3,728,912	\$ 5,589,327
Plan fiduciary net position Contributions - employer Benefit payments Net changes in plan fiduciary net position	\$ 194,139 (194,139)	. ,	\$ 175,601 (175,601)
Plan fiduciary net position - beginning	_	_	_
Plan fiduciary net position - ending (b)	\$ -	\$ -	\$ -
OPEB liability - ending (a) - (b)	\$ 4,425,353	\$ 3,728,912	\$ 5,589,327
Covered-employee payroll for the measurement period	\$ 4,167,591	\$ 4,167,591	\$ 3,755,183
OPEB Liability as a percentage of covered-employee payroll	106.18%	89.47%	148.84%

Notes:

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

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

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

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

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

Police O	fficers'	and Firefight	ers' P	ension Plan			
For the year ended September 30,		2020		2019		2018	2017
Total Pension Liability							
Service cost	\$	735,330	\$	696,923	\$	731,362	\$ 713,303
Expected interest growth		1,869,174		1,786,927		1,702,438	1,478,789
Demographic experience		(339,369)		(440,088)		(353,509)	377,868
Benefit payments and refunds		(1,579,307)		(864,859)		(746,538)	(699,053)
Assumption changes		-		-		-	1,332,146
Net change in total pension liability		685,828		1,178,903		1,333,753	3,203,053
Total pension liability - beginning		26,498,377		25,319,474		23,985,721	20,782,668
Total pension liability - ending (a)		27,184,205		26,498,377	\$	25,319,474	\$ 23,985,721
Plan Fiduciary Net Position							
Expected interest growth	\$	1,387,332	\$	1,325,420	\$	1,221,028	\$ 1,048,032
Unexpected investment income	·	(88,898)		(317,639)	-	4,354	974,179
Contributions - Employer		992,960		906,257		938,295	1,085,748
Contributions - Employee		200,809		192,542		198,453	200,058
Benefit payments and refunds		(1,579,307)		(864,859)		(746,538)	(699,053)
Administrative expense		(52,446)		(53,067)		(42,035)	(39,960)
Net change in plan fiduciary net position		860,450		1,188,654		1,573,557	2,569,004
Plan fiduciary net position - beginning		20,034,323		18,845,669		17,272,112	14,703,108
Plan fiduciary net position - ending (b)		20,894,773		20,034,323	\$	18,845,669	\$ 17,272,112
Net pension liability - ending (a) - (b)	\$	6,289,432	\$	6,464,054	\$	6,473,805	\$ 6,713,609
Plan fiduciary net position as a percentage							
of the total pension liability		76.86%		75.61%		74.43%	72.01%
Covered payroll	\$	2,463,643	\$	2,292,753	\$	2,419,522	\$ 2,366,291
Net pension liability as a percentage of covered payroll		255.29%		281.93%		267.57%	283.72%

Notes to the schedule:

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

	2016		2015		2014
\$	590,076	\$	372,463	\$	466,047
٦	1,120,821	٧	1,542,236	ڔ	1,291,782
	5,636		(724,920)		1,291,782
					- (602 024)
	(675,359)		(670,595)		(682,024)
	3,952,648 4,993,822		(1,681,706)		1 075 905
			(1,162,522)		1,075,805
<u> </u>	15,788,846	\$	16,951,368	\$	15,875,563
\$	20,782,668	ې	15,788,846	ې	16,951,368
\$	940,589	\$	1,205,916	\$	977,638
	200,914		(1,211,301)		93,909
	732,952		682,374		773,093
	189,218		174,323		170,359
	(675,359)		(670,595)		(987,787)
	(36,881)		(37,244)		(36,101)
	1,351,433		143,473		991,111
	13,351,675		13,208,202		12,217,091
\$	14,703,108	\$	13,351,675	\$	13,208,202
\$	6,079,560	\$	2,437,171	\$	3,743,166
	70.75%		84.56%		77.92%
\$	2,102,177	\$	2,023,912	\$	1,980,916
	289.20%		120.42%		188.96%

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

Ge	neral E	mployees' Pe	nsior	n Plan			
For the year ended September 30,		2020		2019	2018		2017
Total Pension Liability							
Service cost	\$	66,874	\$	70,157	\$ 64,653	\$	63,643
Expected interest growth		618,506		610,071	615,783		560,761
Demographic experience		62,100		(56,035)	(266,265)		101,155
Benefit payments and refunds		(566,840)		(500,343)	(507,590)		(537,145)
Assumption changes		-		-	-		578,190
Net change in total pension liability		180,640		123,850	(93,419)		766,604
Total pension liability - beginning		9,044,971		8,921,121	9,014,540		8,247,936
Total pension liability - ending (a)	\$	9,225,611	\$	9,044,971	\$ 8,921,121	\$	9,014,540
Plan Fiduciary Net Position						_	
Expected interest growth		539,357		528,037	502,616	\$	452,897
Unexpected investment income		(16,314)		(127,283)	32,752		426,663
Contributions - Employer		288,302		306,047	354,222		349,352
Contributions - Employee		21,758		22,474	23,561		22,233
Benefit payments & refunds		(566,840)		(500,343)	(507,590)		(537,145)
Administrative expense		(25,858)		(25,068)	(18,525)		(24,005)
Net change in plan fiduciary net position		240,405		203,864	387,036		689,995
Plan fiduciary net position - beginning		7,844,035		7,640,171	 7,253,135		6,563,140
Plan fiduciary net position - ending (b)	\$	8,084,440	\$	7,844,035	\$ 7,640,171	\$	7,253,135
Net pension liability - ending (a) - (b)	\$	1,141,171	\$	1,200,936	\$ 1,280,950	\$	1,761,405
Plan fiduciary net position as a percentage							
of the total pension liability		87.63%		86.72%	85.64%		80.46%
Covered payroll	\$	299,375	\$	298,165	\$ 281,381	\$	273,990
Net pension liability as a percentage of covered payroll		381.18%		402.78%	455.24%		642.87%

Notes to the schedule:

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

	2016		2015		2014
\$	78,648	\$	47,281	\$	57,216
Y	464,555	Υ	636,922	Y	560,156
	147,878		11,264		-
	(515,793)		(577,609)		(484,450)
	1,275,317		(574,972)		-
	1,450,605		(457,114)		132,922
	6,797,331		7,254,445		7,121,523
\$	8,247,936	\$	6,797,331	\$	7,254,445
\$	428,775	\$	571,279	\$	475,890
•	92,895	•	(555,367)	т.	32,305
	341,136		370,855		428,556
	33,168		31,458		30,262
	(515,793)		(577,609)		(469,255)
	(23,534)		(22,473)		(22,674)
	356,647		(181,857)		475,084
	6,206,493		6,388,350		5,913,266
\$	6,563,140	\$	6,206,493	\$	6,388,350
\$	1,684,796	\$	590,838	\$	866,095
	79.57%		91.31%		88.06%
\$	400,181	\$	386,980	\$	366,815
	421.01%		152.68%		236.11%

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

Police	Officers'	and Firefighte	ers' l	Pension Plan		
For the year ended September 30,		2020		2019	2018	2017
Actuarially determined contribution	\$	998,959	\$	903,329	\$ 933,442	\$ 796,903
Contributions recognized by the plan		992,960		906,257	938,295	1,085,748
Contribution deficiency (excess)	\$	5,999	\$	(2,928)	\$ (4,853)	\$ (288,845)
Covered payroll	\$	2,463,643	\$	2,292,753	\$ 2,419,522	\$ 2,366,291
Contributions as a percentage of covered payroll		40.30%		39.53%	38.78%	45.88%
	General E	mployees' Pe	nsic	n Plan		
For the year ended September 30,		2020		2019	2018	2017
Actuarially determined contribution	\$	288,302	\$	306,047	\$ 354,222	\$ 349,352
Contributions recognized by the plan		288,302		306,047	354,222	349,352
Contribution deficiency (excess)	\$	-	\$	-	\$ -	\$ -
Covered payroll	\$	299,375	\$	298,165	\$ 281,381	\$ 273,990
Contributions as a percentage of covered payroll		96.30%		102.64%	125.89%	127.51%

Notes to the schedule:

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

2016	2015	2014
\$ 732,952	\$ 745,554	\$ 773,093
992,960	682,374	483,397
\$ (260,008)	\$ 63,180	\$ 289,696
\$ 2,102,177	\$ 2,023,912	\$ 1,980,916
47.23%	33.72%	24.40%
 2016	2015	2014
\$ 341,136	\$ 370,855	\$ 428,556
341,136	370,855	428,556
\$ -	\$ -	\$ -
\$ 400,181	\$ 386,980	\$ 366,815
85.25%	95.83%	116.83%

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

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

Notes to the schedule:

Weighted arithmetic average

4.08%

4.08%

4.08%

5.48%

4.48%

4.23%

4.23%

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

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

	Police Officers' and Firefighters' Plan	General Employees' Plan
Valuation date	October 1, 2019	October 1, 2019
	Actuarially determined contribution ra years prior to the end of the fiscal year i	tes are calculated as of October 1, two n 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	benefit payments and expenses. This is	ue of assets adjusted for contributions, sfurther adjusted by the average return preceding 4 years. The actuarial value of market value.
Inflation	2.77% per annum	2.77% per annum
Salary increases	4.75% per annum unless	actual amounts are known.
Interest rate	7.00% per annum	7.00% per annum
Retirement age	52 with 5 years of service	62 with 5 years of service
Early retirement rate	50 with 10 years of service	55 with 10 years of service or any age with 35 years of service
Termination rates	Sex-distinct rates set for	th 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.

Stormwater fund – This 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.

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

	Special Revenue							
								Total
				Law	9	Stormwater		Nonmajor
	Community		Enforcement			Utility		Governmental
September 30, 2020		Services		Trust		Fund		Funds
ASSETS								
Cash and cash equivalents	\$	119,211	\$	32,788		378,606	\$	530,605
Investments	•	9,046	•	1,897		32,779	•	43,722
Accounts receivable		2,006		, -		· -		2,006
Due from other funds		115,541		-		33,360		148,901
Due from other governments		-		-		10,110		10,110
Prepaid items		-		-		7,189		7,189
Total assets	\$	245,804	\$	34,685	\$	462,044	\$	742,533
LIABILITIES								
Accounts payable	\$	1,085	\$		\$	18,313	\$	19,398
Total liabilities	٠,	1,085	٠,		٠,	18,313	ڔ	19,398
Total habilities		1,005				10,313		13,338
FUND BALANCES								
Nonspendable		-		-		7,189		7,189
Restricted		244,719		34,685		436,542		715,946
Total fund balances		244,719		34,685		443,731		723,135
	_	247 222	_	24.65-	_	460.065		
Total liabilities and fund balances	\$	245,804	\$	34,685	\$	462,044	\$	742,533

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

	Special Revenue							
								Total
				Law	9	Stormwater		Nonmajor
	(Community	Enfo	rcement		Utility	Go	overnmental
For the Year Ended September 30, 2020		Services		Trust		Fund		Funds
Revenues								_
Intergovernmental	\$	-	\$	-	\$	14,168	\$	14,168
Charges for services		242		-		954,168		954,410
Investment and other income		45,924		5,377		6,485		57,786
Total revenues		46,166		5,377		974,821		1,026,364
Expenditures								
Current:								
Public safety		-		3		_		3
Public works		25,567		-		27,534		53,101
Capital outlay		-		-		524,366		524,366
Total expenditures		25,567		3		551,900		577,470
Excess of revenues								
over expenditures		20,599		5,374		422,921		448,894
over experiences		20,333		3,374		422,321		440,034
Other financing uses								
Transfers out		-		-		(219,108)		(219,108)
Total other financing uses		-		-		(219,108)		(219,108)
Net change in fund balances		20,599		5,374		203,813		229,786
Fund balances, beginning of year		224,120		29,311		239,918		493,349
Fund balances, end of year	\$	244,719	\$	34,685	\$	443,731	\$	723,135

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

				Va	riance with
				F	inal Budget
	Original	Final			Positive
For the year ended September 30, 2020	Budget	Budget	Actual		(Negative)
Revenues					
Charges for services	\$ 600	\$ 242	\$ 242	\$	-
Investment and other income	29,501	45,994	45,924		(70)
Total revenues	30,101	46,236	46,166		(70)
Expenditures					
Current:					
Public works	36,071	25,018	25,567		(549)
Total expenditures	36,071	25,018	25,567		(549)
Net change in fund balances	(5,970)	21,218	20,599		(619)
Fund balances, beginning of year	224,120	224,120	224,120		-
Fund balances, end of year	\$ 218,150	\$ 245,338	\$ 244,719	\$	(619)

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

					Va	riance with
					F	inal Budget
	Original	Final				Positive
For the Year Ended September 30, 2020	 Budget	Budget	Act	ual		(Negative)
Revenues						
Investment and other income	\$ -	\$ -	\$ 5,3	77	\$	5,377
Total revenues	-	-	5,3	77		5,377
Expenditures						
Current:						
Public safety	-	-		3		(3)
Total expenditures	-	-		3		(3)
Net change in fund balances	-	-	5,3	74		5,374
Fund balances, beginning of year	29,311	29,311	29,3	11		-
Fund balances, end of year	\$ 29,311	\$ 29,311	\$ 34,6	85	\$	5,374

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	al Fina					Positive
For the Year Ended September 30, 2020		Budget	Budget		Actual			(Negative)
Revenues								
Intergovernmental	\$	-	\$	14,168	\$	14,168	\$	-
Charges for services		1,005,000		954,168		954,168		-
Investment and other income		8,000		6,485		6,485		-
Total revenues		1,013,000		974,821		974,821		-
- "								
Expenditures								
Current:								
Public works		10,000		37,110		27,534		9,576
Capital outlay		709,718		524,366		524,366		
Total expenditures		719,718		561,476		551,900		9,576
Excess of revenues								
over expenditures		293,282		413,345		422,921		9,576
over experiantares		233,202		413,343		422,321		3,370
Other financing uses								
Transfers out		(255,000)		(252,468)		(219,108)		(33,360)
Total other financing uses		(255,000)		(252,468)		(219,108)		(33,360)
Net change in fund balances		38,282		160,877		203,813		(23,784)
Fund balances, beginning of year		239,918		239,918		239,918		-
Fund balances, end of year	\$	278,200	\$	400,795	\$	443,731	\$	(23,784)

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

								riance with
		Original		Final			F	inal Budget Positive
For the Year Ended September 30, 2020		Budget						(Negative)
Revenues		buuget		Buuget		Actual		(INEGALIVE)
Taxes	\$	793,000	\$	859,419	\$	859,419	\$	_
Intergovernmental	Ţ	733,000	۲	40,952	۲	40,952	۲	_
Interest and other		30,000		81,047		81,046		(1)
Total revenues		823,000		981,418		981,417		(1)
Expenditures		023,000		301,410		301,417		(±)
Current								
General government		120		34,597		34,593		4
Capital outlay		5,805,269		2,413,865		2,115,020		298,845
Debt service:								
Principal retired		636,997		636,878		636,878		-
Interest and other		229,746		217,549		248,549		(31,000)
Total expenditures		6,672,132		3,302,889		3,035,040		267,849
Deficiency of revenues								
under expenditures	(5,849,132)		(2,321,471)		(2,053,623)		267,848
Other financing uses								
Transfers in		450,000		-		-		-
Refunding note issued		-		1,969,000		1,969,000		-
Payment to refunded note escrow		-		(1,936,000)		(1,936,000)		-
Net other financing uses		450,000		33,000		33,000		-
Net change in fund balances	(5,399,132)		(2,288,471)		(2,020,623)		267,848
Fund balances, beginning of year		4,483,184	_	4,483,184		4,483,184		-
Fund balances, end of year	\$	(915,948)	\$	2,194,713	Ş	2,462,561	\$	267,848



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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 own-source revenues - ad valorem property taxes, occupational license taxes, and building permits revenues.

Schedule B1 Assessed Value and Estimated Actual Value of Taxable Property

Schedule B2 Tax Revenues by Source – Governmental Funds

Schedule B3 Direct and Overlapping Property Tax Rates

Schedule B4 Principal Property Taxpayers

Schedule B5 Property Tax Levies and Collections

C. Debt Capacity

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

Schedule C1 Ratio of Outstanding Debt by Type

Schedule C2 Direct and Overlapping Governmental Activities Debt

Schedule C3 Pledged Revenue Coverage

Schedule C4 Ratios of General Bonded Debt Outstanding

Schedule C5 Legal Debt Margin Information

D. Demographic and Economic Information Financial Trends

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

Schedule D1 Demographic and Economic Statistics

Schedule D2 Principal Employers

E. Operating Information

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

Schedule E1 Employees by Function/Program

Schedule E2 Operating Indicators by Function/Program

Schedule E3 Capital Asset Statistics by Function/Program

Additional Notes

Unless otherwise noted, the information in these schedules is derived from the City's 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,	2020	2019	2018	2017
Governmental activities				
Net investment in capital assets	\$ 25,460,939	\$ 22,804,907	\$ 27,017,454	\$ 26,078,307
Restricted	3,185,696	5,510,086	941,307	1,468,861
Unrestricted	(9,741,400)	(10,806,671)	(11,463,063)	(7,654,678)
Total governmental activities				
net position	18,905,235	17,508,322	16,495,698	19,892,490
Primary government				
Net investment in capital assets	25,460,939	22,804,907	27,017,454	26,078,307
Restricted	3,185,696	5,510,086	941,307	1,468,861
Unrestricted	(9,741,400)	(10,806,671)	(11,463,063)	(7,654,678)
Total primary government				
net position	\$ 18,905,235	\$ 17,508,322	\$ 16,495,698	\$ 19,892,490

Source: City of Satellite Beach Support Services Department

Schedule A1

2016	2015	2014	2013	2012	2011
\$ 25,272,490	\$ 24,900,824	\$ 24,600,877	\$ 24,203,216	\$ 23,346,919	\$ 22,048,335
1,619,299	4,072,434	1,441,474	1,607,635	2,128,047	1,745,222
(5,481,463)	(7,791,388)	(1,516,601)	(1,782,751)	(1,812,099)	(1,105,710)
21,410,326	21,181,870	24,525,750	24,028,100	23,662,867	22,687,847
					_
25,272,490	24,900,824	24,600,877	24,203,216	23,346,919	22,048,335
1,619,299	4,072,434	1,441,474	1,607,635	2,128,047	1,745,222
(5,481,463)	(7,791,388)	(1,516,601)	(1,782,751)	(1,812,099)	(1,105,710)
\$ 21,410,326	\$ 21,181,870	\$ 24,525,750	\$ 24,028,100	\$ 23,662,867	\$ 22,687,847

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

Fiscal Year ended September 30,	2020	2019	2018		2017
Expenses:					
Governmental activities:					
General government	\$ 3,619,660	\$ 3,783,019	\$ 2,904,285	\$	3,973,747
Public safety	6,066,516	6,145,653	6,333,268		5,935,564
Public works	2,808,928	3,545,573	2,672,181		2,610,724
Recreation	748,686	865,768	860,047		815,610
Interest and related costs					
on long term debt	336,377	269,538	271,391		270,548
Total expenses -					
governmental activities	13,580,167	14,609,551	13,041,172		13,606,193
Program revenues:					
Governmental activities:					
Charges for Services:					
General government	\$ 347,199	\$ 273,052	\$ 286,774		365,836
Public safety	256,554	279,803	139,136		137,209
Public works	962,962	967,806	498,839		425,057
Recreation	324,079	598,230	595,078		563,425
Operating Grants and Contributions					
General government	7,697	95,461	-		-
Public safety	14,850	25,382	22,015		30,086
Public works	23,961	23,276	22,665		29,471
Recreation	4,390	800	300		101
Capital Grants and Contributions					
Public safety	-	16,343	-		1,000
Public works	14,168	727,741	-		-
Recreation	-	120,000	41,500		32
Total program revenues -					
governmental activities	1,955,860	3,127,894	1,606,307		1,552,217
Net (expense) revenue -					
governmental activities	(11,624,307)	(11,481,657)	(11,434,865)		(12,053,976)

Schedule A2

	2016		2015		2014		2013	2012			2011
'											
,	2 025 504	,	2.456.505	<u>۸</u>	2 227 060	<u>,</u>	2 506 470	۸.	2 202 004	۲.	2 722 200
\$	2,825,504	\$	2,156,505	\$	2,327,860	\$	2,586,470	\$	2,383,884	\$	2,723,298
	5,170,779		4,454,959		4,260,007		4,261,342		4,520,260		4,808,480
	2,401,705		2,251,199		2,170,032 713,537		1,889,881		1,951,699		2,164,604
	825,813		743,255		/13,33/		740,695		691,930		720,816
	327,277		282,025		270,351		287,553		320,364		350,830
	11,551,078		9,887,943		9,741,787		9,765,941		9,868,137		10,768,028
	166,775		173,258		164,886		151,936		127,927		174,764
	132,088		128,765		127,559		130,331		136,460		146,461
	497,699		498,609		315,315		314,332		317,378		314,331
	631,519		625,639		586,734		581,961		532,645		522,132
	-		-		-		-		-		72,330
	213,429		31,556		57,225		52,141		49,549		53,265
	23,880		14,230		37,079		101,804		11,293		10,960
	350		100		4,621		-		-		-
	1,000		180,104		9,888		30,000		1,481		92,671
	-				11,397		266,890		1,163,130		902,301
	50,185		715		10,369		6,542		129,550		35,661
	4 746 005		4 652 076		4 225 272		4 625 627		2.460.442		2 224 076
	1,716,925		1,652,976		1,325,073		1,635,937		2,469,413		2,324,876
	(0.024.152)		(0.224.067)		(0 A16 71A)		(0.120.004)		/7 200 72 <i>4</i> \		(0 //2 152)
	(9,834,153)		(8,234,967)		(8,416,714)		(8,130,004)		(7,398,724)		(8,443,152)

(Continued on next page)

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

Fiscal Year ended September 30,	2020	2019 2018			2017		
General revenues:							
Governmental activities:							
Property taxes	\$ 8,792,095	\$	8,415,825	\$	7,254,925	\$	6,783,312
Franchise fees and other taxes	2,759,077		2,721,062		2,627,465		2,596,137
Share revenues not restricted to							
specific programs	990,429		1,015,263		999,801		957,349
Grants and contributions not							
restricted to specific programs	41,952		1,776		10,935		2,051
Unrestricted investment earnings	92,707		111,830		36,049		27,603
Miscellaneous	344,960		228,525		587,146		169,688
Total general revenues -							
governmental activities	13,021,220		12,494,281		11,516,321		10,536,140
Change in net position -							
governmental activities	1,396,913		1,012,624		81,456		(1,517,836)
Change in net position -							
total government	\$ 1,396,913	\$	1,012,624	\$	81,456	\$	(1,517,836)

(Continued from previous page)

Source: City of Satellite Beach Support Services Department

Schedule A2 (Continued)

	2016		2015	2014			2013		2012		2011
\$	C 271 2F2	۲	E 000 3E0	۲	F COC 772	۲.	F 202 7F2	۲	E 3EE 3CO	۲	F F2F 0C0
Ş	6,371,353	\$	5,998,358	\$	5,606,772	\$	5,283,753	\$	5,255,269		5,535,868
	2,633,925		2,285,666		2,310,949		2,193,001		2,150,263		2,127,871
	899,109		870,604		826,339		787,425		758,676		771,373
	1,484		9,850		665		23,561		31,421		2,706
	32,328		26,277		17,143		18,914		33,867		55,648
	124,410		114,860		152,496		188,583		144,248		219,769
	10,062,609		9,305,615		8,914,364		8,495,237		8,373,744		8,713,235
	228,456		1,070,648		497,650		365,233		975,020		270,083
	•		•				·				· · · · · · · · · · · · · · · · · · ·
\$	228,456	\$	1,070,648	\$	497,650	\$	365,233	\$	975,020	\$	270,083

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

Fiscal year ended September 30,	2020	2019	2018	2017
General Fund				_
Nonspendable	\$ 175,667	\$ 130,814	\$ 152,565	\$ 87,165
Restricted	-	-	-	-
Committed	2,384,718	1,635,635	852,745	852,745
Assigned	-	-	-	-
Unassigned (deficit)	413,226	225,955	(213,044)	(307,572)
Total General Fund	\$ 2,973,611	\$ 1,992,404	\$ 792,266	\$ 632,338
All other governmental funds:				
Nonspendable	\$ 7,189	\$ 10,482	\$ 51,607	\$ 80,563
Restricted	3,178,507	5,510,086	941,307	1,468,861
Total all other governmental funds	\$ 3,185,696	\$ 5,520,568	\$ 992,914	\$ 1,549,424

Source: City of Satellite Beach Support Services Department

Schedule A3

2016	2015	2014	2013	2012	2011
\$ 113,249	\$ 49,457	\$ 139,410	\$ 81,682	\$ 165,958	\$ 185,908
-	-	149,868	149,868	149,868	-
852,745	852,745	562,244	367,274	84,853	6,470
-	-	-	-	-	133,938
421,069	532,183	309,688	260,947	-	465,248
\$ 1,387,063	\$ 1,434,385	\$ 1,161,210	\$ 859,771	\$ 400,679	\$ 791,564
\$ 265,080	\$ 51,429	\$ 49,942	\$ 7,959	\$ 870	\$ 4,116
 1,619,299	4,072,434	1,286,953	1,457,767	1,977,309	1,741,106
\$ 1,884,379	\$ 4,123,863	\$ 1,336,895	\$ 1,465,726	\$ 1,978,179	\$ 1,745,222

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

Fiscal year ended September 30,	2020	2020 2019			2018	2017			
Revenues:									
Taxes	\$ 11,551,172	\$	11,136,887	\$	9,882,390	\$	9,379,449		
Licenses and permits	344,809		275,381		278,451		352,094		
Intergovernmental	1,337,196		2,161,933		1,412,978		1,092,446		
Charges for services	1,486,001		1,779,294		1,177,239		1,067,431		
Fines and forfeitures	33,366		39,401		38,678		45,657		
Interest and other	223,537		229,279		331,523		151,280		
Total revenues	14,976,081		15,622,175		13,121,259		12,088,357		
Expenditures:									
Current:									
General government	3,465,542		3,441,324		2,901,189		2,841,906		
Public safety	5,690,981		5,439,259		5,432,558		5,338,401		
Public works	2,141,429		1,977,289		2,022,736		1,994,331		
Recreation	674,831		794,005		758,407		749,825		
Capital outlay - small dollar items	-		-		63,013		271,075		
Capital outlay	3,063,771		2,588,713		1,976,024		1,354,830		
Debt service:									
Principal retired	992,478		972,047		1,741,124		772,453		
Interest and other	367,928		244,821		288,890		264,330		
Total expenditures	16,396,960		15,457,458		15,183,941		13,587,151		
Excess (deficiency) of revenues									
over (under) expenditures	(1,420,879)		164,717		(2,062,682)		(1,498,794)		
Other financing sources (uses):									
Transfers in	2,939,582		2,591,900		1,880,235		2,374,472		
Transfers out	(2,905,368)		(2,591,900)		(1,880,235)		(2,374,472)		
Proceeds from issuance of debt	1,969,000		5,000,000		947,596		-		
Capital lease proceeds	-		-		718,505		408,364		
Insurance proceeds	-		-		-		-		
Payment to refunded note escrow	(1,936,000)		-		-		-		
Proceeds from sale of fixed assets	_		563,075		-		750		
Total other financing									
sources (uses)	67,214		5,563,075		1,666,101		409,114		
Net change in fund balances	\$ (1,353,665)	\$	5,727,792	\$	(396,581)	\$	(1,089,680)		
Debt Service as a Percentage of									
Noncapital Expenditures	11%		10%		18%		9%		

Source: City of Satellite Beach Support Services Department

Schedule A4

	2016		2015		2014		2013		2012		2011
\$	9,005,278	\$	8,284,024	\$	7,917,721	\$	7,476,754	\$	7,405,532	\$	7,663,739
	160,259		168,765		157,751		143,214		117,067		161,477
	1,025,845		1,183,288		1,027,435		1,320,520		2,218,402		2,017,769
	1,208,085		1,199,362		976,143		970,811		922,994		902,859
	43,538		45,748		47,522		54,415		63,729		83,418
	336,529		77,404		87,918		149,240		99,746		196,456
	11,779,534		10,958,591		10,214,490		10,114,954		10,827,470		11,025,718
	2,716,039		2,182,951		2,209,815		2,241,669		2,285,849		2,378,062
	4,692,448		4,384,001		4,104,501		4,010,613		4,276,053		4,467,050
	1,740,589		1,581,961		1,515,572		1,324,307		1,436,564		1,605,184
	778,573		731,330		697,086		727,624		683,080		707,615
	-		-		-		-		-		-
	3,258,577		588,574		1,245,634		838,416		1,243,026		1,582,202
	616,719		653,824		837,949		787,186		746,726		715,862
_	263,395		275,807		272,298		290,512		323,187		353,217
	14,066,340		10,398,448		10,882,855		10,220,327		10,994,485		11,809,192
	(2.206.006)		EGO 142		(CC0 2CE)		(10E 272)		(167.015)		(702 474)
	(2,286,806)		560,143		(668,365)		(105,373)		(167,015)		(783,474)
	1,877,527		1,480,134		1,073,342		1,048,402		862,015		1,257,519
	(1,877,527)		(1,480,134)		(1,073,342)		(1,048,402)		(862,015)		(1,257,519)
	-		2,500,000		-		-		-		-
	-		-		796,141		38,193		-		-
	-		-		11,232		10,919		6,987		8,393
	-		-		-		-		-		-
	-		-		33,600		2,900		2,100		4,000
		_	2,500,000	_	840,973	_	52,012	_	9,087	_	12,393
\$	(2,286,806)	\$	3,060,143	\$	172,608	\$	(53,361)	\$	(157,928)	\$	(771,081)
	(, ==,===)	F	-,,-	т	_,	г	(//	F	(/ 0 /	r	(-//
	9%		10%		13%		13%		12%		12%

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

	Т	axable Value		Personal					
	Re	al Property for	ı	Property for				New	
Fiscal Year Ended		Operating		Operating		Gross Taxable		Construction	
September 30,		Purposes		Purposes		Value	Taxable Value		
2020	\$	956,568,541	\$	14,447,091	\$	971,015,632	\$	5,373,199	
2019		904,489,814		13,121,899		917,611,713		2,318,960	
2018		834,517,167		12,832,337		847,349,504		3,629,950	
2017		776,785,520		12,007,698		788,992,439		4,006,655	
2016		725,000,652		12,007,698		737,008,350		9,570,160	
2015		677,596,138		18,663,326		696,259,464		2,826,100	
2014		634,110,040		17,507,111		651,617,151		4,342,390	
2013		594,293,870		16,119,343		610,413,213		8,942,693	
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	

Source: Brevard County Property Appraiser

Schedule B1

Adjusted Taxable Value		Final Taxable Value	Millage Rate Per \$1,000		
\$	965,642,433	\$ 970,808,070	8.7000		
	915,292,753	915,229,667	8.8212		
	843,719,554	846,112,825	8.1518		
	784,985,784	783,329,385	8.1518		
	727,438,190	732,126,873	8.2900		
	693,433,364	694,558,891	8.3206		
	647,274,761	651,162,743	8.3206		
	601,470,520	613,335,462	8.3979		
	580,997,441	593,792,397	8.5285		
	646,573,243	651,947,637	8.1439		

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

Fiscal Year Ended	Dan			Community	,			Communications		
September 30,	Pro	operty Taxes	ке	Redevelopment		Taxes		Service Tax		
2020	\$	8,160,178	\$	631,917	\$	450,516	\$	396,054		
2019	•	7,801,789	•	614,035		477,362	•	386,233		
2018		6,680,787		574,138		446,200		393,709		
2017		6,257,854		525,458		481,213		377,634		
2016		5,895,283		476,070		483,307		403,528		
2015		5,574,093		424,265		437,585		428,137		
2014		5,229,663		377,109		412,020		452 <i>,</i> 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		

Source: City of Satellite Beach Support Services Department

Schedule B2

Lo	cal Business Tax	F	Insurance Premium Tax (Pension)	Fr	Utility and ranchise Taxes	Total	% Change over Prior Year
\$	31,445	\$	249,122	\$	1,631,940	\$ 11,551,172	4%
	49,653		227,857		1,579,958	11,136,887	13%
	42,674		220,026		1,524,856	9,882,390	5%
	48,583		202,278		1,486,429	9,379,449	4%
	40,597		235,710		1,470,783	9,005,278	9%
	50,817		208,658		1,160,469	8,284,024	5%
	43,679		238,563		1,163,941	7,917,721	6%
	47,566		219,955		1,040,850	7,476,754	1%
	50,388		145,565		1,064,492	7,405,532	-3%
	55,022		163,393		1,106,012	7,663,739	

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

C	ity of Satellite Beach		Overlapp	ing Rates
Fiscal Year ended			Brevard County	
Steptember 30,	Operating Millage	Total Direct Rate	School Board	Brevard County
2020	8.7000	8.7000	6.3798	3.8196
2019	8.8212	8.8212	6.2990	3.9456
2018	8.1518	8.1518	6.2990	3.9456
2017	8.1518	8.1518	6.5680	4.1550
2016	8.2900	8.2900	6.9160	4.3631
2015	8.3206	8.3206	7.3390	4.6814
2014	8.3206	8.3206	7.6060	4.8239
2013	8.3559	8.3559	8.0960	4.9063
2012	8.5285	8.5285	8.1120	4.9063
2011	8.1439	8.1439	7.7619	4.2717

Source: Brevard County Tax Collector

Schedule B3

	Rates

	St. Johns Water	Fla Inland	
Brevard County	Management	Navigation	Total Direct and
Special Districts	District	District	Overlapping
1.0757	0.2414	0.0320	20.2485
1.4084	0.2562	0.0320	20.7624
1.4084	0.2562	0.0320	20.0930
1.4475	0.2724	0.0320	20.6267
1.4917	0.2885	0.0320	21.3813
1.5496	0.3164	0.0345	22.2415
1.5740	0.3283	0.0345	22.6873
1.6136	0.3313	0.0345	23.3376
1.6136	0.3313	0.0345	23.5262
1.4443	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,	2020	9/	30/2011*	
			Percentage of Total			Percentage of Total
	Taxable		Assesed	Taxable		Assessed
Taxpayer	Assessed Value	Rank	Value	Assessed Value	Rank	Value
Woodshire Brevard LLC	\$ 10,960,000	1	1.13%	\$ 5,200,000	3	0.80%
New Plan Venture Direct	8,297,420	2	0.85%	5,500,000	1	0.84%
Las Olas Beach Club Assoc. Inc.	6,110,750	3	0.63%	5,267,960	2	0.81%
Regency Center, LLC	2,815,060	4	0.29%	1,725,000	4	0.26%
Walgreens, Co.	2,124,270	5	0.22%	1,450,000	6	0.22%
Robert A. Martin	2,061,650	6	0.21%	1,254,420	7	0.19%
304 Lansing Island Revocable Tst.	1,976,790	7	0.20%	389,950	10	0.06%
Simon, Catherine P	1,807,860	8	0.19%	420,000	9	0.06%
Satellite Beach Pharmacy, LLC	1,791,250	9	0.18%	1,200,000	8	0.18%
Love, Richard P Jr.	1,755,120	10	0.18%	1,520,160	5	0.23%
Total taxable assessed value for						
principal property taxpayers	\$ 39,700,170		4.08%	\$ 23,927,490		3.65%

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	To	tal Tax Levy		Amount	Percentage	Taxes		Amount	Percentage		
September 30,	fo	r Fiscal Year		Collected	of Levy	Collected		Collected	of Levy		
2020	\$	8,447,836	\$	7,905,289	94%	\$ 254,889	\$	8,160,178	97%		
2019	\$	8,094,436	\$	7,680,512	95%	\$ 121,278	\$	7,801,789	96%		
2018		6,907,424		6,595,105	95%	85,682		6,680,787	97%		
2017		6,431,709		6,257,854	97%	-		6,257,854	97%		
2016		6,109,799		5,857,461	96%	37,822		5,895,283	96%		
2015		5,793,296		5,452,035	94%	122,058	}	5,574,093	96%		
2014		5,421,846		5,229,663	96%	-		5,229,663	96%		
2013		5,126,189		4,805,952	94%	142,811		4,948,763	97%		
2012		5,032,789		4,744,055	94%	178,656	,	4,922,711	98%		
2011		5,891,994		4,891,647	83%	248,388	}	5,140,035	87%		

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	
	Capital	Outstanding	Total Personal	of Personal	Debt Per
Note Payable	Leases	Debt	Income	Income	Capita
\$ 9,744,457	\$ 116,716	\$ 9,861,173	\$ 452,529,042	2.18%	906
10,556,576	264,075	10,820,651	421,282,560	2.57%	1,019
6,384,317	408,381	6,792,698	346,508,232	1.96%	657
6,048,060	819,662	6,867,722	368,427,800	1.86%	654
6,633,525	598,286	7,231,811	367,761,375	1.97%	690
7,150,490	698,040	7,848,530	373,540,521	2.10%	754
5,202,033	800,321	6,002,354	344,632,680	1.74%	583
5,730,034	314,128	6,044,162	338,530,634	1.79%	586
6,233,775	559,380	6,793,155	337,548,060	2.01%	659
6,713,947	825,934	7,539,881	320,757,632	2.35%	742
	Note Payable \$ 9,744,457 10,556,576 6,384,317 6,048,060 6,633,525 7,150,490 5,202,033 5,730,034 6,233,775	Note Payable Leases	Total Note Payable Leases Debt \$ 9,744,457 \$ 116,716 \$ 9,861,173 10,556,576 264,075 10,820,651 6,384,317 408,381 6,792,698 6,048,060 819,662 6,867,722 6,633,525 598,286 7,231,811 7,150,490 698,040 7,848,530 5,202,033 800,321 6,002,354 5,730,034 314,128 6,044,162 6,233,775 559,380 6,793,155	Note Payable Leases Debt Income \$ 9,744,457 \$ 116,716 \$ 9,861,173 \$ 452,529,042 10,556,576 264,075 10,820,651 421,282,560 6,384,317 408,381 6,792,698 346,508,232 6,048,060 819,662 6,867,722 368,427,800 6,633,525 598,286 7,231,811 367,761,375 7,150,490 698,040 7,848,530 373,540,521 5,202,033 800,321 6,002,354 344,632,680 5,730,034 314,128 6,044,162 338,530,634 6,233,775 559,380 6,793,155 337,548,060	Note PayableCapital CapitalOutstanding DebtTotal Personal IncomePercentage of Personal\$ 9,744,457\$ 116,716\$ 9,861,173\$ 452,529,0422.18%10,556,576264,07510,820,651421,282,5602.57%6,384,317408,3816,792,698346,508,2321.96%6,048,060819,6626,867,722368,427,8001.86%6,633,525598,2867,231,811367,761,3751.97%7,150,490698,0407,848,530373,540,5212.10%5,202,033800,3216,002,354344,632,6801.74%5,730,034314,1286,044,162338,530,6341.79%6,233,775559,3806,793,155337,548,0602.01%

Source: City of Satellite Beach Support Services Department

City of Satellite Beach, Florida Direct and Overlapping Governmental Activities Debt As of September 30, 2020 Schedule C2

Governmental Unit	Del	ot Outstanding (1)	Applicable Percentage (2)	Ci	ty's Estimated Share of Direct and Overlapping Debt						
Brevard County	\$	30,652,180	2.81%	\$	860,475						
•	City of Satellite Beach Direct Debt (Governmental Activity) Total Notes Payable & Capital Leases 9,861,173										
Total Direct and Overlapp	\$	10,721,648									

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 S	Service
September 30,	Revenues	R	equirements	Cove	rage
2020	\$ 3,564,394	\$	1,177,906		3.03
2019	2,817,875		903,755		3.12
2018	2,510,657		680,560		3.69
2017	2,301,510		674,125		3.41
2016	2,105,016		513,014		4.10
2015	1,638,743		467,256		3.51
2014	1,062,911		467,325		2.27
2013	950,849		467,780		2.03
2012	910,636		468,317		1.94
2011	1,225,479		467,843		2.62

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

				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
2020	10,887	\$ 970,808,070	-	0.00%	0.00
2019	10,617	\$ 915,229,667	-	0.00%	0.00
2018	10,346	846,112,825	-	0.00%	0.00
2017	10,504	783,329,385	-	0.00%	0.00
2016	10,485	732,126,873	-	0.00%	0.00
2015	10,403	694,558,891	-	0.00%	0.00
2014	10,290	651,162,743	-	0.00%	0.00
2013	10,322	613,335,462	-	0.00%	0.00
2012	10,315	593,792,397	-	0.00%	0.00
2011	10,166	651,947,637	-	0.00%	0.00

As of September 30, 2020 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,	2020	2019	2018	2017	
Debt limit	\$ 48,540,404	\$ 45,761,483	\$ 42,305,641 \$	42,318,446	
Total net debt applicable to limit	\$ 9,861,173	\$ 10,820,651	6,792,698 \$	6,867,722	
Legal debt margin	\$ 38,679,231	\$ 34,940,832	\$ 35,512,943 \$	35,450,724	
Total net debt applicable to the limit as a percentage of the debt limit	20%	24%	16%	16%	

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

Schedule C5

 2016	2015	2014	2013		2012		2011
\$ 39,166,469	\$ 34,727,945	\$ 32,558,137	\$ 30,666,773	\$	29,689,620	\$	32,597,382
\$ 7,231,811	\$ 7,848,530	\$ 6,002,354	\$ 6,044,162	\$	6,793,155	\$	7,539,881
							_
\$ 31,934,658	\$ 26,879,415	\$ 26,555,783	\$ 24,622,611	\$	22,896,465	\$	25,057,501
18%	23%	18%	20%		23%		23%

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

					N	∕ledian		
Fiscal Year Ended		Median	Per Capi	ta	Нс	usehold	Public School	Unemployment
September 30,	Population (1)	Age (2)	Income (2)	Ind	come (2)	Enrollment (2)	Rate (3)
2020	10,887	44.3	\$ 41,56	6	\$	79,082	3,077	1.7%
2019	10,617	45.4	\$ 39,68	30	\$	74,800	2,572	2.3%
2018	10,346	43.1	33,49	92		63,793	2,910	5.2%
2017	10,504	43.1	35,07	7 5		63,170	2,697	3.6%
2016	10,485	43.1	35,07	7 5		63,170	2,697	5.2%
2015	10,403	42.9	35,90)7		65,000	2,694	5.8%
2014	10,290	43.9	33,49	92		63,793	2,623	6.7%
2013	10,322	45.3	32,79	97		63,014	2,470	8.1%
2012	10,315	45.0	32,72	24		61,712	2,545	9.0%
2011	10,166	45.2	31,55	52		60,870	2,661	11.0%

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

_	2020		2011		
-	Number of		Number of		
Employer	Employees	Rank	Employees	Rank	
Publix Super Market Inc.	100-249	1	100-249	3	
City of Satellite Beach	101-249	2	100-249	4	
Millennium Engineering and Integration	50-99	3	50-99	6	
A P T Research Inc.	51-99	4			
Pappagallos Inc.	10-49	5			
USPS Mel-Satellite Beach Branch	10-49	6	10-49	8	
Amwins Brokerage of Florida Inc.	10-49	7			
Long Doggers III Inc.	10-49	8			
Taco Bell US Leader	10-49	9			
Hot Family Foods Inc.	10-49	10			
Raytheon Technical Services Company			250-500	1	
Lighting Sciences Group Corporation			100-249	2	
Domino's Pizza			100-249	5	
McDonald's Restaurant			10-49	7	
Mojo's of Brevard Inc.			10-49	9	
The Haven for Children Inc.			10-49	10	
	**		**		

Source: Economic Development Commission of Florida's Space Coast

Note: Figures are for zip code 32937

^{**} Total and exact number of employees is not available.

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

Full-time Equivalent Employees	2020	2019	2018	2017
Function				
General Government				
City Clerk	3	2	2	2
Support Services	8	8	8	9
Police	40	40	38	38
Fire	19	18	18	18
Community Redevelopment	5	5	5	4
Public Works	20	18	18	18
Recreation	8	8	8	8
Total	103	99	97	97

Source: City Support Services Department

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

Schedule E1

2016	2015	2014	2013	2012	2011
2	3	3	3	3	3
7	7	6	6	6	8
38	35	33	32	32	40
18	17	17	17	18	18
4	3	3	4	4	5
17	17	16	16	18	19
8	9	13	13	13	13
94	91	91	91	94	106

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

Function/Program	2020	2019	2018	2017
Community Development				
Building permits issued	1,983	1,971	2,006	1,594
Building inspections conducted	3,273	3,444	3,408	2,232
Police				
Arrests/Traffic Arrests	114	200	322	327
DUI's	36	64	91	71
Tickets	801	1,183	1,348	1,263
Fire				
Structure/Other Fires	21	22	13	22
Incidents/Call Outs	2,121	1,633	1,398	1,501
Annual Inspections	133	315	264	285
Public Works				
Replacement stormwater pipe (feet)	44	60	40	775
Replacement of storm drain inlets	33	1	10	15
Replacement of curbs (feet)	-	-	-	295
Replacement of sidewalk (feet)	113	113	208	230
Replacement of gutter (feet)	146	120	97	-
Asphalt patching (tons)	71	18	21	-

Source: Various City of Satellite Beach Departments

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

Schedule E2

2016	2015	2014	2013	2012	2011	
4.266	4 502	4 477	4 400	1 216	4 260	
1,366	1,582	1,477	1,408	1,316	1,268	
2,023	2,126	2,036	1,908	1,644	1,914	
325	325	310	313	379	406	
76	67	71	88	97	82	
1,494	1,453	1,664	1,846	2,074	2,951	
25	30	35	26	14	10	
1,377	1,350	1,385	1,211	1,195	1,187	
273	226	178	131	128	260	
398	180	451	316	[A]	[A]	
16	7	13	10	[A]	[A]	
1,181	-	492	246	[A]	[A]	
984	300	505	402	[A]	[A]	
-	80	27	53	[A]	[A]	
10	16	8	12	[A]	[A]	

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

Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Schools										
Elementary	2	2	2	2	2	2	2	2	2	2
Middle School	1	1	1	1	1	1	1	1	1	1
High School	1	1	1	1	1	1	1	1	1	1
Police										
Station	1	1	1	1	1	1	1	1	1	1
Police Officers	23	23	21	21	21	21	21	21	21	21
Fire										
Station	1	1	1	1	1	1	1	1	1	1
Firefighters	17	17	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	475	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
Baseball Field	3	3	3	3	3	3	3	3	3	3
Skatepark	1	1	1	1	1	1	1	1	1	1
Dog Park	1	1	1	1	1	1	1	1	1	1

Source: Various City of Satellite Beach Departments



(321) 255-0088 (321) 259-8648 (fax) www.cricpa.com

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, 2020, and the related notes to the financial statements, which collectively comprise the City of Satellite Beach, Florida's basic financial statements, and have issued our report thereon dated March 1, 2021.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, identified as IC 2017-001 and IC 2020-001, that we consider 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>: There is 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 at various locations and in disparate software applications. The lack of centralized cashiering or software application allows 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 software 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 controls.

<u>Recommendation</u>: We recommend the City implement procedures to segregate the cash collected from the refund/void process.

Management Response: 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 2020-001 RECORDKEEPING

<u>Criteria</u>: The City should maintain support for fire inspections performed and fees charged to determine all revenue is recorded, and in the correct period.

Condition: Records of fire inspections and associated charges for service were not maintained.

<u>Cause</u>: The City does not have procedures in place to track fire inspections performed, the period of performance, and ability to ensure all related revenue is properly recorded.

<u>Effect</u>: Fire inspections could occur without fees remitted or fees collected could be misappropriated and not detected by the City's control structure.

<u>Recommendation</u>: The City should require the fire inspection records be maintained in a manner so the City is able to determine the fees were appropriately collected and reported in the correct period.

Management Response: Fire Inspection records will be maintained on BS&A. The Business License Module of BS&A was not fully implemented until September of 2020. The Fire Inspector will be reviewing and verifying the information in BS&A to make sure all required buildings are receiving and billed correctly for their fire inspection. The Fire Inspector will also be able to provide a list of each zone of the City which has been completed with a date, and this will correspond with the attachments for when the inspection actually occurred. The billing will be completed annually.

Compliance and Other Matters

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

City of Satellite Beach, Florida's Responses to Findings

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

Purpose of this Report

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

Melbourne, Florida March 1, 2021

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

(321) 255-0088 (321) 259-8648 (fax) www.cricpa.com

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, 2020, and have issued our report thereon dated March 1, 2021.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 1, 2021, 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	Repeated*
IC 2019-001 Recreation attendance records	Corrected
IC 2019-002 Capital assets	Corrected
IC 2019-003 Transfers from special revenue funds	Corrected

^{*} The findings listed above originated in the fiscal year 2017 audit.

Official Title and Legal Authority

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

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

Financial Condition and Management

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

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

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

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.

March 1, 2021



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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, 2020. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

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

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

In our opinion, the City complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2020.

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

Caux Rigge & Ingram, L.L.C.

March 1, 2021