

# CITY OF WEST MELBOURNE

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE  
FISCAL YEAR ENDED  
SEPTEMBER 30, 2013



# West Melbourne

F L O R I D A

Prepared by:  
THE FINANCE DEPARTMENT

# CITY OF WEST MELBOURNE, FLORIDA

## Table of Contents

Comprehensive Annual Financial Report

Year Ended September 30, 2013

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	<u>Page</u>
<b><u>INTRODUCTORY SECTION</u></b>	
Table of Contents	1
City Manager's Letter of Transmittal	3
Principal Officials	7
City of West Melbourne, Florida Organization Chart	9
<b><u>FINANCIAL SECTION</u></b>	
Independent Auditors' Report	11
Management's Discussion and Analysis	15
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	26
Statement of Activities	28
Fund Financial Statements:	
Balance Sheet – Governmental Funds	31
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	32
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	33
Statement of Net Position – Proprietary Funds	34
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	37
Statement of Cash Flows – Proprietary Funds	38
Statement of Fiduciary Net Position – Pension Trust Funds	40
Statement of Changes in Fiduciary Net Position – Pension Trust Funds	41
Notes to Financial Statements	43
Required Supplementary Information:	
Required Pension Supplementary Information – Schedule of Funding Progress	77
Required Pension Supplementary Information – Schedule of Contributions from the Employer and Other Contributing Entities	78
Required Other Postemployment Benefits Supplementary Information – Schedule of Funding Progress	79
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	80
Notes to Required Supplementary Information	81

# CITY OF WEST MELBOURNE, FLORIDA

## Table of Contents

### Comprehensive Annual Financial Report

Year Ended September 30, 2013

---

Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	85
Combining Statement of Revenues, Expenditures, and Changes In Fund Balances – Nonmajor Governmental Funds	86
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Recreation Fund	87
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Stormwater Utility Fund	88
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Projects Fund	89

## **STATISTICAL SECTION**

Schedule A1 – Net Position by Component	95
Schedule A2 – Changes in Net Position – Governmental Activities	96
Schedule A3 – Changes in Net Position – Business Type Activities	97
Schedule A4 – Changes in Net Position – Total Government	98
Schedule A5 – Fund Balances – Governmental Funds	99
Schedule A6 – Changes in Fund Balances – Governmental Funds	100
Schedule B1 – Assessed Value and Estimated Actual Value of Taxable Property	101
Schedule B2 – Tax Revenues by Source Governmental Funds	102
Schedule B3 – Other Non-Source Governmental Revenues	103
Schedule B4 – Water and Sewer Consumption, Rates and Revenue	104
Schedule B5 – Direct and Overlapping Property Tax Rates	105
Schedule B6 – Principal Property Taxpayers	106
Schedule B7 – Property Tax Levies and Collections	107
Schedule C1 – Ratio of Outstanding Debt by Type	108
Schedule C2 – Direct and Overlapping Governmental Activities Debt	109
Schedule C3 – Pledged Revenue Coverage	110
Schedule C4 – Ratios of General Bonded Debt Outstanding	111
Schedule C5 – Legal Debt Margin Information	111
Schedule D1 – Demographic and Economic Statistics	112
Schedule D2 – Principal Employers	113
Schedule E1 – Employees by Function/Program	114
Schedule E2 – Operating Indicators by Function/Program	115
Schedule E3 – Capital Asset Statistics by Function/Program	116

## **REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS**

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 <i>Government Auditing Standards</i>	117
Independent Auditors' Management Letter	121

MAYOR  
Hal J. Rose

DEPUTY MAYOR  
John "Coach" Tice

COUNCIL MEMBERS  
Pat Bentley  
Stephany Eley  
Bill Mettrick  
Barbara A. Smith  
Andrea Young



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2240 Minton Road  
West Melbourne, FL 32904  
Phone: (321) 727-7700  
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[www.westmelbourne.org](http://www.westmelbourne.org)

April 15, 2014

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

The Comprehensive Annual Financial Report of the City of West Melbourne, Florida (the "City"), for the fiscal year ended September 30, 2013 is hereby submitted pursuant to Florida Statutes Chapter 218.39 and Chapter 10.550 of the Rules of the Auditor General of the State of Florida.

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

Carr, Riggs & Ingram, LLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of West Melbourne's financial statements for the year ended September 30, 2013. 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 complements this letter of transmittal and should be read in conjunction with it.

### ***Profile of the government***

The City of West Melbourne was founded in 1959 and incorporated on July 2, 1970 as a political subdivision of the State of Florida. It is located in east central Florida within Brevard County. It currently occupies 10.32 square miles and has an estimated population of 19,464. The City is empowered to levy a property tax on real property located within its boundaries, which the City did not levy until fiscal year ("FY") 2006. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of West Melbourne has operated under the council-manager form of government since 1970. Policy making and legislative authority are vested in the City Council consisting of the mayor and six other members, all elected on a non-partisan basis. Council members, beginning in 2014, will serve staggered four year terms, and are elected to represent the City at large. The Council appoints the City Attorney, Police

Chief and City Manager. The City Manager appoints the heads of various City departments.

The City of West Melbourne provides a full range of services, including police protection services, street maintenance and construction, building inspections, parks and recreation amenities, and stormwater planning and construction. The City also operates a water and sewer distribution system, which is reported as a proprietary fund.

The annual budget serves as the foundation for the City's financial planning and control. Budgetary control is maintained to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The Council is required to hold two public hearings and adopt a final budget by no later than September 30<sup>th</sup> of each year.

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

### ***Local Economy***

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

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

The population in the City is relatively young and well-educated, and is one of the fastest growing communities in Brevard County. Over 45% of its population is under the age of 45. With a comparatively high median household income which exceeds State and County levels, combined with a relatively young and well-educated population, the City has ideal market conditions for the continued development of high-technology, knowledge-based businesses, as well as traditional businesses and service providers.

The unemployment rate for the State of Florida and Brevard County declined in 2013. Brevard County's unemployment rate was 6.5% in December 2013, down from 7.2% in September 2013 and 1.8 percentage points lower than in December 2012. Expectations are that the unemployment rate for Brevard County will continue to decline in 2014 as a reflection of the national and state trend.

## ***Long-term financial planning and major initiatives***

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

The City is also cognizant of the crisis placed on other cities and municipalities as a result of unmanaged expansion and excessive leverage. Contextually, at the end of the current fiscal year, the unrestricted fund balance (which is the total of the committed, assigned, and unassigned components of the fund balance) in the general fund, was 65% of total general fund expenditures. This is a strong position which reduces the need to borrow to finance future construction and expansion projections.

Strategic plans for the City of West Melbourne includes the construction of a new, hurricane resistant public works maintenance yard building; planning for a new City Center; partnering with the Florida Department of Transportation, Brevard County, and the Community Redevelopment Agency to develop entry landscaping, welcome signage, and street lighting at the U.S. 192 entry into the City from I-95. The combined cost of the proposed projects is \$2.6 million, which will be funded without new debt.

The City of West Melbourne continues to be, by percentage, one of the fastest growing communities in Brevard County. This is attested to by the issuance of 167 building permits for new single family homes during fiscal year 2013. In addition, building permit valuations, representing both commercial and residential activity, increased by approximately 17% over the prior fiscal year, and business licenses issued and renewed saw a 9% increase. This trend is expected to continue in 2014, with new commercial development opportunities within two large commercial centers within the City.

The City Council and management have also updated the Capital Improvements Element of the Comprehensive Plan in accordance with Florida Statutes 163.3177(3)(b), and has projected the 2013-2018 capital improvement program for the next five years as financially feasible. This Comprehensive Plan estimates the future sources of revenues matched to capital expenditures that incorporate long range plans of the City, with major water projects estimated at \$4.9 million, sewer projects estimated at \$3.8 million, stormwater system improvements of \$0.5 million, and transportation system improvements estimated at \$1.7 million. Combined capital improvements for all major and secondary projects are estimated in excess of \$14 million over the five year span.

The City is seeking \$700,000 of federal grant funding under the *Community Development Block Program* (CDBG) towards the Canova Park Phase II project, a neighborhood revitalization project that will provide for the replacement of existing water lines. The City has the design complete for this project with local funds of \$125,000 already budgeted to match the grant. If successful, this grant will provide costs for administration, engineering and construction for the City's infrastructure needs.

The operating millage rate for the City of West Melbourne has remained at 2.2975 over the past four years and remains unchanged for the fiscal year ending in 2014.



The City was also reviewed by Standard & Poor's at the beginning of fiscal year 2014. The City's unenhanced rating was increased from A+ to AA-, which is a significant indicator of the City's sound policies, strong internal controls, and the financial management by the City Manager, City Council, and employees of the City.

### ***Relevant Financial Policies***

The City of West Melbourne has a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to or in excess of appropriations). General fund revenues were increased by \$200,000 and the actual revenues exceeded the final budget by \$430,000. For fiscal year 2013, General Fund appropriations were increased by approximately \$726,000 during the year, but actual expenditures were below the final budgeted by \$2 million. Overall operational activity resulted in an excess of revenues over expenditures by \$1.2 million.

The City of West Melbourne has an inter-local agreement with the Brevard County Board of County Commissioners to receive approved transportation impact fee money to be used to finance major road improvements within its jurisdictional limits. The City has received \$275,000 of transportation impact fee money in financial year 2014 to complete the four lane segment of Norfolk Parkway east of Minton Road.

### ***Awards and Acknowledgements***

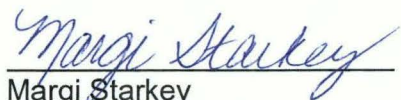
We believe that our current CAFR meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for the certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the Finance department. We wish to also express our appreciation to members of other City departments for their assistance in providing the data necessary to prepare this report. Credit must also be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the prudent use of the City of West Melbourne's finances.

Respectfully submitted,



Scott Morgan  
City Manager



Margi Starkey  
Finance Director

# CITY OF WEST MELBOURNE, FLORIDA

Principal Officials

September 30, 2013

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## City Council

Hal J. Rose	Mayor
John "Coach" Tice	Deputy Mayor
Pat Bentley	Council Member
Stephany Eley	Council Member
Bill Mettrick	Council Member
Barbara Smith	Council Member
Andrea Young	Council Member



## Executive Management Team

Scott Morgan	City Manager
James P. Wilson	City Attorney
Richard T. Wiley	Police Chief
Keith Mills, AICP, CPM	Deputy City Manager
Margi Starkey	Finance Director
Cynthia Hanscom	City Clerk/Personnel Director
Tom Forbes, CBO	Building Official
Christy Fischer, AICP	Planning & Economic Development Director
Thomas Bradford	Information Technology Officer
Robert Johnson	Recreation Manager

**As of September 30, 2013**





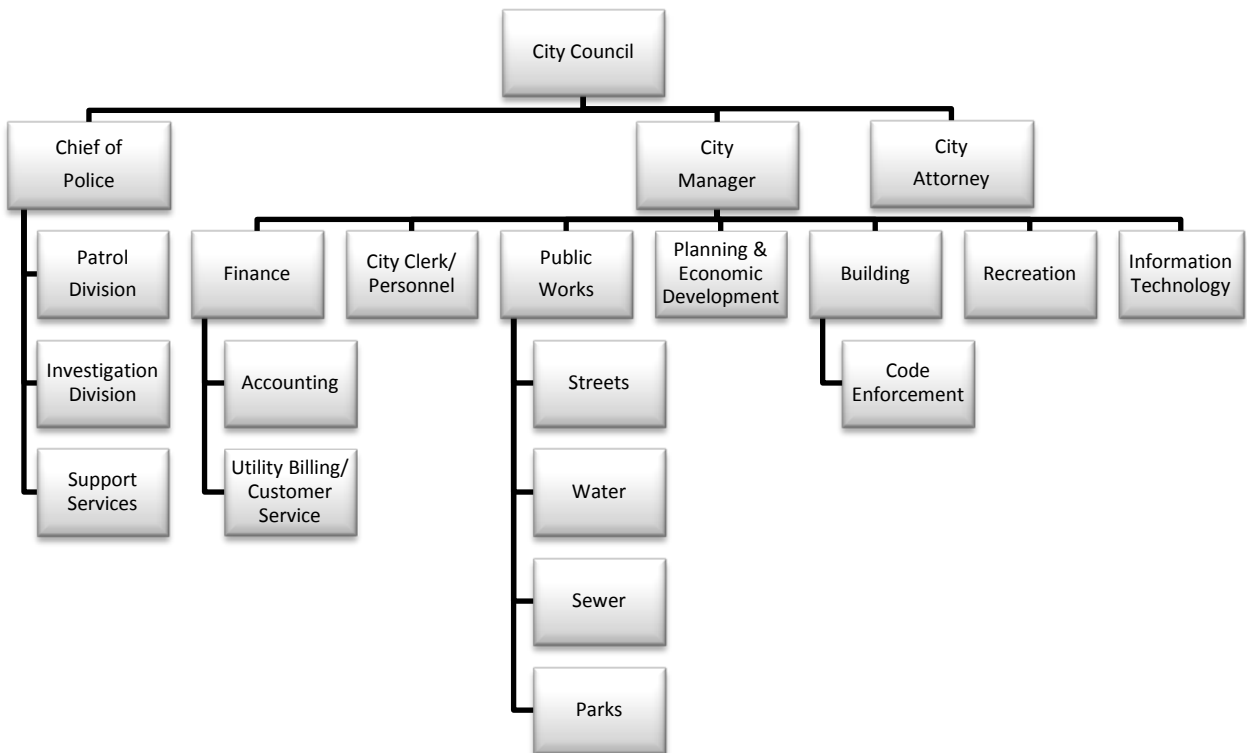
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# CITY OF WEST MELBOURNE, FLORIDA

Organizational Chart

September 30, 2013

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## **Independent Auditors' Report**

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Melbourne, Florida, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City of West Melbourne, Florida's basic financial statements as listed in the table of contents.

### ***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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Melbourne, Florida, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 15 through 23), budgetary comparison information (page 80 through 82) and pension and other post-employment benefits supplementary information (pages 77 through 79) 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 West Melbourne, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary schedules and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and budgetary schedules 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 schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Honorable Mayor and City Council  
City of West Melbourne, Florida  
Page Three

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2014 on our consideration of the City of West Melbourne, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of West Melbourne, Florida's internal control over financial reporting and compliance.

*Carr Riggs & Ingram, LLC*

Melbourne, Florida  
April 7, 2014





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## Management's Discussion and Analysis

As management of the City of West Melbourne ("the City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3 – 6 of this report.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$65,119,270 (*net position*). Of this amount, \$16,545,593 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$896,037. The increase is largely due to a reduction in governmental expenses, which decreased approximately \$919,000 when compared to the prior year.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$13,530,659, an increase of \$1,601,594 in comparison with the prior year. Approximately 43% of this amount (\$5,852,936) is available for spending at the government's discretion (*assigned and unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was \$5,852,936, or approximately 65% of total general fund expenditures.
- The City's total outstanding long-term debt decreased by \$349,799 during the current fiscal year.

### Overview of the Financial Statements

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

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

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

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

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

include a Water and Sewer System. The government-wide financial statements can be found on pages 26 – 29 of this report.

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

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

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

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

The City of West Melbourne adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 31 – 33 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer System, which is considered to be a major fund. The basic proprietary fund financial statements can be found on pages 34 – 39 of this report.

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

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

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43 – 73 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City’s budgetary compliance and pension and other post-employment benefits obligations. The City adopts an annual appropriated budget for its general fund, special revenue funds (recreation and storm water), and capital projects construction fund. Budgetary comparison statements have been provided for each of these funds to demonstrate compliance with this budget. The required supplementary information can be found on pages 77 – 82 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 85 – 89 of this report.

The Supplementary Section includes tables and schedules to provide a more detailed picture of the financial condition of the City than those presented in the financial statements. These include the schedule of bonded debt and interest to maturity and assorted multi-year financial and statistical information and can be found on pages 95 - 116 of this report.

### Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of West Melbourne, Florida, assets exceeded liabilities by \$65,119,270 at the close of the most recent fiscal year.

#### City of West Melbourne’s Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current assets	\$ 14,911,899	\$ 13,128,951	\$ 9,456,961	\$ 9,025,341	\$ 24,368,860	\$ 22,154,292
Capital assets	17,070,959	17,064,967	45,211,184	46,356,243	62,282,143	63,421,210
Other assets	-	-	178,395	230,177	178,395	230,177
Total assets	<u>31,982,858</u>	<u>30,193,918</u>	<u>54,846,540</u>	<u>55,611,761</u>	<u>86,829,398</u>	<u>85,805,679</u>
Long-term liabilities						
outstanding	879,492	325,583	18,044,040	18,947,747	18,923,532	19,273,330
Other liabilities	883,454	585,252	1,903,142	1,723,864	2,786,596	2,309,116
Total liabilities	<u>1,762,946</u>	<u>910,835</u>	<u>19,947,182</u>	<u>20,671,611</u>	<u>21,710,128</u>	<u>21,582,446</u>
Net assets:						
Net investment in						
capital assets	16,539,186	17,064,967	27,230,064	27,697,548	43,769,250	44,762,515
Restricted	3,943,676	3,566,201	860,751	168,289	4,804,427	3,734,490
Unrestricted	9,737,050	8,651,915	6,808,543	7,074,313	16,545,593	15,726,228
Total net assets	<u>\$ 30,219,912</u>	<u>\$ 29,283,083</u>	<u>\$ 34,899,358</u>	<u>\$ 34,940,150</u>	<u>\$ 65,119,270</u>	<u>\$ 64,223,233</u>

By far the largest portion of the City’s net position (67%) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, machinery and equipment, and construction in progress), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$16,545,593 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

At September 30, 2013, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

### Statements of Activities

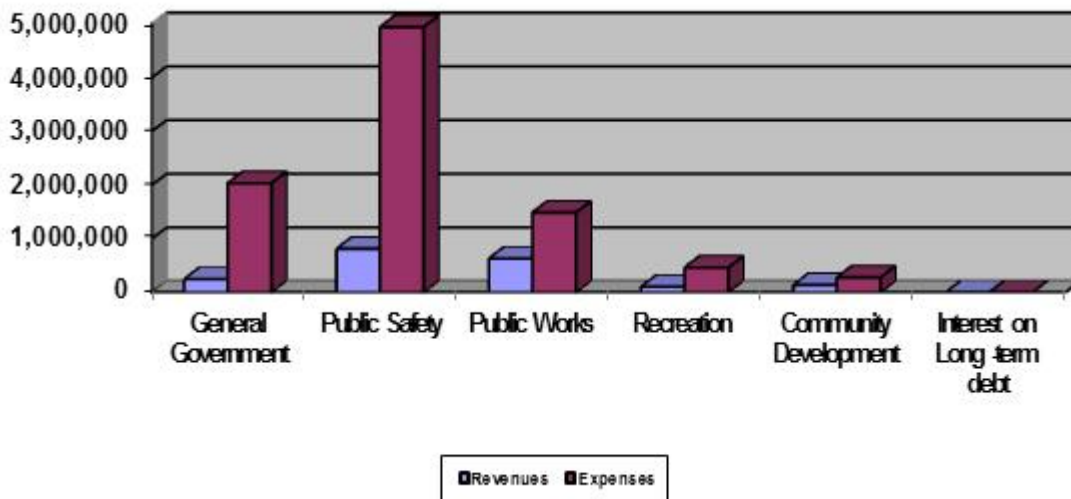
The following table reflects the condensed Statements of Activities for the current and prior year:

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 1,656,662	\$ 1,670,838	\$ 8,868,192	\$ 8,750,718	\$ 10,524,854	\$ 10,421,556
Operating grants and contributions	275,000	194,171	-	63,500	275,000	257,671
Capital grants and contributions	10,020	110,603	1,158,156	1,037,225	1,168,176	1,147,828
General revenues:						
Local option gas tax	479,425	449,903	-	-	479,425	449,903
Property taxes	1,998,440	1,972,161	-	-	1,998,440	1,972,161
Public utility and telecommunication taxes	2,787,819	2,641,329	-	-	2,787,819	2,641,329
Franchise fees	1,415,125	1,421,808	-	-	1,415,125	1,421,808
Shared revenues	1,442,388	1,309,239	-	-	1,442,388	1,309,239
Unrestricted investment earnings	51,936	61,239	1,195	9,043	53,131	70,282
Miscellaneous	33,234	48,221	-	-	33,234	48,221
Total revenues	<u>10,150,049</u>	<u>9,879,512</u>	<u>10,027,543</u>	<u>9,860,486</u>	<u>20,177,592</u>	<u>19,739,998</u>
Expenses:						
General government	2,036,097	2,043,225	-	-	2,036,097	2,043,225
Public safety	4,942,386	5,171,866	-	-	4,942,386	5,171,866
Public works	1,487,912	1,962,606	-	-	1,487,912	1,962,606
Recreation	464,846	681,544	-	-	464,846	681,544
Community development	280,870	270,453	-	-	280,870	270,453
Interest on long term debt	1,109	2,894	-	-	1,109	2,894
Water and sewer	-	-	10,068,335	9,735,530	10,068,335	9,735,530
Total expenses	<u>9,213,220</u>	<u>10,132,588</u>	<u>10,068,335</u>	<u>9,735,530</u>	<u>19,281,555</u>	<u>19,868,118</u>
Change in net position	<u>936,829</u>	<u>(253,076)</u>	<u>(40,792)</u>	<u>124,956</u>	<u>896,037</u>	<u>(128,120)</u>
Net position - beginning	29,283,083	28,933,329	34,940,150	34,815,194	64,223,233	63,748,523
Prior period adjustment - donation of capital asset	-	602,830	-	-	-	602,830
Net position - beginning (restated)	<u>29,283,083</u>	<u>29,536,159</u>	<u>34,940,150</u>	<u>34,815,194</u>	<u>64,223,233</u>	<u>64,351,353</u>
Net position - ending	<u>\$ 30,219,912</u>	<u>\$ 29,283,083</u>	<u>\$ 34,899,358</u>	<u>\$ 34,940,150</u>	<u>\$ 65,119,270</u>	<u>\$ 64,223,233</u>

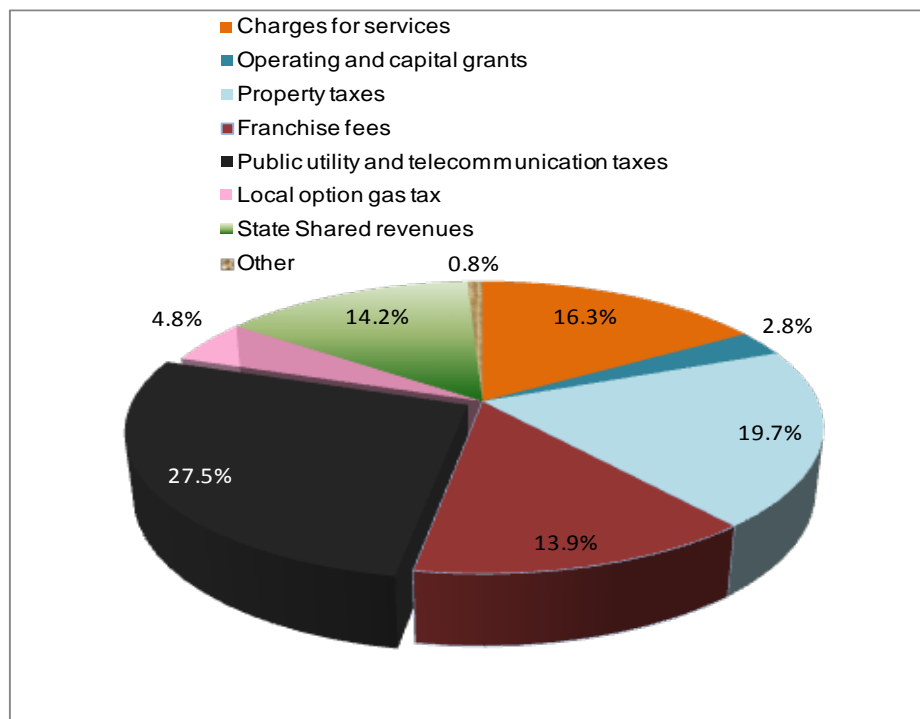
**Governmental Activities.** During the current fiscal year, net position for governmental activities increased \$936,829 from the prior fiscal year for an ending balance of \$30,219,912. There are two key elements to this increase: (1) a decrease in governmental activities' expenses, particularly capital expenses, compared to the year ending September 30, 2012; and (2) an increase of approximately 10% in unrestricted shared revenues resulting from an increase in public utility and telecommunication tax revenues. Property tax revenues increased slightly as valuations began to stabilize.

In large measure due to decreases in capital expenses, governmental expenses decreased \$919,368 (9.1%) compared to the fiscal year ending September 30, 2012. The first chart compares each program's expenses with the revenues generated by the program. The next chart displays the City's revenues by source. Public safety represents one of the City's major services and the majority of resources used to fund the service are not generated by the program. Revenues from taxes and other general resources provide the remaining funding necessary for public safety.

**Expenses and Program Revenues-Governmental Activities**



**2013 Revenues by Source – Governmental Activities**





**Business-type Activities.** Business-type activities decreased the City's net position by \$40,792. Operating and connection fee (capital contribution) revenues for the Water and Sewer System increased by \$238,405 due primarily to growth in the number of accounts and connection and consumption charge rate increases. Operating expenses of the Water and Sewer System increased by \$373,664 due in part to the increased volume and cost of water purchased, as well as increased depreciation due to capital purchases.

## **Financial Analysis of Governmental Funds**

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$13,530,659, an increase of \$1,601,594 in comparison with the prior year. Approximately 42% of this total amount (\$5,646,888) constitutes unassigned fund balance, which has not been appropriated for a specific purpose and is available for spending at the government's discretion. The remainder of fund balance represents a legally restricted funding source, has been committed to a specific purpose by City action or is not in liquid form available for new spending. The \$96,390 of prepaid items represent funds that have been disbursed for future expenditures, such as insurance or maintenance agreements. The restricted funds include police education and confiscated funds of \$55,407 that can only be spent on education or other law enforcement purposes. The advance of \$1,123,947 represents the long-term portion of an interest bearing loan to the Water and Sewer System and will become available to the fund for expenditure as the loan is satisfied. The \$1,199,183 in the Capital Projects Fund and \$2,473,860 in the General Fund are restricted for construction and maintenance of roads. The \$215,226 represents funds collected through permits and is restricted for enforcing the State's building code.

The committed fund balances totaling \$2,513,709 in two of the non-major funds is being expended for recreation and stormwater facilities. The City prepaid some expenditures such as insurance and \$96,390 is classified as non-spendable since the funds are not available.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,646,888, while total fund balance reached \$9,817,430. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and assigned fund balance represents 65% of total General Fund expenditures, while total fund balance represents 109% of that same amount.

The fund balance of the City's General Fund increased by \$1,238,029 during the current fiscal year, compared to a \$534,369 increase in the prior year. The City continued to manage fiscal limitations by reducing expenditures. Key factors in these results are as follows:

- Total revenues of the General Fund increased by \$230,023, largely as a result of increases in utility user tax revenues, building permit revenues, and state shared revenues.
- General Fund expenditures increased \$48,483 compared to the prior year, which includes \$1,138,088 in capital outlay expenditures compared to \$265,271 of capital outlay in the prior year. Capital outlay increases were offset by decreases in general government, public safety and public works expenditures.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the Water and Sewer System at the end of the year amounted to \$6,808,543. The total decrease in net position for this fund was \$40,792. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

**General Fund Budgetary Highlights**

Budget amendments totaling \$772,200 were enacted during the year ended September 30, 2013, to appropriate capital outlay funds for new patrol vehicles, mobile radios and for the changes brought about by a new collective bargaining agreement.

**Capital Assets and Debt Administration**

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of September 30, 2013, amounted to \$62,282,143 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and other infrastructure items. The percentage decrease from prior year (fiscal year 2012) in the City's investment in capital assets was 1.8%, reflecting depreciation expense in excess of additions to capital for the current fiscal year.

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 1,120,896	\$ 1,120,896	\$ 144,981	\$ 144,981	\$ 1,265,877	\$ 1,265,877
Construction in progress	1,068,897	1,094,527	1,861,546	1,342,314	2,930,443	2,436,841
Buildings	4,399,020	4,650,042	4,530	5,805	4,403,550	4,655,847
Improvements other than buildings	1,507,318	1,437,459	40,412,347	41,928,183	41,919,665	43,365,642
Machinery and equipment	1,867,926	1,347,006	2,787,780	2,934,960	4,655,706	4,281,966
Infrastructure	7,106,902	7,415,037	-	-	7,106,902	7,415,037
<b>Total</b>	<b>\$17,070,959</b>	<b>\$17,064,967</b>	<b>\$45,211,184</b>	<b>\$46,356,243</b>	<b>\$62,282,143</b>	<b>\$63,421,210</b>

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

- In the City's governmental activities, police vehicles and equipment were acquired and improvements were made to local roads.
- In the City's business-type activities, the City completed the sewer extension project related to the Lowes's annexation, as well as improving various aspects of the sewer collection system throughout the City which included lift station rehabilitations.

Additional information on the City's capital assets can be found in Note III-D on pages 56 – 57 of this report.

**Long-term Debt.** At the end of the current fiscal year, the City had total bonded debt and loans outstanding of \$17,981,120, which represents obligations secured by business-type activities revenue sources.

**City of West Melbourne’s Outstanding Debt**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Capital leases	\$ 531,773	\$ 31,974	\$ -	\$ -	\$ 531,773	\$ 31,974
Compensated absences	228,322	199,791	39,317	40,692	267,639	240,483
Other post employment benefits	119,397	93,818	23,603	18,182	143,000	112,000
Revenue bonds	-	-	10,841,120	11,355,324	10,841,120	11,355,324
Loans payable	-	-	7,140,000	7,533,550	7,140,000	7,533,550
<b>Total</b>	<b>\$ 879,492</b>	<b>\$ 325,583</b>	<b>\$ 18,044,040</b>	<b>\$ 18,947,748</b>	<b>\$ 18,923,532</b>	<b>\$ 19,273,331</b>

Additional information on the City’s outstanding debt can be found in Notes III F and G on pages 57 – 62 of this report. The City’s total debt was reduced by \$349,799 during the current fiscal year. Key factors in the City’s fiscal year 2013 long term debt decrease include the following:

- The liability for capital leases and compensated absences increased by \$27,156 and \$499,799, respectively in fiscal year 2013. Capital leases increased because of a large acquisition of police vehicles.
- Scheduled principal payments were applied to the outstanding Water/Sewer System bonds and loans in the amount of \$950,000.
- The liability for post-employment benefits increased by \$31,000.

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

The following economic factors currently affect the City of West Melbourne and were considered in developing the 2013-2014 fiscal year budget.

- As of the United States Census count of April 1, 2010, the City had an estimated population of 18,335 people residing within the City’s then 9.9-square miles. The population estimate issued for 2013 by the State of Florida, Office of Economic and Demographic Research shows the City’s population has increased to 19,464 within the City’s now 10.32 square mile area. West Melbourne remains the fastest growing, by percentage, of any municipality in Brevard County.
- During fiscal year 2013, the City issued building permits for the construction of 167 new single family homes. Building permit valuations for 2013 showed a 17% increase from 2012 and is representative of both commercial and residential activity. The City expects continued improvements in local economic conditions. The City has two large commercial centers, Hammock Landing and Coastal Commerce, where interest in new commercial development continues.
- As of December 2013, the unemployment rate in the United States was 6.7%. For the State of Florida, unemployment was also 6.2%, down from 7.9% a year earlier. For Brevard County, the unemployment rate was 7.2% as of September 2013 as reported by the U.S. Bureau of Labor Statistics. Brevard County unemployment was down by 0.7% from September 2013 to December 2013. It is expected that the unemployment rate for Brevard County will continue to decline in 2014.

- The City of West Melbourne issued 1,763 business tax receipt licenses in fiscal year 2013.
- The City was founded in 1959, primarily to prevent property taxes from being imposed by a neighboring municipality. The City continues to pride itself on its low tax rate. The City maintained its adopted 2012-2013 millage rate of 2.2975 in fiscal year 2013-2014.

All of these factors were considered in preparing the City's budget for the fiscal year ending September 30, 2014.

### **Requests for Information**

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



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# **CITY OF WEST MELBOURNE, FLORIDA**

## Basic Financial Statements



# CITY OF WEST MELBOURNE, FLORIDA

## Statement of Net Position

September 30, 2013

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,294,687	\$ 1,927,573	\$ 6,222,260
Investments	7,757,364	5,391,387	13,148,751
Receivables, net	555,224	1,421,787	1,977,011
Due from other governments	199,047	-	199,047
Inventory	-	78,385	78,385
Prepaid items	96,390	10,538	106,928
Interfund balances	1,343,972	(1,343,972)	-
Overfunded pension costs	497,786	-	497,786
Restricted assets:			
Cash and cash equivalents	2,000	1,971,263	1,973,263
Investments	165,429	-	165,429
Capital assets not being depreciated:			
Land	1,120,896	144,981	1,265,877
Construction in progress	1,068,897	1,861,546	2,930,443
Capital assets (net of accumulated depreciation):			
Buildings	4,399,020	4,530	4,403,550
Improvements other than buildings	1,507,318	40,412,347	41,919,665
Machinery and equipment	1,867,926	2,787,780	4,655,706
Infrastructure	7,106,902	-	7,106,902
Unamortized bond issuance costs	-	178,395	178,395
Total assets	<u>31,982,858</u>	<u>54,846,540</u>	<u>86,829,398</u>

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

# CITY OF WEST MELBOURNE, FLORIDA

Statement of Net Position (continued)

September 30, 2013

	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Accounts and contracts payable	395,479	672,387	1,067,866
Accrued payroll and related liabilities	259,060	42,856	301,916
Due to other governments	-	-	-
Payable from restricted assets:			
Accrued interest payable	-	378,971	378,971
Customer and developer escrow deposits	72,273	808,928	881,201
Unearned revenue	156,642	-	156,642
Noncurrent liabilities:			
Due within one year:			
Revenue bonds payable	-	615,000	615,000
Loans payable	-	365,000	365,000
Capital leases	112,053	-	112,053
Compensated absences	205,529	35,385	240,914
Due in more than one year:			
Revenue bonds payable	-	10,190,344	10,190,344
Loans payable	-	6,810,776	6,810,776
Capital leases	419,720	-	419,720
Net OPEB obligation	119,397	23,603	143,000
Compensated absences	22,793	3,932	26,725
Total liabilities	<u>1,762,946</u>	<u>19,947,182</u>	<u>21,710,128</u>
<b>NET POSITION</b>			
Net investment in capital assets	16,539,186	27,230,064	43,769,250
Restricted for:			
Renewal and replacement	-	104,937	104,937
Debt service	-	755,814	755,814
Transportation	3,673,043	-	3,673,043
Law enforcement	55,407	-	55,407
Building code enforcement	215,226	-	215,226
Unrestricted	9,737,050	6,808,543	16,545,593
Total net position	<u>\$ 30,219,912</u>	<u>\$ 34,899,358</u>	<u>\$ 65,119,270</u>

# CITY OF WEST MELBOURNE, FLORIDA

## Statement of Activities

For the Year Ended September 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 2,036,097	\$ 248,423	\$ -	\$ -
Public safety	4,942,386	814,871	-	-
Public works	1,487,912	345,826	275,000	10,020
Recreation	464,846	107,632	-	-
Community development	280,870	139,910	-	-
Interest on long-term debt	1,109	-	-	-
Total governmental activities	<u>9,213,220</u>	<u>1,656,662</u>	<u>275,000</u>	<u>10,020</u>
Business-type activities:				
Water and sewer	<u>10,068,335</u>	<u>8,868,192</u>	<u>-</u>	<u>1,158,156</u>
Total business-type activities	<u>10,068,335</u>	<u>8,868,192</u>	<u>-</u>	<u>1,158,156</u>
Total primary government	<u>\$ 19,281,555</u>	<u>\$ 10,524,854</u>	<u>\$ 275,000</u>	<u>\$ 1,168,176</u>

### General revenues:

Property taxes  
 Franchise fees  
 Local option gas tax  
 Public utility and telecommunication taxes  
 Intergovernmental shared revenue - unrestricted  
 Investment income  
 Miscellaneous revenue  
 Total general revenues  
 Change in net position  
 Net position, beginning  
 Net position, ending

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Net (Expense) Revenue  
and Changes in Net Position

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Governmental Activities	Business-type Activities	Total
\$ (1,787,674)	\$ -	\$ (1,787,674)
(4,127,515)	-	(4,127,515)
(857,066)	-	(857,066)
(357,214)	-	(357,214)
(140,960)	-	(140,960)
(1,109)	-	(1,109)
<u>(7,271,538)</u>	<u>-</u>	<u>(7,271,538)</u>
-	(41,987)	(41,987)
-	(41,987)	(41,987)
<u>(7,271,538)</u>	<u>(41,987)</u>	<u>(7,313,525)</u>
1,998,440	-	1,998,440
1,415,125	-	1,415,125
479,425	-	479,425
2,787,819	-	2,787,819
1,442,388	-	1,442,388
51,936	1,195	53,131
33,234	-	33,234
<u>8,208,367</u>	<u>1,195</u>	<u>8,209,562</u>
936,829	(40,792)	896,037
29,283,083	34,940,150	64,223,233
<u>\$ 30,219,912</u>	<u>\$ 34,899,358</u>	<u>\$ 65,119,270</u>



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# CITY OF WEST MELBOURNE, FLORIDA

Balance Sheet - Governmental Funds

September 30, 2013

	General	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,461,207	\$ 835,480	\$ 4,296,687
Investments	5,009,949	2,912,844	7,922,793
Accounts receivable, net	555,224	-	555,224
Advance to other funds	1,343,972	-	1,343,972
Due from other governments	199,047	-	199,047
Prepaid items	96,053	337	96,390
Total assets	<u>\$ 10,665,452</u>	<u>\$ 3,748,661</u>	<u>\$ 14,414,113</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts and contracts payable	\$ 361,993	\$ 33,486	\$ 395,479
Accrued payroll and related liabilities	257,114	1,946	259,060
Deposits	72,273	-	72,273
Unearned revenue	156,642	-	156,642
Total liabilities	<u>848,022</u>	<u>35,432</u>	<u>883,454</u>
Fund balance			
Nonspendable:			
Prepaid items	96,053	337	96,390
Long term portion of advances	1,123,948	-	1,123,948
Restricted for:			
Police education	15,887	-	15,887
Confiscated funds	39,520	-	39,520
Transportation	2,473,860	1,199,183	3,673,043
Building code enforcement	215,226	-	215,226
Committed for:			
Recreation	-	595,460	595,460
Stormwater utilities	-	1,918,249	1,918,249
Assigned for:			
Recycling	206,048	-	206,048
Unassigned	5,646,888	-	5,646,888
Total fund balances	<u>9,817,430</u>	<u>3,713,229</u>	<u>13,530,659</u>
Total liabilities and fund balances	<u>\$ 10,665,452</u>	<u>\$ 3,748,661</u>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			17,070,959
Negative pension obligation resulting from overfunding the City's defined benefit pension plan.			497,786
Long-term liabilities, including capital lease obligations, compensated absences and the net OPEB obligation are not due and payable in the current period and therefore are not reported in the funds.			(879,492)
Net position of governmental activities			<u>\$ 30,219,912</u>

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



# CITY OF WEST MELBOURNE, FLORIDA

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

For the Year Ended September 30, 2013

	General	Nonmajor Funds	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$ 6,201,384	\$ 345,826	\$ 6,547,210
Licenses and permits	874,496	-	874,496
Intergovernmental	1,931,833	275,000	2,206,833
Charges for services	351,463	9,506	360,969
Fines and forfeitures	207,706	-	207,706
Investment income	51,548	388	51,936
Miscellaneous	50,401	-	50,401
Total revenues	<u>9,668,831</u>	<u>630,720</u>	<u>10,299,551</u>
<b>Expenditures</b>			
Current:			
General government	1,484,670	-	1,484,670
Public safety	4,702,132	-	4,702,132
Public works	799,816	127,801	927,617
Recreation	561,500	-	561,500
Community development	280,870	-	280,870
Capital outlay	1,138,088	139,354	1,277,442
Debt service:			
Principal	22,351	-	22,351
Interest	1,109	-	1,109
Total expenditures	<u>8,990,536</u>	<u>267,155</u>	<u>9,257,691</u>
Excess of revenues over expenditures	<u>678,295</u>	<u>363,565</u>	<u>1,041,860</u>
<b>Other financing sources (uses)</b>			
Capital lease proceeds	522,120	-	522,120
Proceeds from sale of capital assets	37,614	-	37,614
Net other financing sources (uses)	<u>559,734</u>	<u>-</u>	<u>559,734</u>
Net change in fund balances	1,238,029	363,565	1,601,594
Fund balances, beginning	8,579,401	3,349,664	11,929,065
Fund balances, ending	<u>\$ 9,817,430</u>	<u>\$ 3,713,229</u>	<u>\$ 13,530,659</u>

# CITY OF WEST MELBOURNE, FLORIDA

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2013

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Net change in fund balances - total governmental funds	\$ 1,601,594
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 outlays exceed depreciation expense in the current period.	23,061
In the statement of activities, the gain (loss) on the disposal of capital assets is reported, whereas in the governmental funds, disposals are not reported. Thus, the change in net assets differs from the change in fund balance by the net book value of the disposed capital assets.	(17,069)
Other post employment benefit obligations reported in the statement of activities does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds.	(25,579)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long- term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This is the net effect of these differences in the treatment of long-term debt and related items.	(499,799)
Some revenues, are recorded in the statement of activities, but since they do not provide current financial resources they are not reported as revenues in the funds. This is the amount of revenues recorded in the funds in the current year, that was recorded in the statement of activities in the prior year.	(170,047)
Overfunded pension contributions are reported as expenditures in the fund financial statements and recorded as a net pension asset on the statement of net position. This is the amount by which the net pension asset increased in the current year.	53,199
Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(28,531)</u>
Change in net assets of governmental activities	<u><u>\$ 936,829</u></u>

# CITY OF WEST MELBOURNE, FLORIDA

## Statement of Net Position - Proprietary Funds

September 30, 2013

	<u>Business-type Activities - Enterprise Funds</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,927,573
Restricted current assets:	
Cash and cash equivalents	1,315,341
Investments	5,391,387
Accounts receivable, net	832,796
Accounts receivable earned, but not billed	407,590
Assessments receivable	181,401
Inventory	78,385
Prepaid items	10,538
Total current assets	<u>10,145,011</u>
Noncurrent assets:	
Restricted cash and cash equivalents:	
Renewal and replacement account	51,211
Wastewater reuse trust account	53,726
Bond debt service account	550,985
Total restricted assets	<u>655,922</u>
Capital assets:	
Land	144,981
Buildings	2,044,992
Improvements other than buildings	60,954,133
Machinery and equipment	6,460,427
Construction in progress	1,861,546
Less accumulated depreciation	<u>(26,254,895)</u>
Total capital assets, net of accumulated depreciation	<u>45,211,184</u>
Bond issuance costs, net of amortization	178,395
Total noncurrent assets	<u>46,045,501</u>
<b>Total assets</b>	<u>56,190,512</u>

# CITY OF WEST MELBOURNE, FLORIDA

Statement of Net Position - Proprietary Funds (continued)

September 30, 2013

	<u>Business-type Activities - Enterprise Funds</u>
<b>LIABILITIES</b>	
Current liabilities (payable from current assets):	
Accounts and contracts payable	672,387
Accrued payroll and related liabilities	42,856
Compensated absences	35,385
Advance from other funds	220,024
Current portion of revenue bonds payable	615,000
Current portion of loans payable	365,000
Current liabilities (payable from restricted assets):	
Accrued interest	378,971
Customer and developer escrow deposits	808,928
Total current liabilities	<u>3,138,551</u>
Noncurrent liabilities:	
Advance from other funds	1,123,948
Compensated absences	3,932
Net OPEB obligation	23,603
Loans payable	6,810,776
Revenue bonds payable, net of unamortized bond discount/premium and deferred amount on refunding	<u>10,190,344</u>
Total noncurrent liabilities	<u>18,152,603</u>
<b>Total liabilities</b>	<u>21,291,154</u>
<b>NET POSITION</b>	
Net investment in capital assets	27,230,064
Restricted for:	
Debt service	755,814
Renewal and replacement	104,937
Unrestricted	<u>6,808,543</u>
<b>Total net position</b>	<u><u>\$ 34,899,358</u></u>



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# CITY OF WEST MELBOURNE, FLORIDA

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

For the Year Ended September 30, 2013

	Business-type Activities - <u>Enterprise Funds</u>
<b>Operating revenues:</b>	
Charges for services	\$ 8,853,466
Other charges and fees	14,726
Total operating revenues	<u>8,868,192</u>
<b>Operating expenses:</b>	
Personnel services	1,010,530
Contractual services	1,404,198
Supplies and other expenses	4,166,249
Depreciation	2,586,467
Total operating expenses	<u>9,167,444</u>
<b>Operating income (loss)</b>	<u>(299,252)</u>
<b>Nonoperating revenues (expenses):</b>	
Investment income	1,195
Amortization of bond issuance costs	(51,783)
Interest expense	(849,108)
Total nonoperating revenues (expenses)	<u>(899,696)</u>
<b>Income (loss) before contributions</b>	(1,198,948)
Capital contributions	<u>1,158,156</u>
<b>Change in net position</b>	(40,792)
<b>Net position, beginning</b>	<u>34,940,150</u>
<b>Net position, ending</b>	<u><u>\$ 34,899,358</u></u>

# CITY OF WEST MELBOURNE, FLORIDA

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2013

	Business-type Activities - Enterprise Funds
<b>Cash flows from operating activities:</b>	
Cash received from customers for sales and services	\$ 8,703,006
Cash payments to employees	(1,006,266)
Cash payments to suppliers for goods and services	(5,361,756)
Net cash provided by operating activities	<u>2,334,984</u>
<b>Cash flows from noncapital financing activities:</b>	
Cash paid to other funds to repay advances	(213,585)
Net cash used in noncapital financing activities	<u>(213,585)</u>
<b>Cash flows from capital and related financing activities:</b>	
Acquisition and construction of capital assets	(1,441,409)
Collections of special assessment revenue	1,166,826
Principal paid on revenue bonds	(595,000)
Principal paid on loans	(355,000)
Interest paid on long-term debt	(822,702)
Net cash used in capital and related financing activities	<u>(2,047,285)</u>
<b>Cash flows from investing activities:</b>	
Investment income	1,195
Proceeds from sales of investments	1,193,337
Purchase of investments	(2,490,233)
Net cash used in investing activities	<u>(1,295,701)</u>
<b>Net decrease in cash and cash equivalents</b>	(1,221,587)
<b>Cash and cash equivalents, beginning of year</b>	<u>5,120,423</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 3,898,836</u>

# CITY OF WEST MELBOURNE, FLORIDA

Statement of Cash Flows (continued)

Proprietary Funds

Year Ended September 30, 2013

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	<u>Business-type Activities - Enterprise Funds</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>	
Operating income (loss)	\$ (299,252)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	2,586,467
Change in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	(111,798)
Accounts receivable earned but not billed	(7,487)
Inventory	(21,574)
Prepaid items	(10,538)
Increase (decrease) in liabilities:	
Accounts and contracts payable	240,803
Accrued payroll and related liabilities	(1,157)
Net OPEB obligation	5,421
Customer and developer escrow deposits	(45,901)
Total adjustments	<u>2,634,236</u>
Net cash provided by operating activities	<u>\$ 2,334,984</u>
<b>Noncash capital and related financing activities:</b>	
Amortization of bond issue costs	<u>\$ 51,783</u>
Amortization of bond discounts, premiums and deferred loss on refunding	<u>\$ 42,246</u>



# CITY OF WEST MELBOURNE, FLORIDA

## Statement of Fiduciary Net Position - Pension Trust Funds

September 30, 2013

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### ASSETS

Cash and cash equivalents	\$	44,982
Investments at fair value:		
Money market mutual funds		481,955
Bond mutual funds		32,806
Blended mutual funds		466,751
Fixed income mutual funds		440,838
U.S. stock mutual funds		6,575,981
International stock mutual funds		124,049
U.S. Treasury notes		179,604
U.S. government obligations		611,910
Mortgage-asset backed securities		628,591
Corporate bonds		1,210,890
Loans receivable		83,756
Interest receivable		15,028
Prepaid expenses		2,645
Total assets		<u>10,899,786</u>

### LIABILITIES

-

### NET POSITION

Held in trust for pension benefits	\$	<u>10,899,786</u>
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# CITY OF WEST MELBOURNE, FLORIDA

## Statement of Changes in Fiduciary Net Position - Pension Trust Funds

For the Year Ended September 30, 2013

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### ADDITIONS

Contributions:

City	\$	660,967
Employee		143,048
State		110,917
Total contributions		<u>914,932</u>

Investment income:

Net appreciation in the fair value of investments		962,536
Interest, dividends and other income		247,960
Total investment earnings		<u>1,210,496</u>
Less investment-related expense		<u>(26,971)</u>
Net investment earnings		<u>1,183,525</u>

**Total additions**

2,098,457

### DEDUCTIONS

Benefit payments		772,398
Refunded contributions		15,947
Administrative expenses		37,670
Total deductions		<u>826,015</u>

**Change in net position**

1,272,442

**Net position held in trust for pension benefits, beginning of year**

9,627,344

**Net position held in trust for pension benefits, end of year**

\$ 10,899,786



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# CITY OF WEST MELBOURNE, FLORIDA

## Notes to Financial Statements

September 30, 2013

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting entity

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

In evaluating the City as a reporting entity, management has considered all potential component units in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *Defining the Financial Reporting Entity*.

#### Discretely presented component units

West Melbourne–Brevard County Joint Redevelopment Agency – The West Melbourne-Brevard County Joint Community Redevelopment Agency was organized under Section 163 of the Florida Statutes and formally came into existence during the fiscal year ending September 30, 2013. The Joint Community Redevelopment Agency uses property tax incremental revenues derived from taxable real property within the geographic boundaries of the community redevelopment area to finance development within that area. There was no financial activity for this component unit during the year ended September 30, 2013.

#### B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) 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. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

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 funds are reported as separate columns in the fund financial statements. The only proprietary fund is reported in the basic financial statements as a business-type activity.

# CITY OF WEST MELBOURNE, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### C. Measurement focus, basis of accounting and financial statement presentation

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

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.

Property taxes, franchise taxes, intergovernmental revenues, 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental fund:

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

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund type:

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

The City's nonmajor governmental funds consist of special revenue funds (Recreation and Stormwater Utility) and a Capital Projects Fund.

# CITY OF WEST MELBOURNE, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### C. Measurement focus, basis of accounting and financial statement presentation (continued)

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues generally result from producing and delivering goods and providing services such as water and sewer to the general public. The principal operating revenues of the water and sewer enterprise fund are charges to customers for sales and services and connection fees. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting the definition of operating are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, followed by committed, assigned and unassigned amount when expenditures have been incurred for which resources in more than one classification can be used, then unrestricted resources as they are needed.

### D. Assets, liabilities and net position or equity

#### 1. Cash and cash equivalents / investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents for the purpose of the proprietary fund statement of cash flows include cash and investments in the Local Government Surplus Funds Trust Fund administered by the State Board of Administration (Florida PRIME). Investments are stated at fair value based on quoted market prices.

The City invests certain surplus funds in an external investment pool, the Local Government Surplus Funds Trust Fund (the "State Pool"). The State Pool is administered by the Florida State Board of Administration ("SBA"), who provides regulatory oversight. On September 30, 2008, the SBA reported that the State Pool was exposed to potential risks due to indirect exposure in the sub-prime mortgage financial market. Consequently, the SBA placed some restriction on how participants could access portions of their surplus funds and ultimately restructured the State Pool into two separate pools ("Florida PRIME" (formerly LPIG) and "Fund B").

The Florida PRIME has adopted operating procedures consistent with the requirements for a 2a7-like fund. The City's investment in the Florida PRIME is reported at amortized cost. The fair value of the City's position in the pool is equal to the value of pooled shares.

# CITY OF WEST MELBOURNE, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### D. Assets, liabilities and net position or equity (continued)

#### 1. Cash and cash equivalents / investments (continued)

Fund B is reported at fair value, determined by the fair value per share of the pool's underlying portfolio.

Deposits available within various funds, except pension trust funds, were consolidated for investment purposes. Substantially all deposits at September 30, 2013, were invested using the pooled investment concept. Interest earned was allocated to the various funds based on their average cash and investment balances.

The City of West Melbourne is empowered by statute to invest in the following instruments and may divest itself of such investments, at prevailing market prices or rates subject to the limitations of Section 218.415:

- a) The Local Government Surplus Funds Trust Fund, administered by the Florida State Board of Administration;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Savings accounts in state-certified qualified public depositories, as defined in Florida Statute 280.02;
- d) Certificates of deposit and Repurchase Agreements in state-certified qualified public depositories, as defined in Florida Statute 280.02;
- e) Direct obligations of the U.S. Treasury; and
- f) Federal agencies and instrumentalities.

The Police Pension Fund is authorized to invest surplus funds as follows:

- a) Equity investments (common stock, convertible bonds, and preferred stock) in a corporation listed on one or more of the recognized national exchanges or on the National Market System of the NASDAQ stock market;
- b) Fixed income investments with a minimum rating of investment grade or higher as reported by a nationally recognized rating agency;
- c) Money market funds or short-term investment fund options provided by the Plan's custodian with a minimum rating of Standard & Poor's "A1" or Moody's "P1"; and
- d) Pooled funds including, but not limited to, mutual funds, commingled funds, exchange-traded funds, limited partnerships and private equity.

# CITY OF WEST MELBOURNE, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### D. Assets, liabilities and net position or equity (continued)

#### 1. Cash and cash equivalents / investments (continued)

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

#### 2. Receivables and payables

Outstanding balances between funds are reported as "due to/from other funds." Long-term advances between funds are offset by a nonspendable fund balance account in applicable governmental funds to indicate they are not available for appropriation and are not expendable, available financial resources. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

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 West Melbourne City Council levy for the fiscal year ended September 30, 2013 was 2.2975 mills, which is less than the rolled back rate.

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.

#### 3. Inventories and prepaid items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.



# CITY OF WEST MELBOURNE, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### D. Assets, liabilities and net position or equity (continued)

#### 4. Restricted assets

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

- **Customer and Developer Deposit Accounts** - Deposited in non-interest bearing accounts and refunded upon termination of service with the City and satisfaction of all obligations due.
- **Bond Debt Service Account** - Includes proceeds from issuance of revenue bonds to pay future debt service costs.
- **Law Enforcement Fines and Confiscated Property Account** - fines and property generated and applied toward further education and enhancement of the police department.
- **Renewal and Replacement Account** - Includes water and sewer connection fees to be used for improvements to and rehabilitation of the utility system.
- **Wastewater Reuse Trust Account** – Includes reuse fees to be used for improvements to the reuse system.

#### 5. Capital assets

Capital assets, which include property, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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 capital outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

# CITY OF WEST MELBOURNE, FLORIDA

Notes to Financial Statements

September 30, 2013

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## **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **D. Assets, liabilities and net position or equity (continued)**

#### **6. Compensated absences**

It is the City's policy to permit employees to accumulate earned but unused vacation pay benefits. All vacation is accrued when incurred in the government-wide and proprietary fund type financial statements. A liability for this amount is reported in governmental funds only if it has matured, for example, as a result of employee resignations and retirements or if they will be liquidated with expendable, available financial resources.

#### **7. Unearned revenues**

Unearned revenues include amounts collected before the revenue recognition criteria are met under both the modified and full accrual basis of accounting. The unearned items consist primarily of occupational license and permit revenues collected in advance.

#### **8. Long-term obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium and discount. Bond issuance costs are amortized over the term of the related debt.

# CITY OF WEST MELBOURNE, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### D. Assets, liabilities and net position or equity (continued)

#### 9. Fund equity

Fund balance, under GASB Statement No. 54, is divided into five classifications 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 five classifications provide clarity of the level of restrictions, as fund balance can have different levels of restraint, such as external versus internal compliance requirements. The constraints placed on fund balance for governmental funds are presented below:

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

Restricted Fund Balance – Amounts that have externally enforceable limitations on use of resources 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 – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the City Council, the City's highest level of decision making authority. Commitments may only be removed or changed by the City Council taking the same formal action (resolution) that imposed the constraint originally.

Assigned Fund Balance – Amounts that are constrained by the government's intent to be used for specific purposes that are neither considered restricted or committed. The authority to assign fund balance lies with the City Council and may occur through the budget process or formal action.

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

According to the City's Fund Balance policy, the General Fund shall maintain an unassigned, unappropriated fund balance equivalent to a minimum of twenty (20%) of the current fiscal year expenditures less capital outlay and transfers out. At September 30, 2013, this minimum balance is \$1,570,490.

Restricted amounts shall be spent first unless there are legal documents/contracts prohibiting this, such as grant agreements. Further, the order of priority shall be Committed Fund Balance, followed by Assigned Fund Balance, and then Unassigned Fund Balance when expenditures are incurred for purposes for which amounts in any of classifications could be used.

# CITY OF WEST MELBOURNE, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### D. Assets, liabilities and net position or equity (continued)

#### 10. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

#### 11. Accounting changes

The City has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. The Statement of Net Position incorporates GASB Statement No. 63 by displaying three components of net position: net investment in capital assets, restricted and unrestricted.

## NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

### A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds”. The details of this \$(879,505) difference are as follows:

Capital leases payable	\$ (531,773)
Net OPEB obligation	(119,397)
Compensated absences	<u>(228,322)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position-governmental activities</i>	<u>\$ (879,492)</u>

# CITY OF WEST MELBOURNE, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

### B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.” The details of this \$23,061 difference are as follows:

Capital outlay	\$ 1,277,442
Depreciation expense	<u>(1,254,381)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u>\$ 23,061</u>

Another element of the reconciliation states that “the issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position.” The details of this \$(499,769) difference are as follows:

Debt issued or incurred:	
Capital leases	\$ (522,120)
Principal repayments:	
Capital leases	<u>22,321</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (499,799)</u>

## NOTE III – DETAILED NOTES ON ALL FUNDS

### A. Deposits and investments

At September 30, 2013, the City’s carrying amount of cash deposits was \$8,190,430, not including petty cash and change accounts totaling \$5,093, and the bank balance was \$8,857,109. At September 30, 2013, the City’s carrying amount and bank balance of cash deposits in the City’s pension trust funds was \$44,982. As of September 30, 2013, \$500,000 of the City’s bank balances is covered by federal depository insurance (FDIC). Monies invested in amounts greater than the insurance average 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.

# CITY OF WEST MELBOURNE, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE III – DETAILED NOTES ON ALL FUNDS (CONTINUED)

### A. Deposits and investments (continued)

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

The investing of public funds with the State Board of Administration (SBA) - Local Government Surplus Funds Trust Fund is governed by Section 218.407 Florida Statutes. The SBA is under regulatory oversight of the State of Florida. The investment pool consists largely of corporate notes and commercial paper. On September 30, 2013, the City had \$22,696 invested.

Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the City places its deposits are certified as "qualified public depositories," as required under the Florida Security for Public Deposits Act.

Cash with escrow and paying agents of \$1,057,399 accounted for in the Water and Sewer Fund represents reserves and balances to service outstanding bonds.

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

#### Interest rate risk

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

#### Credit risk

GASB Statement No. 40 requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. The City's investment policy and the investment policy for the City's Police Officers' Plan, limit investments to securities with specific ranking criteria.

#### Concentration risk

GASB Statement No. 40 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.

# CITY OF WEST MELBOURNE, FLORIDA

## Notes to Financial Statements

September 30, 2013

### NOTE III – DETAILED NOTES ON ALL FUNDS (CONTINUED)

#### A. Deposits and investments (continued)

The City's investment policy and the investment policy for the City's Police Officers' Plan do not address concentration risk.

At September 30, 2013, the City had the following investments:

Investment type	Fair Value	Investment Maturities (in years)				Rating	Agency
		Less than 1	1-5	6-10	More than 10		
Primary government:							
State Board of Administration							
Florida PRIME	\$ 18,392	\$ 18,392	\$ -	\$ -	\$ -	AAAm	S&P
Fund B	4,304	-	4,304	-	-	Not rated	
Blended mutual fund	5,000,905	5,000,905	-	-	-	AAAm	S&P
Federated Government							
Obligations Fund	7,290,579	7,290,579	-	-	-	AAAm	S&P
Federal Home Loan Bank	1,000,000	-	1,000,000	-	-	Aaa	Moody's
	<u>\$13,314,180</u>	<u>\$12,309,876</u>	<u>\$1,004,304</u>	<u>\$ -</u>	<u>\$ -</u>		
Pension trust funds:							
Money market funds	\$ 481,955	\$ 481,955	\$ -	\$ -	\$ -	AA/AAAm	S&P
Mutual bond funds	32,806	32,806	-	-	-	3★	MS*
Blended mutual funds	466,751	466,751	-	-	-	2★ - 4★	MS*
Fixed income mutual funds	440,838	-	440,838	-	-	5★	MS*
International mutual stock funds	124,049	124,049	-	-	-	3★	MS*
U.S. stock mutual funds	6,575,981	6,575,981	-	-	-	2★ - 4★	MS*
Corporate bonds	1,094,345	-	-	1,094,345	-	A-/AA+	S&P
Corporate bonds	116,545	-	-	116,545	-	BBB+	S&P
Mortgage-asset backed securities	628,591	-	-	48,044	580,547	Not rated	
U.S. government obligations	74,455	-	-	-	74,455	Not rated	
U.S. government obligations	537,455	-	537,455	-	-	AA-/AA+	S&P
U.S. Treasury notes	179,604	-	-	179,604	-	AA+	S&P
	<u>\$10,753,375</u>	<u>\$ 7,681,541</u>	<u>\$ 978,294</u>	<u>\$1,438,538</u>	<u>\$ 655,002</u>		

\* MS = Morningstar

# CITY OF WEST MELBOURNE, FLORIDA

Notes to Financial Statements

September 30, 2013

## NOTE III – DETAILED NOTES ON ALL FUNDS (CONTINUED)

### B. Receivables

Receivables and amounts due from other governments as of fiscal year end for the individual major funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

Receivables:	General	Water and Sewer	Total
Taxes	\$ 214,810	\$ -	\$ 214,810
Solid waste	74,465	-	74,465
Utilities	-	1,500,219	1,500,219
Franchise fees	261,361	-	261,361
Special assessments	-	181,401	181,401
Employees	4,066	-	4,066
Other	522	3,254	3,776
Gross receivables	555,224	1,684,874	2,240,098
Less: allowance for uncollectible accounts	-	(263,087)	(263,087)
Net total receivables	<u>\$ 555,224</u>	<u>\$ 1,421,787</u>	<u>\$ 1,977,011</u>

### C. Restricted assets

The balances of the restricted asset accounts in the governmental and business-type activities at September 30, 2013 are as follows:

	Governmental Activities	Business-type Activities	Total
Law enforcement fines and confiscated property	\$ 2,000	\$ -	\$ 2,000
Customer and developer deposit accounts	165,429	1,315,341	1,480,770
Bond debt service	-	550,985	550,985
Renewal and replacement account	-	51,211	51,211
Wastewater reuse trust account	-	53,726	53,726
Totals	<u>\$ 167,429</u>	<u>\$ 1,971,263</u>	<u>\$ 2,138,692</u>



# CITY OF WEST MELBOURNE, FLORIDA

## Notes to Financial Statements

September 30, 2013

### NOTE III – DETAILED NOTES ON ALL FUNDS (CONTINUED)

#### D. Capital assets

Capital asset activity for the year ended September 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,120,896	\$ -	\$ -	\$ 1,120,896
Construction in progress	1,094,527	103,600	(129,230)	1,068,897
Total capital assets, not being depreciated	<u>2,215,423</u>	<u>103,600</u>	<u>(129,230)</u>	<u>2,189,793</u>
Capital assets, being depreciated:				
Buildings	6,004,209	-	-	6,004,209
Improvements other than buildings	2,188,581	196,180	-	2,384,761
Machinery and equipment	4,283,477	961,864	(259,944)	4,985,397
Infrastructure	9,574,226	145,028	-	9,719,254
Total capital assets being depreciated	<u>22,050,493</u>	<u>1,303,072</u>	<u>(259,944)</u>	<u>23,093,621</u>
Less accumulated depreciation for:				
Buildings	(1,354,167)	(251,022)	-	(1,605,189)
Improvements other than buildings	(751,122)	(126,321)	-	(877,443)
Machinery and equipment	(2,936,471)	(423,875)	242,875	(3,117,471)
Infrastructure	(2,159,189)	(453,163)	-	(2,612,352)
Total accumulated depreciation	<u>(7,200,949)</u>	<u>(1,254,381)</u>	<u>242,875</u>	<u>(8,212,455)</u>
Total capital assets being depreciated, net	<u>14,849,544</u>	<u>48,691</u>	<u>(17,069)</u>	<u>14,881,166</u>
Governmental activities capital assets, net	<u>\$ 17,064,967</u>	<u>\$ 152,291</u>	<u>\$ (146,299)</u>	<u>\$ 17,070,959</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 144,981	\$ -	\$ -	\$ 144,981
Construction in progress	1,342,314	575,026	(55,794)	1,861,546
Total capital assets, not being depreciated	<u>1,487,295</u>	<u>575,026</u>	<u>(55,794)</u>	<u>2,006,527</u>
Capital assets, being depreciated:				
Buildings	2,044,992	-	-	2,044,992
Improvements other than buildings	60,169,643	784,490	-	60,954,133
Machinery and equipment	6,355,668	137,687	(32,928)	6,460,427
Total capital assets being depreciated	<u>68,570,303</u>	<u>922,177</u>	<u>(32,928)</u>	<u>69,459,552</u>
Less accumulated depreciation for:				
Buildings	(2,039,188)	(1,274)	-	(2,040,462)
Improvements other than buildings	(18,241,460)	(2,300,326)	-	(20,541,786)
Machinery and equipment	(3,420,708)	(284,867)	32,928	(3,672,647)
Total accumulated depreciation	<u>(23,701,356)</u>	<u>(2,586,467)</u>	<u>32,928</u>	<u>(26,254,895)</u>
Total capital assets being depreciated, net	<u>44,868,947</u>	<u>(1,664,290)</u>	<u>-</u>	<u>43,204,657</u>
Business-type activities capital assets, net	<u>\$ 46,356,242</u>	<u>\$ (1,089,264)</u>	<u>\$ (55,794)</u>	<u>\$ 45,211,184</u>

# CITY OF WEST MELBOURNE, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE III – DETAILED NOTES ON ALL FUNDS (CONTINUED)

### D. Capital assets (continued)

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

Governmental activities:

General government	\$ 196,408
Public safety	293,423
Public works	560,295
Recreation	204,255
Total depreciation expense - governmental activities	<u>\$ 1,254,381</u>

Business-type activities:

Water and Sewer	<u>\$ 2,586,467</u>
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### E. Interfund receivables, payable and transfers

The composition of interfund balances as of September 30, 2013, is as follows:

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
Current:		
General Fund	Water & Sewer Fund	\$ 220,024
Noncurrent:		
General Fund	Water & Sewer Fund	1,123,948
		<u>\$ 1,343,972</u>

The advances are interfund loans between the general fund and the water and sewer fund to cover cash shortfalls and the cost of construction projects. The amount is being repaid to the general fund with interest.

### F. Capital leases

In the current and prior years, the City entered into several lease agreements as lessee to finance the acquisition of vehicles and related equipment for the police department, as well as heavy machinery for the public works department. These lease agreements qualify as capital leases for accounting purposes, and, therefore have been recorded at the present value of future minimum lease payments.

Asset:

Machinery and equipment	\$ 586,174
Less: Accumulated depreciation	<u>(84,495)</u>
Total	<u>\$ 501,679</u>

# CITY OF WEST MELBOURNE, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE III – DETAILED NOTES ON ALL FUNDS (CONTINUED)

### F. Capital leases (continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2013, were as follows:

<u>Year ending September 30,</u>	
2014	\$ 120,399
2015	110,624
2016	110,624
2017	110,624
2018	110,623
Total minimum lease payments	562,894
Less: amount representing interest	(31,121)
Present value of minimum lease	<u>\$ 531,773</u>

### G. Long-term debt

#### Revenue Bonds

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

Revenue bonds outstanding at year end are as follows:

#### **Business-type activities:**

Water and Sewer Revenue Bonds, Series 2007	\$ 8,015,000
Water and Sewer Revenue Refunding Bonds, Series 2004	1,705,000
Water and Sewer Revenue Refunding Bonds, Series 1999	<u>1,170,000</u>
Total business-type activities	<u>\$ 10,890,000</u>

# CITY OF WEST MELBOURNE, FLORIDA

## Notes to Financial Statements

September 30, 2013

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### NOTE III – DETAILED NOTES ON ALL FUNDS (CONTINUED)

#### G. Long-term debt (continued)

Water and Sewer Revenue Refunding Bonds, Series 1999 – \$2,730,000 Water and Sewer Revenue Refunding Bonds, Series 1999 (\$1,170,000 remaining at September 30, 2013) - On April 20, 1999, the City issued the West Melbourne Water and Sewer Revenue Refunding Bonds, Series 1999 in the principal amount of \$2,730,000. These bonds were sold to: (i) refund a portion of the City's outstanding Water and Sewer Revenue Refunding and Improvements Bonds, Series 1994, and (ii) pay certain costs and expenses related to issuance of the Series 1999 Bonds. The Series 1999 bonds bear interest at rates ranging from 3.30% to 4.60% per annum, payable semi-annually on April 1 and October 1. Principal is due annually beginning October 1, 2000, in amounts increasing from \$25,000 to \$255,000 at final maturity in October 2017. The Series 1999 Bonds maturing on or after October 1, 2009 are subject to optional redemption on or after October 1, 2008, at the option of the City.

Water and Sewer Revenue Refunding Bonds, Series 2004 – \$4,545,000 Water and Sewer Revenue Refunding Bonds, Series 2004 (\$1,705,000 remaining at September 30, 2013) - On September 8, 2004, the City issued the West Melbourne Water and Sewer Revenue Refunding Bonds, Series 2004 in the principal amount of \$4,545,000. These bonds were sold to: (i) defease all of the City's outstanding Water and Sewer Revenue Refunding and Improvements Bonds, Series 1994, (ii) to pay the cost of constructing certain capital improvements to the System, and (iii) finance the costs of issuance of the Series 2004 Bonds. The Series 2004 bonds bear interest at rates ranging from 2.50% to 3.80% per annum, payable semi-annually on April 1 and October 1. Principal is due annually beginning October 1, 2005, in amounts increasing from \$325,000 to \$445,000 at final maturity in October 2016. The Series 2004 Bonds maturing on and before October, 2014 are not redeemable prior to their stated dates of maturity. The Series 2004 Bonds maturing on or after October 1, 2015 are subject to optional redemption on or after October 1, 2014, at the option of the City.

Water and Sewer Revenue Bonds, Series 2007 – \$8,015,000 Water and Sewer Revenue Bonds, Series 2007 (\$8,015,000 remaining at September 30, 2013) - On July 25, 2007, the City issued the West Melbourne Water and Sewer Revenue Bonds, Series 2007 in the principal amount of \$8,015,000. These bonds were sold to: (i) pay the cost of constructing certain capital improvements to the System, and (ii) finance the costs of issuance of the Series 2007 Bonds. The Series 2007 bonds bear interest at 4.49% per annum, payable semi-annually on April 1 and October 1. Principal is due annually beginning April 1, 2017, in amounts increasing from \$35,000 to \$1,315,000 at final maturity in April 2027.

#### Loans Payable

The City obtained loans to pay the costs of constructing certain capital projects and to finance costs of issuance of revenue bonds. The loans are secured by and payable from the gross revenues of the City's water and sewer system.

# CITY OF WEST MELBOURNE, FLORIDA

Notes to Financial Statements

September 30, 2013

## NOTE III – DETAILED NOTES ON ALL FUNDS (CONTINUED)

### G. Long-term debt (continued)

Loans outstanding at year end are as follows:

#### Business-type activities:

Florida Municipal Loan Council, Series 2005D	\$ 3,595,000
Florida Municipal Loan Council, Series 2010D	<u>3,545,000</u>
 Total business-type activities	 <u><u>\$ 7,140,000</u></u>

Loan Payable - Florida Municipal Loan Council, Series 2005D – \$4,910,000 loan payable (\$3,595,000 remaining at September 30, 2013) Florida Municipal Loan Council - During 2005, the City entered into a loan agreement to: (i) pay the cost of constructing certain capital improvements to the System, and (ii) finance the City's pro-rata costs of issuance of the FMLC Series 2005D Bonds. The loan bears interest at rates ranging from 3.00% to 5.00% per annum, payable semi-annually on April 1 and October 1. Principal is due annually beginning October 1, 2006, in amounts increasing from \$180,000 to \$355,000 at final maturity in October 2025.

Loan Payable-Florida Municipal Loan Council, Series 2010D – \$3,820,000 loan payable (\$3,545,000 remaining at September 30, 2013) Florida Municipal Loan Council - On August 25, 2010, the City entered into a loan agreement to: (i) to pay the cost of constructing certain capital improvements to the System, and (ii) finance the City's pro-rata costs of issuance of the FMLC Series 2010D Bonds. The loan bears interest at rates ranging from 2.00% to 4.25% per annum, payable semi-annually on April 1 and October 1. Principal is due annually beginning October 1, 2011, in amounts increasing from \$130,000 to \$270,000 at final maturity in October 2030.

Annual debt service requirements to maturity for revenue bonds and loans outstanding as of September 30, 2013 are as follows:

Year ending September 30,	Business-type Activities	
	Principal	Interest
2014	\$ 980,000	\$ 741,080
2015	1,025,000	706,108
2016	1,055,000	668,944
2017	1,125,000	629,200
2018	1,060,000	594,011
2019-2023	6,005,000	2,276,360
2024-2028	6,010,000	832,117
2029-2030	770,000	50,150
Totals	<u><u>\$ 18,030,000</u></u>	<u><u>\$ 6,497,970</u></u>

# CITY OF WEST MELBOURNE, FLORIDA

Notes to Financial Statements

September 30, 2013

## NOTE III – DETAILED NOTES ON ALL FUNDS (CONTINUED)

### G. Long-term debt (continued)

#### Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2013, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Capital leases	\$ 31,974	\$ 522,120	\$ (22,321)	\$ 531,773	\$ 112,053
Compensated absences	199,791	221,949	(193,418)	228,322	205,529
Other post employment benefits	93,818	25,579	-	119,397	-
Governmental activity long-term liabilities	<u>\$ 325,583</u>	<u>\$ 769,648</u>	<u>\$ (215,739)</u>	<u>\$ 879,492</u>	<u>\$ 317,582</u>
<b>Business-type activities:</b>					
Bonds payable:					
Revenue bonds payable	\$ 11,485,000	\$ -	\$ (595,000)	\$ 10,890,000	\$ 615,000
Less deferred amounts:					
For issuance discount	(4,370)	-	-	(4,370)	-
For issuance premium	1,137	-	(569)	568	-
Related to refunding	(126,443)	-	45,589	(80,854)	-
Total bonds payable	<u>11,355,324</u>	<u>-</u>	<u>(549,980)</u>	<u>10,805,344</u>	<u>615,000</u>
Loan payable:					
Loans payable	7,495,000	-	(355,000)	7,140,000	365,000
Plus issuance premium	57,557	-	(4,426)	53,131	-
Less issuance discount	(19,007)	-	1,652	(17,355)	-
Total loans payable	<u>7,533,550</u>	<u>-</u>	<u>(357,774)</u>	<u>7,175,776</u>	<u>365,000</u>
Compensated absences	40,692	46,021	(47,396)	39,317	35,385
Other post employment benefits	18,182	5,421	-	23,603	-
Business-type activity long-term liabilities	<u>\$18,947,748</u>	<u>\$ 51,442</u>	<u>\$ (955,150)</u>	<u>\$18,044,040</u>	<u>\$ 1,015,385</u>

Historically for the governmental activities, capital leases and compensated absences are generally liquidated by the General Fund.

# CITY OF WEST MELBOURNE, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE III – DETAILED NOTES ON ALL FUNDS (CONTINUED)

### G. Long-term debt (continued)

#### Summary of Defeased Debt Outstanding

The following outstanding revenue bonds are legally defeased. Since governmental obligations are held in escrow for the payment of principal and interest, the bonds are not liabilities of the City.

	<u>Outstanding at year end</u>
Water and Sewer Revenue Bonds: Series 1978	<u>\$ 370,000</u>

## NOTE IV – OTHER INFORMATION

### A. Risk management

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

The City is a member of the Florida Municipal Insurance Trust (the "Trust"). The trust is a self-insurance program established to provide worker's compensation, certain liability, casualty, and property coverage to participating units of local governments in Florida, pursuant to various provisions of Florida Statutes. The Trust's underwriting and rate setting policies were established after consulting with an independent actuary. The Trust is non-assessable and therefore, the City has no liability for future deficits of the Trust, if any.

There have been no significant reductions in insurance coverage during the fiscal year 2013. Also, there have been no settlements that exceeded insurance coverage for each of the past three fiscal years.

### B. Employee retirement plans – defined contribution plan

#### General Employees' Retirement Plan

*Plan Description.* The City of West Melbourne General Employees' Retirement Plan is a defined contribution plan administered by ICMA Retirement Corporation. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All full time general employees hired prior to July 1, 2008 are eligible to participate after six months of service. Employer contributions are vested according to the following schedule: 50% after three years of service; 75% after four years; 100% after five years. There are currently seven employees participating in this plan.

# CITY OF WEST MELBOURNE, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE IV – OTHER INFORMATION (CONTINUED)

### B. Employee retirement plans – defined contribution plan (continued)

*Funding Policy.* Contributions under the plan were established by the Plan & Trust adoption agreement with ICMA Retirement Corporation and may be amended at the City's discretion. Required contributions are 2% and 8% of eligible earnings for employees and employer, respectively. Administrative costs are financed through investment earnings. Required and actual contributions for the year ended September 30, 2013 were \$7,056 from employees and \$28,225 from the employer.

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

### C. Employee retirement plans – defined benefit plans

#### Florida Retirement System

*Plan Description.* Effective July 1, 2008, employees had the option to remain with ICMA or surrender their ICMA account to the City and join the Florida Retirement System (FRS). The FRS is a cost sharing, multiple employer, public employee defined benefit plan consisting of state agencies, county governments, district school boards, state universities, state community colleges, cities, independent special districts, metropolitan planning districts, and public charter schools and is administered by the State of Florida, Department of Administration, Division of Retirement.

FRS offers two plans to the employees: the FRS Pension plan and the FRS Investment plan. With the FRS Pension Plan, employees hired prior to July 1, 2011 are considered vested after six years of service; employees hired on or after July 1, 2011 are considered vested after eight years of service. With the FRS Investment Plan, employees are considered vested after one year of service. Employees are eligible for normal retirement at age 62. Early retirement may be taken any time after ten years of service (eight years for elected county officials); however, there is a 5% benefit reduction for each year prior to normal retirement. Benefits are computed on the basis of age, average final compensation and service credit. Average final compensation is the average of the five highest fiscal years of earnings. FRS also provides for death and disability benefits, which are established by state statutes.

FRS issues a publicly available financial report that includes financial statements, ten-year historical trend information and other required supplementary information. The complete financial report of the FRS may be obtained by writing to Division of Retirement, P.O. Box 9000, Tallahassee, Florida, 32315-9000; or on the website at [www.frs.MyFlorida.com](http://www.frs.MyFlorida.com), or by phone at 850-488-5540



# CITY OF WEST MELBOURNE, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE IV – OTHER INFORMATION (CONTINUED)

### C. Employee retirement plans – defined benefit plans (continued)

*Funding Policy.* The City is required to contribute to the plan at actuarially determined rates as established by State Statutes. The collective rates for employees and employer, expressed as a percent of covered payroll, vary depending on the employee's membership class. Contribution rates range from 5.18% to 18.31% during the year ended September 30, 2013. The payroll for employees covered by FRS for the year ended September 30, 2013 totaled \$2,374,256. As of July 1, 2011, employees contributed 3% of their pre-tax earnings to the FRS. The contributions for the last three fiscal years are as follows:

Fiscal Year Ended	Contributions by the City
2013	\$ 140,925
2012	194,878
2011	244,631

The contributions to the FRS retirement plan represent the required contributions for each year.

### **Police Employees' Pension Plan**

*Plan Description.* The City of West Melbourne Police Retirement Plan (Plan) is a single-employer defined benefit pension plan. The Plan is administered by a five-member Board of Trustees (two West Melbourne citizens appointed by the City Council, two plan participants selected by the plan membership, and a fifth board member selected by the other four board members and confirmed by the City Council as a ministerial action). The Plan does not issue a stand-alone financial report. The Plan's financial statements as of September 30 are included in the City's Comprehensive Annual Financial Report. Pension plan data is provided from the respective actuarial reports as of October 1, 2013.

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

*Method Used to Value Investments.* Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

# CITY OF WEST MELBOURNE, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE IV – OTHER INFORMATION (CONTINUED)

### C. Employee retirement plans – defined benefit plans (continued)

*Employee Coverage.* Membership in the Plan is comprised of the following as of September 30, 2013:

	Police Employee
Retirees and beneficiaries currently receiving benefits	9
Terminated employees entitled to benefits but not yet receiving them	2
Employees in DROP	3
Actively employed participants	29
Totals	<u>43</u>

*Description of Benefits.* Benefits under the Plan are established in accordance with requirements of City Ordinance and Florida Statutes Chapter 185. Benefit provisions may be amended by the City Council but may not be reduced below the minimum specified by statute. During the year ended September 30, 2013, the City Council adopted Ordinance No. 2013-15 amending the Plan to increase member contributions of members hired prior to January 1, 2011, to reduce the cost of living adjustment of members hired prior to January 1, 2011 and not retired as of February 19, 2013, to clarify that the beneficiary of a vested terminated member who dies prior to retirement is entitled to ten years of benefit payments, and to reduce the rate of member earnings while participating in the DROP.

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

Service incurred disability benefits are available to employees with no vesting period and provide monthly income (as defined by the plan payable until death or recovery). Non-service incurred disability benefits (available to employees with ten years of plan participation) provide monthly income (as defined by the Plan) payable until death or recovery. In the event of death, the Plan provides for a 10 year certain and life annuity benefit.

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

# CITY OF WEST MELBOURNE, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE IV – OTHER INFORMATION (CONTINUED)

### C. Employee retirement plans – defined benefit plans (continued)

*Contribution Requirements and Funding Policy.* The employer, employee and State contribution requirements are actuarially determined on an annual basis. Most administrative costs of the Plan are financed through investment earnings of the Plan. Plan members hired on or after January 1, 2011 are required to contribute 8.44% of pensionable pay and Plan members hired before January 1, 2011 are required to contribute 8.54% of pensionable pay for the year ended September 30, 2012 and thereafter. The City recognized as revenues and expenditures on-behalf payments relating to contributions for its public safety employees that the State paid to the Plan in the amount of \$110,917. These contributions are funded by an excise tax levied on certain casualty and property insurance premiums. If the remittance from the State is less than estimated by the actuary, the City pays the balance required to fund the total actuarial requirement.

The City's annual contribution exceeded the annual pension cost for the year ended September 30, 2013. The City's contributions to the Plan for the year ended September 30, 2013 totaled \$743,659, which includes the amount contributed by the State. Plan members contributed \$135,992 for the same fiscal year.

Required trend information for the Plan for the past three fiscal years is presented below:

Fiscal Year Ended	Annual Pension Cost (APC)	Percent of APC Contributed	Net Pension Obligation
2013	\$ 610,527	108.7%	\$ (497,786)
2012	\$ 560,154	125.9%	\$ (444,587)
2011	\$ 505,122	147.2%	\$ (299,740)

*Funded Status and Funding Progress.* The funded status of the Plan as of October 1, 2013, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)
10/1/2013	\$ 8,487,026	\$ 11,061,558	\$ 2,574,532

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

# CITY OF WEST MELBOURNE, FLORIDA

Notes to Financial Statements

September 30, 2013

## NOTE IV – OTHER INFORMATION (CONTINUED)

### C. Employee retirement plans – defined benefit plans (continued)

*Annual Pension Cost and Development of the Net Pension Obligation (NPO).* The Plan's annual pension cost and net pension obligation (overfunded pension costs) for the current year per the actuarial valuation as of October 1, 2013, were as follows:

	<u>9/30/2011</u>	<u>9/30/2012</u>	<u>9/30/2013</u>
Actuarially determined contribution (A)	\$ 502,001	\$ 544,184	\$ 588,817
Interest on net pension obligation (asset)	(4,916)	(23,979)	(34,455)
Adjustment to (A)	8,037	39,949	56,165
Annual pension cost	505,122	560,154	610,527
Contributions made	743,416	705,001	663,726
Increase in net pension obligation	(238,294)	(144,847)	(53,199)
Net pension obligation (asset) - beginning of year	(61,446)	(299,740)	(444,587)
Net pension obligation (asset) - end of year	<u>\$ (299,740)</u>	<u>\$ (444,587)</u>	<u>\$ (497,786)</u>

*Additional Information.* The annual required contribution for the current year was determined as part of the October 1, 2011, actuarial valuation using the following methods and assumptions:

Valuation date	10/1/2011
Actuarial cost method	Frozen entry age
Amortization method	Level dollar, closed
Remaining amortization period	30 years
Asset valuation method	5-year smooth
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases *	6.0%
* Includes inflation at	3.0%
Post retirement cost-of-living adjustments	Prorated portion of 2.0%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

# CITY OF WEST MELBOURNE, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE IV – OTHER INFORMATION (CONTINUED)

### C. Employee retirement plans – defined benefit plans (continued)

#### Combining Fund Information

	General Employees Pension Trust Fund	Police Employees Pension Trust Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 44,982	\$ 44,982
Receivables	56,579	27,177	83,756
Interest receivable	-	15,028	15,028
Prepaid expenses	-	2,645	2,645
Investments, at fair value:			
Money market mutual funds	370,500	111,455	481,955
Bond mutual fund	32,806	-	32,806
Blended mutual fund	466,751	-	466,751
U.S. stock mutual fund	833,581	5,742,400	6,575,981
International stock mutual fund	124,049	-	124,049
U.S. Treasury notes	-	179,604	179,604
U.S. government obligations	-	611,910	611,910
Mortgage-Asset Backed securities	-	628,591	628,591
Fixed income mutual funds	-	440,838	440,838
Corporate bonds	-	1,210,890	1,210,890
Total assets	<u>1,884,266</u>	<u>9,015,520</u>	<u>10,899,786</u>
<b>LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION,</b>			
held in trust for pension benefits	<u>\$ 1,884,266</u>	<u>\$ 9,015,520</u>	<u>\$ 10,899,786</u>

# CITY OF WEST MELBOURNE, FLORIDA

Notes to Financial Statements

September 30, 2013

## NOTE IV – OTHER INFORMATION (CONTINUED)

### C. Employee retirement plans – defined benefit plans (continued)

	General Employees Pension Trust Fund	Police Employees Pension Trust Fund	Total
<b>ADDITIONS</b>			
Contributions:			
Employees	\$ 7,056	\$ 135,992	\$ 143,048
City	28,225	632,742	660,967
State	-	110,917	110,917
Total contributions	<u>35,281</u>	<u>879,651</u>	<u>914,932</u>
Net appreciation in fair value of investments	231,749	730,787	962,536
Interest, dividends and other income	2,846	245,114	247,960
Total investment earnings	234,595	975,901	1,210,496
Less investment-related expenses	-	(26,971)	(26,971)
Net investment earnings	<u>234,595</u>	<u>948,930</u>	<u>1,183,525</u>
Total additions	<u>269,876</u>	<u>1,828,581</u>	<u>2,098,457</u>
<b>DEDUCTIONS</b>			
Benefit payments	216,343	556,055	772,398
Refunded contributions	-	15,947	15,947
Administrative expenses	1,194	36,476	37,670
Total deductions	<u>217,537</u>	<u>608,478</u>	<u>826,015</u>
Change in net position	52,339	1,220,103	1,272,442
<b>Net position held in trust for pension benefits,</b> beginning of year	<u>1,831,927</u>	<u>7,795,417</u>	<u>9,627,344</u>
<b>Net position held in trust for pension benefits,</b> end of year	<u>\$ 1,884,266</u>	<u>\$ 9,015,520</u>	<u>\$ 10,899,786</u>

### D. Post-employment benefits other than pensions (“OPEB”)

The City follows Governmental Accounting Standards Board Statement No. 45, *Accounting and Reporting by Employers for Post-employment Benefits Other than Pensions* (OPEB), for certain post-employment health care benefits provided by the City.

*Plan Description.* The City administers an employee group medical insurance plan that provides medical insurance benefits to its employees and their eligible dependents. In accordance with Section 112.0801 of the Florida Statutes, because the City provides a medical plan to active employees and their eligible dependents, the City is also required to provide retirees with the opportunity to participate in this insurance. Benefit provisions for the insurance are established and may be amended by the City Council. The retirees pay the full group premium amount for health insurance with no explicit subsidy from the City.

# CITY OF WEST MELBOURNE, FLORIDA

Notes to Financial Statements

September 30, 2013

## NOTE IV – OTHER INFORMATION (CONTINUED)

### D. Post-employment benefits other than pensions (“OPEB”) (continued)

*Funding Policy.* Contribution rates for the insurance are established on an annual basis. Eligible retirees and their covered dependents receiving benefits contribute 100% of their premium costs for medical insurance. While the City does not directly contribute toward the costs of retiree premiums via an explicit subsidy, the ability of retirees to obtain health insurance coverage at a group rate which includes active employees constitutes a significant economic benefit to retirees, or an OPEB obligation of the City. The City is currently funding this OPEB obligation on a pay-as-you-go basis, contributing only those amounts necessary to provide for its portion of current year benefit costs and expenses. For the year ended September 30, 2013 the City estimated it subsidized \$2,000 of medical costs for its retirees and their covered dependents.

*Annual OPEB Cost and Net OPEB Obligation.* The City’s annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (“ARC”), an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize an unfunded liability of the insurance over a period not to exceed thirty years. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the insurance, and changes in the City’s net OPEB obligation to the City’s insurance, including the implicit rate subsidy for medical insurance:

	<u>9/30/2011</u>	<u>9/30/2012</u>	<u>9/30/2013</u>
Annual Required Contribution (ARC)	\$ 30,000	\$ 37,000	\$ 39,000
Interest on net OPEB Obligation	1,000	3,000	4,000
Adjustment to annual required contribution	(2,000)	(7,000)	(10,000)
Annual OPEB cost (expense)	29,000	33,000	33,000
Contributions made	(2,000)	(2,000)	(2,000)
Increase in net OPEB obligation	27,000	31,000	31,000
Net OPEB obligation - beginning of year	54,000	81,000	112,000
Net OPEB obligation - end of year	<u>\$ 81,000</u>	<u>\$ 112,000</u>	<u>\$ 143,000</u>

As of September 30, 2013, no trust has been established for the insurance.

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the fiscal years ending September 30, 2013, 2012 and 2011 are as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Costs Contributed</u>	<u>Net OPEB Obligation</u>
9/30/2013	\$ 33,000	6%	\$ 143,000
9/30/2012	\$ 33,000	6%	\$ 112,000
9/30/2011	\$ 29,000	7%	\$ 81,000

# CITY OF WEST MELBOURNE, FLORIDA

Notes to Financial Statements

September 30, 2013

## NOTE IV – OTHER INFORMATION (CONTINUED)

### D. Post-employment benefits other than pensions (“OPEB”) (continued)

*Funded Status and Funding Progress.* Because the Plan has less than 200 members, the City is required to obtain an actuarial valuation at least every three years. The most recent actuarial valuation was performed as of October 1, 2012. Accordingly, the City will be required to obtain a subsequent actuarial valuation within three years of that date. According to the October 1, 2012 valuation, the accrued liability for benefits as of September 30, 2013, was projected to be \$245,000, all of which was unfunded.

The funded status as of October 1, 2012, the most recent valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
10/1/2012	\$ -	\$ 236,000	\$ 236,000	0.0%	\$ 4,244,000	5.6%

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on values which the City’s actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage and changes in marital status, could result in actual costs being less or greater than estimated.

The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the October 1, 2012 actuarial valuation, the projected unit credit cost method was used. The annual required contribution (“ARC”) reflects a 15-year, level amortization of the unfunded actuarial accrued liability (“AAL”). The actuarial assumptions included a 4.0% investment rate of return. Annual medical costs are assumed to increase 8.0% in the first year of valuation, with future annual increases assumed to grade uniformly to 5.5% over a five year period, and with an ultimate rate of 5.0% thereafter.



# CITY OF WEST MELBOURNE, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE IV – OTHER INFORMATION (CONTINUED)

### E. Concentration – Water Supply

The City purchases all of its residents' water needs from the City of Melbourne, Florida under an agreement dated May 16, 2013, which is currently scheduled to expire December 31, 2026, with an optional fifteen year extension. During the year, approximately \$3.0 million (556,608,000 gallons) of water was purchased and management believes it will be able to continue purchasing water from the City of Melbourne, Florida, sufficient to meet all of its residents' water needs, for the foreseeable future.

### F. Litigation

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

### G. Commitments and contingencies

In February of 2011, the City entered into a contract for the management, operation and maintenance of the wastewater treatment, collection and disposal facility. The agreement was for a period of five years with an option to extend another five years upon approval by both parties. The base fee for the first year was \$1,214,768 and is subject to annual adjustment. For fiscal year 2013, the City paid \$1,229,447 under this contract.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

### H. Subsequent Events

The City has evaluated subsequent events through the date which the financial statements were issued. As discussed in Note I.A., the West Melbourne-Brevard County Joint Community Redevelopment Agency was formed during the fiscal year ending September 30, 2013. The Agency received its first incremental tax distribution in January 2014.

# **CITY OF WEST MELBOURNE, FLORIDA**

Notes to Financial Statements

September 30, 2013

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## **NOTE IV – OTHER INFORMATION (CONTINUED)**

### **I. Future Accounting Pronouncements**

The Governmental Accounting Standards Board (“GASB”) has issued statements that will become in subsequent fiscal years. The Statements address:

- Items previously reported as assets and liabilities;
- Accounting and financial reporting for pensions;
- Mergers, acquisitions and transfers of operations; and
- Financial guarantees.

The City is currently evaluating the effects that these statements will have on its financial statements for subsequent fiscal years.



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



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# CITY OF WEST MELBOURNE, FLORIDA

## Required Pension Supplementary Information – Schedule of Funding Progress

Last Six Fiscal Years

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### Police Pension Plan:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability AAL Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL a % of Covered Payroll ((b-a)/c)
10/1/2013	\$ 8,487,026	\$ 11,061,558	\$ 2,574,532	76.7%	\$ 1,661,521	155.0%
10/1/2012	7,581,568	10,626,996	3,045,428	71.3%	1,589,082	191.6%
10/1/2011	6,114,560	9,381,346	3,266,786	65.2%	1,484,090	220.1%
10/1/2010	5,345,740	9,002,442	3,656,702	59.4%	1,572,956	232.5%
10/1/2009	4,607,586	8,590,227	3,982,641	53.6%	2,008,280	198.3%
10/1/2008	4,069,271	7,110,553	3,041,282	57.2%	1,832,890	165.9%

# CITY OF WEST MELBOURNE, FLORIDA

## Required Pension Supplementary Information – Schedule of Contributions from the Employer And Other Contributing Entities

Last Six Fiscal Years

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### Police Pension Plan:

<u>Year Ended September 30</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution *</u>	<u>Percentage Contributed</u>
2013	\$ 588,817	\$ 663,726	112.7%
2012	544,184	705,001	129.6%
2011	502,001	743,416	148.1%
2010	472,702	472,702	100.0%
2009	294,210	315,671	107.3%
2008	289,688	291,270	100.5%

\* Includes state contribution amounts that are frozen until further benefit improvements are made per requirements of Chapter 175, Florida Statutes, as amended.

# CITY OF WEST MELBOURNE, FLORIDA

## Required Other Postemployment Benefits Supplementary Information – Schedule of Funding Progress

### Most Recent Actuarial Valuation

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability AAL (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
10/1/2012	\$ -	\$ 236,000	\$ 236,000	0.0%	\$ 4,244,000	5.6%
10/1/2010	-	135,000	135,000	0.0%	4,218,000	3.2%

Note: Because fiscal year 2010 was the year of implementation of GASB Statement No. 45 and the City elected to apply the statement prospectively, only two years are presented in the schedule at this time. In future years, required trend data will be presented as required valuations are performed.



# CITY OF WEST MELBOURNE, FLORIDA

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

General Fund

For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 6,078,400	\$ 6,078,400	\$ 6,201,384	\$ 122,984
Licenses and permits	740,000	740,000	874,496	134,496
Intergovernmental	1,780,800	1,900,800	1,931,833	31,033
Charges for services	254,800	254,800	351,463	96,663
Fines and forfeitures	137,800	137,800	207,706	69,906
Investment income	67,800	67,800	51,548	(16,252)
Miscellaneous	16,600	96,600	88,015	(8,585)
Total revenues	9,076,200	9,276,200	9,706,445	430,245
<b>Expenditures</b>				
General government:				
Legislative	237,550	237,550	223,441	14,109
Executive	234,900	234,900	223,712	11,188
Finance and information technology	923,300	923,300	690,184	233,116
Legal counsel	215,160	215,160	201,739	13,421
General services	361,600	361,600	217,638	143,962
Total general government	1,972,510	1,972,510	1,556,714	415,796
Public Safety:				
Law enforcement	4,430,800	5,021,950	4,990,763	31,187
Code administration	572,650	572,650	555,672	16,978
Total public safety:	5,003,450	5,594,600	5,546,435	48,165
Public works	2,317,800	2,452,600	1,020,912	1,431,688
Recreation	641,100	641,100	562,145	78,955
Community development	310,750	310,750	280,870	29,880
Debt service:				
Principal	22,500	22,500	22,351	149
Interest	1,200	1,200	1,109	91
Total expenditures	10,269,310	10,995,260	8,990,536	2,004,724
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(1,193,110)	(1,719,060)	715,909	2,434,969
<b>Other financing sources (uses)</b>				
Capital leases	-	522,200	522,120	(80)
Net other financing sources (uses)	-	522,200	522,120	(80)
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	(1,193,110)	(1,196,860)	1,238,029	2,434,889
<b>Fund balances, beginning of year</b>	8,579,401	8,579,401	8,579,401	-
<b>Fund balances, end of year</b>	<u>\$ 7,386,291</u>	<u>\$ 7,382,541</u>	<u>\$ 9,817,430</u>	<u>\$ 2,434,889</u>

# CITY OF WEST MELBOURNE, FLORIDA

## Notes to Required Supplementary Information

September 30, 2013

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### A. Budgetary information

An annual budget is prepared for all Funds of the City except for the Pension Trust Funds which are effectively controlled through governing agreements and related City ordinances. The annual operating budgets are prepared on a basis consistent with generally accepted accounting principles except for the Enterprise Fund, which uses a modified basis that includes debt proceeds, capital contributions, capital outlay, and debt service principal. Budgets are adopted by the City Council pursuant to City Charter using the following procedures:

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

Budgetary integration is established in the accounting records for management control purposes at the object of expenditure level; however, the City Charter establishes the level at which expenditures may not legally exceed the total City-wide appropriations. Therefore, the City Manager may, at any time, transfer appropriation amounts between line items, expenditure classifications, departments, and funds without formal approval by City Council.

However, any revisions that increase the total appropriations at the fund level of the City must be approved through amendment by the City Council. The Council approved several budgetary amendments during the year.

# CITY OF WEST MELBOURNE, FLORIDA

Notes to Required Supplementary Information

September 30, 2013

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## **B. Encumbrances**

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

# CITY OF WEST MELBOURNE, FLORIDA

## Nonmajor Governmental Funds

### Special Revenue Funds

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

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**Recreation** – The Recreation Special Revenue Fund receives recreation fees at the time of developing a residential project. The funds are expended for planning and construction of capital projects including tennis courts, racquetball courts, bicycle paths, jogging paths, and exercise trails. Funds may not be used for operational or maintenance purposes.

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

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

### Capital Projects Fund

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The Capital Projects Fund is used to account for the acquisition of capital assets or the construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

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# CITY OF WEST MELBOURNE, FLORIDA

Combining Balance Sheet

Nonmajor Governmental Funds

September 30, 2013

	<u>Special Revenue</u>			Total Nonmajor Governmental Funds
	<u>Recreation</u>	<u>Stormwater Utility</u>	<u>Capital Projects Fund</u>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 62,139	\$ 773,341	\$ -	\$ 835,480
Investments	565,057	1,148,604	1,199,183	2,912,844
Prepaid items	-	337	-	337
Total assets	<u>\$ 627,196</u>	<u>\$ 1,922,282</u>	<u>\$ 1,199,183</u>	<u>\$ 3,748,661</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 31,736	\$ 1,750	\$ -	\$ 33,486
Accrued payroll and related liabilities	-	1,946	-	1,946
Total liabilities	<u>31,736</u>	<u>3,696</u>	<u>-</u>	<u>35,432</u>
<b>FUND BALANCES</b>				
Nonspendable	-	337	-	337
Restricted	-	-	1,199,183	1,199,183
Committed	595,460	1,918,249	-	2,513,709
Total fund balances	<u>595,460</u>	<u>1,918,586</u>	<u>1,199,183</u>	<u>3,713,229</u>
Total liabilities and fund balances	<u>\$ 627,196</u>	<u>\$ 1,922,282</u>	<u>\$ 1,199,183</u>	<u>\$ 3,748,661</u>

# CITY OF WEST MELBOURNE, FLORIDA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2013

	<u>Special Revenue</u>			Total Nonmajor Governmental Funds
	<u>Recreation</u>	<u>Stormwater Utility</u>	<u>Capital Projects Fund</u>	
<b>REVENUES</b>				
Taxes	\$ -	\$ 345,826	\$ -	\$ 345,826
Intergovernmental	-	-	275,000	275,000
Charges for services	9,506	-	-	9,506
Investment income	59	97	232	388
Total revenues	<u>9,565</u>	<u>345,923</u>	<u>275,232</u>	<u>630,720</u>
<b>EXPENDITURES</b>				
Current:				
Public works	-	127,801	-	127,801
Capital outlay	69,898	35,754	33,702	139,354
Total expenditures	<u>69,898</u>	<u>163,555</u>	<u>33,702</u>	<u>267,155</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(60,333)</u>	<u>182,368</u>	<u>241,530</u>	<u>363,565</u>
<b>Net change in fund balances</b>	(60,333)	182,368	241,530	363,565
<b>Fund balances, beginning of year</b>	655,793	1,736,218	957,653	3,349,664
<b>Fund balances, end of year</b>	<u>\$ 595,460</u>	<u>\$ 1,918,586</u>	<u>\$ 1,199,183</u>	<u>\$ 3,713,229</u>

# CITY OF WEST MELBOURNE, FLORIDA

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

### Recreation Fund

For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Charges for services	\$ -	\$ -	\$ 9,506	\$ 9,506
Investment income	-	-	59	59
Total revenues	<u>-</u>	<u>-</u>	<u>9,565</u>	<u>9,565</u>
<b>Expenditures</b>				
Current:				
Recreation	280,000	280,000	69,898	210,102
Total expenditures	<u>280,000</u>	<u>280,000</u>	<u>69,898</u>	<u>210,102</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(280,000)	(280,000)	(60,333)	219,667
<b>Fund balances, beginning of year</b>	655,793	655,793	655,793	-
<b>Fund balances, end of year</b>	<u>\$ 375,793</u>	<u>\$ 375,793</u>	<u>\$ 595,460</u>	<u>\$ 219,667</u>



# CITY OF WEST MELBOURNE, FLORIDA

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

### Stormwater Utility

For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 350,000	\$ 350,000	\$ 345,826	\$ (4,174)
Investment income	1,000	1,000	97	(903)
Total revenues	<u>351,000</u>	<u>351,000</u>	<u>345,923</u>	<u>(5,077)</u>
<b>Expenditures</b>				
Current:				
Public works	<u>580,850</u>	<u>580,850</u>	<u>163,555</u>	<u>417,295</u>
Total expenditures	<u>580,850</u>	<u>580,850</u>	<u>163,555</u>	<u>417,295</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(229,850)	(229,850)	182,368	412,218
<b>Fund balances, beginning of year</b>	<u>1,736,218</u>	<u>1,736,218</u>	<u>1,736,218</u>	-
<b>Fund balances, end of year</b>	<u><u>\$ 1,506,368</u></u>	<u><u>\$ 1,506,368</u></u>	<u><u>\$ 1,918,586</u></u>	<u><u>\$ 412,218</u></u>

# CITY OF WEST MELBOURNE, FLORIDA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Capital Projects Fund

For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ 275,000	\$ 275,000
Investment income	-	-	232	232
Total revenues	-	-	275,232	275,232
<b>Expenditures</b>				
Current:				
Public works	655,000	655,000	33,702	621,298
Total expenditures	655,000	655,000	33,702	621,298
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(655,000)	(655,000)	241,530	896,530
<b>Fund balances, beginning of year</b>	957,653	957,653	957,653	-
<b>Fund balances, end of year</b>	<u>\$ 302,653</u>	<u>\$ 302,653</u>	<u>\$ 1,199,183</u>	<u>\$ 896,530</u>



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## **STATISTICAL SECTION**



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# STATISTICAL SECTION

This part of the City of West Melbourne, 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 – Governmental Activities

**Schedule A3** Changes in Net Position – Business Type Activities

**Schedule A4** Changes in Net Position – Total Government

**Schedule A5** Fund Balances – Governmental Funds

**Schedule A6** Changes in Fund Balances – Governmental Funds

### B. Revenue Capacity

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

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

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

**Schedule B3** Other Non-source Governmental Revenues

**Schedule B4** Water and Sewer Consumption, Rates and Revenues

**Schedule B5** Direct and Overlapping Property Tax Rates

**Schedule B6** Principal Property Taxpayers

**Schedule B7** Property Tax Levies and Collections

## **C. Debt Capacity**

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

**Schedule C1** 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) for the relevant year.

# CITY OF WEST MELBOURNE, FLORIDA

Net Position by Component

Last Ten Fiscal Years

(Accrual basis of accounting)

Schedule A1

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Governmental activities</b>										
Net investment in capital assets	\$ 16,539,186	\$ 17,064,967	\$ 16,332,610	\$ 16,410,297	\$ 16,315,773	\$ 11,704,052	\$ 10,325,455	\$ 7,544,490	\$ 7,368,785	\$ 7,044,052
Restricted	3,943,676	3,566,201	4,730,711	6,036,950	6,609,018	10,312,194	9,181,821	7,444,664	6,974,683	5,995,305
Unrestricted	9,737,050	8,651,915	7,870,008	4,501,006	3,022,598	2,439,081	4,101,040	4,557,917	1,395,796	2,055,534
<b>Total governmental activities net position</b>	<b>30,219,912</b>	<b>29,283,083</b>	<b>28,933,329</b>	<b>26,948,253</b>	<b>25,947,389</b>	<b>24,455,327</b>	<b>23,608,316</b>	<b>19,547,071</b>	<b>15,739,264</b>	<b>15,094,891</b>
<b>Business-type activities</b>										
Net investment in capital assets	27,230,064	27,697,548	26,335,220	25,464,007	29,455,192	25,920,359	19,825,236	20,063,933	15,540,959	14,411,915
Restricted	860,751	168,289	129,795	597,249	799,172	2,824,527	5,144,781	2,986,598	3,647,050	3,537,915
Unrestricted	6,808,543	7,074,313	8,350,179	8,828,740	3,781,171	3,615,216	5,684,296	5,164,621	6,143,449	4,945,569
<b>Total business-type activities net position</b>	<b>34,899,358</b>	<b>34,940,150</b>	<b>34,815,194</b>	<b>34,889,996</b>	<b>34,035,535</b>	<b>32,360,102</b>	<b>30,654,313</b>	<b>28,215,152</b>	<b>25,331,458</b>	<b>22,895,399</b>
<b>Primary government</b>										
Net investment in capital assets	43,769,250	44,762,515	42,667,830	41,874,304	45,770,965	37,624,411	30,150,691	27,608,423	22,909,744	21,455,967
Restricted	4,804,427	3,734,490	4,860,506	6,634,199	7,408,190	13,136,721	14,326,602	10,431,262	10,621,733	9,533,220
Unrestricted	16,545,593	15,726,228	16,220,187	13,329,746	6,803,769	6,054,297	9,785,336	9,722,538	7,539,245	7,001,103
<b>Total primary government net position</b>	<b>\$ 65,119,270</b>	<b>\$ 64,223,233</b>	<b>\$ 63,748,523</b>	<b>\$ 61,838,249</b>	<b>\$ 59,982,924</b>	<b>\$ 56,815,429</b>	<b>\$ 54,262,629</b>	<b>\$ 47,762,223</b>	<b>\$ 41,070,722</b>	<b>\$ 37,990,290</b>

Notes:

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



**CITY OF WEST MELBOURNE, FLORIDA**

Changes in Net Position - Governmental Activities

Last Ten Fiscal Years

(Accrual basis of accounting)

Schedule A2

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenses:</b>										
General government	\$ 2,036,097	\$ 2,043,225	\$ 1,511,738	\$ 1,485,649	\$ 1,849,272	\$ 2,428,527	\$ 1,733,312	\$ 1,435,984	\$ 1,303,380	\$ 1,385,642
Public safety	4,942,386	5,171,866	5,132,249	5,334,155	5,427,339	5,361,429	4,453,130	4,037,821	3,687,080	3,062,951
Public works	1,487,912	1,962,606	1,269,753	1,627,575	1,568,208	1,456,103	1,508,231	1,136,975	1,086,998	994,510
Recreation	464,846	681,544	490,099	408,002	413,426	455,920	346,224	314,518	298,810	262,387
Community development	280,870	270,453	259,291	280,768	308,491	354,828	242,517	112,196	109,346	86,715
Interest on long term debt	1,109	2,894	5,241	6,770	3,567	1,628	3,087	2,573	3,192	4,491
<b>Total Expenses</b>	<b>9,213,220</b>	<b>10,132,588</b>	<b>8,668,371</b>	<b>9,142,919</b>	<b>9,570,303</b>	<b>10,058,435</b>	<b>8,286,501</b>	<b>7,040,067</b>	<b>6,488,806</b>	<b>5,796,696</b>
<b>Program Revenues:</b>										
Charges for services:										
General government	248,423	357,434	1,482,850	1,001,515	1,264,487	1,406,570	1,177,134	1,293,537	1,403,086	2,152,930
Public safety	814,871	717,671	159,752	141,957	169,232	115,964	109,774	117,815	142,246	140,383
Public works	345,826	343,331	-	-	-	-	-	-	-	-
Recreation	107,632	151,600	54,613	2,627	145,388	31,175	167,758	220,740	130,133	237,371
Community development	139,910	100,802	123,014	156,677	75,465	312,797	98,157	185,035	187,925	138,129
Operating grants and contributions	275,000	194,171	25,206	312,779	318,112	446,366	338,883	321,242	514,744	372,348
Capital grants and contributions	10,020	110,603	900,000	329,613	1,588,948	894,682	2,174,399	1,527,351	330,385	1,190,507
<b>Total Program Revenues</b>	<b>1,941,682</b>	<b>1,975,612</b>	<b>2,745,435</b>	<b>1,945,168</b>	<b>3,561,632</b>	<b>3,207,554</b>	<b>4,066,105</b>	<b>3,665,720</b>	<b>2,708,519</b>	<b>4,231,668</b>
<b>Net (Expense) Revenue</b>	<b>(7,271,538)</b>	<b>(8,156,976)</b>	<b>(5,922,936)</b>	<b>(7,197,751)</b>	<b>(6,008,671)</b>	<b>(6,850,881)</b>	<b>(4,220,396)</b>	<b>(3,374,347)</b>	<b>(3,780,287)</b>	<b>(1,565,028)</b>
<b>General Revenues:</b>										
Property taxes	1,998,440	1,972,161	2,352,766	2,589,851	1,964,629	2,032,998	1,937,188	1,813,927	-	-
Franchise taxes	1,415,125	1,421,808	1,426,016	1,427,271	1,483,964	1,397,893	1,472,225	1,278,167	1,063,154	980,494
Local option gas tax	479,425	449,903	349,443	321,778	-	-	-	-	-	-
Public utility taxes	2,787,819	2,641,329	2,556,430	2,607,033	2,345,478	2,414,883	2,119,861	2,062,192	1,914,727	1,738,135
Shared state revenues not restricted to specific programs	1,442,388	1,309,239	1,155,303	1,116,715	1,084,702	1,890,507	1,970,608	1,257,562	1,160,806	910,669
Unrestricted investment earnings	51,936	61,239	43,423	59,164	158,477	345,041	792,527	693,518	249,383	122,372
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	3,522
Miscellaneous	33,234	48,221	24,631	76,803	43,483	36,570	16,045	76,788	36,590	15,987
Transfers, net	-	-	-	-	420,000	(420,000)	(26,813)	-	-	-
<b>Total General Revenues</b>	<b>8,208,367</b>	<b>7,903,900</b>	<b>7,908,012</b>	<b>8,198,615</b>	<b>7,500,733</b>	<b>7,697,892</b>	<b>8,281,641</b>	<b>7,182,154</b>	<b>4,424,660</b>	<b>3,771,179</b>
<b>Change in Net Position</b>	<b>\$ 936,829</b>	<b>\$ (253,076)</b>	<b>\$ 1,985,076</b>	<b>\$ 1,000,864</b>	<b>\$ 1,492,062</b>	<b>\$ 847,011</b>	<b>\$ 4,061,245</b>	<b>\$ 3,807,807</b>	<b>\$ 644,373</b>	<b>\$ 2,206,151</b>

**CITY OF WEST MELBOURNE, FLORIDA**

Changes in Net Position - Business Type Activities

Last Ten Fiscal Years

(Accrual basis of accounting)

Schedule A3

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenses:</b>										
Water and sewer	\$ 10,068,335	\$ 9,735,530	\$ 9,576,024	\$ 8,578,538	\$ 8,139,455	\$ 7,816,082	\$ 6,558,593	\$ 5,830,523	\$ 5,421,285	\$ 5,139,265
<b>Total Expenses</b>	<u>10,068,335</u>	<u>9,735,530</u>	<u>9,576,024</u>	<u>8,578,538</u>	<u>8,139,455</u>	<u>7,816,082</u>	<u>6,558,593</u>	<u>5,830,523</u>	<u>5,421,285</u>	<u>5,139,265</u>
<b>Program Revenues:</b>										
Charges for services:										
Water and sewer	8,853,461	8,739,148	8,438,991	8,089,606	7,538,292	6,670,623	6,360,942	6,342,927	5,811,643	5,394,823
Other charges and fees	14,731	11,570	39,036	-	-	-	-	-	-	-
Operating grants and contributions	-	63,500	-	-	-	-	-	-	-	-
Capital grants and contributions	1,158,156	1,037,225	999,903	1,310,947	2,628,596	2,056,422	2,053,956	1,875,198	1,788,116	3,506,553
<b>Total Program Revenues</b>	<u>10,026,348</u>	<u>9,851,443</u>	<u>9,477,930</u>	<u>9,400,553</u>	<u>10,166,888</u>	<u>8,727,045</u>	<u>8,414,898</u>	<u>8,218,125</u>	<u>7,599,759</u>	<u>8,901,376</u>
<b>Net (Expense) Revenue</b>	<u>(41,987)</u>	<u>115,913</u>	<u>(98,094)</u>	<u>822,015</u>	<u>2,027,433</u>	<u>910,963</u>	<u>1,856,305</u>	<u>2,387,602</u>	<u>2,178,474</u>	<u>3,762,111</u>
<b>General Revenues:</b>										
Interest income	1,195	9,043	23,292	32,445	68,003	340,277	618,293	496,092	256,914	103,251
Miscellaneous	-	-	-	-	-	34,549	7,538	-	671	4,543
Transfers, net	-	-	-	-	(420,000)	420,000	(42,975)	-	-	-
<b>Total General Revenues</b>	<u>1,195</u>	<u>9,043</u>	<u>23,292</u>	<u>32,445</u>	<u>(351,997)</u>	<u>794,826</u>	<u>582,856</u>	<u>496,092</u>	<u>257,585</u>	<u>107,794</u>
<b>Change in Net Position</b>	<u>\$ (40,792)</u>	<u>\$ 124,956</u>	<u>\$ (74,802)</u>	<u>\$ 854,460</u>	<u>\$ 1,675,436</u>	<u>\$ 1,705,789</u>	<u>\$ 2,439,161</u>	<u>\$ 2,883,694</u>	<u>\$ 2,436,059</u>	<u>\$ 3,869,905</u>

**CITY OF WEST MELBOURNE, FLORIDA**

Changes in Net Position - Total Government

Last Ten Fiscal Years

(Accrual basis of accounting)

Schedule A4

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenses:</b>										
Governmental activities	\$ 9,213,220	\$ 10,132,588	\$ 8,668,371	\$ 9,142,919	\$ 9,570,303	\$ 10,058,435	\$ 8,286,501	\$ 7,040,067	\$ 6,488,806	\$ 5,796,696
Business-type activities	10,068,335	9,735,530	9,576,024	8,578,538	8,139,455	7,816,082	6,558,593	5,830,523	5,421,285	5,139,265
<b>Total Expenses</b>	<u>19,281,555</u>	<u>19,868,118</u>	<u>18,244,395</u>	<u>17,721,457</u>	<u>17,709,758</u>	<u>17,874,517</u>	<u>14,845,094</u>	<u>12,870,590</u>	<u>11,910,091</u>	<u>10,935,961</u>
<b>Program Revenues:</b>										
Governmental activities	1,941,682	1,975,612	2,745,435	1,945,168	3,561,632	3,207,554	4,066,105	3,665,720	2,708,519	4,231,668
Business-type activities	10,026,348	9,851,443	9,477,930	9,400,553	10,166,888	8,727,045	8,414,898	8,218,125	7,599,759	8,901,376
<b>Total Program Revenues</b>	<u>11,968,030</u>	<u>11,827,055</u>	<u>12,223,365</u>	<u>11,345,721</u>	<u>13,728,520</u>	<u>11,934,599</u>	<u>12,481,003</u>	<u>11,883,845</u>	<u>10,308,278</u>	<u>13,133,044</u>
<b>Net (Expense) Revenue</b>	<u>(7,313,525)</u>	<u>(8,041,063)</u>	<u>(6,021,030)</u>	<u>(6,375,736)</u>	<u>(3,981,238)</u>	<u>(5,939,918)</u>	<u>(2,364,091)</u>	<u>(986,745)</u>	<u>(1,601,813)</u>	<u>2,197,083</u>
<b>General Revenues:</b>										
Governmental activities	8,208,367	7,903,900	7,908,012	8,198,615	7,500,733	7,697,892	8,281,641	7,182,154	4,424,660	3,771,179
Business-type activities	1,195	9,043	23,292	32,445	(351,997)	794,826	582,856	496,092	257,585	107,794
<b>Total General Revenues</b>	<u>8,209,562</u>	<u>7,912,943</u>	<u>7,931,304</u>	<u>8,231,060</u>	<u>7,148,736</u>	<u>8,492,718</u>	<u>8,864,497</u>	<u>7,678,246</u>	<u>4,682,245</u>	<u>3,878,973</u>
<b>Change in Net Position</b>	<u>\$ 896,037</u>	<u>\$ (128,120)</u>	<u>\$ 1,910,274</u>	<u>\$ 1,855,324</u>	<u>\$ 3,167,498</u>	<u>\$ 2,552,800</u>	<u>\$ 6,500,406</u>	<u>\$ 6,691,501</u>	<u>\$ 3,080,432</u>	<u>\$ 6,076,056</u>

**CITY OF WEST MELBOURNE, FLORIDA**

Fund Balances - Governmental Funds

Last Ten Fiscal Years

(Modified accrual basis of accounting)

**Schedule A5**

	2013	2012	2011*	2010	2009	2008	2007	2006	2005	2004
<b>General Fund</b>										
Reserved	\$ -	\$ -	\$ -	\$ 4,638,927	\$ 4,504,323	\$ 4,049,433	\$ 3,678,648	\$ 5,096,139	\$ 5,122,472	\$ 4,514,989
Unreserved	-	-	-	2,228,294	1,178,495	2,346,067	4,207,391	3,799,122	1,445,378	1,858,474
Nonspendable	1,220,001	1,517	62,030	-	-	-	-	-	-	-
Restricted	2,744,493	215,020	273,932	-	-	-	-	-	-	-
Committed	-	3,317,956	3,627,226	-	-	-	-	-	-	-
Assigned	206,048	-	-	-	-	-	-	-	-	-
Unassigned	5,646,888	5,044,908	4,081,845	-	-	-	-	-	-	-
<b>Total General Fund</b>	<b>\$ 9,817,430</b>	<b>\$ 8,579,401</b>	<b>\$ 8,045,033</b>	<b>\$ 6,867,221</b>	<b>\$ 5,682,818</b>	<b>\$ 6,395,500</b>	<b>\$ 7,886,039</b>	<b>\$ 8,895,261</b>	<b>\$ 6,567,850</b>	<b>\$ 6,373,463</b>
<b>All other governmental funds</b>										
Reserved	\$ -	\$ -	\$ -	\$ 1,673,717	\$ 1,943,336	\$ 3,892,219	\$ 3,337,358	\$ -	\$ -	\$ 12,234
Unreserved, reported in										
Special revenue funds	-	-	-	2,138,704	2,063,586	2,370,542	2,165,815	2,348,525	1,852,211	1,480,316
Capital projects fund	-	-	-	-	-	-	-	887,216	78,694	140,737
Non-spendable	337	-	39	-	-	-	-	-	-	-
Restricted	1,199,183	957,653	2,051,590	-	-	-	-	-	-	-
Committed	2,513,709	2,392,011	2,343,120	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 3,713,229</b>	<b>\$ 3,349,664</b>	<b>\$ 4,394,749</b>	<b>\$ 3,812,421</b>	<b>\$ 4,006,922</b>	<b>\$ 6,262,761</b>	<b>\$ 5,503,173</b>	<b>\$ 3,235,741</b>	<b>\$ 1,930,905</b>	<b>\$ 1,633,287</b>

\* Beginning in FY 2011, GASB 54 was implemented classifying fund balances as nonspendable, restricted, committed, assigned or unassigned.

**CITY OF WEST MELBOURNE, FLORIDA**

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(Modified accrual basis of accounting)

Schedule A6

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues:</b>										
Taxes	\$ 6,547,210	\$ 6,378,629	\$ 6,691,869	\$ 6,953,768	\$ 6,227,332	\$ 5,956,496	\$ 5,828,326	\$ 5,452,861	\$ 3,272,853	\$ 3,003,025
Licenses and permits	874,496	777,293	819,462	890,762	1,108,439	1,328,754	1,092,328	1,219,285	1,326,965	2,122,109
Intergovernmental	2,206,833	2,063,916	2,429,952	1,681,659	1,490,373	2,813,184	2,529,048	2,591,047	1,746,208	1,227,056
Charges for services	360,969	352,927	250,022	270,057	376,884	410,756	339,807	465,552	383,129	401,793
Fines and forfeits	207,706	167,385	159,752	171,457	196,373	136,102	143,477	156,749	180,917	172,824
Interest and other	51,936	61,669	74,764	59,164	158,494	345,233	792,791	693,437	249,383	122,372
Miscellaneous	50,401	77,693	55,826	116,916	29,193	21,870	15,077	84,333	25,976	33,223
<b>Total Revenues</b>	<b>10,299,551</b>	<b>9,879,512</b>	<b>10,481,647</b>	<b>10,143,783</b>	<b>9,587,088</b>	<b>11,012,395</b>	<b>10,740,854</b>	<b>10,663,264</b>	<b>7,185,431</b>	<b>7,082,402</b>
<b>Expenditures:</b>										
General government	1,484,670	1,880,897	1,345,429	1,309,978	1,724,020	2,243,762	1,635,788	1,310,925	1,149,513	1,334,387
Public safety	4,702,132	5,011,051	5,066,521	5,079,371	5,252,830	5,078,154	4,222,909	3,804,255	3,441,712	2,969,698
Public works	927,617	1,242,174	819,315	1,195,661	1,206,399	1,162,104	1,302,634	970,472	915,717	877,767
Recreation	561,500	546,884	438,518	353,683	360,285	399,741	314,032	283,309	252,132	229,716
Community development	280,870	275,079	267,912	279,871	307,528	353,376	243,971	112,196	105,014	86,715
Capital outlay	1,277,442	1,369,943	769,812	869,577	4,271,437	2,073,019	1,730,372	556,920	795,088	692,371
Debt service:										
Principal retired	22,351	61,306	74,184	58,970	32,557	11,564	32,496	34,279	31,058	29,760
Interest	1,109	2,894	5,240	6,770	3,567	1,628	442	1,836	3,192	4,491
<b>Total Expenditures</b>	<b>9,257,691</b>	<b>10,390,228</b>	<b>8,786,931</b>	<b>9,153,881</b>	<b>13,158,623</b>	<b>11,323,348</b>	<b>9,482,644</b>	<b>7,074,192</b>	<b>6,693,426</b>	<b>6,224,905</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,041,860</b>	<b>(510,716)</b>	<b>1,694,716</b>	<b>989,902</b>	<b>(3,571,535)</b>	<b>(310,953)</b>	<b>1,258,210</b>	<b>3,589,072</b>	<b>492,005</b>	<b>857,497</b>
<b>Other Financing Sources (Uses)</b>										
Capital lease proceeds	522,120	-	65,424	-	183,015	-	-	33,430	-	-
Transfers in	-	-	-	-	1,763,890	-	2,000,000	700	34,888	37,500
Transfers out	-	-	-	-	(1,343,890)	(420,000)	(2,000,000)	(700)	(34,888)	(37,500)
Proceeds from sale of capital assets	37,614	-	-	-	-	-	-	9,745	-	3,943
<b>Net other financing sources (uses)</b>	<b>559,734</b>	<b>-</b>	<b>65,424</b>	<b>-</b>	<b>603,015</b>	<b>(420,000)</b>	<b>-</b>	<b>43,175</b>	<b>-</b>	<b>3,943</b>
<b>Net Change in Fund Balances</b>	<b>\$ 1,601,594</b>	<b>\$ (510,716)</b>	<b>\$ 1,760,140</b>	<b>\$ 989,902</b>	<b>\$ (2,968,520)</b>	<b>\$ (730,953)</b>	<b>\$ 1,258,210</b>	<b>\$ 3,632,247</b>	<b>\$ 492,005</b>	<b>\$ 861,440</b>
<b>Debt Service as a % of Noncapital Expenditures</b>	0.29%	0.72%	1.00%	0.80%	0.41%	0.14%	0.43%	0.56%	0.58%	0.62%

# CITY OF WEST MELBOURNE, FLORIDA

## Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Schedule B1

<u>Fiscal Year Ended September 30</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Taxable Assessed Value as a Percentage of Actual Taxable Value</u>
2013	\$ 1,162,011,200	\$ 72,647,356	\$ 335,035,441	\$ 899,623,115	2.2975	\$ 923,901,695	97.37%
2012	1,159,336,830	61,140,731	333,036,486	887,441,075	2.2975	907,364,435	97.80%
2011	1,326,472,340	71,618,712	350,293,610	1,047,797,442	2.2975	1,078,768,902	97.13%
2010	1,438,821,470	70,169,982	334,066,861	1,174,924,591	2.2975	1,251,356,261	93.89%
2009	1,592,050,010	68,429,240	389,672,684	1,270,806,566	1.5899	1,377,151,086	92.28%
2008	1,597,054,340	68,653,429	346,124,770	1,319,582,999	1.5899	1,412,459,629	93.42%
2007	1,624,117,150	76,685,464	422,428,640	1,278,373,974	1.5899	1,362,348,823	93.84%
2006 (1)	1,079,588,040	61,931,897	178,409,190	963,110,747	1.9344	1,362,392,837	70.69%
2005	942,245,660	56,833,709	253,079,820	745,999,549	-	999,079,369	74.67%
2004	739,506,150	54,356,730	189,382,670	604,480,210	-	793,862,880	76.14%

**Source:** Brevard County Property Appraiser

**Notes: (1)** The City of West Melbourne began levying a property tax in November 2005 for the first time in its history.

# CITY OF WEST MELBOURNE, FLORIDA

## Tax Revenue by Source Governmental Funds

Last Ten Fiscal Years

Schedule B2

Fiscal Year	Property Taxes	Utility Taxes and Franchise Fees	Inter-Governmental (1)	Other Inter-Governmental (2)	Totals
2013	\$ 1,998,440	\$ 4,548,770	\$ 1,896,041	\$ 25,772	\$ 8,469,023
2012	1,972,161	4,406,468	1,729,977	29,265	8,137,871
2011	2,352,766	4,339,103	1,483,399	21,347	8,196,615
2010	2,589,851	4,363,909	1,412,628	25,865	8,392,253
2009	1,964,629	4,262,702	1,361,682	19,500	7,608,513
2008	2,032,998	3,923,497	1,434,308	18,961	7,409,764
2007	1,937,188	3,891,139	1,510,573	20,383	7,359,283
2006	1,813,927	3,638,937	1,515,544	22,786	6,991,194
2005	-	3,277,850	1,421,652	18,527	4,718,029
2004	-	3,003,025	1,162,427	19,086	4,184,538

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

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

Note: Includes General, Special Revenue, Capital Projects and Debt Service Funds, as applicable.  
Source: Financial Statements and records, City of West Melbourne.

# CITY OF WEST MELBOURNE, FLORIDA

Other Non-source Governmental Revenues

Last Ten Fiscal Years

Schedule B3

<b>Fiscal Year ended Sept. 30,</b>	<b>Business Tax Receipts</b>	<b>Building Permits</b>	<b>Total Revenues</b>
2013	\$ 234,918	\$ 639,578	\$ 874,496
2012	213,699	563,593	777,292
2011	229,515	589,948	819,463
2010	207,018	683,744	890,762
2009	235,605	872,834	1,108,438
2008	232,029	1,107,606	1,339,635
2007	207,645	884,683	1,092,328
2006	212,042	1,007,243	1,219,285
2005	230,611	1,096,354	1,326,965
2004	226,165	1,895,944	2,122,109



# CITY OF WEST MELBOURNE

## Water and Sewer Consumption, Rates and Revenue

Last Ten Fiscal Years

Table B4

Fiscal Year	Gallons of Water Consumed	Water Revenue (2)	Total Direct Rate		Gallons of Sewer Treated	Sewer Revenue (2)	Total Direct Rate	
			Water Base Rate	Water Usage Rate (1)			Sewer Base Rate	Sewer Usage Rate
2013	483,408,300	\$ 4,829,169	\$ 14.08	\$ 5.10	465,599,000	\$ 4,024,297	\$ 12.00	\$ 4.75
2012	484,424,200	4,794,699	14.08	5.10	465,519,400	3,944,449	12.03	4.60
2011	476,281,600	4,560,391	14.20	4.85	457,828,400	3,878,600	12.03	4.60
2010	464,586,000	3,942,966	14.30	4.67	444,153,400	4,146,640	21.20	4.60
2009	464,729,600	3,658,083	14.55	5.14	433,211,500	3,878,573	21.23	4.00
2008	460,877,400	3,223,607	13.60	4.80	436,970,900	3,447,016	20.12	4.36
2007	474,436,800	3,111,757	13.14	4.64	442,761,100	3,249,185	19.53	4.23
2006	521,134,300	3,134,005	12.82	4.53	486,842,400	3,208,922	18.96	4.11
2005	493,034,000	2,869,383	12.51	4.42	458,167,800	2,942,260	18.41	3.99
2004	373,587,900	2,766,854	11.90	4.20	346,565,400	2,628,153	17.60	3.81

(1) Beginning in fiscal year 2011, the consumption rate for water was tiered to promote conservation. The rate shown is for zero to three thousand gallons.

(2) Revenues are not adjusted for bad debt.

# CITY OF WEST MELBOURNE, FLORIDA

## Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

Schedule B5

Fiscal Year	City Direct Rate	Overlapping Rates				Total Overlapping and Direct
	Operating Millage	Brevard County	Brevard County Schools	Special Districts	Total Overlapping	
2013	2.2975	6.7334	8.0960	0.4782	15.3076	17.6051
2012	2.2975	6.7334	8.1120	0.4782	15.3236	17.6211
2011	2.2975	5.9271	7.6530	0.5627	14.1428	16.4403
2010	2.2975	5.1398	7.6870	0.5627	13.3895	15.6870
2009	1.5899	5.2949	7.6610	0.5627	13.5186	15.1085
2008	1.5899	5.2526	7.5310	0.5627	13.3463	14.9362
2007	1.5899	5.5899	7.6670	0.6600	13.9169	15.5068
2006 (1)	1.9344	7.0280	7.9630	0.7197	15.7107	17.6451
2005	-	7.6067	8.1940	0.8181	16.6188	16.6188
2004	-	8.0377	8.4050	0.8505	17.2932	17.2932

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

**Notes:**

- (1) The City of West Melbourne began levying a property tax in November 2005 for the first time in its history.

# CITY OF WEST MELBOURNE, FLORIDA

Principal Property Taxpayers

Fiscal Year Ended September 30, 2013

Schedule B6

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
The Haven at Riviera, LLC	\$ 15,730,000	1	1.75%			
Alliance HC II Limited*	13,310,000	2	1.48%	\$ 13,500,000	1	2.23%
West Melbourne Town Center, LLC	11,850,000	3	1.32%			
Garrison Melbourne, LLC	10,000,000	4	1.11%	7,700,000	4	1.27%
Wal-Mart Stores East Inc.	8,380,000	5	0.93%	9,750,000	2	1.61%
Charleston Apartments Limited ***	7,139,000	6	0.79%	8,550,000	3	1.41%
BVF/APTCO Windover Apartments of Goldenpointe	5,830,000	7	0.65%	5,250,000	7	0.87%
BVF/APTCO Windover Apartments of Melbourne	5,830,000	8	0.65%	7,250,000	5	1.20%
Target Corporation	5,550,000	9	0.62%			
Sam's East, Inc.	5,400,000	10	0.60%	5,300,000	6	0.88%
Pentathlon re Indian River, LLC				5,200,000	8	0.86%
Mack Technologies Florida, Inc.				4,850,000	9	0.80%
Courtyard by Marriott				4,030,250	10	0.67%
<b>Total</b>	<b>\$ 89,019,000</b>		<b>8.15%</b>	<b>\$ 71,380,250</b>		<b>11.81%</b>

Sources:

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

# CITY OF WEST MELBOURNE, FLORIDA

## Property Tax Levies and Collections

Last Ten Fiscal Years

Schedule B7

Fiscal Year Ended Sept. 30,	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2013	\$ 2,067,347	\$ 1,998,440	96.7%	\$ -	\$ 1,998,440	96.7%
2012	2,038,901	1,969,168	96.6%	1,677	1,970,845	96.7%
2011	2,407,318	2,225,208	92.4%	804	2,226,012	92.5%
2010	2,699,257	2,576,965	95.5%	15,074	2,592,039	96.0%
2009	2,029,902	1,964,629	96.8%	26,008	1,990,637	98.1%
2008	2,099,531	2,032,998	96.8%	7,515	2,040,513	97.2%
2007	2,030,776	1,937,186	95.4%	(909)	1,936,277	95.3%
2006	1,865,458	1,813,927	97.2%	2,609	1,816,536	97.4%
2005	-	-	-	-	-	-
2004	-	-	-	-	-	-

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

Note: The City of West Melbourne began levying a property tax in November 2005 (fiscal year 2006) for the first time in its history.

**CITY OF WEST MELBOURNE, FLORIDA**

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

**Schedule C1**

Fiscal Year	Governmental Activities		Business-type Activities		Total Outstanding Debt	Personal Income	Percentage of Personal Income	Population	Debt per Capita
	Capital Leases		Water and Sewer Revenue Bonds	Notes and Loans Payable					
2013	\$ 531,773		\$ 10,805,344	\$ 7,175,776	\$ 18,512,893	\$ 534,092,160	3.47%	19,464	\$ 951
2012	31,974		11,355,324	7,533,550	18,920,848	524,597,920	3.61%	19,118	990
2011	93,115		11,884,329	7,866,288	19,843,732	522,064,800	3.80%	18,712	1,060
2010	101,906		12,393,334	8,063,994	20,559,234	579,485,705	3.55%	18,355	1,120
2009	160,876		12,347,339	4,269,909	16,778,124	489,113,260	3.43%	16,570	1,013
2008	10,413		12,836,347	4,824,569	17,671,329	587,344,292	3.01%	16,703	1,058
2007	21,975		13,310,352	5,114,230	18,446,557	554,782,428	3.33%	15,777	1,169
2006	54,471		6,084,357	5,393,890	11,532,718	537,695,934	2.14%	15,777	731
2005	55,320		6,198,364	5,658,551	11,912,235	486,616,526	2.45%	15,059	791
2004	86,378		6,632,370	750,000	7,468,748	423,864,378	1.76%	13,869	539

- (1) Per capita income represents Brevard County since municipal data is not tracked.  
Per capita income for the year 2013 was not available at the time (2012 number used).  
Information came from Space Coast Economic Development Commission ([www.spacecoastedc.org](http://www.spacecoastedc.org)).
- (2) All debt presented above is net of applicable discounts, premiums, and losses on refundings, as applicable.

# CITY OF WEST MELBOURNE, FLORIDA

Direct and Overlapping Governmental Activities Debt

As of September 30, 2013

Schedule C2

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Percentage of Debt Applicable to the City (1)</u>	<u>City's Share of Debt</u>
<b>Debt repaid with property taxes</b>			
Brevard County General Obligation Debt			
Limited Ad Valorem Tax Bonds, Series 2005	\$ 1,970,000	2.08%	\$ 40,976
Limited Ad Valorem Tax Refunding Bond, Series 2013	26,335,000	2.08%	547,768
South Brevard Recreation Special District, Limited Ad Valorem Tax Bonds, Series 2007	31,480,000	2.08%	654,784
South Brevard Recreation Special District, Limited Ad Valorem Tax Bonds, Series 2011	22,710,000	2.08%	<u>472,368</u>
Subtotal, overlapping debt			1,715,896
<b>City of West Melbourne direct debt</b>			
Capital Leases			531,773
<b>Total direct and overlapping debt</b>			<u><u>\$ 2,247,669</u></u>

Sources: (1) Net general obligation debt data was provided by Brevard County Finance

(2) The taxable assessed values for City and the County were provided by the Brevard County Property Appraiser.

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

(1) The percentage of overlapping debt applicable is estimated using the taxable assessed value of properties located within the City of West Melbourne divided by the county's total taxable assessed value. Fiscal year 2013 total taxable assessed value for the City of West Melbourne is \$899,823,115 and the total County taxable assessed value is \$43,322,075,818.

# CITY OF WEST MELBOURNE, FLORIDA

Pledged Revenue Coverage

Last Ten Fiscal Years

Schedule C3

Fiscal Year	Gross Revenues (a)	Less: Direct Operating Expense (b)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage (d)	Coverage (e)
				Principal (c)	Interest	Total		
2013	\$ 10,027,543	\$ 6,580,977	\$ 3,446,566	\$ 950,000	\$ 822,702	\$ 1,772,702	1.94	1.29
2012	9,860,486	6,326,095	3,534,391	905,000	856,140	1,761,140	2.01	1.42
2011	9,501,223	6,408,777	3,092,446	875,000	781,867	1,656,867	1.87	1.26
2010	9,432,998	5,893,677	3,539,321	865,000	727,707	1,592,707	2.22	1.40
2009	10,234,891	5,688,480	4,546,411	840,000	760,318	1,600,318	2.84	2.04
2008	9,047,566	5,514,360	3,533,206	805,000	401,376	1,206,376	2.93	2.55
2007	6,959,865	4,801,286	2,158,579	835,000	225,398	1,060,398	2.04	1.47
2006	6,834,708	4,313,515	2,521,193	490,000	232,723	722,723	3.49	2.72
2005	5,995,907	3,480,817	2,515,090	480,000	258,092	738,092	3.41	2.56
2004	5,502,617	3,480,817	2,021,800	30,000	417,294	447,294	4.52	1.20

**Notes:**

- a) Includes operating, non-operating revenue and connection fees.
- b) Excludes depreciation expense, interest expense, amortization and non-recurring losses.
- c) 2004 balance includes only payments on the series 1999 revenue bond. The series 1994 revenue bond was refunded during that year.
- d) & e) Coverage ratio required by most restrictive bond document is at least 1.1 without connection fees and 1.25 including connection fees. The 2013 coverage of 1.94 includes the connection fees and the coverage without connection fees was 1.29. Both requirements were met.

**CITY OF WEST MELBOURNE, FLORIDA**

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

**Table C4**

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The City of West Melbourne has no general bonded debt.

**CITY OF WEST MELBOURNE, FLORIDA**

Legal Debt Margin Information

Last Ten Fiscal Years

**Table C5**

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The City of West Melbourne has no Legal debt limit.



# CITY OF WEST MELBOURNE

Demographic and Economic Statistics

Last Ten Fiscal Years

Schedule D1

Year	Population (a)	Personal Income	Per Capita Income (b)	Public School Enrollment (c)	Unemployment Rate (d)
2013	19,464	\$ 534,092,160	\$ 27,440	3,498	7.2%
2012	19,118	524,597,920	27,440	3,445	8.8%
2011	18,712	522,064,800	27,900	3,394	11.0%
2010	18,355	579,485,705	31,571	3,442	11.0%
2009	16,570	489,113,260	29,518	2,664	10.9%
2008	16,703	587,344,292	35,164	2,592	7.2%
2007	15,777	554,782,428	35,164	2,634	4.5%
2006	15,777	537,695,937	34,081	2,557	3.1%
2005	15,059	486,616,526	32,314	2,596	3.4%
2004	13,869	423,864,378	30,562	2,614	4.2%

**Sources:**

- (a) University of Florida Bureau of Economic and Business Research
- (b) Space Coast Economic Development Commission and U.S. Census Bureau. Income for 2013 was not available and 2012 amount was used.
- (c) Meadowlane Elementary School, Central Junior High School and West Melbourne Elementary School of Science called Brevard County Schools within municipal boundaries.
- (d) U.S. Bureau of Labor Statistics

**Notes:**

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

# CITY OF WEST MELBOURNE

Principal Employers

For the Fiscal Year Ended September 30, 2013

Schedule D2

Employer	2013		2005	
	Number of Employees	Rank	Number of Employees	Rank
Darden Restaurants	300	1		
Wal-Mart Stores East Inc.	200	2	703	1
Wal-Mart Stores Inc. (Sam's Club)	180	3	205	2
Lockheed Martin	180	3		
Waste Management	172	5	175	3
Mack Technologies	172	5		
Publix Stores - Palm Bay Rd. #695	147	7	129	5
Publix Stores - New Haven #258	140	8	115	7
City of West Melbourne	114	9	111	8
Home Depot USA Inc.	110	10	168	4
	<u>1,715</u>			
Central Junior High			121	6
Meadowlane Elementary			88	9
CinemaWorld of Florida, Inc.			85	10
			<u>1,900</u>	

**Source:**

Principal employers in City of West Melbourne were determined by discussions with management and then actual phone calls were made to the employers for employment numbers.

**Note:**

This table should present information for the current year and nine years prior to that. However, information was only available for the current year and 2005.

# CITY OF WEST MELBOURNE, FLORIDA

Employees by Function/Program

Last Ten Fiscal Years

Schedule E1

Function	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>General Government:</b>										
City Council/City Clerk	8	9	9	9	9	10	9	9	10	10
City Administration	2	2	3	2	2	6	4	3	3	3
Legal	2	2	2	2	2	2	0	0	0	0
Finance	10	10	9	8	8	10	10	10	8	8
Non-Departmental	0	0	0	1	1	0	0	1	0	0
Information Technology	2	2	2	2	3	3	2	1	3	2
Human Resources	0	0	0	0	0	0	0	0	1	0
<b>Total General Government</b>	<u>24</u>	<u>25</u>	<u>25</u>	<u>24</u>	<u>25</u>	<u>31</u>	<u>25</u>	<u>24</u>	<u>25</u>	<u>23</u>
<b>Public Safety:</b>										
Police	46	46	50	48	53	55	50	46	46	40
Code Enforcement	9	9	11	13	14	14	12	12	11	11
<b>Total Public Safety</b>	<u>55</u>	<u>55</u>	<u>61</u>	<u>61</u>	<u>67</u>	<u>69</u>	<u>62</u>	<u>58</u>	<u>57</u>	<u>51</u>
<b>Highways and Streets:</b>										
Public Works	10	8	10	12	15	15	23	14	13	10
Public Works - Water	7	10	10	10	11	10	10	11	9	9
<b>Total Highways and Streets</b>	<u>17</u>	<u>18</u>	<u>20</u>	<u>22</u>	<u>26</u>	<u>25</u>	<u>33</u>	<u>25</u>	<u>22</u>	<u>19</u>
<b>Recreation and parks</b>	10	10	9	9	9	8	7	6	6	6
<b>Community Development</b>	4	4	4	4	4	4	3	1	1	1
<b>Total Employees</b>	<u><u>110</u></u>	<u><u>112</u></u>	<u><u>119</u></u>	<u><u>120</u></u>	<u><u>131</u></u>	<u><u>137</u></u>	<u><u>130</u></u>	<u><u>114</u></u>	<u><u>111</u></u>	<u><u>100</u></u>

Source: City payroll report

# CITY OF WEST MELBOURNE

Operating Indicators by Function/Program

Last Ten Fiscal Years

Schedule E2

Function	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Police</b>										
Dispatched calls	30,244	23,603	25,444	26,485	26,215	16,739	15,272	17,186	18,461	16,130
Alarms	728	755	768	723	533	850	888	1,137	1,129	1,464
Physical arrests	616	514	819	792	622	356	369	591	731	725
Traffic accidents	621	617	656	636	650	650	622	698	861	811
Traffic citations	3,495	3,311	4,546	7,126	7,754	4,767	4,380	4,587	7,947	4,535
<b>Finance</b>										
Purchase orders issued	716	608	696	506	831	1,194	1,261	1,614	1,798	1,750
Accounts payable checks	4,905	4,041	3,957	3,166	3,127	4,374	3,999	3,840	3,087	2,845
<b>Highways and streets</b>										
Street resurfacing (miles)	1.95	0.5	1.25	0.72	1.25	3.5	0.72	1.25	0.5	1.95
<b>Culture and Recreation</b>										
Recreation fees	\$ 9,506	\$ 59,366	\$ 2,941	\$ 2,475	\$ 141,522	\$ 2,482	\$ 2,279	\$ 3,153	\$ 2,749	\$ 2,525
<b>Building/Code Enforcement</b>										
Permits issued (construction)	172	194	183	208	158	112	238	1,905	272	597
Licenses issued/renewed	1,763	1,623	1,968	1,972	1,846	1,859	1,830	1,310	1,605	1,672
Building Inspections	15,224	11,636	11,854	16,882	12,147	11,335	14,040	16,906	23,644	32,019
<b>Municipal Water Department</b>										
New connections	174	180	174	218	456	115	236	249	366	717
Average daily consumption (1)	1,324,406	1,327,190	1,304,881	1,365,851	1,303,672	1,363,806	1,291,624	1,384,715	1,342,120	1,020,090
<b>Wastewater</b>										
Average daily sewage treatment	1,624,000	1,627,000	1,605,000	1,666,000	1,604,000	1,615,000	1,740,000	1,627,000	1,741,000	1,577,778

Notes:

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

Source: Various City Departments

# CITY OF WEST MELBOURNE, FLORIDA

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Schedule E3

Function/Program	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government:										
General government buildings	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Public Works:										
Public works buildings	1	1	1	1	1	1	1	1	1	1
Paved streets (lane miles)	98	98	98	98	98	98	98	98	93	89
Unpaved streets (lane miles)	3	3	3	3	3	3	2.5	2.5	2.5	2
Recreation and community development										
Parks acreage	50	50	50	50	32	32	32.2	21.2	21.2	21.2
Parks	7	7	7	7	7	6	6	5	5	5
Tennis courts	4	4	4	4	4	4	4	4	4	4
Racquet ball courts	2	2	2	2	2	2	2	2	2	2
Exercise Trail	1	1	1	1	1	1	1	1	1	1
Water										
Potable Water lines (linear miles)	118	117	117	114	109	109	83.3	81	78	76
Sewer										
Sanitary sewer lines (linear miles)	100	100	97	97	97	97	97	95	92	90
Permitted sewer capacity(gallons)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	2,500,000	2,500,000	2,500,000	2,500,000
Lift stations	63	63	63	63	58	58	58	58	52	48

Source: Various city departments

**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 Members of City Council  
City of West Melbourne, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Melbourne, Florida, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City of West Melbourne, Florida's basic financial statements, and have issued our report thereon dated April 7, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of West Melbourne, Florida's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of West Melbourne, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of West Melbourne, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify deficiencies in internal control, described below, that we consider to be significant deficiencies, [IC 2013-001 and IC 2013-002].

### IC 2013-001 ACCOUNTS PAYABLE

**Criteria:** Section 1500: Reporting Liabilities of the *Governmental Accounting Standards Board Codification of Governmental Accounting and Financial Reporting Standards* requires a government to accrue a liability and expense in the period in which the government incurs the liability. Accounts payable should be recorded for all invoices for goods or services received on or before the balance sheet date.

**Condition:** An adjusting journal entry was required for fiscal year 2013 to record accounts payable for water usage that occurred on or before the balance sheet date.

**Cause:** The City has historically monitored budgeted expenses for water purchases and recorded 12 months of expenses. However, cutoff was not appropriate. The partial month accrual for meter reading dates that occurred in October 2013, but included dates on or prior to September 30, 2013 was not identified and recorded during year-end procedures.

**Effect:** Liabilities and the related operating expense account were understated, prior to audit adjustment, by \$188,849 at September 30, 2013.

**Recommendation:** We recommend that the City implement procedures to allocate the partial month billings for water usage based on meter reading dates to ensure that accounts payable for water received on or before the balance sheet date are properly accrued in the appropriate accounting period.

**Management's Response:** Management agrees with this recommendation and will record all City utility accruals in the same manner that it records all other accruals for goods and services received on or before the balance sheet date.

### IC 2013-002 NON-CASH CONTRIBUTIONS OF CAPITAL ASSETS

**Criteria:** Section N50.902: Nonexchange Transactions – Developer Contribution and Section 1400: Valuation of Capital Assets of the *Governmental Accounting Standards Board Codification of Governmental Accounting and Financial Reporting Standards* require a government to recognize an asset and a revenue when an enforceable claim arises, i.e., when the donated asset is substantially complete and transferred to the City. Donated capital assets should be reported at their estimated fair value at the time of acquisition by the City.

**Condition:** An adjusting journal entry was required to record the value of developer-contributed infrastructure. The City has elected to post the adjusting entry in fiscal year 2014 rather than 2013, and the transaction has been reported as a passed audit adjustment.

**Cause:** The City does not have a formal process in place to document and acknowledge the receipt of non-cash contributions of capital assets.

**Effect:** Capital assets and the related capital contribution revenue were understated at September 30, 2013 by \$196,521 in governmental activities (and the General Fund) and by \$120,502 in business-type activities (and the Water and Sewer Fund).

**Recommendation:** We recommend that the City develop and implement a document to be completed and submitted to Council to obtain their acceptance of receipt of the donated asset. This document should include, at a minimum, a description of the donated asset, the fair value of the asset and the method used to determine the fair value, supporting documentation related to the valuation of the asset, and a financial impact evaluation from the Finance Department identifying and estimating any additional, non-routine costs associated with accepting the property such as any potential environmental remediation issues or potential health or safety mitigation necessary to place the asset in service, and any other information necessary for the Council to make an informed decision on the acceptance of the donated asset.

**Management's Response:** Management agrees that as part of the formalization of the donated capital assets acceptance process, an attachment should be appended to the Council agenda that contains all pertinent information relating to the donated asset, and to have the Council formally consent to accept the donated capital assets.

Management acknowledges that in some cases, the donation and City acceptance of developer constructed infrastructure may have been contractually obligated in a previously approved developer agreement or other development approval, and the final acceptance is considered a ministerial action by the City Council.

The Finance Department will work with the City Clerk to formulate a process whereby any donated property will be reviewed on at least a quarterly basis. The City Clerk has already implemented a procedure to document any item that is required to be recorded with the Clerk of the Circuit Court. We will tailor this process to properly track donated assets.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of West Melbourne, 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*.

### **The City of West Melbourne, Florida's Response to Findings**

The City of West Melbourne, Florida's responses to the findings identified previously 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.

*Carr Riggs & Ingram, LLC*

Melbourne, Florida  
April 7, 2014

## Independent Auditors' Management Letter

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

We have audited the financial statements of the City of West Melbourne, Florida as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated April 7, 2014.

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. 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*. Disclosures in that report, which are dated April 7, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule:

- ❖ Section 10.554(l)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address all findings and recommendations made in the preceding annual financial audit as noted below:

Prior Year Internal Control Findings:

IC 2011-02 Credit Card Controls	Corrected
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- ❖ Section 10.554(l)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415., Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City of West Melbourne, Florida complied with Section 218.415, Florida Statutes.
- ❖ Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

- ❖ Section 10.554(l)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- ❖ Section 10.554(l)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority of the City of West Melbourne, Florida and its component unit, is disclosed in the footnotes.
- ❖ Section 10.554(l)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City of West Melbourne, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- ❖ Section 10.554(l)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City of West Melbourne, Florida for the fiscal year ended September 30, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. In connection with our audit, we determined that these two reports were in agreement.
- ❖ Pursuant to Sections 10.554(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor City of West Melbourne, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Carr Riggs & Ingram, LLC*

Melbourne, Florida  
April 7, 2014