

# *City of Cocoa Beach, Florida*

## **Comprehensive Annual Financial Report**

Fiscal Year Ended  
September 30, 2017



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

**City of Cocoa Beach, Florida**

For the Fiscal Year Ended  
September 30, 2017



Prepared by:  
Finance Department

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Cocoa Beach, Florida 32932-2430  
[www.cityofcocoabeach.com](http://www.cityofcocoabeach.com)



March 9, 2018

To the Honorable Mayor, City Commissioners  
and Citizens of the City of Cocoa Beach:

The Comprehensive Annual Financial Report (CAFR) of the City of Cocoa Beach, Florida for the fiscal year ended September 30, 2017 is submitted pursuant to Florida Statutes Chapters 11.45 and 218.39, and Section 3.03(4) of the City Charter.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We consider the enclosed data to be accurate in all material respects and it is reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities are included.

The report complies in all material respects with the authoritative promulgations by the Governmental Accounting Standards Board (GASB). An explanation of the City's accounting policies is contained in the Notes to Financial Statements, which are an integral part of this Report. These Notes explain the basis of accounting, funds and accounts used, and other significant accounting information.

### **Internal Controls**

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP).

The internal control structure is intended to provide reasonable, but not absolute, assurance that these objectives are met. The inherent limitations of internal control are that:

1. Cost considerations will prevent management from ever installing a "perfect" system. Management will properly and deliberately choose to run certain risks because the cost of preventing such risks cannot be justified, (i.e. costs should not exceed benefits);
2. Control related policies and procedures are subject to management override; and
3. Internal controls may be circumvented by collusion between employees.

### **Independent Audit**

Chapter 218.39, Florida Statutes requires that the financial statements of the City be audited by an independent Certified Public Accountant, licensed to practice in Florida. This audit has been completed by the City's independent Certified Public Accountants, Moore Stephens Lovelace, P.A., and their opinion is included in their report.

### **Management Discussion and Analysis**

Generally Accepted Accounting Principles (GAAP) requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements. This information is referred to as Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Cocoa Beach's MD&A can be found immediately following the independent auditor's report.

### **Profile of the Government**

The City of Cocoa Beach has a Commission/Manager form of government. The five member Commission consists of a Mayor and four Commissioners who are elected at large and serve for a period of four years. In the governance of the City, the Commission is charged with the responsibility of establishing policies and enacting ordinances and resolutions. The City Manager is appointed by the Commission, and is charged with the responsibility of administering daily operations and implementing Commission directives. The City provides a range of services normally associated with a municipality, including police, fire, emergency medical services, parks and recreational activities, streets and parks maintenance, traffic engineering and metered parking, sanitation, wastewater treatment, stormwater improvements, community redevelopment, building inspections, code enforcement, planning and zoning, and general administration. Wastewater treatment services are also provided to the adjacent unincorporated areas and to Patrick Air Force Base. The City also operates a twenty-seven hole golf course. All monies required to support these services are reflected in this report.

### **Budgeting Process and Controls**

The City maintains budgetary control as part of its fiscal management techniques. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the governing body. Annual budgets are prepared for those funds that require them. Budgetary integration is established in the accounting records with a uniform chart of accounts as required by the state.

The government also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end. As demonstrated by the statements and schedules included in the financial section of this report, the government continues to meet its responsibility for sound financial management. Note C of the financial statements contains a more complete discussion of the budget process.

## **Community Background**

The City of Cocoa Beach was incorporated in 1925, but really began growing residentially during the height of the Space Program in the 1960's. As a small oceanfront/riverfront community with six miles of highly accessible beaches and river access, lying in between the Banana River and the Atlantic Ocean, the City focuses on being a family-oriented tourist destination; however, the community has a solid residential component with 2,419 single family homes and 5,594 condominiums as of 2017. The diversity of the economy is driven by a mix of hotels/motels and businesses that are supportive of the tourism industry while also supporting the needs of the local residents. Cocoa Beach population (for State shared review purposes in Fiscal Year 2018) is 11,276, but seasonally the population more than doubles. Other factors are the estimated 2.4 million day visitors to the city annually, reflecting the relative proximity to the Orlando Metro area.

Of the 2,700 acres that comprise Cocoa Beach, 900 acres are known as the Thousand Islands with a northern area jointly held by the City, County and State of Florida. The south area Thousand Islands are under the control of the Brevard County Environmentally Endangered Land Program.

The City has invested in the purchase of these islands and seeks to conserve and protect these valuable natural resources. For the most part, the City is built out with only a few exceptions. The primary focus moving forward will be redevelopment in specified areas. It should be noted that industrial uses are not permitted in the city limits.

## **Economic Condition and Outlook**

The financial condition and economic vitality of the Cocoa Beach area are influenced by the activities at the Kennedy Space Center and Port Canaveral to the north, and Patrick Air Force Base to the south.

The Kennedy Space Center (KSC) is both a tourist attraction and a major employment center, with several space and defense contractors located there, supported by numerous local suppliers and support services. KSC was adversely impacted by the elimination of the space shuttle program. Facilities at KSC have since been reconfigured for private space endeavors. With rocket launches scheduled on an ongoing basis, KSC has reclaimed its status as the most active rocket launch facility in the world.

The economic outlook for Brevard County is gradually improving and the unemployment rate has fallen from 4.9% (December 2016) to 3.9% (November 2017).<sup>1</sup>

As of the date of this writing, the economic outlook continues to steadily improve.

Port Canaveral has a favorable area impact with its growth in cruise ship services, port facilities, tonnage processed, and recreational activities. The Port is one of the busiest cruise ports in the world, with ten cruise terminals. The Port continues to add cruise ships and currently hosts ships from most major cruise lines. It has evolved into a major deep water port of entry with first-class berthing facilities, a marine commercial park and foreign trade zone. It is the world's first quadra-modal hub, interchanging freight among sea, land, air and space transportation modes. The Port continues to increase cargo ship activity, with the combined port costs for tug boats, piloting, line handling, dockage and water among the lowest in the Southeast. Annual cargo tonnage exceeds two million tons with two liquid bulk facilities and nine dry cargo berths with 6,976 feet of berthing space, including a Roll

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<sup>1</sup> FRED Economic Data, St. Louis Fed. <https://fred.stlouisfed.org/series/FLBREV3URN>

On/Roll Off ramp. The Exploration Tower, a seven story welcome center at the Port, is designed to serve as a focal point for the community and to enhance the cruise passenger experience while in port.

Patrick Air Force Base, home to the 45<sup>th</sup> Space Wing, is one of the area's major employers, as well as a provider of services to active military personnel, veterans and retirees.

State shared revenues (sales tax and fuel tax) in general, have remained flat or declined since Fiscal Year 2008. Although fuel tax revenues have continued to remain flat, we've seen an overall increase of 6% in sales tax revenue in Fiscal Year 2017. Low interest rates have reduced revenues earned by our pooled funds and investment accounts. With the Federal Reserve decision to lift its eight year near zero interest rate and move gradually in raising rates further in coming years, we should see corresponding slight increases in interest rate revenue. Fuel prices are currently increasing, a trend expected to continue in the near term (Fiscal Year 2018).

Taxable property values increased 7.52% from Fiscal Year 2016 to Fiscal Year 2017. Property values are projected to continue to increase in Brevard County for 2018. Total ad valorem tax collections for Fiscal Year 2017 are \$8,773,566. Although revenue is trending upward, the cumulative revenue loss through recessionary times beginning in FY 2007 to FY 2017 in actual dollars is nearly \$3,700,000. In constant dollars, adjusting for inflation, the loss exceeds \$10,000,000; thereby reducing the purchasing power that otherwise would have been generated by collections. Page A-24 of the FY 2017 Budget has a detailed explanation of ten years of tax collection history.

The current session of the Legislature is considering changes in some tax measures. Florida is one of the lowest tax states<sup>2</sup> already, and previous recessionary times will make tax increases or revenue enhancements politically difficult. At the county level a half-cent sales tax was approved by the voters in 2016 for the Brevard County school system and another half-cent sales tax for the Indian River Lagoon (IRL) was approved by the voters for 2017. The City has developed projects and submitted them for funding with proceeds from the IRL sales tax.

### **Long-term Financial Planning**

With a stable population base, the City does not face the issue of adding significant infrastructure and related staffs to accommodate growth. Since the City is essentially fully developed, there is little potential for major additions to the tax roll. Such increases will come primarily from property redevelopment and re-evaluations. The stable (and slightly lower<sup>3</sup>) population base restricts growth in state shared revenue (allocated on a per capita basis).

The City Commission has an ambitious goal to develop Cocoa Beach by making the City a notable tourist destination as well as a desirable place to live. This development will require extensive planning as it must be accompanied by the revenues required to facilitate this development.

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<sup>2</sup> Tax Foundation: [Background Paper](#), October 2013, No. 68.

<sup>3</sup> Population in Fiscal Year 2007 = 12,785; Population in Fiscal Year 2017 = 11,276; per state shared revenue allocations.

Debt was issued in Fiscal Year 2017 in the amount of \$4,500,000 of which \$4,245,000 represents bond proceeds (net of bond premium and issuance costs) with Florida Municipal Loan Council (FMLC) Revenue Bond 2017B to fund the design and construction of the new parking garage in the Community Redevelopment Agency (CRA). The approximately 250-space parking garage will provide parking for visitors and businesses in the downtown area and include an "artist's wall" space for displaying visual art by area artists. Architects Design Group (ADG) was engaged to provide design criteria package support services (conceptual design shown below). Debt payments will be made with CRA tax increment financing (TIF)<sup>4</sup>. The garage is expected to commence construction in 2018 with completion in the first half of calendar year 2019.



Aging infrastructure has long been of concern and was further brought to the forefront in September of 2017 when wind and rain initiated by Hurricane Irma caused extensive damage to City Hall and the Police Station as the roof of the building partially peeled off. The north area Fire Station also experienced storm damage. These facilities date from the 1950s – 1960s and require extensive renovation and/or replacement. The main Fire Station construction was completed in the second quarter of Fiscal Year 2015, (see Note H of the financial statements for debt schedule). The order of magnitude (i.e. plus/minus thirty (± 30%) percent) estimate for the City Hall/Police facilities is \$14,000,000. An additional \$2,000,000 is estimated as the replacement cost for the north area fire station.

Accumulating and setting aside funding sources for debt service in the face of rising operating costs while maintaining current service levels is challenging. The Commission has addressed this by adopting Resolution 2016 – 22 which commits \$1,000,000 in tax collections to help facilitate funding of construction of new municipal facilities. Focused reductions in positions and expenditure accounts have also been made. However, these reductions are partially offset by rising direct and indirect costs.

Over the last several years, the wastewater treatment plant required extensive capital upgrades to comply with increased regulatory requirements. These projects were funded with two state revolving fund (SRF) loans. These projects are discussed in more detail in Note H of the financial statements. Improvements to the collection systems to increase efficiency and manage peak flows (as experienced during and after Hurricanes Matthew and Irma) are being addressed and additional funding is being sought for such projects.

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<sup>4</sup> Tax Increment Financing (often referred to as "TIF") is a method to pay for redevelopment of a slum or blighted area through the increased ad valorem tax revenue resulting from that redevelopment.

Various options and phases for the downtown parking plan recommended in the parking study completed in Fiscal Year 2015 continue implementation. We also upgraded our metered parking program to include multiple payment options (debit/credit/smartcards; cellphones). The smart cards also present a marketing opportunity for local businesses. In addition, our parking enforcement system is now web-based and we are testing reset devices for parking spaces in high-volume areas.

Rate increases based on studies by outside consultants as well as in-house comparisons to surrounding communities have been adopted by the Commission. These include increases in golf rates, pool and other recreation fees, stormwater fees, sewer fees and fire inspection fees. It should be noted that most of the above fees had previously not been raised since the 2004 – 2008 period. All of the parking fees were condensed into Resolution 2017-21. Ongoing fee reviews represent the initial step to develop a master fee review schedule.

Other revenue enhancements will be required as our needs are better defined.

The financial position of the City has remained strong and sound with a stable economic base. It is influenced by the proximity of both the major tourist attractions such as the beaches and Port Canaveral, as well as the proximity to major employers such as the Kennedy Space Center and Patrick Air Force Base. The tourist business, affected by a declining economic environment, is expected to recover in the coming years. The extent of the increase in property values from the above activities will also be a factor.

#### **Fiduciary Funds - Pension Trust Funds and OPEB Trust Fund**

The City provides three separate pension plans: general employees, police, and firefighters. Each plan is a contributory defined benefit plan administered by its own Board of Trustees. Each plan maintains separate investment pools, although the same investment manager is used by the police and firefighters. Specific details are addressed in Note L of the financial statements and Required Supplementary Information.

The City provides other non-pension benefits, collectively referred to as other post-employment benefits (OPEB). A fiduciary trust fund is used to aid in accounting for these benefits. Specific details are addressed in Note M of the financial statements.

#### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cocoa Beach for its comprehensive annual financial report for the fiscal year ended September 30, 2016. This was the thirty-fifth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR). This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

For the seventeenth year, the City also received the GFOA Distinguished Budget Presentation Award for the Fiscal Year 2017 annual budget. To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication medium. It is valid for a period of one year. We believe our current budget continues to conform to program requirements, and it has been submitted to GFOA to determine its eligibility for another award.

The City's debt policy adopted with Resolution 2014-09 was submitted to the Association of Public Treasurers of the United States and Canada (APT US&C) for their review and certification. The Certification is recognition that the governmental entity has developed and adopted policies that address the fundamental elements of debt issuance and management. The Certificate of Excellence for Debt Policy was presented in 2015. The APT US&C recommends updates at five year intervals.

### **Acknowledgements**

Preparation of this Comprehensive Annual Financial Report on a timely basis is made possible through the efficient, dedicated and professional efforts of the Finance Department staff. The significant amount of year-end closing procedures required prior to the audit would not have been accomplished without much hard work and personal sacrifice. We are grateful for the contributions they made in the preparation of this report and for their untiring efforts towards improving the Finance Department's operations.

Other City Departments, although not extensively involved in year-end audit activities, contributed significantly by ensuring the accuracy and integrity of accounting information compiled throughout the year. Without their diligence, the work of the Finance Department would have been considerably more difficult. Appreciation must also be expressed to the City's auditors whose suggestions and attention to detail enhanced the quality of this report. In closing, special thanks are expressed to you, Mayor and Commission for your unyielding support and steadfast commitment to maintaining the financial integrity of the City. We can all share in the success we have experienced.

Respectfully submitted,

  
James P. McKnight  
City Manager

  
Eileen A. Clark, CGFO  
Chief Financial Officer



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**Mayor**

**Ben Malik**

**Vice Mayor**

**Karalyn Woulas**

**Commissioners**

**Michael Miller**

**Ed Martinez**

**Skip Williams**

**City Manager**

**James P. McKnight**

**Assistant City Manager**

**Charles H. Holland, Jr.**

**Chief Financial Officer**

**Eileen Clark**

**City Clerk**

**Loredana Kalaghchy**

**Coordinator Stormwater Program**

**Joanie Regan**

**Director Development Services**

**Randy Stevenson**

**Dir. Information Technology (Acting)**

**Kevin Perez**

**Director Leisure Services**

**Laird McLean**

**Director Economic Dev./CRA**

**Melissa Byron**

**Director Personnel**

**Natalie McClenahan**

**Director Public Works**

**Robert Torres**

**Director Water Reclamation**

**Scott Barber**

**Fire Chief**

**Ryan Duckworth**

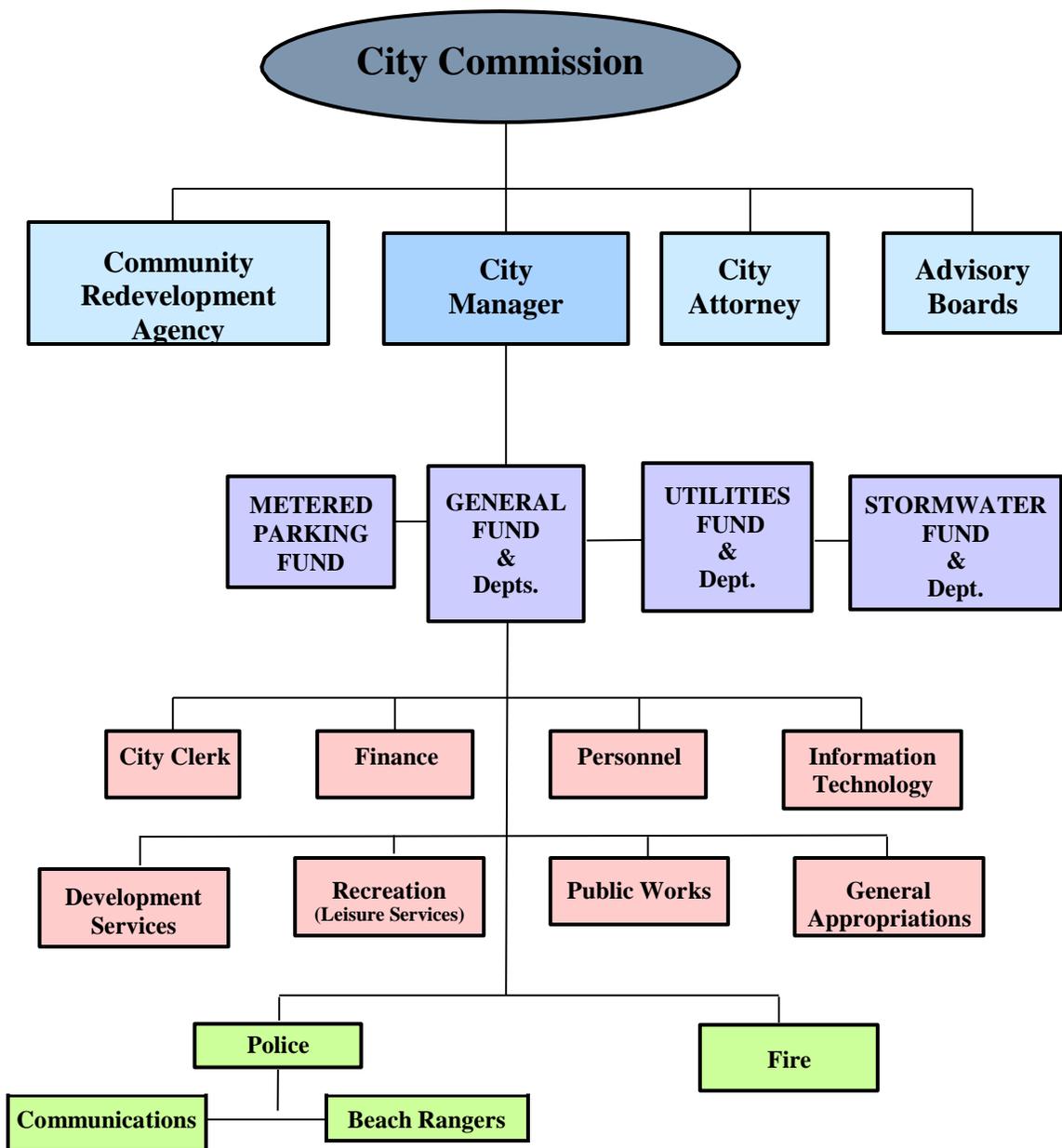
**Police Chief**

**Scott Rosenfeld**

**Elected Officials**

**Fiscal Year  
2017**

**Management Staff**





Government Finance Officers Association

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

Presented to

**City of Cocoa Beach  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2016**

*Christopher P. Morill*

Executive Director/CEO



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- Independent Auditor's Report
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  - Other Supplemental Information



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Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of the City Commission  
Cocoa Beach, 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 Cocoa Beach, Florida (the "City") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the general fund and major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Honorable Mayor and  
Members of the City Commission  
Cocoa Beach, Florida

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

**Other Matters**

*Required Supplementary Information*

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual non-major fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 non-major fund financial statements and schedules are fairly stated, in all material respects, in relation to the financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**

Certified Public Accountants

Orlando, Florida

March 8, 2018

## Management's Discussion and Analysis

Management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position, (d) identify any material deviations from the financial plan, and (e) identify individual fund issues or concerns. Readers are encouraged to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal in the Introductory Section of the report.

### FINANCIAL HIGHLIGHTS

- The assets of the City of Cocoa Beach exceeded its liabilities as of September 30, 2017, by \$60,475,559 (net position). Of this amount, \$5,130,659 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors. Governmental and business-type assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$23,551,264 and \$36,924,295, respectively.
- The City's total net position was increased by \$5,185,844 or 9.38%, in comparison to the prior year. The City's unrestricted net position, which may be used to meet the City's ongoing obligations to its citizens and creditors, increased by \$937,175, a 22.35% increase over the prior year.
- At September 30, 2017, the City of Cocoa Beach's governmental fund balance sheet reported a combined ending fund balance of \$11,682,311, an increase of \$5,191,215 from the Fiscal Year 2016 ending fund balance of \$6,491,096. Of this amount, \$2,976,927 remains in the General Fund of the City as unassigned fund balance.
- The General Fund reported a total fund balance of \$4,916,667 at year end, a decrease from last fiscal year of \$327,817. The ending fund balance in Fiscal Year 2016 was \$5,244,484. The decrease is primarily due to the completion of multiple capital replacements and outstanding costs associated with Hurricanes Matthew and Irma.
- Total external debt increased by \$2,624,651 in Fiscal Year 2017. The increase is primarily due to the Florida Municipal Loan Council (FMLC) Revenue Bond 2017B in the amount of \$4,245,000 for design and construction of the new parking garage in the Community Redevelopment Agency (CRA), (see Note H to the financial statements).

### MAJOR INITIATIVES

- The Minutemen Corridor Stormwater and Streetscape Low Impact Design (LID) project that began in FY 2014 was completed in the summer of Fiscal Year 2017. Multi-year Project costs total \$6,320,864. The project was funded with a combination of City funds, State and County grants and a State Revolving Fund (SRF). The City is currently going through the application process to amend the SRF loan for additional eligible project funds.

Minutemen Stormwater Streetscape (multi-year costs)	\$ 6,320,864
Florida Department of Environmental Protection (FDEP) grant	(1,794,540)
Florida Department of Transportation (FDOT) Grant	(1,395,000)
*FDEP State Revolving Fund (SRF) Loan Agreement WW050621	(1,019,464)
Brevard County Transportation Impact Fee Grant	(189,344)
Saint Johns' River Water Management District (SJRWMD) Grant	(50,000)
Project Costs less Grants and Loan	\$ 1,872,516

*\*SRF Loan WW050621 funds subsequently received in Fiscal Year 2018  
(See Note H, Paragraph 5)*

- Funding for design and construction of the new parking garage was obtained with the issuance of CRA Revenue Bond 2017B in the amount of \$4,245,000. The approximately 300-space parking garage will provide parking for visitors and businesses in the downtown area and include an "artist's wall" space for displaying visual art by area artists. Debt payments will be made with CRA tax increment financing (TIF)<sup>1</sup>. The garage is expected to commence construction in 2018 with completion in Fiscal Year 2019.
- In response to vulnerabilities of the wastewater system power supply revealed during Hurricane Matthew, the Water Reclamation Department entered into a purchase-to-own agreement for a 2000kw backup generator system to serve as redundant power supply for the wastewater treatment plant and Public Works/Water Reclamation Complex. The backup generator system was utilized during Hurricane Irma and eliminated issues associated with extended periods of power loss due to primary generator system failure and Florida Power & Light (FPL) restoration time. Rental fees applied to the purchase price in the amount of \$70,289 were paid in Fiscal Year 2017. Subsequently, the remaining balance of \$ 407,000 for the purchase was paid early in Fiscal Year 2018.
- Indian River Lagoon dredging projects continue to be a priority:
  - The City has an interlocal agreement with Brevard County for residential dredging services. The County has allotted \$2,000,000 of available state funding for Phase I of the City's Residential Muck Dredging Program. Phase I, completed in March 2017, consists of dredging six City canals north of State Road 520.
  - For Phase II of the Residential Muck Dredging Program, funding in the amount of \$435,600 from Brevard County and \$244,400 from SJRWMD was received. This phase of the project consists of dredging five canals in the center portion of the City and was completed in July of 2017.
  - Phase IIIa to dredge four canals south of Minutemen Cswy. is subsequently underway in Fiscal Year 2018. This phase is budgeted at \$776,228 and is nearly 100% grants funded with \$246,268 in funds awarded from SJRWMD<sup>2</sup> and \$500,000 from Brevard County.
  - Dredging for the multi-year 200 Channel project was also completed in Fiscal Year 2017. This was a navigational dredge to keep the channel that leads to the Banana River through the Thousand Islands open. Virtually all \$1,344,263 in multi-year costs were eligible for grant funding from Florida Inland Navigation District (FIND) in the amount of \$623,500, with \$355,500 of the grant funds being received in Fiscal Year 2017.

## FINANCIAL STATEMENTS

**Overview of the financial statements.** This discussion and analysis is intended to serve as an introduction to the City of Cocoa Beach's basic financial statements. The basic financial statements are comprised of three (3) components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. This supplementary information should be considered an integral part of the financial statements.

**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 information on all of the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources with the difference between them 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.

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<sup>1</sup> Tax Increment Financing (often referred to as "TIF") is a method to pay for redevelopment of a slum or blighted area through the increased ad valorem tax revenue resulting from that redevelopment.

<sup>2</sup> Grant funding from SJRWMD for all canals in Phase III totals \$608,684. Funds will be requested as additional Phase III work authorized.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will 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 to external users (business-type activities). The governmental activities of the City include general government, planning and zoning, public safety, transportation, sanitation, street and park maintenance, public improvements and recreation. The business-type activities of the City include wastewater treatment/reuse and stormwater management.

The government-wide financial statements include only the City of Cocoa Beach itself (the primary government). The Cocoa Beach Public Library is funded through the Brevard County Free Public Library District, a separate taxing authority and is not included under the reporting entity definition in the City's financial statements.

### **Fund Financial Statements**

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

### **Governmental Funds**

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

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

During Fiscal Year 2017, the City of Cocoa Beach maintained 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 and Community Redevelopment Agency (CRA) which are considered to be major funds. Since the Metered Parking Fund and Confiscated Property Fund are not considered to be major funds, data from those funds are combined into a single, aggregated presentation. The City of Cocoa Beach adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund and CRA Fund to demonstrate compliance with this budget.

**Proprietary Funds**

This category of funds includes both enterprise and internal service funds. However, the City does not use internal service funds. The City does maintain two funds which are considered enterprise funds. The City uses enterprise funds to account for the waste collection/disposal/reuse water system, and stormwater management system. Proprietary funds provide the same type of information as the government-wide financial statements. The proprietary fund financial statements provide separate information for the Utilities System Fund, and Stormwater Management Fund, each of which are considered to be major funds of the City.

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City’s programs. The City has three pension trust funds (General Employees, Police, & Firefighters), and an OPEB trust fund. Financial information for these funds is provided in the notes to the financial statements.

**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.

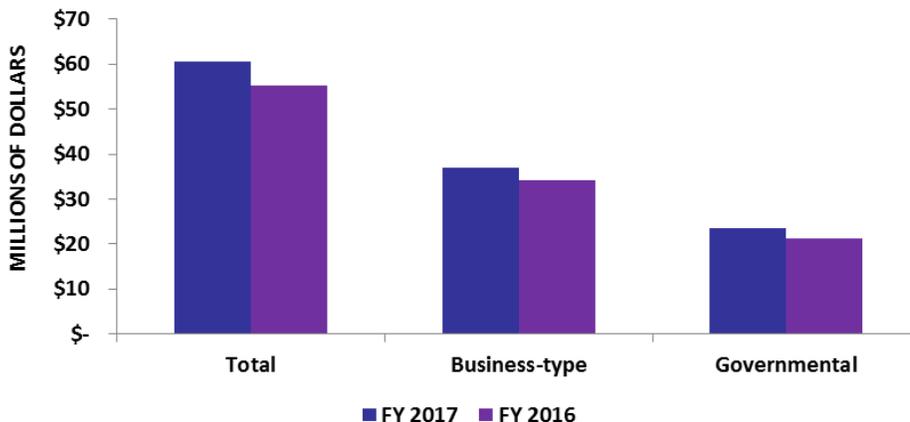
**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The government-wide financial report represents the approach mandated by the Governmental Accounting Standards Board (GASB). GASB sets the uniform standards for presenting government financial reports.

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. For the City of Cocoa Beach, the net position was \$60,475,559 at the close of the most recent fiscal year. This is a \$5,185,844 increase in net position over the \$55,289,715 reported in Fiscal Year 2016.

The increase is principally attributed to the rise in capital assets net of accumulated depreciation resulted from grant-funded capital projects. Detailed information on capital asset activity can be found in Notes G-1 to G-5 in the Notes to the Financial Statements.

**Net Position**



The City's net position totaled \$60,475,559 at the end of Fiscal Year 2017. The largest portion of the City's net position reflects the investment in capital assets (e.g. land, buildings, machinery, and equipment). Although the City's investment in its capital assets (\$54,262,508) (89.7% of total net position) is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

### Schedule of Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 12,997,334	\$ 7,599,600	\$ 9,682,608	\$ 9,426,665	\$ 22,679,942	\$ 17,026,265
Capital assets	30,359,987	28,719,584	51,883,410	50,491,666	82,243,397	79,211,250
Total assets	43,357,321	36,319,184	61,566,018	59,918,331	104,923,339	96,237,515
Deferred outflows of pension expenses	1,747,332	2,394,457	206,542	389,881	1,953,874	2,784,338
Total deferred outflows of resources	1,747,332	2,394,457	206,542	389,881	1,953,874	2,784,338
Long-term liabilities outstanding	18,073,325	14,665,290	23,025,139	24,428,661	41,098,464	39,093,951
Other liabilities	2,496,076	2,291,239	1,760,643	1,716,247	4,256,719	4,007,486
Total liabilities	20,569,401	16,956,529	24,785,782	26,144,908	45,355,183	43,101,437
Deferred inflows of pension earnings	983,988	549,801	62,483	80,900	1,046,471	630,701
Total deferred inflows of resources	983,988	549,801	62,483	80,900	1,046,471	630,701
Net investment in capital assets	26,290,568	24,182,508	27,971,940	25,427,503	54,262,508	49,610,011
Restricted	445,157	456,923	637,235	1,029,297	1,082,392	1,486,220
Unrestricted	(3,184,461)	(3,432,120)	8,315,120	7,625,604	5,130,659	4,193,484
Total net position	\$ 23,551,264	\$ 21,207,311	\$ 36,924,295	\$ 34,082,404	\$ 60,475,559	\$ 55,289,715

A portion of the City of Cocoa Beach's net position, \$1,082,392 (1.8% of total net position) represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position, \$5,130,659 (8.5% of total net position) may be used to meet the government's ongoing obligations to citizens and creditors within the respective governmental and business-type activities. At the end of the current fiscal year, the City of Cocoa Beach is able to report positive balances in all three categories of net position as a whole.

The following display of Changes in Net Position shows the governmental and business-type activities during the fiscal year.

### Schedule of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
Programs revenues:						
Charges for services	\$ 8,855,745	\$ 8,120,748	\$ 7,443,946	\$ 7,069,172	\$ 16,299,691	\$ 15,189,920
Operating grants and contributions	746,727	283,861	-	-	746,727	283,861
Capital grants and contributions	1,015,000	1,844,670	3,221,488	208,794	4,236,488	2,053,464
General revenues:						
Property taxes	9,126,174	7,657,945	-	-	9,126,174	7,657,945
Other taxes	3,482,403	3,723,489	-	-	3,482,403	3,723,489
Intergovernmental	779,801	737,261	-	-	779,801	737,261
Investment earnings	10,575	42,569	64,942	47,395	75,517	89,964
Other	264,298	145,083	-	-	264,298	145,083
<b>Total revenues</b>	<b>24,280,723</b>	<b>22,555,626</b>	<b>10,730,376</b>	<b>7,325,361</b>	<b>35,011,099</b>	<b>29,880,987</b>
<b>Expenses:</b>						
General government	4,935,118	4,819,444	-	-	4,935,118	4,819,444
Public safety	8,782,659	7,726,733	-	-	8,782,659	7,726,733
Physical environment	1,510,816	1,468,270	-	-	1,510,816	1,468,270
Transportation/public works	3,526,815	3,368,439	-	-	3,526,815	3,368,439
Recreation	3,432,942	3,539,718	-	-	3,432,942	3,539,718
Interest on long-term debt	307,420	124,169	-	-	307,420	124,169
Utilities System	-	-	6,828,930	6,491,931	6,828,930	6,491,931
Stormwater Management	-	-	500,555	471,907	500,555	471,907
<b>Total expenses</b>	<b>22,495,770</b>	<b>21,046,773</b>	<b>7,329,485</b>	<b>6,963,838</b>	<b>29,825,255</b>	<b>28,010,611</b>
Increase (decrease) in net position before transfers	1,784,953	1,508,853	3,400,891	361,523	5,185,844	1,870,376
Transfers	559,000	509,000	(559,000)	(509,000)	-	-
Change in net position	2,343,953	2,017,853	2,841,891	(147,477)	5,185,844	1,870,376
Net position, beginning	21,207,311	19,189,458	34,082,404	34,229,881	55,289,715	53,419,339
Net position, ending	\$ 23,551,264	\$ 21,207,311	\$ 36,924,295	\$ 34,082,404	\$ 60,475,559	\$ 55,289,715

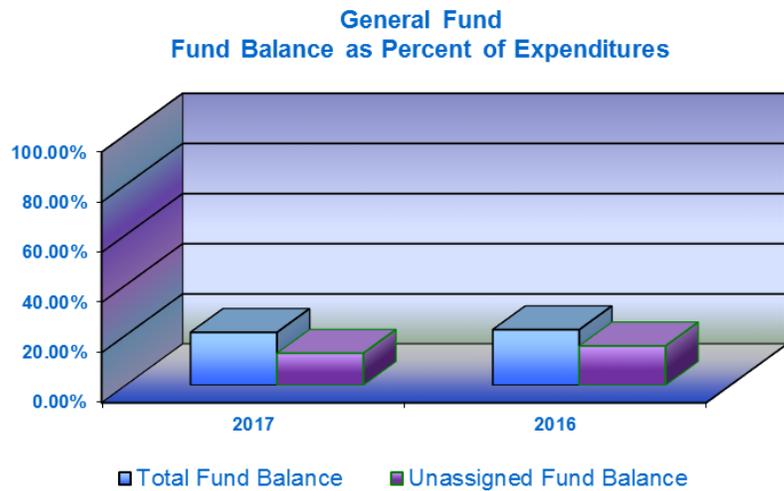
## FINANCIAL ANALYSIS OF COCOA BEACH'S FUNDS

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

**Governmental Funds.** The City uses two governmental fund types (General & Special Revenue). The purpose of 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 government's net resources available for spending at the end of the fiscal year.

As of September 30, 2017, the City of Cocoa Beach's governmental funds reported a combined fund balance of \$11,682,311. This is an increase of \$5,191,215 from the prior year balance of \$6,491,096.

The General Fund is the chief operating fund of the City. As of September 30, 2017, total fund balance in the General Fund was \$4,916,667 of which \$2,976,927 was unassigned. As a measure of liquidity, a comparison of total and unassigned fund balances to total expenditures for Fiscal Year 2017 (\$23,304,361) and Fiscal Year 2016 (\$23,662,962) shows percentages of 13% and 16%, respectively for unassigned fund balance.



	2017	2016
Total Fund Balance	21%	22%
Unassigned Fund Balance	13%	16%

**General Fund Budgetary Highlights.** A budget to actual statement is provided for the General Fund. A budget column for both the original budget adopted for Fiscal Year 2017 as well as the final budget is presented. A comparison of the final budget to the actual amounts for current expenditures shows a final difference of \$1,581,036. A portion of the difference is attributed to the carrying over of budgeted funds to the Fiscal Year 2018 budget in the amount of \$435,818 for capital projects that were not completed by the end of the fiscal year. Additionally, revenue actuals were more than original budgeted amounts by \$353,059. This is primarily due to timing of Hurricane related reimbursements. Lastly, operating expenditure actuals were overall below budgeted amounts.

**Special Revenue Funds.** Special Revenue Funds account for specific revenues and expenditures. The City has three special revenue funds.

**Community Redevelopment Agency (CRA) Fund**

The CRA is a major governmental fund used to account for monies from the incremental increase in property tax revenue collected within the designated redevelopment area. Consistent with State law, revenues are utilized and expended in accordance with the Community Redevelopment Plan. Fund balance at the end of Fiscal Year 2017 was \$4,656,941 (\$4,500,000 is restricted for construction of the parking garage). The first tax incremental financing was received in Fiscal Year 2014 and has continued in subsequent years as taxable values have risen.

**Community Redevelopment Agency Fund  
(CRA)  
Tax Increment Values and Payments**

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>
Taxable value	\$ 151,355,140	\$ 138,505,110	\$ 12,850,030
Less: Base year value	<u>(119,086,930)</u>	<u>(119,086,930)</u>	<u>-</u>
Net taxable value	<u>\$ 32,268,210</u>	<u>\$ 19,418,180</u>	<u>\$ 12,850,030</u>
County tax rate per \$1,000 of value	4.3631	4.5497	(0.1866)
City tax rate per \$1,000 of value	5.4798	4.9798	0.5000
Tax increment payments:			
County	\$ 133,564	\$ 86,219	\$ 47,345
City	<u>167,749</u>	<u>94,370</u>	<u>73,379</u>
Total tax increment payments	<u>\$ 301,312</u>	<u>\$ 180,589</u>	<u>\$ 120,723</u>

Tax incremental financing was not available prior to Fiscal Year 2014, so loans from the General Fund totaling \$261,230 were made to provide funds for the development of the CRA plan. A comprehensive repayment schedule was finalized in Fiscal Year 2015. The first payment was also made in Fiscal Year 2015 in the amount of \$21,230. Annual payments of \$20,000 are scheduled through Fiscal Year 2027 to repay the balance of the advance, which is \$200,000 at September 30, 2017.

**Metered Parking Fund**

The entire fund balance of the Metered Parking Fund is considered committed fund balance and it increased by \$801,909 from the prior year. Previously deferred costs associated with capital equipment replacements and upgrades were recognized in FY 2017 and elements of the parking study continued implementation to address parking needs. The efficiencies of the upgraded equipment and use of web-based enforcement significantly contributed to revenues exceeding budget by \$238,060; a 14% increase. Committed fund balances are budgeted to replace and upgrade parking related equipment, replace dune crossovers, replace police vehicles and allocate to General Fund support services. See Note F to the financial statements for a detailed discussion of these transfers.

**Confiscated Property Fund**

The entire fund balance of the Confiscated Property Fund is considered restricted fund balance because it can only be used for certain enumerated law enforcement expenditures as defined by state statute. The fund decreased by \$11,766 to \$180,521 for Fiscal Year 2017. The decrease was a result of an expenditure for essential equipment charged to the fund in Fiscal Year 2017.

**Proprietary Funds.** The City currently uses one of the two types of proprietary funds (Enterprise & Internal Service), and provides the same type of information found in the government-wide financial statements, but in more detail. The City does not use internal service funds.

**Enterprise Funds**

At September 30, 2017, total net position amounted to \$36,924,295 for enterprise funds as compared to \$34,082,404 at September 30, 2016. Net position changes are a result of operations, investment earnings, capital contributions and transfers in the Utilities System and Stormwater Management Funds.

The net operating income for all of the enterprise funds for fiscal years 2017 and 2016 is as follows:

**Enterprise Funds Net Operating Income**

	<u>FY 2017</u>	<u>FY 2016</u>
Utilities system	\$ 517,763	\$ 392,281
Stormwater management	341,890	360,593
Total	<u>\$ 859,653</u>	<u>\$ 752,874</u>

The operating income in the Utilities System was \$125,482 more than in Fiscal Year 2016 primarily due to increased charges for services revenue offsetting operating costs associated with salaries, materials and supplies. The installation of energy efficient technology as a part of the sewer plant upgrade aids in offsetting some operations cost increases.

The Stormwater Management operating income decrease of \$18,703 from Fiscal Year 2016 is primarily a result of increased depreciation expense even though there was a slight increase in revenue generated by a rate increase. Generally, year over year operating expenditures remained consistent due to the concentration on the Total Maximum Daily Load (TMDL) capital project.

## CAPITAL ASSET ADMINISTRATION

**Capital Assets.** The City of Cocoa Beach's investment in capital assets as of September 30, 2017 is \$82,243,397 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure and work in progress. Governmental activities investment in capital assets increased by \$1,640,403 and business-type activities increased by \$1,391,744. The primary reasons for the changes in the Governmental Activities Schedule are the completion of multiple dredging projects. The primary reason for the changes in the Business-type Activities Schedule is the Minutemen Streetscape and Stormwater project. Major classifications of capital assets (net of accumulated depreciation) at the end of Fiscal Years 2017 and 2016 consisted of the following:

### Schedule of Capital Assets (Net)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 7,950,653	\$ 7,950,653	\$ 1,691,599	\$ 1,691,599	\$ 9,642,252	\$ 9,642,252
Buildings	7,746,185	8,013,207	2,134,421	2,215,368	9,880,606	10,228,575
Improvements	10,354,643	7,831,402	16,313,384	17,808,942	26,668,027	25,640,344
Equipment	3,090,051	3,235,983	414,316	338,561	3,504,367	3,574,544
Infrastructure	646,091	663,530	31,032,257	25,310,908	31,678,348	25,974,437
Work in progress	572,364	1,024,809	297,433	3,126,289	869,797	4,151,098
Total	<u>\$ 30,359,987</u>	<u>\$ 28,719,584</u>	<u>\$ 51,883,410</u>	<u>\$ 50,491,666</u>	<u>\$ 82,243,397</u>	<u>\$ 79,211,250</u>

Major changes in governmental activities included the completion of construction of the 200 Channel dredging and residential dredging projects and vehicle and specialty equipment replacements. The major acquisitions for the business-type activities in the equipment, infrastructure and work in progress categories are the Minuteman Stormwater/Streetscape and wastewater projects. A detailed discussion of these projects is in Note H to the financial statements.

The City annually updates a five year Capital Improvements Program (CIP) and forecasts the funding requirements for necessary equipment and facilities. These requirements, as well as projected costs of operations and maintenance, are compared and adjusted based on forecasted sources of funding over that timeframe. Additional information on the City's capital assets can be found in Note G to the financial statements.

## DEBT ADMINISTRATION

### Long-Term Debt

At the end of the current fiscal year, the City of Cocoa Beach had total long-term debt in the amount of \$32,225,889.

The City is participating in the State of Florida Revolving (SRF) Loan Program with twenty (20) year loans for utilities facility upgrades and sewer systems rehabilitation and stormwater improvements. The outstanding balance of the SRF loans is \$22,066,470. In Fiscal Year 2014, the 2004 SRF loan was refunded by a bank loan generating a savings of about \$20,000 per year for ten (10) years. The outstanding balance is \$1,845,000. A second bank loan was issued in Fiscal Year 2014 for the construction of the new fire station and has an outstanding balance of \$3,420,000. In Fiscal Year 2013 a capital lease agreement for golf carts was implemented and has an outstanding balance of \$19,446. In Fiscal Year 2016 the City entered into a Master Equipment Lease Agreement in the amount of \$878,703 for various equipment units and has an outstanding balance of \$629,973. In Fiscal Year 2017 debt was issued in the amount of \$4,245,000 with Florida Municipal Loan Council (FMLC) Revenue Bond 2017B to fund the design and construction of the new parking garage in the Community Redevelopment Agency (CRA). See Note H to the financial statements for additional information.

#### Schedule of Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
State Revolving Loan (#2)	\$ -	\$ -	\$ 17,885,846	\$ 18,759,001	\$ 17,885,846	\$ 18,759,001
State Revolving Loan (#3)	-	-	4,180,624	4,170,162	4,180,624	4,170,162
Revenue Note (Series 2014A)	3,420,000	3,570,000	-	-	3,420,000	3,570,000
Revenue Note (Series 2014B)	-	-	1,845,000	2,135,000	1,845,000	2,135,000
CRA Improvement Revenue Bonds, Series 2017B	4,245,000	-	-	-	4,245,000	-
Capital Lease(s)	<u>649,419</u>	<u>967,076</u>	<u>-</u>	<u>-</u>	<u>649,419</u>	<u>967,076</u>
Total	<u>\$ 8,314,419</u>	<u>\$ 4,537,076</u>	<u>\$ 23,911,470</u>	<u>\$ 25,064,163</u>	<u>\$ 32,225,889</u>	<u>\$ 29,601,239</u>

Total external debt increased by \$2,624,650 during Fiscal Year 2017. Additional information on the City's long-term debt can be found in Note H to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's elected and appointed officials considered many factors when setting the fiscal year 2018 budget, tax rates, and fees to be charged for the business-type activities. In the past few years, the City has obligated significant dollars on new facilities, street resurfacing and infrastructure upgrades. The City has also managed to accumulate an acceptable level of unassigned reserves. Resolution 2016 - 25 amends formalized reserve policies to be in line with GASB 54 definitions and criteria for classifying fund balances. Bordering the ocean, the City wishes to hold reserve balances sufficient for those immediate expenditures associated with hurricanes, as well as expenditures required to maintain normal operations. Although a substantial portion of hurricane expenditures are typically reimbursed, this practice is considered necessary to avoid disruptions in operations.

Since the City is effectively built-out, new construction is not expected to produce large annual increases in property tax receipts. It is important to the City's future that property tax revenues be maintained or increased from year-to-year because it is the largest component of the General Fund's annual revenues. In addition, other revenues are not likely to increase significantly and since some of those sources (e. g. state shared revenues, grants) are beyond the City's control, property taxes were the most promising source of future funding. Developing new revenue sources and increasing existing ones are of increasing importance.

Although the City is challenged by increased costs for employee benefits (primarily health insurance, workers compensation), it does not face demands to add personnel in order to extend current levels of service into new areas. With staffing levels now equal to those of a decade ago, a review to determine appropriate handling of our workloads continues.

The five year CIP always presumes that operations and capital replacements are expected to be sufficiently funded without having to increase the ad valorem tax rate. We will have a real opportunity to test this presumption in the coming years.

The City's Golf Course continues to be challenged to sustain its operations and cover necessary equipment replacements. The high salt content in the area is extremely damaging to the equipment used for maintenance and funding the maintenance expense and replacement costs is an ongoing burden. The City has constructed a garage for equipment storage to aid in mitigating the salt issue and selectively purchases used equipment to lower capital costs. The course has been re-greened with a salt-resistant grass and play is gradually recovering as the economy improves.

The twenty-seven hole golf course is actively used, particularly in the busy winter season, so strategies to increase play are marginally helpful, not a solution. The improvements and purchasing practices mentioned in the preceding paragraph are also helpful, but do not produce immediate, dramatic results.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (continued)**

The Golf Course Fund was incorporated into the General Fund with the adoption of Resolution 2013 – 21, beginning in Fiscal Year 2014. Golf Course activity is presented in the category of Recreation in the General Fund. Play has still not returned to historical levels, but the number of rounds played continues to rise as the economic recovery continues. A comprehensive study by the National Golf Foundation proposed a series of rate increases and restructuring (i.e. sun setting) of annual memberships to encourage revenue generation. The study was adopted by Resolution 2015 – 33 in November 2015 and the new rates were adopted by Resolution 2015 – 34 and made effective in December 2015 (FY 2016).

The Utilities System enterprise fund is in a similar situation. Environmental standards for discharges into the Indian River Lagoon have become stricter. We commissioned a comprehensive study in Fiscal Year 2008 to address specific capital replacements and upgrades required to meet the new discharge requirements schedule. We enacted a rate increase and subsequent rate increases were adjusted each year by the percentage change in the Gross Domestic Product Implicit Price Deflator to secure the necessary debt service for capital items, as well as cover increased costs of operations and the new regulatory requirements. The most recent utility rate structure adopted by Resolution 2015 - 29 increased rates by 3% percent in FY 2017.

Forecasts for the Stormwater Management enterprise fund show that large capital improvements, such as the Minutemen Stormwater and Streetscape Project, will have to be funded using grants or loans. Revenues are not sufficient to fund both operations and capital projects of any size. In addition to the budgetary challenges facing the Stormwater Fund, federal Clean Water Act legislation concerning the TMDL and National Pollutant Discharge Elimination System programs are unfunded mandates upon local government and require extensive staff resource time and effort. To address rising operating costs, the most recent Stormwater rate structure adopted by Resolution 2015 – 31 increased rates by 3% in FY 2017.

The City's previous residential dredging program was suspended in 2012 as our permit expired and antiquated dredge equipment was retired. A new dredging permit was approved by the state and a residential dredging program and schedule was developed through an interlocal agreement with Brevard County as a part of the state funding made available to clean the Indian River Lagoon. Dredging for the first of eleven residential canals scheduled under this agreement was completed in Fiscal Year 2017 and the program continues with the dredging of four more canals added to the active schedule.

All of these factors were considered in preparing the City's budget for Fiscal Year 2018. The Fiscal Year 2018 millage rate is 5.7298, the rollback rate is 5.0793. The rollback rate produces the same ad valorem tax revenue as the previous year and therefore is not a tax increase. See the economic outlook section of the letter of transmittal for additional details regarding economic conditions.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City of Cocoa Beach's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Eileen A. Clark, CGFO, Chief Financial Officer, 2 South Orlando Avenue, Cocoa Beach, Florida, 32931 or [eclark@cityofcocoa beach.com](mailto:eclark@cityofcocoa beach.com). The financial statements are included in the City's Comprehensive Annual Financial Report (CAFR) posted on the City's web site at [www.cityofcocoa beach.com](http://www.cityofcocoa beach.com).



# Basic Financial Statements



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**City of Cocoa Beach, Florida**  
**Statement of Net Position**  
**September 30, 2017**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,320,341	\$ 549,775	\$ 5,870,116
Investments	1,289,422	4,886,850	6,176,272
Accounts receivable, net of allowance for uncollectible accounts	921,399	992,462	1,913,861
Due from other governments	276,383	2,592,462	2,868,845
Inventory	89,372	-	89,372
Prepaid expenses	155,260	23,824	179,084
Restricted assets:			
Cash and cash equivalents	4,945,157	637,235	5,582,392
Capital assets not being depreciated:			
Land	7,950,653	1,691,599	9,642,252
Work-in-progress	572,364	297,433	869,797
Capital assets net of accumulated depreciation:			
Buildings	7,746,185	2,134,421	9,880,606
Infrastructure	646,091	31,032,257	31,678,348
Improvements other than buildings	10,354,643	16,313,384	26,668,027
Machinery and equipment	3,090,051	414,316	3,504,367
Total assets	<u>43,357,321</u>	<u>61,566,018</u>	<u>104,923,339</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	1,747,332	206,542	1,953,874
Total deferred outflows of resources	<u>1,747,332</u>	<u>206,542</u>	<u>1,953,874</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	1,233,462	221,725	1,455,187
Accrued interest payable	-	58,567	58,567
Unearned revenue	81,561	-	81,561
Noncurrent liabilities:			
Due within one year	1,181,053	1,480,351	2,661,404
Due in more than one year	11,022,842	22,963,191	33,986,033
Net pension liability due in more than one year	7,050,483	61,948	7,112,431
Total liabilities	<u>20,569,401</u>	<u>24,785,782</u>	<u>45,355,183</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	983,988	62,483	1,046,471
Total deferred inflows of resources	<u>983,988</u>	<u>62,483</u>	<u>1,046,471</u>
<b>NET POSITION</b>			
Net investment in capital assets	26,290,568	27,971,940	54,262,508
Restricted for:			
Debt service	264,636	637,235	901,871
Law enforcement	180,521	-	180,521
Unrestricted	(3,184,461)	8,315,120	5,130,659
Total net position	<u>\$ 23,551,264</u>	<u>\$ 36,924,295</u>	<u>\$ 60,475,559</u>

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

**City of Cocoa Beach, Florida**  
**Statement of Activities**  
**For the Fiscal Year Ended September 30, 2017**

<u>Function/Program</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 4,935,118	\$ 1,134,935	\$ -	\$ -
Public safety	8,782,659	1,105,118	254,349	-
Physical environment	1,510,816	1,801,744	-	-
Transportation/public works	3,526,815	2,652,362	492,378	1,015,000
Recreation	3,432,942	2,161,586	-	-
Interest on long-term debt	307,420	-	-	-
Total governmental activities	<u>22,495,770</u>	<u>8,855,745</u>	<u>746,727</u>	<u>1,015,000</u>
Business-type activities:				
Utility system	6,828,930	6,628,578	-	42,331
Stormwater	500,555	815,368	-	3,179,157
Total business-type activities	<u>7,329,485</u>	<u>7,443,946</u>	<u>-</u>	<u>3,221,488</u>
Total government	<u>\$ 29,825,255</u>	<u>\$ 16,299,691</u>	<u>\$ 746,727</u>	<u>\$ 4,236,488</u>

General Revenues:  
Property taxes  
Local option gas tax  
Franchise taxes  
Excise taxes  
Unrestricted intergovernmental  
Unrestricted investment earnings  
Miscellaneous revenues  
Transfers  
    Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

**Net (Expense) Revenue and  
Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (3,800,183)	\$ -	\$ (3,800,183)
(7,423,192)	-	(7,423,192)
290,928	-	290,928
632,925	-	632,925
(1,271,356)	-	(1,271,356)
(307,420)	-	(307,420)
(11,878,298)	-	(11,878,298)
-	(158,021)	(158,021)
-	3,493,970	3,493,970
-	3,335,949	3,335,949
(11,878,298)	3,335,949	(8,542,349)
9,126,174	-	9,126,174
333,671	-	333,671
1,247,130	-	1,247,130
1,901,602	-	1,901,602
779,801	-	779,801
10,575	64,942	75,517
264,298	-	264,298
559,000	(559,000)	-
14,222,251	(494,058)	13,728,193
2,343,953	2,841,891	5,185,844
21,207,311	34,082,404	55,289,715
\$ 23,551,264	\$ 36,924,295	\$ 60,475,559

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

**City of Cocoa Beach, Florida**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2017**

	<u>General Fund</u>	<u>Community Redevelopment Agency Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,790,811	\$ 4,855,846	\$ 1,618,841	\$ 10,265,498
Investments	741,780	-	547,642	1,289,422
Accounts receivable	910,488	-	10,911	921,399
Due from other funds	200,000	-	-	200,000
Due from other governments	276,383	-	-	276,383
Inventory	89,372	-	-	89,372
Prepayments	149,914	5,346	-	155,260
Total assets	<u>\$ 6,158,748</u>	<u>\$ 4,861,192</u>	<u>\$ 2,177,394</u>	<u>\$ 13,197,334</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts and contracts payable	\$ 745,514	\$ 4,251	\$ 68,691	\$ 818,456
Accrued liabilities	415,006	-	-	415,006
Due to other funds	-	200,000	-	200,000
Unearned revenue	81,561	-	-	81,561
Total liabilities	<u>1,242,081</u>	<u>204,251</u>	<u>68,691</u>	<u>1,515,023</u>
<b>Fund balances:</b>				
Non-spendable	239,286	5,346	-	244,632
Restricted	264,636	4,500,000	180,521	4,945,157
Committed	1,435,818	-	1,928,182	3,364,000
Unassigned	2,976,927	151,595	-	3,128,522
Total fund balances	<u>4,916,667</u>	<u>4,656,941</u>	<u>2,108,703</u>	<u>11,682,311</u>
Total liabilities and fund balances	<u>\$ 6,158,748</u>	<u>\$ 4,861,192</u>	<u>\$ 2,177,394</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (Note G, Paragraph 1)	30,359,987
Pension related liabilities, deferred inflows and deferred outflows are not financial resources nor near-term obligations and, therefore, are not reported in the funds	(6,287,139)
Long-term liabilities, including OPEB obligation payable (Note B, Paragraph 1)	<u>(12,203,895)</u>
Net position of governmental activities	<u>\$ 23,551,264</u>

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

**City of Cocoa Beach, Florida**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended September 30, 2017**

	<u>General Fund</u>	<u>Community Redevelopment Agency Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 12,475,013	\$ 133,564	\$ -	\$ 12,608,577
Licenses and permits	586,788	-	-	586,788
Intergovernmental revenues	2,541,528	-	-	2,541,528
Charges for services	6,307,884	-	1,510,885	7,818,769
Fines and forfeitures	51,849	-	398,339	450,188
Investment earnings	7,933	-	2,642	10,575
Miscellaneous revenues	264,298	-	-	264,298
Total revenues	<u>22,235,293</u>	<u>133,564</u>	<u>1,911,866</u>	<u>24,280,723</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,194,755	72,424	771,723	5,038,902
Public safety	8,845,792	-	-	8,845,792
Physical environment	1,510,816	-	-	1,510,816
Transportation/public works	4,886,276	-	-	4,886,276
Recreation	3,265,936	-	-	3,265,936
Debt service:				
Principal	467,657	-	-	467,657
Interest and other	133,129	174,291	-	307,420
Total expenditures	<u>23,304,361</u>	<u>246,715</u>	<u>771,723</u>	<u>24,322,799</u>
Excess (deficiency) of revenues over (under) expenditures before transfers	(1,069,068)	(113,151)	1,140,143	(42,076)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,109,350	167,749	200,350	1,477,449
Transfers out	(368,099)	-	(550,350)	(918,449)
Issuance of debt	-	4,245,000	-	4,245,000
Premium on debt	-	429,291	-	429,291
Total other financing sources (uses)	<u>741,251</u>	<u>4,842,040</u>	<u>(350,000)</u>	<u>5,233,291</u>
Net change in fund balances	(327,817)	4,728,889	790,143	5,191,215
Fund balances, beginning of year	5,244,484	(71,948)	1,318,560	6,491,096
Fund balances, end of year	<u>\$ 4,916,667</u>	<u>\$ 4,656,941</u>	<u>\$ 2,108,703</u>	<u>\$ 11,682,311</u>

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



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**City of Cocoa Beach, Florida**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended September 30, 2017**

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

Net change in fund balances - total governmental funds	\$	5,191,215
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period (Note B, Paragraph 2).		1,640,403
Government funds report contributions to pension plans as expenditures and do not recognize the long-term net pension liability. However, in the statement of activities, the pension expense associated with service cost is recognized and the contributions to the pension plans reduce the net pension liability. (Note B, Paragraph 2)		57,212
The issuance of long-term debt (e.g., bonds, bank loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items (Note B, Paragraph 2).		(4,206,634)
Some expenses reported in the statement of activities did not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (Note B, Paragraph 2).		(338,243)
Change in net position of governmental activities	<u>\$</u>	<u>2,343,953</u>

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

**City of Cocoa Beach, Florida**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended September 30, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 12,552,953	\$ 12,552,953	\$ 12,475,013	\$ (77,940)
Licenses and permits	428,400	428,400	586,788	158,388
Intergovernmental revenues	2,227,475	2,227,475	2,541,528	314,053
Charges for services	6,360,539	6,512,539	6,307,884	(204,655)
Fines and forfeitures	37,700	37,700	51,849	14,149
Investment earnings	57,000	57,000	7,933	(49,067)
Miscellaneous revenues	48,194	66,167	264,298	198,131
Total revenues	<u>21,712,261</u>	<u>21,882,234</u>	<u>22,235,293</u>	<u>353,059</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Mayor and City Commission	87,897	88,147	67,672	20,475
City Attorney - legal services	375,000	375,000	250,239	124,761
City Manager	511,735	511,985	450,934	61,051
Personnel	319,996	317,026	263,860	53,166
City Clerk	194,936	194,936	168,154	26,782
Finance	756,756	745,329	712,279	33,050
Information technology	1,450,473	1,427,714	966,813	460,901
Other general government	1,021,901	1,118,901	1,314,804	(195,903)
	<u>4,718,694</u>	<u>4,779,038</u>	<u>4,194,755</u>	<u>584,283</u>
Public safety:				
Police department	4,241,337	4,275,383	4,245,811	29,572
Communications	705,921	710,421	666,590	43,831
Fire department	3,241,490	3,246,587	3,292,843	(46,256)
Building department:				
Planning, zoning and development	431,923	486,073	430,762	55,311
Inspections and permits	246,035	245,765	209,786	35,979
	<u>8,866,706</u>	<u>8,964,229</u>	<u>8,845,792</u>	<u>118,437</u>
Transportation/public works:				
Field operations	1,170,791	1,189,652	1,083,329	106,323
Building maintenance	1,076,373	1,241,018	1,001,930	239,088
Grounds maintenance	479,623	462,123	442,447	19,676
Fleet management	1,078,768	1,139,482	999,189	140,293
Capital improvements	915,000	1,622,723	1,359,381	263,342
Physical environment	1,503,644	1,503,644	1,510,816	(7,172)
	<u>6,224,199</u>	<u>7,158,642</u>	<u>6,397,092</u>	<u>761,550</u>

Continued on next page

**City of Cocoa Beach, Florida**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund (continued)**  
**For the Fiscal Year Ended September 30, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (continued)</b>				
Recreation:				
Administration and community service center	\$ 401,284	\$ 390,535	\$ 381,618	\$ 8,917
Golf	2,323,175	2,265,856	2,151,465	114,391
Parks	238,553	246,758	214,774	31,984
Swimming pool	458,686	459,348	425,604	33,744
Beach rangers	65,230	72,730	67,069	5,661
Tennis courts	26,480	26,480	25,406	1,074
	<u>3,513,408</u>	<u>3,461,707</u>	<u>3,265,936</u>	<u>195,771</u>
Debt service:				
Principal	391,386	391,386	467,657	(76,271)
Interest	130,395	130,395	133,129	(2,734)
	<u>521,781</u>	<u>521,781</u>	<u>600,786</u>	<u>(79,005)</u>
Total expenditures	<u>23,844,788</u>	<u>24,885,397</u>	<u>23,304,361</u>	<u>1,581,036</u>
Excess (deficiency) of revenues over expenditures	(2,132,527)	(3,003,163)	(1,069,068)	1,934,095
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Transfer from:				
Utilities system fund	559,000	559,000	559,000	-
Metered parking fund	350,000	350,000	550,350	200,350
Transfer to:				
Metered parking fund	-	-	(200,350)	(200,350)
CRA	(167,749)	(167,749)	(167,749)	-
Total other financing sources	<u>741,251</u>	<u>741,251</u>	<u>741,251</u>	<u>-</u>
Net change in fund balances	<u>(1,391,276)</u>	<u>(2,261,912)</u>	<u>(327,817)</u>	<u>1,934,095</u>
Fund balances, beginning of year	5,244,484	5,244,484	5,244,484	-
Fund balances, end of year	<u>\$ 3,853,208</u>	<u>\$ 2,982,572</u>	<u>\$ 4,916,667</u>	<u>\$ 1,934,095</u>

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



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**City of Cocoa Beach, Florida**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Community Redevelopment Agency Fund**  
**For the Fiscal Year Ended September 30, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 126,796	\$ 126,796	\$ 133,564	\$ 6,768
Total revenues	<u>126,796</u>	<u>126,796</u>	<u>133,564</u>	<u>6,768</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Planning and development	194,651	237,151	72,424	164,727
Capital outlay	75,000	75,000	-	75,000
Debt service:				
Interest and other	-	-	174,291	(174,291)
Total expenditures	<u>269,651</u>	<u>312,151</u>	<u>246,715</u>	<u>65,436</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Transfer from:				
General fund	167,749	167,749	167,749	-
Issuance of debt	-	-	4,245,000	4,245,000
Premium on debt	-	-	429,291	429,291
Total other financing sources	<u>167,749</u>	<u>167,749</u>	<u>4,842,040</u>	<u>4,674,291</u>
Net change in fund balances	24,894	(17,606)	4,728,889	4,746,495
Fund balances, beginning of year	<u>(71,948)</u>	<u>(71,948)</u>	<u>(71,948)</u>	<u>-</u>
Fund balances, end of year	<u>\$ (47,054)</u>	<u>\$ (89,554)</u>	<u>\$ 4,656,941</u>	<u>\$ 4,746,495</u>

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

**City of Cocoa Beach, Florida**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2017**

	<b>Enterprise Funds</b>		
	<b>Utility System</b>	<b>Stormwater Management</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 548,936	\$ 839	\$ 549,775
Investments	4,322,456	564,394	4,886,850
Accounts receivable, net of allowance for uncollectible accounts	849,206	143,256	992,462
Due from other funds	3,966,801	-	3,966,801
Due from other governments	-	2,592,462	2,592,462
Prepaid expenses	21,930	1,894	23,824
<b>Total current assets</b>	<b>9,709,329</b>	<b>3,302,845</b>	<b>13,012,174</b>
Noncurrent assets:			
Restricted assets			
Cash and cash equivalents	637,235	-	637,235
Advances to other funds	377,654	-	377,654
Capital assets:			
Land	1,691,599	-	1,691,599
Buildings	3,491,671	490,920	3,982,591
Infrastructure	40,099,591	9,095,284	49,194,875
Improvements other than buildings	22,981,314	250,814	23,232,128
Machinery and equipment	3,190,344	70,251	3,260,595
Construction in progress	293,774	3,659	297,433
Less accumulated depreciation	(28,984,685)	(791,126)	(29,775,811)
<b>Total noncurrent assets</b>	<b>43,778,497</b>	<b>9,119,802</b>	<b>52,898,299</b>
<b>Total assets</b>	<b>53,487,826</b>	<b>12,422,647</b>	<b>65,910,473</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	180,005	26,537	206,542
<b>Total deferred outflows of resources</b>	<b>\$ 180,005</b>	<b>\$ 26,537</b>	<b>\$ 206,542</b>

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**City of Cocoa Beach, Florida**  
**Statement of Net Position**  
**Proprietary Funds (continued)**  
**September 30, 2017**

	<b>Enterprise Funds</b>		
	<b>Utility System</b>	<b>Stormwater Management</b>	<b>Total</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 211,517	\$ 10,208	\$ 221,725
Due to other funds	-	3,966,801	3,966,801
Accrued compensated absences	99,796	16,970	116,766
Notes payable	1,363,585	-	1,363,585
Accrued interest payable	58,567	-	58,567
<b>Total current liabilities</b>	<b>1,733,465</b>	<b>3,993,979</b>	<b>5,727,444</b>
Noncurrent liabilities:			
Advances from other funds	-	377,654	377,654
Accrued compensated absences	96,506	25,219	121,725
Accrued OPEB liability	257,995	35,586	293,581
Net pension liability	53,989	7,959	61,948
Notes payable	22,547,885	-	22,547,885
<b>Total noncurrent liabilities</b>	<b>22,956,375</b>	<b>446,418</b>	<b>23,402,793</b>
<b>Total liabilities</b>	<b>24,689,840</b>	<b>4,440,397</b>	<b>29,130,237</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	54,455	8,028	62,483
<b>Total deferred inflows of resources</b>	<b>54,455</b>	<b>8,028</b>	<b>62,483</b>
<b>NET POSITION</b>			
Net investment in capital assets	18,852,138	9,119,802	27,971,940
Restricted for debt service	637,235	-	637,235
Unrestricted	9,434,163	(1,119,043)	8,315,120
<b>Total net position</b>	<b>\$ 28,923,536</b>	<b>\$ 8,000,759</b>	<b>\$ 36,924,295</b>

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



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**City of Cocoa Beach, Florida**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended**  
**September 30, 2017**

	<b>Enterprise Funds</b>		
	<b>Utility System</b>	<b>Stormwater Management</b>	<b>Totals</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 6,559,042	\$ 815,368	\$ 7,374,410
Other operating revenue	69,536	-	69,536
Total operating revenues	<u>6,628,578</u>	<u>815,368</u>	<u>7,443,946</u>
<b>OPERATING EXPENSES</b>			
Salaries, wages and employee benefits	1,707,428	238,457	1,945,885
Contractual services, materials and supplies	1,834,700	116,283	1,950,983
Insurance	60,708	7,510	68,218
Depreciation	2,507,979	111,228	2,619,207
Total operating expenses	<u>6,110,815</u>	<u>473,478</u>	<u>6,584,293</u>
Operating income (loss)	<u>517,763</u>	<u>341,890</u>	<u>859,653</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment earnings	33,999	3,866	37,865
Interest on advance to other fund	27,077	(27,077)	-
Interest expense	(718,115)	-	(718,115)
Total non-operating revenues (expenses)	<u>(657,039)</u>	<u>(23,211)</u>	<u>(680,250)</u>
Income (loss) before contributions and transfers	(139,276)	318,679	179,403
Capital contributions - connection fees	42,331	-	42,331
Capital grants	-	3,179,157	3,179,157
Transfers out	(559,000)	-	(559,000)
Change in net position	<u>(655,945)</u>	<u>3,497,836</u>	<u>2,841,891</u>
Total net position, beginning of year	<u>29,579,481</u>	<u>4,502,923</u>	<u>34,082,404</u>
Total net position, end of year	<u>\$ 28,923,536</u>	<u>\$ 8,000,759</u>	<u>\$ 36,924,295</u>

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

**City of Cocoa Beach, Florida**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended September 30, 2017**

	<b>Enterprise Funds</b>		
	<b>Utilities System</b>	<b>Stormwater Management</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 6,624,612	\$ 810,451	\$ 7,435,063
Payments to suppliers	(1,190,387)	(370,252)	(1,560,639)
Employee payments and benefits	(1,616,371)	(220,541)	(1,836,912)
Payments for interfund services used	(569,622)	(75,147)	(644,769)
Other operating receipts	69,536	-	69,536
Net cash (used in) provided by operating activities	<u>3,317,768</u>	<u>144,511</u>	<u>3,462,279</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Proceeds from repayments of advances	930,846	-	930,846
Interest received from advances to other funds	27,077	-	27,077
Payments on advances from other funds	-	(930,846)	(930,846)
Interest paid on advances from other funds	-	(27,077)	(27,077)
Advance from (to) other funds	(3,865,000)	3,865,000	-
Transfer to other funds	(559,000)	-	(559,000)
Net cash (used in) provided by non-capital financing activities	<u>(3,466,077)</u>	<u>2,907,077</u>	<u>(559,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from capital debt	12,458	-	12,458
Proceeds from capital grants	-	586,695	586,695
Capital contributions - connection fees	42,331	-	42,331
Purchase and construction of capital assets	(535,227)	(3,475,724)	(4,010,951)
Principal payments on capital debt	(1,165,151)	-	(1,165,151)
Interest payments on capital debt	(681,353)	-	(681,353)
Net cash (used in) provided by capital and related financing activities	<u>(2,326,942)</u>	<u>(2,889,029)</u>	<u>(5,215,971)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investments	(1,255,915)	(165,842)	(1,421,757)
Investment earnings	33,999	3,866	37,865
Net cash (used in) provided by investing activities	<u>(1,221,916)</u>	<u>(161,976)</u>	<u>(1,383,892)</u>
Net increase (decrease) in cash and cash equivalents	(3,697,167)	583	(3,696,584)
Cash and cash equivalents, beginning	4,883,338	256	4,883,594
Cash and cash equivalents, ending	<u>\$ 1,186,171</u>	<u>\$ 839</u>	<u>\$ 1,187,010</u>

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**City of Cocoa Beach, Florida**  
**Statement of Cash Flows**  
**Proprietary Funds (continued)**  
**For the Fiscal Year Ended September 30, 2017**

	<b>Enterprise Funds</b>		
	<b>Utilities System</b>	<b>Stormwater Management</b>	<b>Totals</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income (loss)	\$ 517,763	\$ 341,890	\$ 859,653
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	2,507,979	111,228	2,619,207
(Increase) decrease in assets:			
Accounts receivable	65,570	(4,917)	60,653
Prepaid expenses	1,153	(114)	1,039
Deferred outflows from pensions	159,784	23,555	183,339
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities	134,246	(321,492)	(187,246)
Accrued compensated absences	6,057	5,700	11,757
Net pension liability	(90,459)	(12,236)	(102,695)
Accrued OPEB liability	31,727	3,262	34,989
Deferred inflows from pensions	(16,052)	(2,365)	(18,417)
Total adjustments	<u>2,800,005</u>	<u>(197,379)</u>	<u>2,602,626</u>
Net cash (used in) provided by operating activities	<u>\$ 3,317,768</u>	<u>\$ 144,511</u>	<u>\$ 3,462,279</u>
Cash and cash equivalents reconciliation:			
Cash and cash equivalents	\$ 548,936	\$ 839	\$ 549,775
Restricted assets:			
Cash and cash equivalents (included in restricted cash, cash equivalents, and investments)	<u>637,235</u>	<u>-</u>	<u>637,235</u>
Cash and cash equivalents, ending	<u>\$ 1,186,171</u>	<u>\$ 839</u>	<u>\$ 1,187,010</u>

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

**City of Cocoa Beach, Florida**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**September 30, 2017**

	<b>OPEB Trust Fund</b>	<b>Pension Trust Funds</b>
<b>ASSETS</b>		
Receivables:		
Employer contributions	\$ -	\$ 168,928
Interest and dividends	-	13,342
Total receivables	-	182,270
Investments, at fair value:		
Cash and money market	-	1,234,674
Real Estate	-	2,102,562
Mutual funds	1,395,937	47,501,792
Common collective equity funds	-	872,556
Total investments	1,395,937	51,711,584
Total assets	1,395,937	51,893,854
 <b>LIABILITIES</b>		
	-	-
 <b>NET POSITION</b>		
Restricted for pensions	-	51,893,854
Restricted for OPEB benefits	1,395,937	-
Total net position	\$ 1,395,937	\$ 51,893,854

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

**City of Cocoa Beach, Florida**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended September 30, 2017**

	<b>OPEB Trust Fund</b>	<b>Pension Trust Funds</b>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 230,101	\$ 1,916,094
Plan members	-	460,514
Plan members buyback	-	29,085
Total contributions	230,101	2,405,693
Investment earnings:		
Net increase (decrease) in fair value of investments	178,425	3,396,100
Interest and dividends	-	2,441,655
Total investment earnings	178,425	5,837,755
Less investment expenses	-	128,357
Net investment earnings	178,425	5,709,398
Total additions	408,526	8,115,091
<b>DEDUCTIONS</b>		
Benefits	130,101	2,823,252
Refunds of contributions	-	61,237
Administrative expenses	1,752	92,919
Total deductions	131,853	2,977,408
Change in net position	276,673	5,137,683
Net position, beginning of year	1,119,264	46,756,171
Net position, end of year	\$ 1,395,937	\$ 51,893,854

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



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City of Cocoa Beach, Florida  
Notes to Financial Statements  
September 30, 2017

# NOTES TO THE FINANCIAL STATEMENTS

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**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Reporting entity

The City of Cocoa Beach, Florida (the City) is a political subdivision of the State of Florida and is located in Brevard County. The City was incorporated in 1925 and has a Commission/City Manager form of government. The City Commission consists of a Mayor and four (4) Commissioners responsible for establishing policies and enacting ordinances and resolutions. They are elected at large. The City Commission appoints the City Manager who is responsible for the daily administration of the City's operations.

The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. A blended component unit, although legally separate, is, in substance, part of the City's operations. The City has one blended component unit, the Community Redevelopment Agency (CRA). For financial reporting purposes, the CRA is reported as if it were a part of the City's operations. The CRA is an incremental tax district established with City Resolution number 2009-28 on November 19, 2009, pursuant to Florida Statutes Chapter 163. The City Commission serves as the governing board, approves the budget, provides funding and performs all accounting functions for the CRA. The CRA's services are provided exclusively to the City. The CRA is presented as a blended component unit classified as a special revenue fund.

The Cocoa Beach Public Library is funded through the Brevard County Free Public Library District, a separate taxing authority. The City Commissioners appoint an advisory Library Board that has authority to propose budget recommendations to the County and provide input in the selection of a library director. The Library's actual budget is approved and funded by Brevard County and all its personnel are governed by the policies and procedures of Brevard County. The Cocoa Beach Public Library is therefore not a component unit of the City.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The following is a summary of the more significant policies of the City.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These statements report information on all of the nonfiduciary activities of the primary government as a whole. As part of the consolidation process, all interfund activities are eliminated from these statements, except for the residual amounts between governmental and business-type activities reported as "internal balances." Net position, the difference between assets, deferred outflows, and liabilities, deferred inflows, as presented in the Statement of Net Position, are categorized as follows:

- a. Net investment in capital assets - the portion of net position which is associated with capital assets, less outstanding debt related to those capital assets.

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

2. Government-wide and fund financial statements (continued)

- b. Restricted net position - have third party (statutory, bond covenant or granting agency) limitations on their use, or enabling legislation.
- c. Unrestricted net position - have no third party limitations on their use.

The Statement of Activities presents a comparison between the direct and indirect expenses of a given function or segment and its program revenues, and displays the extent to which each function or segment contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function or segment. Indirect expenses are costs the City has allocated to functions through various allocation methods. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions.

Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues not classified as program revenues are reported as general revenues.

Separate fund financial statements report detailed information about the City's governmental, proprietary and fiduciary funds. The focus of governmental and proprietary fund financial statements is on major funds. Therefore, major funds are reported as separate columns in the fund financial statements and non-major funds are aggregated and presented as a single column on each statement. The results of governmental fund accounting are converted to the government-wide presentation by reconciliation.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this are payments-in-lieu of taxes and other charges between the City's utilities and stormwater management systems and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

3. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements, as well as the proprietary and fiduciary fund financial statements, are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred. Property tax revenues are recognized 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.

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available is defined as collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period, usually considered sixty days.

The primary revenue sources for governmental funds are property taxes, public utility taxes, franchise fees, and sales and fuel taxes. Primary revenue sources associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenues, such as licenses and permits, charges for services, and miscellaneous revenues, are considered to be measurable and available only when payment is received.

Expenditures of governmental funds are generally recorded when a liability is incurred, as under accrual accounting. However, accumulated sick and vacation pay, prepaid insurance and similar items, and principal and interest on long-term debt are recorded only when payment is due.

Proprietary funds distinguish between operating and non-operating revenues and expenses. Operating revenues generally result from producing and delivering goods or providing services, such as water, sewer and garbage services, to the public. Operating expenses for these operations include the costs of sales and services, administrative expenses, and depreciation. All revenues and expenses not meeting the definition of operating are reported as non-operating revenues and expenses.

Major funds are those whose assets, revenues, expenditures and liabilities are at least 10% percent of corresponding totals for all governmental or enterprise funds and at least 5% percent of the aggregate amount for all governmental *and* enterprise funds for the same item.

The following are major governmental funds:

**General 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 other funds.

**Community Redevelopment Agency (CRA) Fund** - The CRA Fund is a special revenue fund that accounts for the provisions of carrying out redevelopment activities that include reducing or eliminating blight, improving the tax base and encouraging public and private investments in the redevelopment area.

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

The following are major enterprise funds:

**Utilities System Fund** - The Utilities System Fund accounts for the provision of sewer and water reuse services to City residents and some county areas.

**Stormwater Management Fund** - The Stormwater Management Fund accounts for the provision of stormwater drainage services to the residents of the City.

Fiduciary Funds report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.

The following are trust or agency funds:

**Trust Funds** - The three pension trust funds account for the accumulation of resources to be used for pension payments to retiring general employees, police officers, and firefighters of the City. The Other Post-Employment Benefits (OPEB) Trust Fund accounts for the accumulation of resources that are used for payments of retirement benefits other than pensions.

**Agency Fund** - The City has no agency funds.

4. Cash and cash equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid short-term investments with original maturities of three months or less from the date of acquisition. The City maintains centralized checking accounts for all funds (except fiduciary funds).

5. Investments

The City's investment activities are governed by Chapter 218.415, Florida Statutes. In accordance with this statute, the City may invest any surplus funds in (a) The Local Government Surplus Funds Trust Fund; (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; (c) interest-bearing time deposits or savings accounts in qualified public depositories; (d) direct obligations of the U.S. Treasury and (e) federal agencies and instrumentalities. Securities listed in (c) and (d) must be invested to provide sufficient liquidity to pay obligations as they come due. The City has adopted a formal investment policy in compliance with Florida Statutes.

Investments are stated at fair value. Changes in the fair value during the year are included in investment income or loss. GASB 72, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The hierarchy is based on the valuation inputs used to measure the fair value of the asset, as determined by the City's investment advisors.

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

6. Receivables and payables

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

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available resources.

Trade receivables consist of account balances less than thirty days overdue. Account balances exceeding thirty days overdue are written off and sent to a collection agency. Therefore, all trade receivables reported are deemed collectible.

7. Inventory

Inventory is stated at cost, which approximates fair value, using the first-in, first-out (FIFO) inventory costing method. Inventory in governmental funds is recorded as an expenditure when purchased.

8. Prepayments and deposits

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. These amounts are offset by a nonspendable fund balance account, which indicates that they do not constitute available resources.

9. Restricted assets

Certain assets of the City’s funds are classified as restricted assets on the statement of net position because their use is limited by applicable legal restrictions. The restrictions are for the following:

- Capital Improvement Revenue Note, Series 2014A
- Capital Improvement Refunding Revenue Note, Series 2014B
- SRF Loan Repayment Reserve (Clean Water State Revolving Loans 050610 & 050620)
- CRA Improvement Revenue Bonds, Series 2017B
- Confiscated Property Fund

See Note J for additional information.

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

7. Property and equipment

Capital assets, which include land, buildings, infrastructure, improvements, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life exceeding one year. The cost of improvements and replacements, which extend the useful lives of assets or increase their capacity, are capitalized. Repairs and maintenance costs, which do not improve or extend the useful life of the respective assets, are charged to expense.

Property and equipment purchased by the City is stated at cost or, if contributed, estimated fair market value at the date of contribution.

Capital assets use straight-line depreciation over the following estimated service lives:

Classification	Service Life Ranges
Infrastructure	30 - 50 years
Buildings and building improvements	40 years
Improvements other than buildings	10 - 15 years
Machinery, furniture and equipment	3 - 5 years

Major outlays for capital assets and improvements are capitalized, as projects are commissioned. For individual proprietary funds, interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. The amount of interest to be capitalized is calculated using the weighted average of construction expenditures multiplied by the interest rate on the debt.

11. Compensated absences

The City permits employees to accumulate earned but unused "paid-time-off" (PTO). PTO is accrued when incurred in the government-wide and proprietary fund financial statements. In governmental funds, a liability for these amounts is reported only if the PTO has matured, for example, as a result of employee resignations and retirements.

Upon termination, PTO is paid in full, but limited to 480 hours. Bargaining unit members are paid in accordance with their respective contracts. This amount is charged to the fund in which the employee was budgeted. See Note I for a comprehensive recap by fund of the liability associated with compensated absences.

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**11. Long-term liabilities**

Long-term debt and other long-term obligations are reported as liabilities in the government-wide financial statements for both governmental and business type activities and in the individual proprietary fund statements. Bond premiums and discounts, as well as issuance costs, are deferred and systematically amortized over the term of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the fiscal year incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as an “other financing” source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures. Losses incurred on refunding debt in Proprietary Funds is deferred and amortized over the shorter of the life of the new issue or the remaining life of the refunded issue. Only material amounts of accrued interest are recorded in the financial statements.

**12. Fund equity**

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The City reported the following governmental fund balances:

	FUND BALANCE - GOVERNMENTAL FUNDS				
	General	Confiscated Property	Community Redevelopment (CRA)	Metered Parking	Totals
<b>Fund balances:</b>					
Non-spendable:					
Prepaid expenses	\$ 149,914	\$ -	\$ 5,346	\$ -	\$ 155,260
Inventory	89,372	-	-	-	89,372
Restricted:					
Revenue Note, Series 2014A	264,636	-	-	-	264,636
Capital projects			4,500,000		4,500,000
Public safety	-	180,521	-	-	180,521
Committed:					
Capital projects	435,818	-	-	-	435,818
Municipal Facilities	1,000,000				1,000,000
Parking improvements	-	-	-	1,928,182	1,928,182
Unassigned:					
General government	2,976,927	-	151,595	-	3,128,522
<b>Total Fund Balance</b>	<b>\$ 4,916,667</b>	<b>\$ 180,521</b>	<b>\$ 4,656,941</b>	<b>\$ 1,928,182</b>	<b>\$ 11,682,311</b>

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

13. Fund equity (continued)

Non-spendable fund balance

Represents components not in spendable form and legally or contractually required to be maintained intact. Examples are inventories, prepaid expenditures, long-term portion of notes receivable, property acquired for resale and unrealized gains. The City Commission is the highest authority for these items.

Restricted fund balance

These amounts represent spending constraints externally imposed by law through constitutional provisions or enabling legislation or by agreements with creditors, grantors, or other governments. Funds to construct the new fire station were secured with Capital Improvement Revenue Note, Series 2014A and the annual debt service payment is in this classification. In addition, funds to construct the new parking garage in the amount of \$4,500,000 obtained with the issuance of CRA Revenue Bond 2017B are restricted for project costs. See Notes H and J for additional detail. There are no bond covenants on the governmental funds at this time.

The Confiscated Property Fund is governed by Chapter 932, Florida Statutes, meaning that the \$180,521 monies from the fund must be spent for the purposes and items enumerated in the statute. These expenditures are requested by the Police Chief and approved by the City Commission.

Committed fund balance

These amounts can only be used for specific purposes pursuant to constraints imposed by the City Commission. The constraints cannot be removed unless the Commission removes it in the same manner it was implemented.

Resolution 2017-18 (passed October 19, 2017) amended the Fiscal Year 2018 budget to appropriate funds for capital projects not completed in the prior fiscal year. The Commission may cancel or defer any of the projects funded by the Resolution.

The \$1,928,182 shown in the Metered Parking Fund must be used for specific purposes pursuant to constraints imposed by the Commission in creating the Fund. The City Manager has budget authority within the constraints mentioned above.

Assigned fund balance

These amounts are constrained by the government's intent they be used for specific purposes. Decisions with regard to these purposes and amounts will be as determined by the City Commission by Resolution.

Unassigned fund balance

Represents amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to a specific purpose within the general fund. This includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes. Currently, this condition does not exist.

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

13. Fund equity (continued)

When both restricted and unrestricted amounts are available for use, it is the City's practice to use restricted resources first. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance.

14. Revenues, contributions, expenditures, and expenses

The City's accounting treatment and recognition policies for certain revenues, expenditures, and expenses having unique accounting requirements are as follows:

Property taxes

Property taxes are billed November 1st (discounts are available for early payment) for the calendar year beginning January 1st. Taxes are due March 1st and become delinquent on April 1st and tax certificates on all property on which taxes are delinquent are sold at the end of May of each year. Property taxes are considered fully collected (i.e. 96% of the levy) during and prior to the end of the fiscal year. Therefore, no material amounts of property taxes are receivable.

Administrative service charges

Administrative services are provided to certain enterprise fund and special revenue fund activities by various departments within the general fund. These charges are recorded as revenues in the general fund and as operating expenses in the fund being charged.

Grants

Operating and capital grants for both governmental and proprietary funds are recorded as receivables and revenues at the time that eligible (reimbursable) project costs are incurred. Grant revenues received in advance of meeting all eligibility criteria are unearned.

15. Recent Governmental Accounting Standards Board Statement (GASB) Statements

In fiscal year 2017, the City implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, relating to the City's OPEB Trust Fund. GASB Statement 74 improves the usefulness of information about other postemployment benefits (OPEB) included in the financial reports of local government benefit plans for making decisions and assessing accountability. The City has included required GASB Statement 74 disclosures for its OPEB Plan in Note M and required supplementary information on pages 104 – 106.

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

1. Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position

The governmental funds balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position.

An element of that reconciliation explains that “long-term liabilities, including OPEB obligation payable, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this difference are as follows:

Capital Improvement Revenue Note, Series 2014A	\$ 3,420,000
CRA Improvement Revenue Bonds, Series 2017B	4,245,000
Premium on 2017B bond	429,291
Golf cart lease payable	19,446
Master equipment lease payable	629,973
OPEB liability	1,966,100
Accrued compensated absences	<u>1,494,085</u>
 Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	 <u>\$ 12,203,895</u>

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

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

Capital outlays and transfers (net) (Note G, Paragraph 3)	\$ 3,900,599
Depreciation expense	<u>(2,260,196)</u>
 Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	 <u>\$ 1,640,403</u>

Another element of the reconciliation explains that “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)**

2. Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and government-wide statement of activities (continued)

The detail of this difference is as follows:

Principal payments on long-term debt:	
Capital improvement revenue note, Series 2014A	\$ 150,000
Capital lease (equipment master lease)	241,387
Capital lease (golf carts)	76,271
CRA improvement revenue note, Series 2017B issuance	(4,245,000)
Premium on CRA improvement revenue note, Series 2017B	<u>(429,291)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	<u>\$ (4,206,634)</u>

A third element of the reconciliation states, “some expenses reported in the statement of activities did not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.”

The details of this difference are as follows:

Change in accrued compensated absences	\$ (141,880)
Change in OPEB Obligation	<u>(196,363)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	<u>\$ (338,243)</u>

A final element of the reconciliation states that “contributions to pension plans do not recognize the long-term net pension liability. However, in the statement of activities, the pension expense associated with service cost is recognized and the contributions to the pension plans reduce the net pension liability.”

The details of this difference are as follows:

	General Employees' Pension Fund	Firefighters' Pension Fund	Police Officers' Pension Fund	<u>Total</u>
Pension contributions	\$ 559,031	\$ 475,026	\$ 782,512	\$ 1,816,569
Pension expenses	<u>(766,523)</u>	<u>(360,372)</u>	<u>(632,462)</u>	<u>(1,759,357)</u>
	<u>\$ (207,492)</u>	<u>\$ 114,654</u>	<u>\$ 150,050</u>	<u>\$ 57,212</u>

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**C - BUDGETS**

Budget policy

Annual budgets are prepared for all funds except the following:

- The Confiscated Property Special Revenue Fund is not budgeted because its sole purpose is to account for property confiscated by law enforcement in accordance with State and Federal Law. The use of these funds is governed by Chapter 932, Florida statutes. Accordingly, these funds are held in a separate interest bearing account.
- The Pension and OPEB trust funds are not budgeted because the funds held in these accounts are in trust for others; however, the City contributions to those funds are budgeted within the respective departments. See Notes L and M for additional information.

Annual operating budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America. Annual budget appropriations lapse at the end of each fiscal year. 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 outstanding at year-end for unfulfilled obligations are canceled and appropriated in the succeeding year's budget. Such amounts, if material, are disclosed in the notes to financial statements under "Commitments."

The City Commission, pursuant to Article V of the City Charter and state statutes, using the following procedures, adopts annual operating budgets:

- Each department, office or agency of the City submits a work program and budget request to the Chief Financial Officer during March of each year.
- The City Manager reviews the departmental requests, conducts workshop sessions and presents the proposed budget to the City Commission in July of each year.
- The City Commission holds a series of budget workshops and public hearings on the proposed budget and adopts the official annual budget of the City by resolution.

The budgets, as adopted, may be amended through formal approval by the City Commission. Budgetary integration is established in the accounting records for control purposes at the object of expenditure level; however, the City Charter establishes the level at which expenditures may not legally exceed budgeted amounts at the department level. The City's general governmental appropriations are budgeted within the general fund as if it were a separate department. Items making up this legal level of budgetary control include current other general government expenditures, debt service expenditures and other financing uses. Resolution 2016-15 adopted September 28, 2016 contains budgets for the General Fund, Metered Parking Fund and CRA (governmental funds) as well as the Utilities System Fund, and the Stormwater Management Fund (enterprise funds). The City Manager may transfer budgeted amounts within a department, office, or agency of the City without formal approval by the City Commission. The final budget amounts shown in the financial statements include all amendments as approved during the year by the City Commission.

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**D - CASH AND INVESTMENTS**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit. The City maintains a centralized interest bearing checking account for all operating funds. At September 30, 2017, cash and cash equivalents consisted of the following:

Petty cash funds	\$	4,787
Florida Education Investment Trust (FEITF)		1,612,270
Florida Local Government Investment Trust		1,632,309
Florida SAFE Investment Trust		40
Bank balance (all accounts)		8,203,102
Total cash and cash equivalents		11,452,508
Less: cash and equivalents classified as restricted assets		
Restricted Assets (see Note J for complete details)		(5,582,392)
Available cash balance	\$	5,870,116

While the total carrying amount of our cash deposits is \$11,452,508, the available cash balance is \$5,870,116. The City has complied with the requirements of the Florida Security for Public Deposits Act (the Act) by maintaining its accounts at a qualified public depository as provided by Chapter 280 of the Florida Statutes. Under the Act, qualified public depositories must deposit with the State Treasurer eligible collateral in such amounts as required by the Act. Therefore, all cash deposits and certificates of deposit held by banks are classified as fully insured. The cash and cash equivalents listed above are exempt from fair market value hierarchy requirements of GASB 72, as discussed in Note D 3).

1. City investment policy and portfolio

Resolution 2017-20 adopted August 17, 2017, updated the City's investment policy. It allows the City to invest surplus money as provided by Florida Statute 218.415. The investment must be one of the following authorized types:

- The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in s. 163.01, Florida Statutes.
- Securities and Exchange Commission registered money market funds with the highest credit quality ratings (AAA/AA) from a nationally recognized rating agency.
- Interest-bearing time deposits or savings accounts in qualified public depositories as defined in s. 280.02, Florida Statutes.
- Direct Obligations of the United States Treasury.
- Federal agencies and instrumentalities.
- Derivative products and margin purchases are expressly prohibited.

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**D - CASH AND INVESTMENTS (continued)**

2. City investment policy and portfolio (continued)

The City's investments at September 30, 2017, consisted of the following:

	Maturity Dates			Fair Value*
	Less than One Year	1-5 Years	Over Five Years	
Direct Obligations of the				
U.S. Treasury (at market value)	\$ 55,088	\$ 856,429	\$ -	\$ 911,517
Federal Agencies & Instrumentalities	4,376	5,260,379	-	5,264,755
Total investments				\$ 6,176,272

\*Includes temporarily restricted assets and accrued interest

The investment policy addresses and mitigates the risk types below as shown:

(1) *Interest Rate Risk* – The policy requires the portfolio be structured with securities that maintain the greatest degree of liquidity and flexibility. The portfolio will maintain a structure with maturities staged to meet the City's obligations as they come due.

(2) *Credit Risk* – The City primarily invests in direct obligations of the U.S. Treasury, Federal agencies, and the State of Florida Local Government Surplus Trust Fund pool.

(3) *Custodial Risk* – All cash and securities are held in accounts bearing the name of the City. Securities in such accounts, held in the "street name," are considered held in the name of the City.

(4) *Concentration of Credit Risk* – No more than 50% of the City's funds will be invested with the same issuer, except direct obligations of the United States Treasury. No more than 50% of the City's funds will be invested through the same investment institution or dealer. No more than 20% of the City's funds will be invested beyond five years in any security with the same maturity date.

3. Fair value measurements

GASB 72, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**D - CASH AND INVESTMENTS (continued)**

3. Fair value measurements (continued)

The three levels of the fair value hierarchy under GASB 72 are described as follows:

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

Level 2: Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2017.

Equities: Valued at quoted market prices.

Mutual funds: Valued at quoted market prices.

Alternative investments: Valued at net asset value, which approximates fair value.

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

The following table sets forth by level within the fair value hierarchy, the City's assets at fair value as of September 30, 2017:

<u>Investments by fair value level</u>	Level 1	Level 2	Level 3
United States Treasuries	\$ 911,517	-	-
United States Agencies	5,264,755	-	-
Total Investment by fair value level	<u>\$ 6,176,272</u>	<u>-</u>	<u>-</u>

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**D - CASH AND INVESTMENTS (continued)**

4. Pension fund investment policies

A specific City ordinance created each pension fund. The Board of Trustees for each respective fund determines investment policies for each of the three pension trust funds.

For each fund, no more than 5% of fund assets may be invested in the securities of any one issuing company (this excludes the U. S. Government and its agencies). No investment may exceed 5% of the outstanding capital stock of any one company. The aggregate investments in common and capital stock and convertible securities (at cost) may not exceed 65% of the assets of the Police and Fire funds, or 60% of the assets of the General Employees fund.

Each fund maintains a list of prohibited investment security types. The following investment types are prohibited:

- Futures
- Hedge funds
- Limited partnerships
- Options
- Margin accounts
- Securities lending
- General obligations issued by a foreign government
- Bonds issued by a state or municipality
- Private equities
- Private mortgages
- Insurance annuities
- Internally managed assets

The investment policies address and mitigate the risk types below as shown:

(1) *Interest Rate Risk* – The funds' investment policy requires that the portfolio be structured with sufficient liquidity to meet the funds' obligations as they come due.

(2) *Credit Risk* – The three pension trust funds each hold cash in their respective fund accounts. To mitigate credit risk, the time, savings and money market deposits of each fund in an institution may not exceed the Federal Deposit Insurance Corporation (FDIC) insurance coverage held by that institution for those amounts.

(3) *Custodial Risk* – All cash and securities are held in accounts bearing the name of the respective fund. Securities in such accounts, even though held in the "street name" are considered held in the name of the fund. Fund managers are required to carry errors and omissions insurance coverage.

(4) *Concentration of Credit Risk* – Each of the investment policies require that investments be diversified by security type. Each fund allocates the fund assets to a diversified portfolio of equities, fixed income and cash equivalent securities directed by a professional investment manager. Each fund has an independent investment consultant to evaluate and report on the performance of the investment managers.

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**D - CASH AND INVESTMENTS (continued)**

5. Pension fund portfolio structure

	Fair Value
<u>General Employees' Pension Trust Fund</u>	
Investments not subject to categorization:	
Mutual funds	\$24,665,196
Money market funds and short-term investments	766,651
Total investments	\$25,431,847
 <u>Police Officers' Retirement Trust Fund</u>	
Investments not subject to categorization:	
Mutual funds	\$12,796,594
Money market funds and short-term investments	205,386
Total investments	\$13,001,980
 <u>Firefighters' Retirement Trust Fund</u>	
Investments not subject to categorization:	
Mutual funds	\$13,015,121
Money market funds and short-term investments	262,637
Total investments	\$13,277,758

6. Pension fund fair value measurements

The following table sets forth by level, within the fair value hierarchy, the Pension Fund assets at fair value as of September 30, 2017.

<b>Investments by fair value level</b>	Level 1	Level 2	Level 3	Total
United States Treasury Obligations	\$ 722,467	-	-	\$ 722,467
Mutual Funds - Fixed Income	6,859,170	-	-	6,859,170
Mutual Funds - Equity	12,366,707	-	-	12,366,707
Domestic corporate equities	4,566,763	-	-	4,566,763
Master Limited Partnerships (MLPs)	-	872,556	-	872,556
Other equity	44,184	-	-	44,184
Total	\$ 24,559,291	\$ 872,556	-	\$ 25,431,847

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**D - CASH AND INVESTMENTS (continued)**

6. Pension fund fair value measurements (continued)

b. Police Officers' Retirement Trust Fund

<b>Investments by fair value level</b>	Level 1	Level 2	Level 3	Total
United States Treasuries	\$ 205,386	-	-	\$ 205,386
Mutual Funds - Fixed Income	2,877,067	-	-	2,877,067
Mutual Funds - Equity	8,868,246	-	-	8,868,246
Total by fair value level	<u>\$ 11,950,699</u>	<u>\$ -</u>	<u>\$ -</u>	11,950,699
<b>Investments measured at</b>				
<b>Net Asset Value (NAV)</b>				
Real Estate Pooled Fund				1,051,281
Total Investments				<u>\$ 13,001,980</u>

c. Firefighters' Retirement Trust Fund

<b>Investments by fair value level</b>	Level 1	Level 2	Level 3	Total
United States Treasuries	\$ 262,637	-	-	\$ 262,637
Mutual Funds - Fixed Income	2,878,835	-	-	2,878,835
Mutual Funds - Equity	9,085,005	-	-	9,085,005
Total by fair value level	<u>\$ 12,226,477</u>	<u>\$ -</u>	<u>\$ -</u>	12,226,477
<b>Investments measured at</b>				
<b>Net Asset Value (NAV)</b>				
Real Estate Pooled Fund				1,051,281
Total Investments				<u>\$ 13,277,758</u>

The real estate pooled fund has no unfunded commitments at September 30, 2017. The redemption frequency is quarterly and requires 30 days' notice. This fund is valued at NAV of units held at the end of the period based upon the fair value of the underlying investments.

Additional information about the City's pension funds and fair value measurements within the fair value hierarchy established by generally accepted accounting principles are shown in Note L and in the RSI section. Maturities are considered less than one year for the above scheduled investments.

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**E - UNEARNED REVENUE**

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At September 30, 2017, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Business tax receipts received in Fiscal Year 2017 for Fiscal Year 2018	<u>\$ -</u>	<u>\$ 81,561</u>

**F - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

1. Long-term advances to/from other funds

There are two long-term advances outstanding as of September 30, 2017.

- a. In 2007, the Utilities System Enterprise Fund made a long-term advance to the Stormwater Enterprise Fund in the amount of \$1,280,000 to fund the Ocean Beach Blvd. project construction phase. This advance is being repaid over a fifteen year period in annual installments including interest at 5.00% and will mature in Fiscal Year 2022.
- b. Loans were made from the General Fund to the CRA Fund from Fiscal Year 2010 to Fiscal Year 2013 in the amount of \$261,230. A repayment schedule was established in Fiscal Year 2015 and the principal payment of \$21,230 was made with subsequent payments in the amount of \$20,000 beginning in FY 2016. The advance is being repaid over a twelve year period in annual installments and will mature in Fiscal Year 2027.

<u>Advance</u>	<u>Outstanding Balance at 9/30/17</u>	<u>Principal Due in FY 2018</u>
(a)	\$ 479,455	\$ 101,801
(b)	200,000	20,000
	<u>\$ 679,455</u>	<u>\$ 121,801</u>

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**F - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (continued)**

2. Interfund transfers

Amounts are transferred from one fund to support expenditures of another fund in accordance with legally established budgets. Transfers between funds during the year ended September 30, 2017 were as follows:

The General Fund transfer to the Metered Parking Fund in the amount of \$200,350 accounts for the difference in amounts for parking fees charged to residents in accordance with Resolution 2011-31.

The Metered Parking Fund transfer to the General Fund has three (3) components. A component of \$300,000 provides a contribution for public safety and beach vehicles; a \$50,000 component offsets the cost of a maintenance worker used to maintain beaches and landscaping; and a component in the amount of \$200,350 accounts for the difference in charges for parking permits in accordance with Resolution 2011-31.

The Utility System Enterprise Fund transfer of \$559,000 to the General Fund has three components. A payment in lieu of property taxes equivalent to the value of services received from the government in the amount of \$475,000 is the first component. An offset for the cost of a General Fund maintenance worker used on projects which benefit the utility department in the amount of \$75,000 is the second component. The third component, in the amount of \$9,000, is payment for use of retention ponds at the golf course.

The General Fund transfer to the CRA Fund in the amount of \$167,749 represents the tax incremental financing (TIF) payment required.

The amounts shown above specifically exclude the amounts the General Fund charges the enterprise funds each year for administrative support and services (e.g. payroll, accounts payable disbursements, etc.). These amounts are identified in the proprietary fund financial statements.

	Transfers in:		
	General Fund	Metered Parking	CRA Fund
<u>Transfers out:</u>			
Metered Parking Special Revenue Fund	\$ 550,350	\$ -	\$ -
Utilities System Enterprise Fund	559,000	-	-
General Fund	-	200,350	167,749
Total transfers	<u>\$ 1,109,350</u>	<u>\$ 200,350</u>	<u>\$ 167,749</u>

**City of Cocoa Beach, Florida  
Notes to Financial Statements  
September 30, 2017**

**F - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (continued)**

3. Due to/due from other funds (internal balances)

As of September 30, 2017, interfund balances are shown in the following table.

	Due to:	
Due from:	Utility System	General Fund
Stormwater Enterprise	\$ 3,966,801	\$ -
Community Redevelopment Agency		20,000
Total due to/from	\$ 3,966,801	\$ 20,000

Interfund balances represent the payments of expenditures paid by one fund on behalf of another fund and will be repaid within twelve months of year end.

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**G - CAPITAL ASSETS**

1. Governmental capital asset activity for the year ended September 30, 2017, was as follows:

<b>Governmental activities:</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 7,950,653	\$ -	\$ -	\$ 7,950,653
Construction in progress	1,024,809	453,764	(906,209)	572,364
Total capital assets, not being depreciated	<u>8,975,462</u>	<u>453,764</u>	<u>(906,209)</u>	<u>8,523,017</u>
Capital assets, being depreciated:				
Buildings	10,341,915	797	(42,459)	10,300,253
Infrastructure	879,707	-	-	879,707
Improvements other than buildings	20,340,606	3,339,836	(955,077)	22,725,365
Machinery and equipment	14,456,022	1,012,411	(620,072)	14,848,361
Total capital assets, being depreciated	46,018,250	4,353,044	(1,617,608)	48,753,686
Less accumulated depreciation for:				
Buildings	(2,328,708)	(267,819)	42,459	(2,554,068)
Infrastructure	(216,177)	(17,439)	-	(233,616)
Improvements other than buildings	(12,509,204)	(816,595)	955,077	(12,370,722)
Machinery and equipment	(11,220,039)	(1,158,343)	620,072	(11,758,310)
Total accumulated depreciation	<u>(26,274,128)</u>	<u>(2,260,196)</u>	<u>1,617,608</u>	<u>(26,916,716)</u>
Total capital assets, being depreciated, net	<u>19,744,122</u>	<u>2,092,848</u>	<u>-</u>	<u>21,836,970</u>
Governmental activities capital assets, net	<u>\$ 28,719,584</u>	<u>\$ 2,546,612</u>	<u>\$ (906,209)</u>	<u>\$ 30,359,987</u>

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**G - CAPITAL ASSETS (continued)**

2. Business type capital asset activity for the year ended September 30, 2017, was as follows:

<b>Business-type activities:</b>	Beginning Balance	Increases	Decreases / Adjustments	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,691,599	\$ -	\$ -	\$ 1,691,599
Construction in progress	3,126,289	264,611	(3,093,466)	297,433
Total capital assets, not being depreciated	4,817,888	264,611	(3,093,466)	1,989,032
Capital assets, being depreciated:				
Buildings	3,975,296	7,295	-	3,982,591
Infrastructure	42,613,226	6,581,649	-	49,194,875
Improvements other than buildings	23,214,517	24,118	(6,508)	23,232,127
Machinery and equipment	3,208,710	241,431	(429,000)	3,021,141
Total capital assets, being depreciated	73,011,749	6,854,493	(435,508)	79,430,734
Less accumulated depreciation for:				
Buildings	(1,759,928)	(88,242)	-	(1,848,170)
Infrastructure	(17,302,319)	(860,299)	-	(18,162,618)
Improvements other than buildings	(5,405,575)	(1,519,676)	6,508	(6,918,743)
Machinery and equipment	(2,870,149)	(150,990)	414,314	(2,606,825)
Total accumulated depreciation	(27,337,971)	(2,619,207)	420,822	(29,536,356)
Total capital assets, being depreciated, net	45,673,778	4,235,286	(14,686)	49,894,378
Business-type activities capital assets, net	\$ 50,491,666	\$ 4,499,897	\$ (3,108,152)	\$ 51,883,410

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**G - CAPITAL ASSETS (continued)**

3. Depreciation expense charged to functions/programs of the City is as follows:

Governmental activities:	
Golf	\$ 247,291
General government	439,665
Public safety	341,363
Transportation/public works	1,088,312
Recreation	<u>143,565</u>
Total depreciation expense -governmental activities	<u>\$ 2,260,196</u>
Business-type activities:	
Utility	\$ 2,507,979
Stormwater	<u>111,228</u>
Total depreciation expense - business-type activities	<u>\$ 2,619,207</u>
Governmental current year activities:	
Assets being depreciated	\$ 4,353,044
Construction in progress - increase	453,764
Construction in progress - decrease	<u>(906,209)</u>
Capital outlays and transfers (net)	<u>\$ 3,900,599</u>

4. Construction (estimated) commitments are as follows:

Residential Dredging projects, the new Police Station and Downtown Parking Garage account for major construction commitments. A complete list of projects by fund is included in adopted Resolution 2016-18.

The scope of work for most projects shown below is preliminary. The commitments shown are order of magnitude, i.e. plus/minus thirty ( $\pm 30\%$ ) percent, estimates for most projects. Replacements of existing equipment units are omitted.

<u>Project Description</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>	
		FY 2018	Beyond FY 2018
Muck Dredging	\$ 783,054	\$ 776,268	\$ -
PDCOMP - New Police Station	-	7,500,000	-
Other projects (10)*	2,695,198	5,474,274	7,826,300
Total	<u>\$ 3,478,252</u>	<u>\$ 13,750,542</u>	<u>\$ 7,826,300</u>

\* includes new parking garage in FY 2018

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**G - CAPITAL ASSETS (continued)**

5. Net investment in capital assets

	Governmental Activities	Enterprise Funds	
		Utility Fund	Stormwater Fund
Capital assets	\$ 57,276,703	\$ 71,748,293	\$ 9,910,928
Less: Accumulated depreciation	(26,916,716)	(28,984,685)	(791,126)
Less: Outstanding principal of capital-related debt	(8,314,419)	(23,911,470)	-
Add: Unspent bond proceeds	4,245,000	-	-
Net investment in capital assets	<u>\$ 26,290,568</u>	<u>\$ 18,852,138</u>	<u>\$ 9,119,802</u>

**H - LONG-TERM DEBT**

1. Revenue bonds and other debt instruments

	<u>Outstanding Principal</u>
Capital Improvement Revenue Note, Series 2014A, payable in semi-annual installments beginning November 1, 2014 through November 1, 2033; interest rate is 3.28% secured by and payable from the revenue received for Utility Franchise Fees. Loan proceeds are used to pay costs of the new Fire Station Construction Project. Loan has prepayment restrictions prior to May 1, 2024. Debt Service account with current payment balance must be maintained. Covenant to budget and appropriate non-ad valorem revenues. Original loan amount: \$3,790,000.	\$ 3,420,000
Capital Improvement Revenue Refunding Note, Series 2014B, payable in semi-annual installments beginning July 15, 2014 through July 15, 2023; interest rate 1.88%; secured by revenue received for Utility Franchise Fees and payable from the net revenues derived from the operation of the City's sewer system. Loan has no prepayment restrictions. Debt Service account with current payment balance must be maintained. Covenant to budget and appropriate non-ad valorem revenues. This loan advance refunded the remaining balance of Clean Water State Revolving Loan # 68506P. Original loan amount: \$2,840,000.	1,845,000
Clean Water State Revolving Loan, # 050610, payable in semi-annual installments beginning March 2014 through September 2033; interest from 2.65% plus service charges. Issued to finance sewer treatment and rehabilitation projects; secured by and payable from the net revenues derived from the operation of the City's sewer system. Original loan amount: \$20,871,742.	17,885,846
Clean Water State Revolving Loan, # 050620, payable in proposed semi-annual installments beginning May 2017 through November 2036; interest from 2.39% plus service charges. Issued to finance major sewer rehabilitation and stormwater improvements; secured by and payable from the net revenues derived from the operation of the City's sewer and stormwater system. Original loan amount: \$4,180,624.	4,180,624
CRA Improvement Revenue Bonds, Series 2017B, payable in semi-annual installments beginning April 2018 through October 2031; interest from 2.86% plus service charges. Issued to finance construction of a public parking garage in the Downtown Community Redevelopment Area consisting of approximately 270 parking spaces and will include an "artist's wall" for displaying visual art by area artists.	4,245,000
In Fiscal Year 2013 the City entered into a Lease-Purchase Agreement in the amount of \$364,137 for 110 electric golf carts, which act as collateral for the lease. The agreement includes an annual interest rate of 3.15%. A final payment of \$19,446 is due in Fiscal Year 2018. Upon payment in full of all lease payments, the rights of ownership of the golf carts, which have been reported as capital assets, will be conveyed to the City.	19,446
In Fiscal Year 2016 the City entered into a Master Equipment Lease Agreement in the amount of \$878,703 for purchase of a Vactor (vacon), Front End Loader, and 75 Parking Kiosks, which act as collateral for the lease. The agreement includes an annual interest rate of 2.01716%. The equipment payment schedule ranges from 3 to 5 years. And final payment totaling \$74,306 is due in Fiscal Year 2021. Upon payment in full of all lease payments, the rights of ownership of the Vactor, Front-end loader, and 75 parking kiosks, which have been reported as capital assets, will be conveyed to the City.	629,973
<b>Total</b>	<u><b>\$ 32,225,889</b></u>

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**H - LONG-TERM DEBT (continued)**

**2. Changes in long-term liabilities**

Long-term liability activity for the year ended September 30, 2017 (excluding long-term advances between funds) was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Note payable:					
Capital Improvement Revenue Note, Series 2014A	\$ 3,570,000	\$ -	\$ (150,000)	\$ 3,420,000	\$ 155,000
CRA Improvement Revenue Bonds, Series 2017B	-	4,245,000	-	4,245,000	-
Capital Leases	967,076	-	(317,657)	649,419	265,738
	4,537,076	4,245,000	(467,657)	8,314,419	420,738
Plus bond premiums	-	429,291	-	429,291	-
Total bonds, notes, and leases payable	4,537,076	4,674,291	(467,657)	8,743,710	420,738
OPEB Liability	1,769,737	196,363	-	1,966,100	-
Net pension liability	8,031,822	-	(1,138,524)	6,831,349	-
Compensated absences	1,352,205	829,995	(688,115)	1,494,085	760,315
Governmental activity long-term liabilities	<u>\$ 15,690,840</u>	<u>\$ 5,700,649</u>	<u>\$ (2,294,296)</u>	<u>\$ 19,035,244</u>	<u>\$ 1,181,053</u>
<b>Business-type activities:</b>					
Notes payable:					
Capital Improvement Refunding Revenue Note, Series 2014B	\$ 2,135,000	\$ -	\$ (290,000)	\$ 1,845,000	\$ 295,000
State Revolving Loan # 050610	18,759,001	-	(873,155)	17,885,846	898,017
State Revolving Loan # 050620	4,170,162	12,458	(1,996)	4,180,624	170,568
Total notes payable	25,064,163	12,458	(1,165,151)	23,911,470	1,363,585
OPEB Liability	258,592	34,989	-	302,477	-
Net pension (asset) liability	157,185	-	(95,237)	61,948	-
Compensated absences	226,730	123,154	(111,393)	238,491	116,766
Business-type activity long-term liabilities	<u>\$ 25,706,670</u>	<u>\$ 170,601</u>	<u>\$ (1,371,781)</u>	<u>\$ 24,514,386</u>	<u>\$ 1,480,351</u>

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

A detailed discussion of the OPEB liability including the allocation by fund is discussed in Note M, paragraph 5.

A detailed discussion of the compensated absence policy and its liability including the allocation by fund is discussed in Note A, paragraph 11 and Note I.

A detailed discussion of components of changes in the net pension liability by individual pension plan is disclosed in Note L, paragraph 8.

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**H - LONG-TERM DEBT (continued)**

3. Bond and note debt service requirements to maturity for governmental activities

a.

Governmental Activities		
Capital Improvement Revenue Note Series 2014A		
Year Ending September 30,	Principal	Interest
2018	\$ 155,000	\$ 109,634
2019	160,000	104,468
2020	165,000	99,138
2021	170,000	93,644
2022	175,000	87,986
2023	180,000	82,164
2024	185,000	76,178
2025	190,000	70,028
2026	200,000	63,632
2027	205,000	56,990
2028	210,000	50,184
2029	220,000	43,132
2030	225,000	35,834
2031	235,000	28,290
2032	240,000	20,500
2033	250,000	12,464
2034	255,000	4,182
Total	\$ 3,420,000	\$ 1,038,448

b.

Governmental Activities		
Florida Municipal Loan Council CRA Revenue Bonds, Series 2017B		
Year Ending September 30,	Principal	Interest
2018	\$ -	\$ 93,915
2019	220,000	180,350
2020	230,000	171,350
2021	240,000	160,750
2022	250,000	148,500
2023	265,000	135,625
2024	280,000	122,000
2025	290,000	107,750
2026	305,000	92,875
2027	320,000	77,250
2028	340,000	60,750
2029	355,000	43,375
2030	370,000	28,950
2031	385,000	17,625
2032	395,000	5,925
Total	\$ 4,245,000	\$ 1,446,990

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**H - LONG-TERM DEBT (continued)**

4. Bond and note debt service requirements to maturity for business-type activities

a.

Year Ending September 30,	Business-type Activities	
	Capital Improvement Refunding Revenue Note, Series 2014B	
	Principal	Interest
2018	\$ 295,000	\$ 34,686
2019	300,000	29,140
2020	305,000	23,500
2021	310,000	17,766
2022	315,000	11,938
2023	320,000	6,016
Total	\$ 1,845,000	\$ 123,046

b.

Year Ending September 30,	Business-type Activities	
	Clean Water State Revolving Fund Loan # 050610	
	Principal	Interest
2018	\$ 898,017	\$ 499,585
2019	923,589	474,013
2020	949,889	447,712
2021	976,940	420,662
2022	1,004,762	392,839
2023	1,033,378	364,224
2024	1,062,810	334,792
2025	1,093,081	304,521
2026	1,124,216	273,386
2027	1,156,238	241,363
2028	1,189,174	208,427
2029	1,223,050	174,552
2030	1,257,892	139,710
2031	1,293,728	103,874
2032	1,330,586	67,016
2033	1,368,496	29,106
Total	\$ 17,885,846	\$ 4,475,779

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**H - LONG-TERM DEBT (continued)**

C.

Business-type Activities			
Major Sewer Rehab & Stormwater Improvements State Revolving Fund Loan* # 050620			
Year Ending September 30,	Principal	Interest	
2018	\$ 170,568	\$	98,904
2019	174,669		94,803
2020	178,868		90,603
2021	183,169		86,303
2022	187,573		81,899
2023	192,082		77,389
2024	196,701		72,771
2025	201,430		68,042
2026	206,273		63,199
2027	211,232		58,239
2028	216,311		53,161
2029	221,512		47,960
2030	226,837		42,634
2031	232,291		37,181
2032	237,876		31,596
2033	243,595		25,876
2034	249,452		20,020
2035	255,449		14,022
2036	261,591		7,880
2037	133,145		1,591
Total	\$ 4,180,624	\$	1,074,074

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**H - LONG-TERM DEBT (continued)**

5. Clean Water State Revolving Fund Loan Agreement # 050621

The City has secured a Clean Water State Revolving Fund Loan for the Stormwater Improvement project. The loan is secured by and payable from the net revenues derived from the operation of the City's sewer system and reuse system and Stormwater enterprise funds.

Loans of this type use a draw system based on completed project milestones. The multiple draws are merged into a unified loan with a twenty year payback after project completion.

The projected project expenditures and loan amount are shown below:

Category	Cost
Construction & demolition	\$ 4,007,951
Contingencies	200,397
Technical services after bid opening	240,000
<b>SUBTOTAL</b>	<b>4,448,348</b>
Less Awarded Grants	(3,428,884)
<b>SUBTOTAL (Disbursable Amount)</b>	<b>1,019,464</b>
Capitalized interest	7,900
<b>TOTAL AMOUNT</b>	<b>\$ 1,027,364</b>

**Subsequent Project Events:** The project was completed in late summer 2017, with inspections from granting agencies subsequently done in early FY 2018 (delays attributed to Hurricane Irma). The loan disbursement was received in December of 2017 and an initial loan payment of \$27,725 was also made in December 2017. The City is currently going through the application process to amend the SRF loan for additional eligible project funds.

A comprehensive payment schedule will be determined at a later date. It is estimated at this time that the required forty semi-annual payments will approximate \$27,725 each.

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**H - LONG-TERM DEBT (continued)**

6. Comprehensive summary of debt service requirements to maturity

Year Ending September 30,	Summary	
	Principal	Interest
2018	\$ 1,784,323	\$ 847,730
2019	1,990,288	888,620
2020	1,926,103	835,033
2021	1,954,414	779,876
2022	1,932,335	723,162
2023	1,990,460	665,418
2024	1,724,511	605,741
2025	1,774,511	550,341
2026	1,835,489	493,092
2027	1,892,470	433,842
2028	1,955,485	372,522
2029	2,019,562	309,019
2030	2,079,729	247,128
2031	2,146,019	186,970
2032	2,203,462	125,037
2033	1,862,090	67,446
2034	504,452	24,202
2035	255,449	14,022
2036	261,591	7,880
2037	133,145	1,591
Total	<u>\$ 32,225,889</u>	<u>\$ 8,169,201</u>

**I - COMPENSATED ABSENCES**

An explanation of the compensated absences policy is given in Note A, paragraph 11.  
A comprehensive recap of the liability by fund is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Fund	<u>\$ 1,352,205</u>	<u>\$ 829,995</u>	<u>\$ (688,115)</u>	<u>\$ 1,494,085</u>	<u>\$ 760,315</u>
Enterprise Funds:					
Utilities System	\$ 190,245	\$ 102,774	\$ (96,717)	\$ 196,302	\$ 99,796
Stormwater Management	36,485	20,380	(14,676)	42,189	16,970
Total Enterprise Funds	<u>\$ 226,730</u>	<u>\$ 123,154</u>	<u>\$ (111,393)</u>	<u>\$ 238,491</u>	<u>\$ 116,766</u>

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**J - RESTRICTED NET POSITION**

The restricted balances for debt service are as follows:

Capital Improvement Revenue Note, Series 2014A	\$ 264,636
Capital Improvement Revenue Refunding Note, Series 2014B	330,496
SRF Loan 2 - # 050610 Repayment Reserve	116,507
SRF Loan 3 - # 050620 Repayment Reserve	134,736
SRF Loan 4 - # 050621 Repayment Reserve	<u>55,496</u>
Total	<u>\$ 901,871</u>

The restricted net position account balances in the government-wide governmental activities are:

Florida Municipal Loan Council Bond Escrow Fund	\$4,500,000
Confiscated property fund	<u>180,521</u>
Total	<u>\$4,680,521</u>

Total restricted net asset account balances	<u>\$5,582,392</u>
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The Confiscated Property Fund is maintained in a separate interest bearing bank account. For cash purposes both of the above categories are considered restricted (see Note D – Cash and Investments).

**K - RISK MANAGEMENT**

Property and liability insurance programs

The City is exposed to various risks of loss related to torts; injuries to employees, theft of, damage to and/or destruction of assets, errors and omissions, general liabilities and natural disasters. In order to limit its exposure to these risks, the City participates in the Florida League of Cities (FLOC) (a not-for-profit corporation) insurance program for workers' compensation, general and auto liability, and property insurance. The FLOC purchases both excess and specific coverages from third party insurance carriers. Program participants purchase excess and specific coverages and are not assessed for unanticipated losses incurred by the program. The City has insurance programs with other carriers for floods, liability insurance for public officials and other specialized coverages.

Premiums paid by the City during Fiscal Year 2017 totaled \$688,855. This is an increase from \$650,433 paid in Fiscal Year 2016. The cost increase is attributed to an increased rate for worker's compensation premiums. Settled insurance claims costs have remained flat and not exceeded commercial excess coverages in any of the past five years.

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**L - EMPLOYER RETIREMENT PLANS**

The City maintains three contributory single-employer defined benefit pension plans (Plans) that provide for retirement, disability and death benefits as described below. These Plans are:

City of Cocoa Beach General Employees' Pension Trust Fund (General Employees)  
City of Cocoa Beach Police Officers' Retirement Trust Fund (Police Employees)  
City of Cocoa Beach Firefighters' Retirement Trust Fund (Fire Employees)

1. Summary of significant accounting policies (all Plans)

Basis of accounting

The Plans' 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 each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits, refunds and administrative costs are recognized when due and payable in accordance with the terms of each plan. On-behalf payments, made by the state totaling \$101,389 and \$132,166 for the Police Officers' and Firefighters' plans respectively, were recognized as revenues and expenditures in the General Fund during the year ended September 30, 2017.

Method used to value investments

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

Presentation of financial statements

The Plans do not issue stand-alone financial reports and are not included in the reports of any other entity.

Funding requirements

At the request of the Division of Retirement, the City is required to fund the actuarially determined percentage of payroll for fiscal years beginning October 1, 2009 instead of a disclosed dollar requirement.

Contributions

Active members of each Plan are required to contribute 5% of base wages to the Plan. For all plans, the City pays the amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**L - EMPLOYER RETIREMENT PLANS (continued)**

2. General Employees' Pension Trust Fund

Plan administration

The Plan is administered by a Board of Trustees comprised of:

- a. Two Trustees who are Plan participants, either a current employee or a retiree receiving benefits, elected by the employees in secret ballot elections;
- b. One resident of the City to be appointed by the City Commission;
- c. One member of the City Commission chosen by the City Commission;
- d. The City Chief Financial Officer who serves as Chairman of the Board of Trustees.

Plan membership as of October 1, 2016:

Inactive plan members or beneficiaries currently receiving benefits	80
Inactive plan members entitled to but not yet receiving benefits	24
Active plan members	131
	235

Normal retirement

Age 62 and 5 years of Credited Service.

Benefit Amount: If employed on or after 11/18/1999, 2.50% of Average Final Compensation times Credited Service. If employed before 11/18/1999, 3.00% of Average Final Compensation times Credited Service. If the Member had 25 or more years of Credited Service on 12/31/1998, the maximum benefit payable is 90% of Average Final Compensation. Otherwise, the maximum benefit payable is 80% of Average Final Compensation.

Early retirement

Age 52 and 5 years of Credited Service.

Disability benefit

Benefit accrued to date of disability, reduced as for Early Retirement from date of disability to Normal Retirement Date.

Death benefit pre-retirement

Vested: Accrued benefit paid to beneficiary for life at the Member's Normal Retirement Date (unreduced) or on a reduced basis at the otherwise Early Retirement Date. The monthly accrued benefit is payable to designated beneficiary for 10 years.

Non-Vested: Refund of accumulated Member Contributions.

Death benefit post-retirement

According to optional form of benefit selected.

Vesting schedule

Employee vested after completion of 5 years of Credited Service.

**City of Cocoa Beach, Florida  
Notes to Financial Statements  
September 30, 2017**

**L - EMPLOYER RETIREMENT PLANS (continued)**

3. Police Officers' Retirement Trust Fund

Plan administration

The Plan is administered by a Board of Trustees comprised of:

- a. Two City Commission appointees who are City residents;
- b. Two elected Members of the Plan;
- c. Fifth Member elected by other four and appointed by Commission.

Plan Membership as of October 1, 2016:

Inactive plan members or beneficiaries currently receiving benefits	32
Inactive plan members entitled to but not yet receiving benefits	7
Active plan members	32
	71
	71

Normal retirement

Earlier of: 1) Age 55 and the completion of 10 years of Credited Service, 2) Age 52 and the completion of 25 years of Credited Service, or 3) the completion of 30 years of Credited Service, regardless of age completion of 25 years of Credited Service, or 3) the completion of 30 years of Credited Service, regardless of age.

Benefit amount: Retirement benefits are calculated as 4.00% of Average Final Compensation (AFC) times Credited Service before 11/19/1998, plus 3.00% of AFC times Credited Service on or after 11/19/1998.

Early retirement

Age 50 and 10 Years of Credited Service.

Disability

Service Incurred: Covered from Date of Employment

Non-Service Incurred: Ten years of Credited Service

Benefit accrued to date of disability but not less than 42% of Average Monthly Earnings (Service Incurred)

Death benefits pre-retirement

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years.

Non-Vested: Refund of accumulated contributions without interest.

Death benefits post-retirement

Benefits payable to beneficiary in accordance with option selected at retirement.

Vesting (termination)

Less than 10 years of Contributing Service: Refund of Member Contributions with 3% interest per annum. Ten years or more: Accrued benefit payable at otherwise Normal Retirement Date if Member contributions left in Fund or Refund of Member Contributions.

**City of Cocoa Beach, Florida  
Notes to Financial Statements  
September 30, 2017**

**L - EMPLOYER RETIREMENT PLANS (continued)**

3. Police Officers' Retirement Trust Fund (continued)

Deferred Retirement Option Program (DROP)

Eligibility: Satisfaction of Normal Retirement requirements.

Participation: Not to exceed 60 months.

Rate of Return: Actual net rate of investment return (total return net of brokerage commissions, transaction costs, and management fees).

The DROP balance as of September 30, 2017 is \$ 191,611.

4. Firefighters' Retirement Trust Fund

Plan administration

The Plan is administered by a Board of Trustees comprised of:

- a. Two City Commission appointees who are City residents;
- b. Two elected Members of the Plan;
- c. Fifth Member elected by other four and appointed by Commission.

Plan Membership as of October 1, 2016:

Inactive plan members or beneficiaries currently receiving benefits	21
Inactive plan members entitled to but not yet receiving benefits	5
Active plan members	24
	50
	50

Normal retirement:

Eligibility: Earlier of: 1) Age 55 and the completion of 10 years of Credited Service, or 2) the completion of 25 years of Credited Service, regardless of age.

Benefit amount: 4.00% of Average Final Compensation (AFC) times Credited Service before 11/19/1998, plus 3.00% of AFC times Credited Service on or after 11/19/1998.

Early retirement

Age 45 and 10 years of Credited Service.

Benefit Amount: Deferred benefit payable at Normal Retirement or immediate benefit reduced 3% per year.

Disability

Service Incurred: Covered from Date of Employment

Non-Service Incurred: Ten years of Credited Service.

Benefit accrued to date of disability but not less than 42% of Average Monthly Earnings (Service Incurred).

Death benefits pre-retirement

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years.

Non-Vested: Refund of accumulated contributions without interest.

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**L - EMPLOYER RETIREMENT PLANS (continued)**

4. Firefighters' Retirement Trust Fund (continued)

Death benefits post-retirement

Benefits payable to beneficiary in accordance with option selected at retirement.

Vesting (termination)

Less than 10 years of Contributing Service: Refund of Member Contributions

10 year of more: Accrued benefit payable at otherwise Normal Retirement Date if Member contributions left in Fund or Refund of Member Contributions.

Deferred Retirement Option Program (DROP)

Eligibility: Satisfaction of Normal Retirement requirements.

Participation: Not to exceed 60 months.

Rate of Return: Actual net rate of investment return (total return net of brokerage commissions, transaction costs, and management fees).

The DROP balance as of September 30, 2017 is \$ 233,154.

5. Net pension liability of City

The City's net pension liability was measured as of September 30, 2017. The total pension liability used to calculate the net pension liability was determined as of that date.

The components of the net pension liability of the sponsor of September 30, 2017 were as follows:

	General Employees'	Police Employees'	Fire Employees'
Total pension liability	\$ 25,678,257	\$ 17,795,741	\$ 15,532,287
Plan fiduciary net position	\$ (25,431,847)	\$ (13,142,557)	\$ (13,319,450)
City's net pension liability	\$ 246,410	\$ 4,653,184	\$ 2,212,837
Plan fiduciary net position as a percentage of total pension liability	99.04%	73.85%	85.75%

Actuarial assumptions:

The total pension liability for all plans was determined by an actuarial valuation as of October 1, 2016 updated to September 30, 2017 using the following actuarial assumptions applied to all measurement periods.

	General Employees'	Police Employees'	Fire Employees'
Inflation	2.60%	2.50%	2.50%
Salary increases	3.00% - 18.00%	4.5%-13.00%	4.50%-6.50%
Discount rate	7.75%	7.75%	7.75%
Investment rate of return	7.75%	7.75%	7.75%

Mortality rates for the General Employees' Fund were based on the RP-2000 Generational Mortality Tables, projected to valuation date using scale BB. Mortality rates for the Police and Fire Employees' Funds were based on the RP-2000 Table with no projection date. Based on a study of over 650 public safety funds, the table reflects a 10% margin for future mortality improvements.

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**L - EMPLOYER RETIREMENT PLANS (continued)**

5. Net pension liability of City (continued)

For the General Employees' Fund measurement date 9/30/2017, as required by Chapter 2015-157, Laws of Florida, the assumed rates of mortality are consistent with those in the July 1, 2016 Florida Retirement System (FRS) valuation report.

Long-term expected rate of return – all Plans

The long-term expected rate of return on all pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017 are summarized in the following table:

Asset Class	General Employees'		Police Employees'		Fire Employees'	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	35%	7.00%	50%	7.50%	50%	7.50%
International equity	15%	3.70%	15%	8.50%	15%	8.50%
Broad market fixed income	-	-	20%	2.50%	20%	2.50%
Bonds	30%	4.00%	-	-	-	-
Convertibles	10%	6.00%	-	-	-	-
Global fixed income	-	-	5%	3.50%	5%	3.50%
Real estate	-	-	10%	4.50%	10%	4.50%
REITS	5%	6.80%	-	-	-	-
MLPs	5%	9.70%	-	-	-	-

Investment concentrations

The Plans did not hold investments in any one organization that represent 5% or more of the Pension Plan's fiduciary net position.

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**L - EMPLOYER RETIREMENT PLANS (continued)**

5. Net pension liability of City (continued)

Rate of return

For the year ended September 30, 2017 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 11.38% for the General Employees' Plan, 13.01% for the Police Employees' Plan and 12.97% for the Fire Employees' Plan as shown in the table below. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

<u>Fiscal Year 2017</u>	<u>General Employees</u>	<u>Police Employees</u>	<u>Fire Employees</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	11.38%	13.01%	12.97%

Discount rate

The discount rate used to measure the total all three Plan's pension liability was 7.75%. The Police and Fire Plans changed the discount rate from 8.00% to 7.75% as part of the assumption changes based on the results of an actuarial experience study dated August 22, 2016.

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

	1% Decrease	Current Discount Rate	1% Increase
<u>City's Net Pension Liability</u>	<u>6.75%</u>	<u>7.75%</u>	<u>8.75%</u>
General Employees' Fund	\$ 2,927,852	\$ 246,410	\$(2,038,958)
Police Employees' Fund	\$ 6,694,072	\$ 4,653,184	\$ 2,952,542
Fire Employees' Fund	\$ 3,934,261	\$ 2,212,837	\$ 771,330

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**L - EMPLOYER RETIREMENT PLANS (continued)**

6. Pension plan financial statements

a. Statement of plan net position – fair value

	General Employees' Pension Trust Fund	Police Officers' Retirement Trust Fund	Firefighters' Retirement Trust Fund	Total
<u>ASSETS</u>				
Cash and cash equivalents:				
Short-term Investments	\$ 44,184	\$ 4,966	\$ 2,913	\$ 52,063
Money market	722,467	200,420	259,724	1,182,611
Total cash and equivalents	766,651	205,386	262,637	1,234,674
Receivable:				
Additional City contributions	-	32,513	35,026	67,539
Investment income	-	6,675	6,667	13,342
State contribution	-	101,389	-	101,389
Total receivable	-	140,577	41,693	182,270
Investments:				
Mutual funds:				
Fixed income	8,196,098	2,877,067	2,878,834	13,951,999
Equity	15,596,542	8,868,246	9,085,005	33,549,793
Pooled/common/commingled funds:				
Equity	872,556	-	-	872,556
Real estate	-	1,051,281	1,051,281	2,102,562
Total investments	24,665,196	12,796,594	13,015,120	50,476,910
Total assets	25,431,847	13,142,557	13,319,450	51,893,854
Total liabilities	-	-	-	-
Net position restricted for pensions	\$ 25,431,847	\$ 13,142,557	\$ 13,319,450	\$ 51,893,854

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**L - EMPLOYER RETIREMENT PLANS (continued)**

6. Pension plan financial statements (continued)

b. Statement of changes in plan net position – fair value

	General Employees' Pension Trust Fund	Police Officers' Retirement Trust Fund	Firefighters' Retirement Trust Fund	Total
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 425,001	\$ 782,512	\$ 475,026	\$ 1,682,539
Plan members	284,664	95,018	80,832	460,514
State	-	101,389	132,166	233,555
Buy-Back	6,585	22,500	-	29,085
Total contributions	<u>716,250</u>	<u>1,001,419</u>	<u>688,024</u>	<u>2,405,693</u>
Investment earnings:				
Net increase (decrease) in fair value of of investments	1,676,490	863,471	856,139	3,396,100
Interest and dividends	1,034,213	694,200	713,242	2,441,655
Total investment earnings	<u>2,710,703</u>	<u>1,557,671</u>	<u>1,569,381</u>	<u>5,837,755</u>
Less investment expenses*	71,432	28,432	28,493	128,357
Net investment earnings	<u>2,639,271</u>	<u>1,529,239</u>	<u>1,540,888</u>	<u>5,709,398</u>
Total additions	<u>3,355,521</u>	<u>2,530,658</u>	<u>2,228,912</u>	<u>8,115,091</u>
<b>DEDUCTIONS</b>				
Benefits	1,156,445	958,638	708,169	2,823,252
Refunds of member contributions	52,653	987	7,597	61,237
Administrative expenses	22,069	41,061	29,789	92,919
Total deductions	<u>1,231,167</u>	<u>1,000,686</u>	<u>745,555</u>	<u>2,977,408</u>
Change in net position	2,124,354	1,529,972	1,483,357	5,137,683
Net position, beginning of year	<u>23,307,493</u>	<u>11,612,585</u>	<u>11,836,093</u>	<u>46,756,171</u>
Net position, end of year	<u>\$ 25,431,847</u>	<u>\$ 13,142,557</u>	<u>\$ 13,319,450</u>	<u>\$ 51,893,854</u>

\*Investment related expenses include investment advisory, custodial and performance monitoring fees.

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**L - EMPLOYER RETIREMENT PLANS (continued)**

**7. Pension expense and deferred inflows/outflows of resources related to pensions**

For the year ended September 30, 2017 the City recognized a pension expense of \$702,175 for the General Employees' Plan; \$733,851 for the Police Officers' Plan; and \$492,538 for the Firefighters' Plan. On September 30, 2017 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	General Employees'		Police Employees'		Fire Employees'	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 375,460	\$ 235,670	\$ 289,695	\$ 142,435	\$ 362,280	\$ 48,783
Changes of assumptions	446,105	-	345,973	-	134,361	-
Net difference between projected and actual earnings of pension plan investments	-	12,868	-	305,926	-	300,789
<b>Total</b>	<b>\$ 821,565</b>	<b>\$ 248,538</b>	<b>\$ 635,668</b>	<b>\$ 448,361</b>	<b>\$ 496,641</b>	<b>\$ 349,572</b>

The outcome of the deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date of September 30, 2016 will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	General Employees'	Police Employees'	Fire Employees'
2018	\$ 313,392	\$ 138,952	\$ 128,928
2019	391,774	242,223	191,274
2020	(63,617)	(68,021)	(47,969)
2021	(68,522)	(125,847)	(125,164)
2022	-	-	-
Thereafter	-	-	-

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**L - EMPLOYER RETIREMENT PLANS (continued)**

8. Changes in net pension liability and sensitivity to changes in discount rate

a. General Employees' Retirement Fund

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2016	\$ 23,932,732	\$ 23,307,493	\$ 625,239
Changes for a year:			
Service cost	584,519	-	584,519
Interest	1,853,234	-	1,853,234
Differences between expected and actual experience	469,323	-	469,323
Changes of assumptions	40,962	-	40,962
Contributions - employer	-	425,001	(425,001)
Contributions - employee	-	284,664	(284,664)
Contributions - buy back	6,585	6,585	-
Net investment income	-	2,639,271	(2,639,271)
Benefit payments, including refunds of employee contributions	(1,209,098)	(1,209,098)	-
Administrative expense	-	(22,069)	22,069
Net changes	<u>1,745,525</u>	<u>2,124,354</u>	<u>(378,829)</u>
Balances at September 30, 2017	<u>\$ 25,678,257</u>	<u>\$ 25,431,847</u>	<u>\$ 246,410</u>

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**L - EMPLOYER RETIREMENT PLANS (continued)**

8. Changes in net pension liability and sensitivity to changes in discount rate (continued)

b. Police Officers' Retirement Fund:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2016	\$ 16,760,750	\$ 11,612,585	\$ 5,148,165
Changes for a year:			
Service cost	266,442	-	266,442
Interest	1,282,422	-	1,282,422
Differences between expected and actual experience	386,258	-	386,258
Changes of assumptions	36,994	-	36,994
Contributions - employer	-	782,512	(782,512)
Contributions - state	-	101,389	(101,389)
Contributions - employee	-	95,018	(95,018)
Contributions - buy back	22,500	22,500	-
Net investment income	-	1,529,239	(1,529,239)
Benefit payments, including refunds of employee contributions	(959,625)	(959,625)	-
Administrative expense	-	(41,061)	41,061
Net changes	<u>1,034,991</u>	<u>1,529,972</u>	<u>(494,981)</u>
Balances at September 30, 2017	<u>\$ 17,795,741</u>	<u>\$ 13,142,557</u>	<u>\$ 4,653,184</u>

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**L - EMPLOYER RETIREMENT PLANS (continued)**

8. Changes in net pension liability and sensitivity to changes in discount rate (continued)

c. Firefighters' Retirement Fund:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2016	\$ 14,408,881	\$ 11,836,093	\$ 2,572,788
Changes for a year:			
Service cost	223,453	-	223,453
Interest	1,106,270	-	1,106,270
Differences between expected and actual experience	483,038	-	483,038
Changes of assumptions	26,411	-	26,411
Contributions - employer	-	475,026	(475,026)
Contributions - state	-	132,166	(132,166)
Contributions - employee	-	80,832	(80,832)
Net investment income	-	1,540,888	(1,540,888)
Benefit payments, including refunds of employee contributions	(715,766)	(715,766)	-
Administrative expense	-	(29,789)	29,789
Net changes	1,123,406	1,483,357	(359,951)
Balances at September 30, 2017	<u>\$ 15,532,287</u>	<u>\$ 13,319,450</u>	<u>\$ 2,212,837</u>

**M - OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

Generally accepted accounting principles require that state and local governmental employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB. This year the City is presenting financial reporting for postemployment benefit plans other than pension plans as required by the new GASB Statement 74 (replaces GASB 43). The objective of the Statement is to improve the usefulness of information about OPEB included in the general purpose external reports of OPEB plans for making decisions and assessing accountability.

**General Information about the OPEB Plan**

1. Plan Description

The City of Cocoa Beach's Retiree Health Care Plan (Plan) is a single-employer defined benefit postemployment health care plan that covers eligible retired employees. The Plan, which is administered by the City, allows employees who retire and meet retirement eligibility requirements under one of the City's retirement plans to continue medical and life insurance coverage as a participant in the City's plan.

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**M - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)**

2. Employees covered by benefit terms

At October 1, 2016, the following employees were covered by the benefit terms:

Inactive Plan Members or beneficiaries currently receiving benefits	54
Inactive Plan Members entitled to but not yet receiving benefits	-
Active Plan Members	189
	243

3. Benefits Provided

The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All employees of The City of Cocoa Beach are eligible to receive postemployment health care benefits. Coverage for retirees and their spouses and dependents is provided for life. The Trust was established with the intent to advance fund benefits provided under the Plan.

4. Contributions

Pre-Medicare retirees who were hired before January 1, 2009 and retire from active service before January 1, 2014 (with a minimum of 10 years of service) and participate in the group insurance plan offered by the City of Cocoa Beach are required to contribute 50% of the active premium. Once these retirees are Medicare eligible, the City converts the health insurance to a Medicare supplement policy and pays 50% of the premium.

Retirees who retire after January 1, 2014, but were hired prior to January 1, 2009, must meet certain age and service requirements to be eligible for any City-paid premiums. Please see the Plan Provisions section for details regarding eligibility and the portion of premiums the City pays on behalf of the retiree.

For retirees hired after January 1, 2009, at least 25 years of service is required before the City will contribute 33% of Pre-Medicare premiums. In addition, General employees must be at least age 62 and Police Officers and Firefighters must be at least age 55. Retirees are eligible for coverage in the Medicare supplement policy but pay 100% of the premium.

In future years, contributions are assumed to increase at the same rate as premiums.

Life Insurance in the amount of \$5,000 may be provided to current retirees up to age 70, and then coverage drops to \$2,500. The retiree contributes 100% of the premium for this benefit. However, Life Insurance is not offered to employees who retire after 10/1/2006.

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**M - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)**

5. Summary of Significant Accounting Policies

Basis of accounting

The financial statements for the OPEB trust are prepared using the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits, refunds and administrative costs are recognized when due and payable in accordance with the terms of the plan.

Method used to value investments

Investments for the OPEB trust are reported at fair value. The Florida Municipal Pension Trust Fund (FMPTF) provides monthly statements for this purpose.

Presentation of financial statements

The OPEB trust does not issue stand-alone financial reports and is not included in the reports of any other entity.

6. OPEB Investment Policy

The following was the Board's adopted asset allocation:

<u>Asset Class</u>	<u>Target Allocation</u>
Core Bonds	16%
Core Plus	24%
S. Large Cap Equity	29%
S. Small Cap Equity	8%
Non- U.S. Equity	13%
Core Real Estate	10%
Total	<u>100%</u>

7. Concentrations

The Plan did not hold investments in any one organization that represents 5 percent or more of the Fund's Fiduciary Net Position.

8. Rate of Return

For the year ended September 30, 2017 the annual money-weighted rate of return on investments, net of investment expense, was 8.72%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

**City of Cocoa Beach, Florida  
Notes to Financial Statements  
September 30, 2017**

**M - OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)**

9. Net OPEB Liability

The measurement date for GASB 74 reporting is September 30, 2017 and the City's Net OPEB liability was also measured as of September 30, 2017.

The Total OPEB Liability used to calculate the Net OPEB Liability was determined as of September 30, 2017 using a roll-forward of the October 1, 2016 valuation results at a discount rate of 3.76%. The Total OPEB Liability used to calculate the Net OPEB Liability as of September 30, 2016 was based on a discount rate of 3.17%.

The components of the Net OPEB Liability of the City on September 30, 2017 were as follows:

Total OPEB Liability	\$ 7,565,766
Plan Fiduciary Net Position	<u>(1,395,937)</u>
Net OPEB Liability	<u>\$ 6,169,829</u>

Plan Fiduciary Net Position as a percentage of Total OPEB Liability	18.45%
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10. Actuarial Methods and Assumptions

The Total OPEB Liability was determined by an actuarial valuation as of October 1, 2016 using the following actuarial assumptions:

Inflation		2.90%
Salary Increases	Varies(see Method & Assumptions)	
Discount Rate		3.76%
Investment Rate of Return		6.50%
Healthcare cost trend rates		4.00 - 8.75%

For general employees, mortality rates were based on the RP-2000 mortality tables. For female lives, 100% of the white collar table was used. For male lives, a 50% white collar table, 50% blue collar table blend was used. All tables include fully generational adjustments for mortality improvements using improvement scale BB. For disabled lives, mortality rates were based on the RP-2000 sex-distinct disabled mortality tables with female lives set forward two (2) years, male lives set back four (4) years. Disabled mortality has not been adjusted for mortality improvements.

For police and fire employees, mortality rates were also based on various RP-2000 mortality tables. For female lives, 100% of the white-collar table was used. For male lives, a 10% white collar table, 90% blue collar table blend was used. All tables include fully generational adjustments for mortality improvements using improvement scale BB. For disabled female lives, a blend of 60% of the RP-2000 disabled female mortality table set forward two (2) years and 40% of the white-collar table with no setback was used. For disabled male lives, a blend of 60% of the RP-2000 disabled male mortality table set back four (4) year and 40% of the white-collar table with no setback was used. Disabled mortality has not been adjusted for mortality improvements.

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**M - OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)**

10. Actuarial Methods and Assumptions (continued)

The Long-Term Expected Rate of Return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Core Bonds	1.4%
Core Plus	1.7%
U.S. Large Cap Equity	5.1%
U.S. Small Cap Equity	5.6%
Non- U.S. Equity	5.6%
Core Real Estate	4.5%

For purposes of calculating the City's net OPEB obligation under GASB 45, the unfunded actuarial accrued liability is being amortized using a level percentage of payroll over a closed 30-year period. Additionally, the entry age normal actuarial cost method was used.

11. Discount Rate

The discount rate used to measure the Total OPEB Liability was 3.76%

The City contributes \$100,000 to the fund annually, but otherwise funds benefits on a pay-as-you-go basis. The expected rate of return on trust investments is 6.50%. This rate was used to discount projected benefit payments for 8 years at which point the trust will become insolvent. The remaining projected benefit payments were discounted at a municipal bond rate. The high quality municipal bond rate, 3.64%, was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**M - OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)**

12. Sensitivity of Net OPEB Liability to Changes in the Discount Rate as of September 30, 2017:

The following table presents the Net OPEB Liability of the City, as well as what the City's Net OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>2.76%</u>	<u>3.76%</u>	<u>4.76%</u>
Net OPEB Liability	\$ 7,437,711	\$ 6,169,829	\$ 5,111,436

13. Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rates as of September 30, 2017:

The following table presents the Net OPEB Liability of the City, as well as what the City's Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	<u>3.00% - 7.75%</u>	<u>4.00% - 8.75%</u>	<u>5.00 - 9.75%</u>
Net OPEB Liability	\$ 5,021,839	\$ 6,169,829	\$ 7,556,242

14. Funding policy

The Plan was established by Resolution 2008 – 31 in 2008. The Plan may be amended or terminated as circumstances require by Resolution.

The numbers shown below reflect a decision to partially fund the program. Therefore, the contributions made to the program are the benefits paid to retirees (both on an explicit and implicit basis) and administrative expenses.

An initial \$100,000 was contributed to the OPEB fund run by the FMPTF administered by the Florida League of Cities in October 2008. As of September 30, 2017, nine annual payments of \$100,000 each had been made to the FMPTF. A payment of \$100,000 for Fiscal Year 2018 was made in December 2017.

The program was amended as of January 1, 2009, as described above (benefit changes for employees hired after January 1, 2009) and those new provisions were used to determine the Net OPEB Obligation for Fiscal Year 2009 and years following.

Benefits may be changed from time to time by management as noted above. Under the current policy, if a retiree does not make his or her payments for the benefits as described above the benefit is forfeited and cannot be reinstated.

**City of Cocoa Beach, Florida  
Notes to Financial Statements  
September 30, 2017**

**M - OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)**

15. Annual OPEB cost and net OPEB obligation

**Fiscal Year Ending September 30, 2017**

Normal cost	\$ 202,532
Interest on normal cost	<u>7,454</u>
Normal cost component	209,986
Amortization amount	353,599
Amortization interest	<u>13,296</u>
Amortization component	366,895
Annual required contribution (ARC)	576,881
Interest on net OPEB obligation	85,163
Adjustment to ARC	<u>(109,476)</u>
Annual OPEB cost (expense)	552,568
Estimated net contribution made	<u>(321,216)</u>
Anticipated increase (decrease) in net OPEB obligation	231,352
Net OPEB obligation - beginning of year	<u>2,028,329</u>
Estimated net OPEB obligation - end of year	<u><u>\$ 2,259,681</u></u>

**Allocation of the OPEB Obligation**

Fund	Personnel	Percent	Amount
General Fund	221	87.35%	\$ 1,966,100
Utility System	28	11.07%	257,995
Stormwater	<u>4</u>	<u>1.58%</u>	<u>35,586</u>
Total	<u>253</u>	<u>100.00%</u>	<u><u>\$ 2,259,681</u></u>

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**M - OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)**

16. Funded Status and Funding Progress

As of October 1, 2016, the actuarial accrued liability (AAL) for benefits was \$7,192,087, and the actuarial value of assets was \$1,119,264, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,072,823. The covered payroll was \$8,816,274 and the ratio of the UAAL to the covered payroll was 68.9%. As of October 1, 2016, there were fifty-four retirees and sixteen eligible dependents receiving postemployment health care benefits.

In Fiscal Year 2017 the City contribution of \$230,101 consists of two components: \$130,101 for the current year as noted above and a \$100,000 contribution to the FMPTF to continue funding.

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Ratio of UAAL to Covered Payroll (b-a/c)
10/1/2016	\$ 1,119,264	\$ 7,192,087	\$ 6,072,823	15.6%	\$ 8,816,274	68.9%
10/1/2015	932,948	5,181,746	4,248,798	18.0%	7,793,105	54.5%
10/1/2014	833,238	4,607,747	3,774,509	18.1%	8,022,735	47.0%
10/1/2013	664,879	5,153,898	4,489,019	12.9%	7,693,019	58.4%
10/1/2012	482,754	4,231,178	3,748,424	11.4%	6,999,488	53.6%
10/1/2011	313,234	4,800,974	4,487,740	6.5%	7,314,426	61.4%
10/1/2010	217,284	4,797,993	4,580,709	4.5%	7,854,652	58.3%

17. Annual OPEB Cost

The City's annual OPEB cost, the percentage of cost contributed, and the net OPEB obligation for Fiscal Year 2017 and the five preceding years is shown in the table below.

**City's Annual OPEB Cost**

Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
9/30/2017	\$552,568	58.1%	\$2,259,681
9/30/2016	425,618	70.5%	2,028,329
9/30/2015	394,530	81.4%	1,902,853
9/30/2014	504,273	63.0%	1,829,622
9/30/2013	428,769	61.5%	1,643,063
9/30/2012	485,516	33.6%	1,478,018
9/30/2011	537,774	22.2%	1,155,528

The Required Supplementary Information (RSI) immediately following the notes to the financial statements presents additional multi-year trend information about the employer contributions. The schedule reports the annual required contribution (ARC) and the percentage of the ARC that was contributed.

**City of Cocoa Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2017**

**N - INFORMATION ITEMS**

1. Community Redevelopment Agency

- a. In 2008, the City's electorate approved the formation of a Community Redevelopment Agency (CRA). The Community Redevelopment Plan was delivered to the taxing authorities in April 2012. The first year of tax increment funding (TIF) collection was in Fiscal Year 2014. CRA financials were first presented as a major fund in Fiscal Year 2014.
- b. Tax increment funding was not available prior to Fiscal Year 2014, so loans from the General Fund in the amount of \$56,010 in Fiscal Year 2010, \$75,757 in Fiscal Year 2011, \$46,830 in Fiscal Year 2012, and \$82,633 in Fiscal Year 2013, for a total of \$261,230, were made to provide funds for the development of the CRA plan. Repayment of the loan began in Fiscal Year 2015 (see Note F-1b).

2. Rate of Return Lowered for Police & Fire Pension Funds

The Discount Rate used to measure the Total Police and Fire Pension Liability was lowered from 8% to 7.75% in Fiscal Year 2016. The assumption change was based on the most recent actuarial experience study dated August 22, 2016 which determined the Long-Term Expected Rate of Return on Pension Plan investments using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, Net of Pension Plan investment expenses and inflation) are developed for each major asset class. The General Employees' Pension Fund Discount Rate has been 7.75% for several years.

3. Hurricane Damage

The City was damaged by Hurricane Matthew as it threatened landfall in Cocoa Beach on October 7, 2016. A substantial cost in excess of \$750,000 was incurred to provide protective services, clean-up debris and restore the City. Over 65% of the cost was related to debris pick-up and removal. In addition to insurance claim proceeds, much of the City's direct cost of debris removal and restoration of public property is moving through the reimbursement process with FEMA and the State. However, the City will not be made whole to recover all costs incurred as a result of the storm. Generally, businesses within the City were able to repair damages and resume normal operations with only a minimal delay.

Hurricane Irma made landfall as a Category 4 storm in the Florida Keys on the morning of September 10, 2017 before carving a path of destruction up the Florida Peninsula. The East Coast of Florida, including Cocoa Beach was impacted by the storm as it churned past. Even more so than with Hurricane Matthew, it is estimated that much of the costs incurred are related to debris pick-up and removal. The police station and portions of City Hall sustained substantial damage. Irma damaged workspaces of 22 City Hall employees and 15 to 20 employees in police administrative, dispatch and records departments. These employees have relocated to other facilities while repairs are made.

**REQUIRED  
SUPPLEMENTARY  
INFORMATION  
(RSI)**

**City of Cocoa Beach, Florida**  
**Required Supplementary Information**  
**September 30, 2017**

The schedules presented in the following required supplementary information are intended to provide information that is essential to understanding trends and puts the current period information into historical perspective. The Government Accounting Standards Board (GASB) concludes that a period of ten years will provide information to identify cyclical factors and other trends in connection with defined benefit pension plans and other postemployment benefit plans (OPEB). GASB Statements 67 and 74 (GASB 67 & 74) sets the requirements for the ten year schedules to be implemented prospectively. Until a full ten years of data is compiled, the schedules will present data that is available. GASB Statement 68 (GASB 68) requires that governments providing defined benefit pensions recognize long-term obligations for pension benefits as a liability and to more comprehensively and comparably measure the annual costs of pension benefits.

**1. Schedule of Changes in Net Pension Liability and Related Ratios**

**a. General Employees' Retirement Fund:**

<b>SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS</b>					
Last Five Fiscal Years					
General Employees'					
	2017	2016	2015	2014	2013
<b>Total pension liability</b>					
Service cost	\$ 584,519	\$ 545,829	\$ 533,313	\$ 539,287	\$ 500,498
Interest	1,853,234	1,732,753	1,651,759	1,564,938	1,476,982
Difference between expected and actual Experience	469,323	(316,930)	(113,781)	-	-
Changes of assumptions	40,962	688,895	-	-	-
Contributions - buy back	6,585	-	-	-	-
Benefit payments, including refunds of employee contributions	(1,209,098)	(1,060,176)	(1,017,261)	(938,707)	(824,004)
Net change in total pension liability	1,745,525	1,590,371	1,054,030	1,165,518	1,153,476
Total pension liability - beginning	23,932,732	22,342,361	21,288,331	20,122,813	18,969,336
Total pension liability - ending (a)	<u>\$ 25,678,257</u>	<u>\$ 23,932,732</u>	<u>\$ 22,342,361</u>	<u>\$ 21,288,331</u>	<u>\$ 20,122,812</u>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 425,001	\$ 559,031	\$ 786,715	\$ 898,200	\$ 850,280
Contributions - employee	284,664	279,795	248,332	235,872	231,937
Contributions - buy back	6,585	-	-	-	-
Net Investment income	2,639,271	2,007,647	(669,085)	1,955,398	2,302,167
Benefit payments, including refunds of Employee contributions	(1,209,098)	(1,060,176)	(1,017,261)	(938,707)	(824,004)
Administrative expense	(22,069)	(23,056)	(20,811)	(21,453)	(14,705)
Net change in plan fiduciary net position	2,124,354	1,763,241	(672,110)	2,129,310	2,545,675
Plan fiduciary net position - beginning	23,307,493	21,544,252	22,216,362	20,087,052	17,541,377
Plan fiduciary net position - ending (b)	<u>\$ 25,431,847</u>	<u>\$ 23,307,493</u>	<u>\$ 21,544,252</u>	<u>\$ 22,216,362</u>	<u>\$ 20,087,052</u>
Net pension liability - ending (a) - (b)	<u>\$ 246,410</u>	<u>\$ 625,239</u>	<u>\$ 798,109</u>	<u>\$ (928,031)</u>	<u>\$ 35,761</u>
Plan fiduciary net position as a percentage of the Total Pension Liability	99.04%	97.39%	96.43%	104.36%	99.82%
Covered employee payroll	\$ 5,693,277	\$ 5,595,907	\$ 4,966,634	\$ 4,717,435	\$ 4,638,735
Net liability as a percentage of covered employee payroll	4.33%	11.17%	16.07%	-19.67%	0.77%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is presented.

<b>SCHEDULE OF CONTRIBUTIONS</b>					
Last Five Fiscal Years					
General Employees'					
	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 409,916	\$ 559,031	\$ 786,715	\$ 898,200	\$ 850,280
Contributions in relation to the actuarially determined contributions	425,001	559,031	786,715	898,200	850,280
Contribution deficiency (Excess)	<u>\$ (15,085)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 5,693,277	\$ 5,595,907	\$ 4,966,634	\$ 4,717,435	\$ 4,638,735
Contributions as a percentage of covered employee payroll	7.46%	9.99%	15.84%	19.04%	18.33%

**Notes to Schedule**

Valuation Date: 10/1/15. Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is presented.

**City of Cocoa Beach, Florida  
Required Supplementary Information  
September 30, 2017**

**1. Schedule of Changes in Net Pension Liability and Related Ratios (continued)**

**b. Police Employees' Pension Plan:**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
Last Five Fiscal Years  
Police Employees'**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Total pension liability</b>					
Service cost	\$ 266,442	\$ 264,410	\$ 268,905	\$ 278,445	\$ 257,819
Interest	1,282,422	1,248,592	1,215,095	1,166,413	1,118,532
Change in excess state money	-	(25,826)	-	-	-
Difference between expected and actual Experience	386,258	(205,356)	(159,029)	-	-
Changes of assumptions	36,994	636,451	-	-	-
Contributions - buy back	22,500	-	52,320	-	-
Benefit payments, including refunds of employee contributions	(959,625)	(1,052,685)	(855,473)	(798,118)	(798,796)
Net change in total pension liability	1,034,991	865,586	521,818	646,740	577,555
Total pension liability - beginning	16,760,750	15,895,164	15,373,346	14,726,606	14,149,051
Total pension liability - ending (a)	<u>\$ 17,795,741</u>	<u>\$ 16,760,750</u>	<u>\$ 15,895,164</u>	<u>\$ 15,373,346</u>	<u>\$ 14,726,606</u>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 782,512	\$ 822,359	\$ 625,885	\$ 751,980	\$ 719,321
Contributions - state	101,389	104,215	97,977	99,477	97,465
Contributions - employee	95,018	91,834	80,429	91,260	87,375
Contributions - buy back	22,500	-	52,320	-	-
Net Investment income	1,529,239	1,085,149	(150,618)	1,089,153	1,174,778
Benefit payments, including refunds of Employee contributions	(959,625)	(1,052,685)	(855,473)	(798,118)	(798,796)
Administrative expense	(41,061)	(41,054)	(37,661)	(32,708)	(37,849)
Other	-	-	-	-	-
Net change in plan fiduciary net position	1,529,972	1,009,818	(187,141)	1,201,044	1,242,294
Plan fiduciary net position - beginning	11,612,585	10,602,767	10,789,908	9,588,864	8,346,569
Plan fiduciary net position - ending (b)	<u>\$ 13,142,557</u>	<u>\$ 11,612,585</u>	<u>\$ 10,602,767</u>	<u>\$ 10,789,908</u>	<u>\$ 9,588,864</u>
Net pension liability - ending (a) - (b)	<u>\$ 4,653,184</u>	<u>\$ 5,148,165</u>	<u>\$ 5,292,397</u>	<u>\$ 4,583,438</u>	<u>\$ 5,137,742</u>
Plan fiduciary net position as a percentage of the Total Pension Liability	73.85%	69.28%	66.70%	70.19%	65.11%
Covered employee payroll	\$ 1,900,351	\$ 1,836,685	\$ 1,697,629	\$ 1,825,203	\$ 1,747,510
Net liability as a percentage of covered employee payroll	244.86%	280.30%	311.75%	251.12%	294.00%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, information for those years for which information is available is presented.

**SCHEDULE OF CONTRIBUTIONS  
Last Five Fiscal Years  
Police Employees'**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 933,642	\$ 876,833	\$ 723,862	\$ 851,457	\$ 716,786
Contributions in relation to the actuarially determined contributions	883,901	926,574	723,862	851,457	716,786
Contribution deficiency (Excess)	<u>\$ 49,741</u>	<u>\$ (49,741)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 1,900,351	\$ 1,836,685	\$ 1,697,629	\$ 1,825,203	\$ 1,747,510
Contributions as a percentage of covered employee payroll	46.51%	50.45%	42.64%	46.65%	41.02%

**Notes to Schedule**

Valuation Date: 10/1/15. Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is presented.

**City of Cocoa Beach, Florida**  
**Required Supplementary Information**  
**September 30, 2017**

**1. Schedule of Changes in Net Pension Liability and Related Ratios (continued)**

**c. Fire Employees' Pension Plan:**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

	Last Five Fiscal Years				
	Fire Employees				
	2017	2016	2015	2014	2013
<b>Total pension liability</b>					
Service cost	\$ 223,453	\$ 238,463	\$ 226,817	\$ 231,534	\$ 214,383
Interest	1,106,270	1,084,188	1,054,408	1,020,957	971,801
Change in excess state money	-	(654,119)	77,735	85,864	-
Difference between expected and actual Experience	483,038	(88,821)	(17,490)	-	-
Changes of assumptions	26,411	229,105	-	-	-
Benefit payments, including refunds of employee contributions	(715,766)	(735,874)	(1,070,390)	(588,887)	(588,887)
Net change in total pension liability	1,123,406	72,942	271,080	749,468	597,297
Total pension liability - beginning	14,408,881	14,335,939	14,064,859	13,315,391	12,718,094
Total pension liability - ending (a)	<u>\$ 15,532,287</u>	<u>\$ 14,408,881</u>	<u>\$ 14,335,939</u>	<u>\$ 14,064,859</u>	<u>\$ 13,315,391</u>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 475,026	\$ 655,200	\$ 561,835	\$ 581,513	\$ 564,182
Contributions - state	132,166	144,452	162,542	170,671	153,173
Contributions - employee	80,832	80,412	68,646	76,167	66,823
Net Investment income	1,540,888	1,104,852	(147,286)	1,080,437	1,190,873
Benefit payments, including refunds of Employee contributions	(715,766)	(735,874)	(1,070,390)	(588,887)	(588,887)
Administrative expense	(29,789)	(32,055)	(29,141)	(18,863)	(24,007)
Net change in plan fiduciary net position	1,483,357	1,216,987	(453,794)	1,301,038	1,362,157
Plan fiduciary net position - beginning	11,836,093	10,619,106	11,072,900	9,771,862	8,409,705
Plan fiduciary net position - ending (b)	<u>\$ 13,319,450</u>	<u>\$ 11,836,093</u>	<u>\$ 10,619,106</u>	<u>\$ 11,072,900</u>	<u>\$ 9,771,862</u>
Net pension liability - ending (a) - (b)	<u>\$ 2,212,837</u>	<u>\$ 2,572,788</u>	<u>\$ 3,716,833</u>	<u>\$ 2,991,959</u>	<u>\$ 3,543,529</u>
Plan fiduciary net position as a percentage of the Total Pension Liability	85.75%	82.14%	74.07%	78.73%	73.39%
Covered employee payroll	\$ 1,616,637	\$ 1,608,236	\$ 1,441,819	\$ 1,386,146	\$ 1,336,468
Net liability as a percentage of covered employee payroll	136.88%	159.98%	257.79%	215.85%	265.14%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, information for those years for which information is available is presented.

**SCHEDULE OF CONTRIBUTIONS**

	Last Five Fiscal Years				
	Fire Employees'				
	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 673,167	\$ 733,677	\$ 646,642	\$ 666,321	\$ 648,989
Contributions in relation to the actuarially determined contributions	607,192	799,652	646,642	666,321	648,989
Contribution deficiency (Excess)	<u>\$ 65,975</u>	<u>\$ (65,975)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 1,616,637	\$ 1,608,236	\$ 1,441,819	\$ 1,386,146	\$ 1,336,468
Contributions as a percentage of covered employee payroll	37.56%	49.72%	44.85%	48.07%	48.56%

Notes to Schedule

Valuation Date: 10/1/15. Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is presented.

**City of Cocoa Beach, Florida  
Required Supplementary Information  
September 30, 2017**

**2. Changes of Benefit Terms**

There have been no changes in benefits since the prior valuation of the General Employees' Plan. Ordinance 1596, adopted and effective May 19, 2016, amended the Police and Fire Employees' Plans primarily for compliance with requirements under the Internal Revenue Code, in addition to implementation of a Share Plan. A letter of no actuarial impact was submitted for this amendment.

**3. Changes of Assumptions**

For all three Plans, as required by Chapter 2015-157, Laws of Florida, the assumed rate of mortality have been changed from those used in the July 1, 2015 Florida Retirement System (FRS) valuation report to those used in the July 1, 2016 FRS valuation report. Additionally, for the General Employees' Plan, the inflation rate was lowered from 2.70% to 2.60%, matching the long-term assumption utilized by the Plan's investment consultant.

**4. Methods and Assumptions Used to Determine Contribution Rates**

	General Employees'	Police Employees'	Fire Employees'
Actuarial cost method :	Frozen Entry Age	Entry Age Normal	Entry Age Normal
Amortization method:	Level dollar amount	Level % of pay, Closed	Level % of pay, Closed
Remaining amortization period:	20 Years (as of 10/1/2015)	27 Years (as of 10/1/2015)	20 Years (as of 10/1/2015)
Inflation:	2.60%	2.50%	2.50%
Payroll increase:	None	1.8% per year	1.8% per year
Salary increases :	3 - 18% per year	4.5 -13% per year	4.5 - 6.5% per year
*Interest rate:	7.75%	7.75%	7.75%
Retirement age:	Age 62 and 5 years of service	Age 55 and 10 years of service, or age 52 and 25 years of service	Age 55 and 10 years of service, or 25 years of service, regardless of age
Early retirement:	Age 52 -subsidized benefit at 5% per year	Age 50 -subsidized benefit at 5% per year	Age 45 -subsidized benefit at 5% per year
Mortality:	RP-2000 Table	RP-2000 Table	RP-2000 Table

\*Interest rate is compounded annually, net of investment related expenses.

**City of Cocoa Beach, Florida  
Required Supplementary Information  
September 30, 2017**

**5. Money-Weighted Rate of Return**

This schedule is intended to provide information about the actual performance of the pension plan's investment portfolio because it takes into account the effects of transactions that increase the amount of pension plan investments (such as contributions from employers, non-employer contributing entities, and plan members) and those that decrease the amount of pension plan investments (such as benefit payments).

**SCHEDULE OF INVESTMENT RETURNS  
Last Five Fiscal Years**

	<b>General Employees'</b>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual money-weighted rate of return net of investment expense	11.38%	9.31%	-2.98%	9.55%	13.01%
	<b>Police Employees'</b>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual money-weighted rate of return net of investment expense	13.01%	10.02%	-1.37%	11.11%	13.90%
	<b>Fire Employees'</b>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual money-weighted rate of return net of investment expense	12.97%	10.18%	-1.34%	10.77%	13.83%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is presented.

**City of Cocoa Beach, Florida**  
**Required Supplementary Information**  
**September 30, 2017**

**6. Components of Pension Plan Expense**

- a. General Employees' Pension – For Fiscal Year ended September 30, 2017, the City recognizes a Pension Expense of \$702,175.

**Components of General Employees' Pension Plan Expense**  
**Fiscal Year September 30, 2017**

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 625,239	\$ 756,527	\$ 1,985,557	\$ -
Total pension liability factors:				
Service cost	584,519	-	-	584,519
Interest	1,853,234	-	-	1,853,234
Contributions - buy back	6,585	-	-	6,585
Difference between expected and actual experience with regard to economic or demographic assumptions	469,323	-	469,323	-
Current year amortization of experience difference	-	(86,142)	(93,863)	7,721
Changes in assumptions about future economic or demographic factor of other inputs	40,962	-	40,962	-
Current year amortization of change in assumptions	-	-	(145,973)	145,973
Benefit payments	(1,209,098)	-	-	-
Net change	<u>1,745,525</u>	<u>(86,142)</u>	<u>270,449</u>	<u>2,598,032</u>
Plan fiduciary net position:				
Contributions - employer	425,001	-	-	-
Contributions - employee	284,664	-	-	(284,664)
Contributions - buy back	6,585	-	-	(6,585)
Net investment income	1,786,378	-	-	(1,786,378)
Difference between projected and actual earnings on pension plan investments	852,893	852,893	-	-
Current year amortization	-	(318,446)	(478,147)	159,701
Benefit payments	(1,209,098)	-	-	-
Administrative expenses	(22,069)	-	-	22,069
Net change	<u>2,124,354</u>	<u>534,447</u>	<u>(478,147)</u>	<u>(1,895,857)</u>
Ending balance	<u>\$ 246,410</u>	<u>\$ 1,204,832</u>	<u>\$ 1,777,859</u>	<u>\$ 702,175</u>

**City of Cocoa Beach, Florida  
Required Supplementary Information  
September 30, 2017**

**6. Components of Pension Plan Expense (continued)**

b. Police Officers' Retirement Fund – For Fiscal Year ended September 30, 2017, the City recognizes a Pension Expense of \$733,851.

**Components of Police Officers' Pension Plan Expense  
Fiscal Year September 30, 2017**

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 5,148,165	\$ 552,511	\$ 1,084,749	\$ -
Total pension liability factors:				
Service cost	266,442	-	-	266,442
Interest	1,282,422	-	-	1,282,422
Contributions - buy back	22,500	-	-	22,500
Difference between expected and actual experience with regard to economic or demographic assumptions	386,258	-	386,258	-
Current year amortization of experience difference	-	(91,096)	(96,563)	5,467
Changes in assumptions about future economic or demographic factors or other inputs	36,994	-	36,994	-
Current year amortization of change in assumptions	-	-	(168,360)	168,360
Benefit payments	(959,625)	-	-	-
Net change	<u>1,034,991</u>	<u>(91,096)</u>	<u>158,329</u>	<u>1,745,191</u>
Plan fiduciary net position:				
Contributions - employer	782,512	-	-	-
Contributions - state	101,389	-	-	-
Contributions - employee	95,018	-	-	(95,018)
Contributions - buy back	22,500	-	-	(22,500)
Net investment income	900,004	-	-	(900,004)
Difference between projected and actual earnings on pension plan investments	629,235	629,235	-	-
Current year amortization	-	(237,349)	(202,470)	(34,879)
Benefit payments	(959,625)	-	-	-
Administrative expenses	(41,061)	-	-	41,061
Net change	<u>1,529,972</u>	<u>391,886</u>	<u>(202,470)</u>	<u>(1,011,340)</u>
Ending balance	<u>\$ 4,653,184</u>	<u>\$ 853,301</u>	<u>\$ 1,040,608</u>	<u>\$ 733,851</u>

**City of Cocoa Beach, Florida**  
**Required Supplementary Information**  
**September 30, 2017**

**6. Components of Pension Plan Expense (continued)**

c. Firefighters' Retirement Fund – For Fiscal Year ended September 30, 2017, the City recognizes a Pension Expense of \$492,538.

**Components of Firefighters' Pension Plan Expense**  
**Fiscal Year September 30, 2017**

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 2,572,788	\$ 391,978	\$ 784,344	\$ -
Total pension liability factors:				
Service cost	223,453	-	-	223,453
Interest	1,106,270	-	-	1,106,270
Difference between expected and actual experience with regard to economic or demographic assumptions	483,038	-	483,038	-
Current year amortization of experience difference	-	(26,578)	(120,758)	94,180
Changes in assumptions about future economic or demographic factors or other inputs	26,411	-	26,411	-
Current year amortization of change in assumptions	-	-	(63,878)	63,878
Benefit payments	(715,766)	-	-	-
Net change	<u>1,123,406</u>	<u>(26,578)</u>	<u>324,813</u>	<u>1,487,781</u>
Plan fiduciary net position:				
Contributions - employer	475,026	-	-	-
Contributions - state	132,166	-	-	-
Contributions - employee	80,832	-	-	(80,832)
Net investment income	915,068	-	-	(915,068)
Difference between projected and actual earnings on pension plan investments	625,820	625,820	-	-
Current year amortization	-	(233,304)	(204,172)	(29,132)
Benefit payments	(715,766)	-	-	-
Administrative expenses	(29,789)	-	-	29,789
Net change	<u>1,483,357</u>	<u>392,516</u>	<u>(204,172)</u>	<u>(995,243)</u>
Ending balance	<u>\$ 2,212,837</u>	<u>\$ 757,916</u>	<u>\$ 904,985</u>	<u>\$ 492,538</u>

**City of Cocoa Beach, Florida**  
**Required Supplementary Information**  
**September 30, 2017**

**7. Schedule of Changes in Net OPEB Liability and Related Ratios\***

Schedule of Changes in Net OPEB Liability and Related Ratios

	9/30/2017
Total OPEB Liability	
Service Cost	\$ 227,237
Interest	254,072
Changes of benefit terms	-
Differences between Expected and Actual Experience	-
Changes of assumptions	(678,077)
Explicit Benefit Payments	(130,101)
Implicit Benefit Payment	(78,541)
Net Change in Total OPEB Liability	(405,410)
Total OPEB Liability - Beginning	7,891,172
Total OPEB Liability -Ending (a)	\$ 7,485,762
Plan Fiduciary Net Position	
Explicit Contributions - Employer	230,101
Implicit Contributions - Employer	78,541
Net Investment Income	178,425
Explicit Benefit Payments	(130,101)
Implicit Benefit Payment	(78,541)
Administrative Expense	(1,753)
Net Change in Plan Fiduciary Net Position	276,672
Plan Fiduciary Net Position - Beginning	1,119,264
Plan Fiduciary Net Position - Ending (b)	\$ 1,395,937
Net OPEB Liability (a - b)	\$ 6,089,825
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	18.65%
Covered Employee Payroll	\$ 8,816,274
Net OPEB Liability as a Percentage of Covered Employee Payroll	69.07%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is presented.

**City of Cocoa Beach, Florida  
Required Supplementary Information  
September 30, 2017**

**8. Schedule of City OPEB Contributions\***

**Schedule of City OPEB Contributions**

	9/30/2017
Actuarial Determined Contribution	\$ 576,881
Contribution in relation to the Actuarially Determined Contributions	230,101
Contribution Deficiency (Excess)	\$ 346,780
Covered Employee Payroll	\$ 8,816,274
Contributions as a percentage of Covered Employee Payroll	2.61%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is presented.

Note to Schedule:

Actuarially determined contribution rates shown above are calculated as of October 1, 2016 for the plan/fiscal year in which contributions are reported. Methods and assumptions used to determine contribution rates are the same as those found in Note M, Paragraph 10 of this report.

**9. Money-Weighted Rate of Return**

This schedule is intended to provide information about the actual performance of the OPEB plan's investment portfolio because it takes into account the effects of transactions that increase the amount of OPEB plan investments (such as contributions from employers, non-employer contributing entities, and plan members) and those that decrease the amount of OPEB plan investments (such as benefit payments).

**SCHEDULE OF INVESTMENT RETURNS  
Last Fiscal Year**

	<b>OPEB Plan 2017</b>
Annual money-weighted rate of return net of investment expense	8.72%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is presented.

**City of Cocoa Beach, Florida  
Required Supplementary Information  
September 30, 2017**

**10. Schedule of Funding Progress (OPEB Obligation)**

<b>Schedule of Funding Progress</b>						
Actuarial Valuation Date	Actuarial Value of Assets (AVA) ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded AAL (UAAL) ( b-a )	Funded Ratio ( a/b )	Covered Payroll ( c )	Ratio of UAAL to Covered Payroll ( b-a/c )
10/1/2016	\$1,119,264	\$7,192,087	\$6,072,823	15.6%	\$8,816,274	68.9%
10/1/2015	932,948	5,181,746	4,248,798	18.0%	7,793,106	54.5%
10/1/2014	833,238	4,607,747	3,774,509	18.1%	8,022,735	47.0%
10/1/2013	664,879	5,153,898	4,489,019	12.9%	7,693,019	58.4%
10/1/2012	482,754	4,231,178	3,748,424	11.4%	6,999,488	53.6%
10/1/2011	313,234	4,800,974	4,487,740	6.5%	7,314,426	61.4%
10/1/2010	217,284	4,797,993	4,580,709	4.5%	7,854,652	58.3%
10/1/2009	101,350	4,522,910	4,421,560	2.2%	8,665,346	51.0%
10/1/2008	-	4,592,459	4,592,459	-	7,719,503	59.5%

**11. Schedule of Employer Contributions (OPEB Obligation)**

Contributions began in October 2008 (Fiscal Year 2009)

<b>Schedule of Employer Contributions</b>			
Fiscal Year Ended	Annual Required Contribution (ARC)	Estimated Net Contribution	Percentage Contributed
9/30/2017	\$ 576,881	\$ 321,216	55.7%
9/30/2016	446,357	300,143	67.2%
9/30/2015	402,094	321,298	79.9%
9/30/2014	512,135	317,714	62.0%
9/30/2013	429,585	263,724	61.4%
9/30/2012	490,277	163,026	33.3%
9/30/2011	538,689	119,201	22.1%
9/30/2010	530,698	149,082	28.1%
9/30/2009	503,956	147,683	29.3%

## Other Supplemental Information

**City of Cocoa Beach, Florida  
Combining Balance Sheet  
Non-major Governmental Funds  
September 30, 2017**

	<u>Special Revenue</u>		<u>Total Non- major Governmental Funds</u>
	<u>Metered Parking Fund</u>	<u>Confiscated Property Fund</u>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,438,320	\$ 180,521	\$ 1,618,841
Investments	547,642	-	547,642
Accounts receivable	10,911	-	10,911
Total assets	<u>\$ 1,996,873</u>	<u>\$ 180,521</u>	<u>\$ 2,177,394</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accrued liabilities	<u>\$ 68,691</u>	<u>\$ -</u>	<u>\$ 68,691</u>
Fund balances:			
Restricted for law enforcement	-	180,521	180,521
Committed	<u>1,928,182</u>	<u>-</u>	<u>1,928,182</u>
Total fund balances	<u>1,928,182</u>	<u>180,521</u>	<u>2,108,703</u>
Total liabilities and fund balances	<u>\$ 1,996,873</u>	<u>\$ 180,521</u>	<u>\$ 2,177,394</u>

**City of Cocoa Beach, Florida**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-major Governmental Funds**  
**For the Fiscal Year Ended September 30, 2017**

	Special Revenue		Total Non- major Governmental Funds
	Metered Parking Fund	Confiscated Property Fund	
<b>REVENUES</b>			
Parking meter fees	\$ 1,510,885	\$ -	\$ 1,510,885
Fines and forfeitures	398,034	305	398,339
Investment earnings	2,641	1	2,642
Miscellaneous revenues	0	-	0
Total revenues	<u>1,911,560</u>	<u>306</u>	<u>1,911,866</u>
<b>EXPENDITURES</b>			
Current:			
General government	<u>759,651</u>	<u>12,072</u>	<u>771,723</u>
Total expenditures	<u>759,651</u>	<u>12,072</u>	<u>771,723</u>
Excess of revenues over (under) expenditures	1,151,909	(11,766)	1,140,143
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	200,350	-	200,350
Transfers out	<u>(550,350)</u>	<u>-</u>	<u>(550,350)</u>
Total other financing sources	<u>(350,000)</u>	<u>-</u>	<u>(350,000)</u>
Net change in fund balances	801,909	(11,766)	790,143
Fund balances, beginning of year	<u>1,126,273</u>	<u>192,287</u>	<u>1,318,560</u>
Fund balances, end of year	<u>\$ 1,928,182</u>	<u>\$ 180,521</u>	<u>\$ 2,108,703</u>

**City of Cocoa Beach, Florida**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Metered Parking Special Revenue Fund**  
**For the Fiscal Year Ended September 30, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Parking meter fees	\$ 688,000	\$ 1,372,000	\$ 1,510,885	\$ 138,885
Parking fines	234,000	298,000	398,034	100,034
Investment earnings	3,000	3,000	2,641	(359)
Miscellaneous revenues	500	500	-	(500)
Total revenues	<u>925,500</u>	<u>1,673,500</u>	<u>1,911,560</u>	<u>238,060</u>
<b>EXPENDITURES</b>				
Current:				
General government	<u>1,199,616</u>	<u>2,253,581</u>	<u>759,651</u>	<u>1,493,930</u>
Total expenditures	<u>1,199,616</u>	<u>2,253,581</u>	<u>759,651</u>	<u>1,493,930</u>
Excess of revenues over (under) expenditures	(274,116)	(580,081)	1,151,909	1,731,990
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	200,350	200,350
Transfers out	<u>(350,000)</u>	<u>(350,000)</u>	<u>(550,350)</u>	<u>(200,350)</u>
Net change in fund balances	(624,116)	(930,081)	801,909	1,731,990
Fund balances, beginning of year	<u>1,126,273</u>	<u>1,126,273</u>	<u>1,126,273</u>	<u>-</u>
Fund balances, end of year	<u>\$ 502,157</u>	<u>\$ 196,192</u>	<u>\$ 1,928,182</u>	<u>\$ 1,731,990</u>

**City of Cocoa Beach, Florida**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Confiscated Property Special Revenue Fund**  
**For the Year Ended September 30, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Fines and forfeitures	\$ -	\$ -	\$ 305	\$ 305
Investment earnings	-	-	1	1
Total revenues	<u>-</u>	<u>-</u>	<u>306</u>	<u>306</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	12,072	(12,072)
Total expenditures	<u>-</u>	<u>-</u>	<u>12,072</u>	<u>(12,072)</u>
Excess of revenues over expenditures	-	-	(11,766)	(11,766)
Fund balances, beginning of year	<u>192,287</u>	<u>192,287</u>	<u>192,287</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 192,287</u></u>	<u><u>\$ 192,287</u></u>	<u><u>\$ 180,521</u></u>	<u><u>\$ (11,766)</u></u>



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# STATISTICAL SECTION (Unaudited)

*This part of the City of Cocoa Beach'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 & Additional Notes

### 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.*

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Table A-2 Changes in Net Position	116
Table A-3 Fund Balances - Governmental Funds	118
Table A-4 Changes in Fund Balances - Governmental Funds	119

### B. Revenue Capacity

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

	<u>Page</u>
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Table B-2 Direct and Overlapping Property Tax Rates	121
Table B-3 Principal Property Taxpayers	122
Table B-4 Property Tax Levies and Collections	123

### C. Debt Capacity

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

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Table C-1 Ratios of Outstanding Debt by Type	124
Table C-2 Ratios of General Bonded Debt Outstanding (See Notes)	-
Table C-3 Direct and Overlapping Governmental Activities Debt	125
Table C-4 Legal Debt Margin Information (See Notes)	-
Table C-5 Pledged Revenue Coverage	126

### 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.*

	<u>Page</u>
Table D-1 Demographic and Economic Statistics	127
Table D-2 Principal Employers	128

(Continued)

## STATISTICAL SECTION (Unaudited)

### 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.*

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Table E-1 Full-time Equivalent City Government Employees by Function/Program	129
Table E-2 Operating Indicators by Function/Program	130
Table E-3 Capital Asset Statistics by Function/Program	131

### 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.

Actual titles of some schedules will vary from the general titles shown above.

Neither the City of Cocoa Beach Charter or Code, nor the Florida Statutes limit the amount of debt the City of Cocoa Beach can issue; therefore tables showing the City's legal debt limit and debt margins are not applicable. The City has not issued any General Bonded Debt in the last ten years.

The following statistical tables which are normally included in a government's Comprehensive Annual Financial Report are not applicable and, accordingly, are not included in this report.

Table C-2	Ratios of General Bonded Debt Outstanding
Table C-4	Legal Debt Margin Information

**City of Cocoa Beach, Florida**  
**Table A-1**  
**Net Position by Component**  
**Last Ten Fiscal Years**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Governmental activities</b>										
Net investment in capital assets	\$ 17,410,323	\$ 17,427,319	\$ 17,780,910	\$ 18,708,421	\$ 18,261,764	\$ 18,080,949	\$ 23,650,099	\$ 22,249,281	\$ 24,182,508	\$ 26,290,568
Restricted	245,917	225,227	201,550	205,435	204,697	206,541	594,503	864,117	456,923	445,157
Unrestricted	7,504,212	8,814,972	8,930,157	8,743,640	8,984,450	5,609,847	2,278,071	(3,923,940)	(3,432,120)	(3,184,461)
Total governmental activities net position	<u>\$ 25,160,452</u>	<u>\$ 26,467,518</u>	<u>\$ 26,912,617</u>	<u>\$ 27,657,496</u>	<u>\$ 27,450,911</u>	<u>\$ 23,897,337</u>	<u>\$ 26,522,673</u>	<u>\$ 19,189,458</u>	<u>\$ 21,207,311</u>	<u>\$ 23,551,264</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 25,798,570	\$ 27,284,398	\$ 31,284,569	\$ 31,165,812	\$ 32,096,348	\$ 29,003,772	\$ 25,003,758	\$ 24,343,465	\$ 25,427,503	\$ 27,971,940
Restricted	2,041,853	2,025,593	112,840	105,626	98,193	824,865	824,865	1,029,297	1,029,297	637,235
Unrestricted	6,480,832	3,987,231	1,893,282	2,447,560	2,091,980	8,318,197	8,376,696	\$ 8,857,119	7,625,604	8,315,120
Total business-type activities net position	<u>\$ 34,321,255</u>	<u>\$ 33,297,222</u>	<u>\$ 33,290,691</u>	<u>\$ 33,718,998</u>	<u>\$ 34,286,521</u>	<u>\$ 38,146,834</u>	<u>\$ 34,205,319</u>	<u>\$ 34,229,881</u>	<u>\$ 34,082,404</u>	<u>\$ 36,924,295</u>
<b>Primary government</b>										
Net investment in capital assets	\$ 43,208,893	\$ 44,711,717	\$ 49,065,479	\$ 49,874,233	\$ 50,358,112	\$ 47,084,721	\$ 48,653,857	\$ 46,592,746	\$ 49,610,011	\$ 54,262,508
Restricted	2,287,770	2,250,820	314,390	311,061	302,890	1,031,406	1,419,368	1,893,414	1,486,220	1,082,392
Unrestricted	13,985,044	12,802,203	10,823,439	11,191,200	11,076,430	13,928,044	10,654,767	4,933,179	4,193,484	5,130,659
Total primary government net position	<u>\$ 59,481,707</u>	<u>\$ 59,764,740</u>	<u>\$ 60,203,308</u>	<u>\$ 61,376,494</u>	<u>\$ 61,737,432</u>	<u>\$ 62,044,171</u>	<u>\$ 60,727,992</u>	<u>\$ 53,419,339</u>	<u>\$ 55,289,715</u>	<u>\$ 60,475,559</u>

**Notes:**

1. Accrual Basis of Accounting.
2. Accounting standards require that net position be reported in three (3) components in the financial statements: net investment in capital assets, restricted, and unrestricted.
3. Net position is considered restricted only when an external party, such as the state or federal government, places a restriction on how the resources may be used, or through enabling legislation enacted by the City.
4. Net assets restated as net position beginning Fiscal Year 2013 CAFR.

**City of Cocoa Beach, Florida**  
**Table A-2, Part 1**  
**Changes in Net Position**  
**Last Ten Fiscal Years**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Program expenses</b>										
Governmental activities:										
General government	\$ 3,558,863	\$ 3,802,676	\$ 3,249,190	\$ 3,357,724	\$ 2,788,002	\$ 2,919,124	\$ 1,285,245	\$ 3,487,514	\$ 4,819,444	\$ 4,935,118
Public Safety	7,628,097	7,382,335	8,146,626	8,895,179	8,906,595	8,648,071	9,289,985	8,632,350	7,726,733	8,782,659
Physical Environment	1,472,568	1,529,693	1,474,627	1,463,330	1,448,782	1,480,466	1,491,654	1,441,963	1,468,270	1,510,816
Transportation/Public Works	3,043,125	3,037,158	3,291,140	3,135,193	3,450,828	2,970,897	5,199,935	3,744,760	3,368,439	3,526,815
Recreation	957,307	899,025	967,958	1,008,353	1,202,669	1,085,135	3,874,112	3,346,596	3,539,718	3,432,942
Interest on long-term debt	32,660	27,292	21,608	15,697	9,587	2,736	-	125,844	124,169	307,420
<b>Total governmental activities program expenses</b>	<b>16,692,620</b>	<b>16,678,179</b>	<b>17,151,149</b>	<b>17,875,476</b>	<b>17,806,463</b>	<b>17,106,429</b>	<b>21,140,931</b>	<b>20,779,027</b>	<b>21,046,773</b>	<b>22,495,770</b>
Business-type activities:										
Utilities system	4,895,213	5,242,467	4,894,135	4,682,920	4,846,321	4,802,654	6,428,259	6,180,828	6,491,931	6,828,930
Golf	2,577,661	2,693,504	2,691,019	2,821,748	2,704,671	2,636,838	-	-	-	-
Stormwater	582,439	606,009	586,175	510,821	482,407	507,130	512,869	472,371	471,907	500,555
<b>Total business-type activities program expenses</b>	<b>8,055,313</b>	<b>8,541,980</b>	<b>8,171,329</b>	<b>8,015,489</b>	<b>8,033,399</b>	<b>7,946,622</b>	<b>6,941,128</b>	<b>6,653,199</b>	<b>6,963,838</b>	<b>7,329,485</b>
<b>Total primary government program expenses</b>	<b>\$ 24,747,933</b>	<b>\$ 25,220,159</b>	<b>\$ 25,322,478</b>	<b>\$ 25,890,965</b>	<b>\$ 25,839,862</b>	<b>\$ 25,053,051</b>	<b>\$ 28,082,059</b>	<b>\$ 27,432,226</b>	<b>\$ 28,010,611</b>	<b>\$ 29,825,255</b>
<b>Program revenues</b>										
Governmental activities:										
General government	\$ 1,501,714	\$ 2,139,597	\$ 2,112,700	\$ 2,747,622	\$ 2,047,310	\$ 2,073,020	\$ 2,395,990	\$ 2,044,829	\$ 1,161,342	\$ 1,134,935
Public Safety	572,548	402,905	434,621	420,858	642,032	725,412	665,589	626,835	981,899	1,105,118
Physical Environment	1,586,746	1,575,950	1,544,614	1,588,430	1,605,658	1,593,151	1,662,458	1,663,153	1,763,280	1,801,744
Transportation/Public Works	963,093	1,068,118	1,026,787	1,159,062	1,109,997	1,021,125	1,140,466	1,267,992	1,874,144	2,652,362
Recreation	218,196	245,272	223,766	250,063	244,540	274,497	2,496,625	2,436,776	2,340,083	2,161,586
Operating grants and contributions	387,308	627,413	-	-	-	-	-	-	283,861	746,727
Capital grants and contributions	-	-	639,697	1,026,314	547,108	328,225	478,810	660,802	1,844,670	1,015,000
<b>Total governmental activities program revenues</b>	<b>5,229,605</b>	<b>6,059,255</b>	<b>5,982,185</b>	<b>7,192,349</b>	<b>6,196,645</b>	<b>6,015,430</b>	<b>8,839,938</b>	<b>8,700,387</b>	<b>10,249,279</b>	<b>10,617,472</b>
Business-type activities:										
Charges for services:										
Utilities system	5,042,600	5,009,239	5,169,109	5,544,368	6,058,715	5,633,604	5,830,201	5,799,532	6,268,290	6,628,578
Golf	2,364,654	1,749,352	1,977,061	2,103,128	2,225,397	2,311,096	-	-	-	-
Stormwater	673,545	665,794	628,693	573,019	667,912	585,947	592,638	595,644	800,882	865,368
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	655,508	177,425	720,442	635,021	73,391	54,314	159,540	558,212	208,794	3,171,488
<b>Total business-type activities program revenues</b>	<b>8,736,307</b>	<b>7,601,810</b>	<b>8,495,305</b>	<b>8,855,536</b>	<b>9,025,415</b>	<b>8,584,961</b>	<b>6,582,379</b>	<b>6,953,388</b>	<b>7,277,966</b>	<b>10,665,434</b>
<b>Total primary government program revenues</b>	<b>\$ 13,965,912</b>	<b>\$ 13,661,065</b>	<b>\$ 14,477,490</b>	<b>\$ 16,047,885</b>	<b>\$ 15,222,060</b>	<b>\$ 14,600,391</b>	<b>\$ 15,422,317</b>	<b>\$ 15,653,775</b>	<b>\$ 17,527,245</b>	<b>\$ 21,282,906</b>

**City of Cocoa Beach, Florida**  
**Table A-2, Part 2**  
**General Revenues and Other Changes in Net Position**  
**Last Ten Fiscal Years**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Net (expense) revenue</b>										
Governmental activities	\$ (11,463,015)	\$ (10,618,924)	\$ (11,168,964)	\$ (10,683,127)	\$ (11,609,818)	\$ (11,090,999)	\$ (12,300,993)	\$ (12,078,640)	\$ (10,797,494)	\$ (11,878,298)
Business-type activities	680,994	(940,170)	323,976	840,047	992,016	638,339	(358,749)	300,189	314,128	3,335,949
<b>Total primary government net expense</b>	<b>\$ (10,782,021)</b>	<b>\$ (11,559,094)</b>	<b>\$ (10,844,988)</b>	<b>\$ (9,843,080)</b>	<b>\$ (10,617,802)</b>	<b>\$ (10,452,660)</b>	<b>\$ (12,659,743)</b>	<b>\$ (11,778,451)</b>	<b>\$ (10,483,366)</b>	<b>\$ (8,542,349)</b>
<b>General revenues and other changes in net position</b>										
Governmental activities:										
General revenues:										
Property taxes	\$ 7,005,132	\$ 6,982,452	\$ 6,536,885	\$ 6,327,375	\$ 6,348,123	\$ 6,352,123	\$ 6,680,713	\$ 7,102,087	\$ 7,657,945	\$ 9,126,174
Local option gas tax	413,309	396,620	360,065	366,540	458,735	408,959	393,454	417,978	461,652	333,671
Franchise taxes	1,460,119	1,550,539	1,424,131	1,357,980	1,358,787	1,231,315	1,290,918	1,294,985	1,272,155	1,247,130
Excise taxes	1,811,006	1,915,443	1,977,281	1,926,808	1,891,349	1,964,827	1,991,139	1,976,393	1,989,682	1,901,602
Intergovernmental	739,803	690,753	676,372	683,612	645,626	668,540	699,504	722,933	737,261	779,801
Unrestricted investment earnings	413,916	135,186	118,510	123,315	96,921	(1,692)	58,705	79,118	42,569	10,575
Miscellaneous revenues	424,447	33,943	79,765	151,322	112,638	97,773	165,712	156,703	145,083	264,298
Transfers	341,054	221,054	441,054	491,054	491,054	(3,184,420)	3,646,185	509,000	509,000	559,000
<b>Total governmental activities</b>	<b>12,608,786</b>	<b>11,925,990</b>	<b>11,614,063</b>	<b>11,428,006</b>	<b>11,403,233</b>	<b>7,537,425</b>	<b>14,926,330</b>	<b>12,259,197</b>	<b>12,815,347</b>	<b>14,222,251</b>
Business-type activities:										
Unrestricted investment earnings	316,061	137,191	110,547	79,314	66,561	37,554	63,419	73,088	47,395	64,942
Transfers	(341,054)	(221,054)	(441,054)	(491,054)	(491,054)	3,184,420	(3,646,185)	(509,000)	(509,000)	(559,000)
<b>Total business-type activities</b>	<b>(24,993)</b>	<b>(83,863)</b>	<b>(330,507)</b>	<b>(411,740)</b>	<b>(424,493)</b>	<b>3,221,974</b>	<b>(3,582,766)</b>	<b>(435,912)</b>	<b>(461,605)</b>	<b>(494,058)</b>
<b>Total primary government</b>	<b>\$ 12,583,793</b>	<b>\$ 11,842,127</b>	<b>\$ 11,283,556</b>	<b>\$ 11,016,266</b>	<b>\$ 10,978,740</b>	<b>\$ 10,759,399</b>	<b>\$ 11,343,564</b>	<b>\$ 11,823,285</b>	<b>\$ 12,353,742</b>	<b>\$ 13,728,193</b>
<b>Changes in net position</b>										
Governmental activities	\$ 1,145,771	\$ 1,307,066	\$ 445,099	\$ 744,879	\$ (206,585)	\$ (3,553,574)	\$ 2,625,337	\$ 180,557	\$ 2,017,853	\$ 2,343,953
Business-type activities	656,001	(1,024,033)	(6,531)	428,307	567,523	3,860,313	(3,941,515)	(135,723)	(147,477)	2,841,891
<b>Total primary government</b>	<b>\$ 1,801,772</b>	<b>\$ 283,033</b>	<b>\$ 438,568</b>	<b>\$ 1,173,186</b>	<b>\$ 360,938</b>	<b>\$ 306,739</b>	<b>\$ (1,316,178)</b>	<b>\$ 44,834</b>	<b>\$ 1,870,376</b>	<b>\$ 5,185,844</b>

**City of Cocoa Beach, Florida**  
**Table A-3**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>General Fund</b>										
Reserved	\$ 800,507	\$ 686,318	\$ 2,665,004	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	6,737,924	8,667,363	7,247,210	-	-	-	-	-	-	-
Nonspendable	-	-	-	3,117,227	3,530,116	140,544	374,973	222,504	246,919	239,286
Restricted	-	-	-	-	16,200	16,200	402,375	672,125	264,636	264,636
Committed	-	-	-	1,083,606	668,570	328,918	3,031,960	422,975	1,018,716	1,435,818
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	5,691,311	6,116,168	6,396,738	5,007,909	4,530,258	3,714,213	2,976,927
<b>Total general fund</b>	<u>\$ 7,538,431</u>	<u>\$ 9,353,681</u>	<u>\$ 9,912,214</u>	<u>\$ 9,892,144</u>	<u>\$ 10,331,054</u>	<u>\$ 6,882,400</u>	<u>\$ 8,817,217</u>	<u>\$ 5,847,862</u>	<u>\$ 5,244,484</u>	<u>\$ 4,916,667</u>
<b>All other governmental funds</b>										
Reserved, reported in:										
Confiscated Property Fund	\$ 245,917	\$ 225,227	\$ 201,550	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Metered Parking Fund	1,127,927	988,057	922,379	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	4,649	4,983	5,082	5,346
Restricted	-	-	-	205,435	188,497	190,341	192,128	191,992	192,287	4,680,521
Committed	-	-	-	1,032,001	1,106,949	1,144,536	1,045,024	1,115,763	1,126,273	1,928,182
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(261,230)	(191,818)	(77,030)	151,595
<b>Total all other governmental funds</b>	<u>\$ 1,373,844</u>	<u>\$ 1,213,284</u>	<u>\$ 1,123,929</u>	<u>\$ 1,237,436</u>	<u>\$ 1,295,446</u>	<u>\$ 1,334,877</u>	<u>\$ 980,571</u>	<u>\$ 1,120,920</u>	<u>\$ 1,246,612</u>	<u>\$ 6,765,644</u>

- Notes:**
- 1 Modified accrual basis of accounting
  - 2 The City Implemented GASB #54 for the fiscal year ended September 30, 2011. See Note A to the financial statements for details.
  - 3 All other governmental funds includes: Confiscated Property Fund, Metered Parking Fund, and the Community Redevelopment Agency (CRA).

**City of Cocoa Beach, Florida**  
**Table A-4**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Taxes	\$ 10,689,566	\$ 10,845,054	\$ 10,298,362	\$ 9,978,703	\$ 10,056,994	\$ 9,957,224	\$ 10,356,221	\$ 10,791,445	\$ 11,381,434	\$ 12,608,577
Licenses and permits	352,169	359,821	353,869	386,320	416,435	433,729	449,991	441,606	482,642	586,788
Intergovernmental revenues	1,127,111	1,318,166	1,321,858	1,719,712	1,192,734	996,765	1,178,314	1,383,735	2,865,792	2,541,528
Charges for services	4,072,471	4,718,683	4,552,958	4,576,197	4,349,042	4,311,489	6,567,717	6,585,380	7,331,896	7,818,769
Fines & forfeitures	417,657	353,338	429,872	1,193,286	900,892	971,569	1,396,075	1,067,909	306,210	450,188
Investment earnings	413,916	135,186	118,510	123,315	96,921	(1,692)	54,907	79,118	42,569	10,575
Miscellaneous revenues	424,447	33,943	79,765	151,768	95,804	68,191	116,854	101,393	145,083	264,298
<b>Total revenues</b>	<b>17,497,337</b>	<b>17,764,191</b>	<b>17,155,194</b>	<b>18,129,301</b>	<b>17,108,822</b>	<b>16,737,275</b>	<b>20,120,079</b>	<b>20,450,586</b>	<b>22,555,626</b>	<b>24,280,723</b>
<b>Expenditures</b>										
General government	3,409,279	3,300,052	3,205,018	3,118,375	3,260,223	3,160,833	3,749,095	4,399,772	4,733,699	5,038,902
Public Safety	7,543,517	7,382,335	7,869,464	8,678,916	8,379,998	8,402,158	9,174,689	9,252,083	8,593,542	8,845,792
Physical Environment	1,472,568	1,529,693	1,474,627	1,463,330	1,448,782	1,480,466	1,491,654	1,441,963	1,468,270	1,510,816
Transportation/Public Works	3,222,585	3,037,158	3,509,852	4,153,674	2,785,826	2,712,413	5,156,369	5,244,532	5,954,177	4,886,276
Recreation	944,642	899,025	886,501	926,926	1,043,540	1,018,472	3,605,523	3,249,398	3,320,906	3,265,936
Debt Service										
Principal	150,000	155,000	160,000	170,000	175,000	185,000	69,401	75,000	226,252	467,657
Interest	32,660	27,292	21,608	15,697	9,587	2,736	-	125,844	124,169	307,420
<b>Total expenditures</b>	<b>16,775,251</b>	<b>16,330,555</b>	<b>17,127,070</b>	<b>18,526,918</b>	<b>17,102,956</b>	<b>16,962,078</b>	<b>23,246,731</b>	<b>23,788,592</b>	<b>24,421,015</b>	<b>24,322,799</b>
<b>Excess of revenues over (under) expenditures</b>	<b>722,086</b>	<b>1,433,636</b>	<b>28,124</b>	<b>(397,617)</b>	<b>5,866</b>	<b>(224,803)</b>	<b>(3,126,652)</b>	<b>(3,338,006)</b>	<b>(1,865,389)</b>	<b>(42,076)</b>
<b>Other financing sources (uses)</b>										
Land purchases	-	-	-	-	-	-	-	-	-	-
Transfers in	608,873	782,246	781,655	835,798	1,090,074	1,112,184	1,575,341	1,218,930	1,265,170	1,277,099
Transfers out	(267,819)	(561,192)	(340,601)	(344,744)	(599,020)	(4,296,604)	(658,178)	(709,930)	(756,170)	(718,099)
Capital lease	-	-	-	-	-	-	-	-	878,703	-
Issuance of debt	-	-	-	-	-	-	3,790,000	-	-	4,245,000
Premium on debt	-	-	-	-	-	-	-	-	-	429,291
<b>Total other financing sources</b>	<b>341,054</b>	<b>221,054</b>	<b>441,054</b>	<b>491,054</b>	<b>491,054</b>	<b>(3,184,420)</b>	<b>4,707,163</b>	<b>509,000</b>	<b>1,387,703</b>	<b>5,233,291</b>
<b>Net change in fund balances</b>	<b>\$ 1,063,140</b>	<b>\$ 1,654,690</b>	<b>\$ 469,178</b>	<b>\$ 93,437</b>	<b>\$ 496,920</b>	<b>\$ (3,409,223)</b>	<b>\$ 1,580,511</b>	<b>\$ (2,829,006)</b>	<b>\$ (477,686)</b>	<b>\$ 5,191,215</b>
<b>Debt service as a percentage of non-capital expenditures</b>										
	1.18%	1.20%	1.17%	1.14%	1.15%	1.16%	0.43%	1.42%	1.75%	2.95%

Notes: 1 Modified accrual basis of accounting  
2 Rise of debt service percentage in Fiscal Year 2017 is attributed to Equipment Master Lease payments and Series 2017B debt issuance costs

**City of Cocoa Beach, Florida**  
**Table B-1**  
**Value of Taxable Property**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Taxable Value Real Property for Operating Purposes</b>	<b>Personal Property for Operating Purposes</b>	<b>Gross Taxable Value</b>	<b>New Construction Taxable Value</b>	<b>Adjusted Taxable Value</b>	<b>Final Taxable Value*</b>	<b>Millage Rate **</b>
<b>2008</b>	\$ 2,036,579,260	\$ 57,643,659	\$ 2,094,222,919	\$ 17,133,370	\$ 2,077,089,549	\$ 2,087,281,923	3.4642
<b>2009</b>	1,639,162,920	53,665,754	1,692,828,674	5,605,130	1,687,223,544	1,938,070,723	3.7186
<b>2010</b>	1,417,116,320	43,261,675	1,460,377,995	2,756,180	1,457,621,815	1,457,361,276	4.0000
<b>2011</b>	1,273,147,270	34,617,909	1,307,765,179	2,615,190	1,305,149,989	1,457,119,766	4.5000
<b>2012</b>	1,282,995,490	36,505,989	1,319,501,479	1,955,124	1,317,546,355	1,317,771,181	5.0240
<b>2013</b>	1,336,061,370	39,768,882	1,375,830,252	1,068,490	1,374,761,762	1,317,345,221	4.9798
<b>2014</b>	1,420,415,260	42,997,287	1,463,412,547	2,768,970	1,460,643,577	1,375,437,743	4.9798
<b>2015</b>	1,528,428,150	44,389,202	1,572,817,352	3,875,580	1,568,941,772	1,462,050,879	4.9798
<b>2016</b>	1,651,383,595	44,356,979	1,695,740,574	7,726,440	1,688,014,134	1,570,025,655	4.9798
<b>2017</b>	1,790,137,425	45,689,227	1,835,826,652	3,666,242	1,832,160,410	1,689,173,910	5.4798

**Source:** Brevard County Property Appraiser (Form DR-420)

**Notes:** \* Final taxable value determined after Valuation Board rulings.

\*\* The rate used in the calculation for property taxes. One mil equals \$1 per \$1,000 of taxable value. A millage of 5.7298, which is the current (Fiscal Year 2018) rate in effect for the City of Cocoa Beach is equal to \$5.73 for each \$1,000 of taxable value on real property.

Property is assessed at actual value and therefore a separate table for assessed and actual data is not presented.

**City of Cocoa Beach, Florida**  
**Table B-2**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**

City Direct Rates		Overlapping Rates				
Fiscal Year	Basic Rate *	Brevard County	Brevard County Schools		Other **	Total Millage
			Operating	Capital Outlay		
2008	3.4642	4.6762	5.9110	1.7500	0.4503	16.2517
2009	3.7186	4.5211	6.1870	1.5000	0.4503	16.3770
2010	4.0000	5.2249	6.1530	1.5000	0.4503	17.3282
2011	4.5000	5.9199	6.6120	1.5000	0.3658	18.8977
2012	4.9798	5.9199	6.5960	1.5000	0.3658	19.3615
2013	4.9798	5.7979	6.1060	1.5000	0.3628	18.7465
2014	4.9798	5.4589	5.8390	1.5000	0.5230	18.3007
2015	4.9798	5.3047	5.7750	1.5000	0.4988	18.0583
2016	4.9798	5.3590	5.7750	1.5000	0.4445	18.0583
2017	5.4798	5.1512	5.4160	1.5000	0.4241	17.9711

**Source:** Brevard County Property Appraiser website.

**Notes:** \* The rate used in the calculation for property taxes. One mil equals \$1 per \$1,000 of taxable value.  
The tax rate on real property is based on \$1 per \$1,000 of assessed property value.

\*\* "Other" includes Florida Inland Navigation District and St. John's River Water Management District.

Overlapping rates are those of local and county governments that apply to property owners within the City of Cocoa Beach.

The total millage column applies to all property owners within the City limits.

**City of Cocoa Beach, Florida**  
**Table B-3**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Cocoa Beach Development, Inc.(Cocoa Beach Resort)	\$ 20,644,620	1	1.22%	\$ -	-	
1300 Atlantic (International Palms)	19,000,000	2	1.12%	-	-	
1550 North Atlantic (Hilton)	13,500,000	3	0.80%	13,500,000	2	0.70%
Westgate Resorts Ltd & Pier	11,594,990	4	0.69%	-	-	-
Discovery Resort, Inc.	11,155,280	5	0.66%	14,838,310	1	0.77%
Wells, Jeffery W. (Pumpkin Center)	7,732,640	6	0.46%	-	-	-
Branch Cornerstone Assoc LP (Inland Western)*	7,590,000	7	0.45%	8,600,000	3	0.44%
Ron Jon Surf Shop of Florida, Inc.	7,200,000	8	0.43%	-	-	-
Northport Inc Et Al (Ocean Landings)	7,154,150	9	0.42%	6,600,000	6	0.34%
Publix Supermarkets	6,640,000	10	0.39%	-	-	-
Pandey Hotel Cocoa Beach LLC (Doubletree, Cocoa Beach Hotel Fund)	-	-	-	6,100,000	8	0.31%
5500 North Corp. (Days Inn/Best Western)	-	-	-	8,000,000	4	0.41%
Roger Dobson, Trustee	-	-	-	6,200,000	7	0.32%
Cocoa Beach Surf Company	-	-	-	6,800,000	5	0.35%
Wakulla Motel	-	-	-	5,300,000	9	0.27%
Las Olas Beach Club	-	-	-	5,092,000	10	0.26%
<b>TOTALS</b>	<b>\$ 112,211,680</b>		<b>6.64%</b>	<b>\$ 81,030,310</b>		<b>4.18%</b>
<b>Total City final taxable value</b>	<b>\$ 1,689,173,910</b>			<b>\$ 1,938,070,723</b>		

**Source:** Brevard County Property Appraiser  
Multiple properties may be included in some taxable assessed value totals  
\*This Taxpayer includes the Cornerstone Plaza Publix

**City of Cocoa Beach, Florida**  
**Table B-4**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year	Gross Tax Levy (1)	Collected Within the Fiscal Year of the Levy		Current Year Collections for Prior Years	Total Collections	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 7,230,762	\$ 6,969,487	96.39%	\$ 35,645	\$ 7,005,132	96.88%
2009	7,210,039	6,949,361	96.38%	33,091	6,982,452	96.84%
2010	6,558,125	6,502,384	99.15%	45,134	6,547,518	99.84%
2011	6,563,416	6,302,345	96.02%	25,030	6,327,375	96.40%
2012	6,562,237	6,327,427	96.42%	20,696	6,348,123	96.74%
2013	6,560,116	6,302,734	96.08%	49,388	6,352,122	96.83%
2014	6,849,405	6,599,358	96.35%	55,240	6,654,598	97.16%
2015	7,281,531	6,974,913	95.79%	13,075	6,987,988	95.97%
2016	7,832,316	7,445,190	95.06%	12,070	7,457,259	95.21%
2017	9,256,330	8,773,566	94.78%	10,390	8,783,956	94.90%

**Source:** (1) Form 422 Final Taxable Value, multiplied by millage rate, less allowance for adjustments and discounts.

**Notes:** Reference the Financial Statements, Note A, Paragraph 14.

Current Year Collections includes prior year taxes and penalties collected.

**City of Cocoa Beach, Florida**  
**Table C-1**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities			Business-type Activities			Total Debt of Primary Government	Debt as Percentage of Personal Income	Debt Per Capita
	Capital Improvement Revenue Note	CRA Improvement Revenue Bonds Series 2017B	Capital Lease(s)	Utility System Improvement Revenue Bonds/Note	Clean Water State Revolving Loan 050610	Clean Water State Revolving Loan 050620			
2008	\$ 845,000	\$ -	\$ -	\$ 5,260,000	\$ 4,221,323	\$ -	\$ 10,326,323	2.26%	\$ 806
2009	690,000	-	-	3,565,000	3,994,751	-	8,249,751	1.85%	645
2010	530,000	-	-	-	3,761,330	-	4,291,330	0.87%	340
2011	360,000	-	-	-	3,520,852	-	3,880,852	0.83%	346
2012	185,000	-	-	-	13,398,470	-	13,583,470	2.99%	1,206
2013	-	-	310,647	-	22,924,791	-	23,235,438	5.19%	2,064
2014	3,790,000	-	241,246	2,695,000	20,433,179	-	27,159,425	6.21%	2,442
2015	3,715,000	-	169,625	2,420,000	19,607,982	1,714,186	27,626,793	6.91%	2,482
2016	3,570,000	-	967,076	2,135,000	18,759,001	4,170,162	29,601,239	5.33%	2,647
2017	3,420,000	4,245,000	649,419	1,845,000	17,885,846	4,180,624	32,225,889	9.51%	2,858

**Notes:** Percentage of personal income and per capita amounts calculated from information in Table D-1.

Revenue Note 2014 A for fire station construction issued in Fiscal Year 2014 (Governmental Activities).

See Note H, Paragraph No. 1 for a detailed discussion of the Capital Equipment Lease (Governmental Activities).

The Utility System Bonds Series 2002 were legally defeased March 3, 2010 (Business-type Activities).

See Note H, Paragraphs Nos. 1 & 2 and 4b - 5 for a detailed discussion of the Clean Water State Revolving Loans (SRF).

The 2004 SRF loan was refunded by a bank loan in Fiscal Year 2014 - Capital Improvement Revenue Refunding Note, Series 2014B (Business-type Activities).

CRA Improvement Revenue Bonds, Series 2017B were issued in September of 2017. Note H - 3b details the payment schedule

Details regarding all of the City's outstanding debt can be found in Note H to the Financial Statements.

**City of Cocoa Beach, Florida**  
**Table C-3**  
**Direct and Overlapping Governmental Activities Debt**  
**As of September 30, 2017**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<b>City Direct Debt</b> (governmental activities) (a)	\$ 8,314,419	100.00%	\$ 8,314,419
<b>Overlapping Debt</b>			
Brevard County:			
Governmental activities debt (b)	<u>240,034,336</u>	4.8992%	<u>11,759,663</u>
<b>Total Direct and Overlapping Debt</b>	<u><u>\$ 248,348,755</u></u>		<u><u>\$ 20,074,082</u></u>

**Source:** (a) City of Cocoa Beach CAFR Fiscal Year 2017 Statistical Table C-1 .  
(b) Brevard County Finance Department - CAFR Fiscal Year 2016, Table 11.  
(c) Brevard County Finance Department

**Notes:** Percentage based on the 2016 final taxable assessed City and County valuation.

**City of Cocoa Beach, Florida**  
**Table C-5**  
**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**

**Utilities System Improvement**  
**Utilities System Improvement Revenue Refunding Bonds, Series 2002**

Fiscal Year	(1) Utility Gross Pledged Revenue	(2) Less: Operating Expenses	Net Pledged Revenue	(3)(8) Debt Service		Coverage
				Principal	Interest	
2008	\$ 5,371,208	\$ 3,420,178	\$ 1,951,030	\$ 1,650,000	\$ 179,825	1.07
2009	5,181,664	3,785,669	1,395,995	1,695,000	135,643	0.76
2010	-	-	-	-	-	-
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-

- Notes:**
- (1) Gross pledged revenues include sewer system connection fees accounted for as contributed capital in the financial statements, but available for debt service in accordance with the bond resolution.
  - (2) Direct operating expenses exclude depreciation and amortization.
  - (3) The Utility bonds were advance refunded in November 2002. The debt service requirement for Fiscal Year 2003 included the November principal and interest requirements for the Series 1993 Bonds and the May interest requirement for the Series 2002 Bonds.
  - (4) Gross pledged revenues include golf course operating revenue, electric franchise fees and occupational licenses.
  - (5) The Public Improvement Revenue Refunding Bonds, Series 2002 payments were split between the General Fund and the Golf Course Fund. The Golf Course Fund was incorporated into the General Fund in Fiscal Year 2014.
  - (6) The Public Improvement Bonds were advance refunded in August 2002. The debt service requirement for Fiscal Year 2003 was on the Series 1993 Public Improvement Revenue Bonds, which had principal and interest payments of \$135,000 and \$233,760, respectively, prior to their retirement.
  - (7) The Public Improvement Bonds were legally defeased as of April 2007.
  - (8) The Utilities System Improvement Bonds were legally defeased as of March 3, 2010.

**City of Cocoa Beach, Florida**  
**Table D-1**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

<b>Year</b>	<b>(1) Population</b>	<b>(2) Personal Income</b>	<b>(3) Per Capita Personal Income</b>	<b>(4) Median Age</b>	<b>(5) Unemployment Rate</b>	<b>(6) School Enrollment</b>
<b>2008</b>	12,805	\$ 456,254,955	\$ 35,631	53.3	6.5%	2,402
<b>2009</b>	12,800	445,977,600	34,842	53.2	12.1%	2,226
<b>2010</b>	12,631	492,583,738	38,998	53.9	12.9%	2,175
<b>2011</b>	11,231	468,939,174	41,754	54.3	10.8%	2,226
<b>2012</b>	11,233	453,970,462	40,414	53.5	6.0%	2,063
<b>2013</b>	11,259	447,770,430	39,770	56.2	3.9%	1,977
<b>2014</b>	11,121	437,044,179	39,299	56.8	6.3%	1,914
<b>2015</b>	11,131	399,814,389	35,919	58.3	6.1%	1,876
<b>2016</b>	11,182	555,633,580	49,690	59.4	5.2%	1,811
<b>2017</b>	11,276	338,821,248	30,048	59.4	4.6%	1,785

**Sources:** (1) Economic Development Commission of Florida's Space Coast  
(2) Estimate (1) x (3)  
(3) Economic Development Commission of Florida's Space Coast  
(4) Economic Development Commission of Florida's Space Coast  
(5) Economic Development Commission of Florida's Space Coast  
(6) Brevard County Public Schools Include: Cocoa Beach Junior/Senior High School  
Freedom 7 Elementary School  
Theodore Roosevelt Elementary School

**City of Cocoa Beach, Florida**  
**Table D-2**  
**Principal Employers**  
**Current Year and Nine Years Ago**

Employer	2017			2008		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Brevard County Schools	5,000 - 9,000			9,442	1	3.95%
Health First, Inc.	5,000 - 9,000			6,291	4	2.63%
Harris Corporation	5,000 - 9,000			6,582	2	2.76%
Brevard County Government	1,000 - 9,000			3,137	5	1.31%
45th Space Wing DOD	1,000 - 2,499			-	-	-
Northrop Grumman Corporation	1,000 - 2,499			2,000	8	0.84%
NASA @ Kennedy Space Ctr.	1,000 - 2,499			2,018	7	0.84%
Wuesthoff Health Systems	1,000 - 2,499			1,918	9	0.80%
Rockwell Collins Inc.	1,000 - 2,499			-	-	-
Eastern Florida State College*	1,000 - 2,499			2,300	6	0.96%
United Space Alliance	-			6,400	3	2.68%
Space Gateway Support	-			1,800	10	0.75%
The Boeing Company	-			-	-	-
<b>TOTALS</b>	<b>N/A**</b>			<b>41,888</b>		<b>17.53%</b>

- Source:** Economic Development Commission of Florida's Space Coast.
- 1 Employers exclude retail operations.
  - 2 Employment figures are for Brevard County. No City figures are available.
- \* Brevard Community College
- \*\* Exact employment numbers are no longer available as of 2016 for security reasons per the EDC.
- \*\*\* Total average employment for Brevard County in fiscal year 2017 was 256,177

**City of Cocoa Beach, Florida**  
**Table E-1**  
**Full-time Equivalent**  
**City Government Employees by Function/Program**  
**Last Ten Fiscal Years**

<b>Full-time Equivalent Employees as of September 30</b>										
<b>Function/Program</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>General Government</b>	32.8	31.5	31.7	31.5	31.7	32.2	31.2	31.9	37.2	36.20
<b>Police</b>	56.5	53.5	51.5	53.6	53.4	54.0	54.5	55.5	55.5	55.45
<b>Fire</b>	29.0	28.0	27.0	28.0	28.0	28.0	28.0	28.0	28.0	28.00
<b>Public Works</b>	32.6	28.8	28.5	28.5	29.1	30.5	30.6	31.0	32.8	34.80
<b>Parks and Recreation</b>	21.4	24.4	19.2	19.6	25.4	29.5	23.3	23.3	29.35	29.35
<b>Utilities</b>	27.0	25.0	25.0	24.0	24.0	24.0	24.0	25.0	25.0	25.00
<b>Stormwater</b>	7.0	7.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.00
<b>Golf Course</b>	44.3	43.0	40.4	39.1	45.2	41.0	45.1	40.7	40.7	39.70
<b>Metered Parking</b>	4.0	4.0	5.7	5.4	6.9	6.3	5.3	5.9	5.9	5.90
<b>Totals</b>	<u>254.60</u>	<u>245.13</u>	<u>233.93</u>	<u>233.65</u>	<u>247.59</u>	<u>249.33</u>	<u>245.85</u>	<u>245.24</u>	<u>258.45</u>	<u>258.40</u>

**Source:** City Finance and Personnel Departments.

**Notes:** Refers to the number of personnel authorized for an accounting period, including part-time personnel converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time recreation aide working 20 hours per week for 52 weeks a year equals one-half of a full-time position. Elected officials are carried as General Government employees for payroll purposes, but are excluded from the figures above.

**Staffing Notes:** Increase in General Government in 2016 due to addition of 6 positions (ACM, Associate Planner, 2 GIS, 2 IT). Increase in Parks and Recreation due to ACA reg changes and the need to add additional staff members to ensure the same or higher level of service is delivered to the residents and visitors.

**City of Cocoa Beach, Florida**  
**Table E-2**  
**Operating Indicators by Function/Program**  
**Last Ten Years**

<b>Function/Program</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Police</b>										
Physical arrests	1,253	1,215	822	801	729	616	681	685	581	785
Parking violations	6,819	7,059	5,405	5,529	7,268	8,527	6,084	5,841	7,770	10,831
Traffic violations	6,466	5,469	4,863	3,798	3,616	3,696	4,163	1,984	2,941	2,904
<b>Fire</b>										
Emergency responses	1,648	2,184	2,149	2,513	2,150	2,467	2,235	2,565	2,646	2,803
Fires extinguished	63	63	46	62	63	62	47	46	48	55
Inspections	316	504	323	206	281	582	410	178	196	214
<b>Public Works***</b>										
Street resurfacing (miles)	-	-	-	1.3	-	-	-	-	0.1	0.32
Pothole repair/patching (square yards)	100	1,150	126	243	248	-	269	2,311	184	226
Asphalt rejuvenation (square yards)	-	-	530,109	-	-	-	-	283,558	263,112	-
<b>Parks and Recreation</b>										
Attendees at gymnasium	2,668	2,621	2,158	2,542	1,717	2,149	2,385	2,192	2,026	3,265
Pool attendees	20,124	19,624	19,003	22,627	21,180	19,564	21,392	26,541	23,021	23,021
<b>Water</b>										
Total metered connections*	4,545	4,526	4,507	4,518	4,502	4,501	4,523	4,368	4,570	4,589
Average daily consumption (thousands of gallons)	2,116	2,136	1,902	1,913	1,891	1,780	1,808	1,652	1,784	1,768
<b>Wastewater</b>										
Average daily sewage treatment ** (thousands of gallons)	4,000	3,208	3,368	3,600	3,705	3,933	4,148	4,260	3,857	3,852

**Notes:** Refuse collection - Contracted out.  
Library - County provided.  
Transit - County provided.

\* Excludes Patrick AFB.

\*\* Includes Patrick AFB.

\*\*\* No road work was recorded in the Public Works categories in Fiscal Year 2014 - City-wide asphalt rejuvenation budgeted in Fiscal Year 2015 and Fiscal Year 2016.

**Sources:** Data provided by City of Cocoa Water Sewer Distribution Report.  
Water data provided by City of Cocoa.  
Wastewater data provided by City of Cocoa Beach.

**City of Cocoa Beach, Florida**  
**Table E-3**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Schools (1)</b>										
Elementary	2	2	2	2	2	2	2	2	2	2
Junior/Senior High	1	1	1	1	1	1	1	1	1	1
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Police Officers (2)	37	33	37	34	31	34	32	35	35	35
<b>Fire</b>										
Stations	2	2	2	2	2	2	2	2	2	2
Firefighters (2)	28	27	27	27	26	27	27	27	27	27
<b>Other Public Works</b>										
Streets (linear miles)	35	35	35	35	35	35	35	35	35	35
Streetlights	1,265	1,265	1,265	1,265	1,265	1,265	1,265	1,265	1,265	1,265
<b>Parks and Recreation</b>										
Parks and playgrounds (4)	12	12	12	12	12	12	12	12	12	12
Golf course (27 holes)	1	1	1	1	1	1	1	1	1	1
Tennis courts (2 clay)	12	12	12	12	12	12	12	12	12	12
Swimming pools (1 adult; 1 children)	2	2	2	2	2	2	2	2	2	2
Maritime Hammock Preserve (5)	1	1	1	1	1	1	1	1	1	1
Skateboard park	1	1	1	1	1	1	1	1	1	1
<b>Utilities</b>										
<b>Wastewater</b>										
Sanitary sewers (miles)	64	64	64	64	64	64	64	64	64	64
Storm sewers (miles)	18	18	22	22	22	22	22	22	22	22
<b>Electricity</b>										
Meter connections	10,230	10,122	10,120	10,121	10,137	10,155	10,201	10,235	10,269	10,280

**Notes:** (1) Schools owned and operated by Brevard County School Board  
(2) Sworn officers  
(3) Firefighters and 2 chiefs  
(4) City and County parks in City limits



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- Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*
- Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance and Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.550, *Rules of The Auditor General*
- Schedule of Expenditures of Federal Awards and State Financial Assistance
- Schedule of Findings and Questioned Costs
- Independent Auditor's Management Letter
- Independent Accountant's Report



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Certified Public Accountants

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

Honorable Mayor and  
Members of the City Commission  
Cocoa Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cocoa Beach, Florida (the "City") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 8, 2018.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Honorable Mayor and  
Members of the City Commission  
Cocoa Beach, Florida

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City'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*.

Pursuant to provisions of Chapter 10.550, *Rules of the Auditor General*, we reported certain matters to management of the City in a separate Management Letter and Independent Accountant's Report dated March 8, 2018.

### **Purpose of this Report**

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



**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Orlando, Florida  
March 8, 2018



Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND MAJOR STATE PROJECT AND ON INTERNAL CONTROL  
OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY THE  
UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

Honorable Mayor and  
Members of the City Commission  
Cocoa Beach, Florida

**Report on Compliance for Each Major Federal Program and Major State Project**

We have audited the compliance of the City of Cocoa Beach, Florida (the "City") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Compliance Supplement* and Department of Financial Services *State Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and major state projects for the year ended September 30, 2017. The City's major federal programs and major state projects are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the City's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and the Audit Requirements for Federal Awards* ("Uniform Guidance"); and Chapter 10.550, *Rules of the Auditor General*. Those standards, the Uniform Guidance, and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or major state project identified in the accompanying Schedule of Findings and Questioned Costs occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and major state project. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program and Major State Project***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and major state projects for the year ended September 30, 2017.

Honorable Mayor and  
Members of the City Commission  
City of Cocoa Beach, Florida

### **Report on Internal Control over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on each major federal program or major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and major state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General***

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated March 8, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for the purposes of additional analysis, as required by the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, and is not a required part of the basic financial statements.

Honorable Mayor and  
Members of the City Commission  
City of Cocoa Beach, Florida

**Report on Schedule of Expenditures of Federal Awards and State Financial Assistance  
Required by the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General (Cont.)***

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

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Orlando, Florida  
March 8, 2018

**CITY OF COCOA BEACH, FLORIDA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE**

**For the Year Ended September 30, 2017**

**FEDERAL AWARDS**

<b>Grantor/Federal Program Title/Pass-Through Grantor</b>	<b>Identification Number</b>	<b>CFDA Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Justice:</b>			
<i>Direct</i>			
Bulletproof Vest Partnership Program	N/A	16.607	\$ 1,308
<i>Passed through Florida Department of Law Enforcement</i>			
Edward Byrne Memorial Justice Assistance Grant Program (JAG)	2016-JAGD-BREV-3-H4-046	16.738	5,284
			<u>6,592</u>
<b>U.S. Department of Transportation:</b>			
<i>Highway Planning and Construction</i>			
<i>Passed through Florida Department of Transportation</i>			
Minuteman Causeway Streetscape	434974-1-58-01 / ARR 54	20.205	<u>413,681</u>
<b>U.S. Environmental Protection Agency:</b>			
<i>Nonpoint Source Implementation Grants</i>			
<i>Passed through Florida Department of Environmental Protection</i>			
Minuteman Causeway Stormwater	C999451514-0	66.460	<u>309,546</u>
<b>Federal Emergency Management Agency:</b>			
<i>Disaster Grants - Public Assistance</i>			
<i>Passed through Florida Division of Emergency Management</i>			
Hurricane Matthew	FEMA-4283-DR-FL	97.036	<u>514,502</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 1,244,321</u></b>

*Continued*

**CITY OF COCOA BEACH, FLORIDA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE (Continued)**

**For the Year Ended September 30, 2017**

**STATE FINANCIAL ASSISTANCE**

<b>Grantor/State Project Title/Pass-Through Grantor</b>	<b>Identification Number</b>	<b>CSFA Number</b>	<b>State Expenditures</b>
<b>Florida Department of Environmental Protection</b>			
Statewide Surface Water Restoration and Wastewater Projects			
Minutemen Causeway Stormwater	G0412	37.039	\$ 681,073
<i>Passed through Brevard County, Florida</i>			
Muck Dredging Project Phase IIa	S0714	37.039	435,600
			<u>1,116,673</u>
Wastewater Treatment Facility Construction			
Clean Water State Revolving Fund Loan			
Minuteman Causeway Stormwater	WW050621	37.077	759,644
			<u>1,876,317</u>
<b>Total Florida Department of Environmental Protection</b>			<u>1,876,317</u>
<b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>			<u>\$ 1,876,317</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE</b>			<u>\$ 3,120,638</u>

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance, the Florida Single Audit Act, Section 215.97, and Chapter 10.550, *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - INDIRECT COSTS

The City did not charge indirect costs to its federal programs for the year ended September 30, 2017.

**CITY OF COCOA BEACH, FLORIDA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended September 30, 2017**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:

**Unmodified Opinion**

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes   X   No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes   X   None reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

**Federal Awards and State Financial Assistance**

Internal control over major federal programs and major state projects:

- Material weakness(es) identified? \_\_\_\_\_ Yes   X   No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes   X   None reported

Type of auditor's report issued on compliance for major federal programs and major state projects:

**Unmodified Opinion**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance or Chapter 10.557, *Rules of the Auditor General*?

\_\_\_\_\_ Yes   X   No

**Identification of Major Federal Program(s) and Major State Project(s):**

**CFDA Number(s)**

20.205  
66.460

**Name of Federal Program(s)**

Highway Planning and Construction  
Nonpoint Source Implementation Grants

**CSFA Number(s)**

37.039

**Name of State Project(s)**

Statewide Surface Water Restoration and Wastewater Projects

Dollar threshold used to distinguish between Type A and Type B programs:

Federal: \$750,000  
State: \$300,000

Auditee qualified as low risk auditee? \_\_\_\_\_ Yes   X   No

**CITY OF COCOA BEACH, FLORIDA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*)**

**For the Year Ended September 30, 2017**

**SECTION II - FINDINGS RELATED TO THE FINANCIAL STATEMENT AUDIT, AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

No matters were reported.

**SECTION III - FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS SECTION**

No matters were reported.

**SECTION IV - PRIOR YEAR AUDIT FINDINGS**

No matters were reported.



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## **INDEPENDENT AUDITOR'S MANAGEMENT LETTER**

Honorable Mayor and  
Members of the City Commission  
Cocoa Beach, Florida

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

We have audited the financial statements of the City of Cocoa Beach, Florida (the "City") as of and for the year ended September 30, 2017, and have issued our report thereon dated March 8, 2018.

### **Auditor's Responsibility**

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; the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and the Audit Requirements for Federal Awards* ("Uniform Guidance"); and Chapter 10.550, *Rules of the Auditor General*.

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Major State Project and on Internal Control over Compliance and Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated March 8, 2018, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial report. Corrective actions have been taken to address the finding and recommendation made in the preceding annual financial audit report.

### **Official Title and Legal Authority**

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

Honorable Mayor and  
Members of the City Commission  
Cocoa Beach, Florida

## **Financial Condition and Management**

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

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based, in part, on representations made by management and the review of financial information provided by the same. The assessment was prepared as of September 30, 2017.

Section 10.554(1)(i)2., *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 have provided the following recommendation:

### **MLO 2017-001 – PARKING COIN SHORTAGE**

#### **Condition**

During our audit, the City identified a shortage of \$6,646 in coins that were shown as collected in the parking meters and kiosks during the months of September and October 2017 but not accounted for in the City's bank and general ledger. During this time, City Hall had experienced extensive water damage from Hurricane Irma and the City's normal procedure for securing the coin collections was interrupted.

#### **Recommendation**

As a result of this condition, we noted that the City implemented new procedures over its parking coin collections. We recommend that the City continue to monitor its parking coin collections on a regular basis to ensure that controls are operating as designed. Additionally, the City should ensure that it has appropriate business continuity procedures in place when normal finance operations are interrupted due to storms or other unexpected events.

#### **Management Response**

Being a coastal community, we are highly cognizant of the need for strong preparedness and continuity guidelines in the event of disruptive events, such as hurricanes, and strive to constantly improve our dynamic Disaster Preparedness and Continuity Plan. We respond to this condition by including specific actions regarding payment collections in times of a declared disaster in our Plan. This includes a procedure to limit parking kiosk payments to credit cards as warranted. We are working on adding technology that would allow us to limit all cash receipts to credit cards as determined necessary.

As a result of Hurricane Irma, extensive damages to City Hall required numerous external contractors and day workers be in the building at various times and city staff to be relocated. The combination of these two conditions led to the interruption of normal processes. The implementation of the response above is intended to eliminate the possibility of a repeat occurrence. The shortage has been reported to the police for investigation.

Honorable Mayor and Members of the City Commission  
Cocoa Beach, Florida

### **Annual Financial Report**

Sections 10.554(1)(i)5.b. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2017, 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, 2017. In connection with our audit, we determined that these two reports were in agreement.

### **Special District Component Units**

Section 10.554(1)(i)5.d., *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

### **Additional Matters**

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

### **Purpose of this Letter**

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



**MOORE STEPHENS LOVELACE, P.A.**

Certified Public Accountants

Orlando, Florida

March 8, 2018



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## INDEPENDENT ACCOUNTANT'S REPORT

Honorable Mayor and  
Members of the City Commission  
Cocoa Beach, Florida

We have examined the compliance of the City of Cocoa Beach, Florida (the "City") with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2017. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

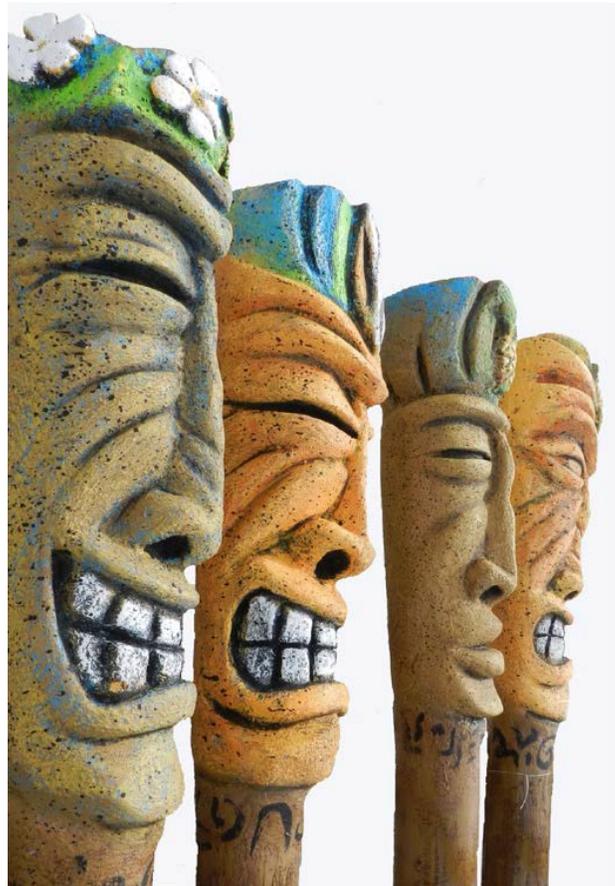
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with those requirements. An examination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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2017.

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

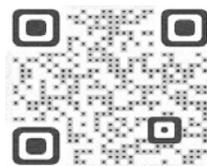
Orlando, Florida  
March 8, 2018



## City of Cocoa Beach, Florida

**Excellent Recreation and Quality Living**

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