

City of Cocoa Beach, Florida

Comprehensive Annual Financial Report

Fiscal Year Ended
September 30, 2018



COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Cocoa Beach, Florida

For the Fiscal Year Ended
September 30, 2018



Prepared by:
Finance Department

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City of Cocoa Beach
P.O. Box 322430, 2 South Orlando Avenue
Cocoa Beach, Florida 32932-2430
www.cityofcocoa beach.com



March 14, 2019

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, 2018 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, including Port Canaveral and 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 2018. 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 2019) is 11,292, 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 3.7% (December 2017) to 3.3% (December 2018).¹ 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 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.

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

Patrick Air Force Base, home to the 45th 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 2018. Low interest rates have reduced revenues earned by our pooled funds and investment accounts. With the Federal Reserve decision to continue lifting its eight year near zero interest rate and move gradually in raising rates further in coming years, we should see corresponding increases in interest rate revenue. Fuel prices are currently decreasing, a trend expected to continue in the near term (Fiscal Year 2019).

Taxable property values increased 7.60% from Fiscal Year 2017 to Fiscal Year 2018. Property values are projected to continue to increase in Brevard County for 2019. Total ad valorem tax collections for Fiscal Year 2018 are \$9,743,132. Although revenue is trending upward, the cumulative revenue loss through recessionary times was significant. Through a combination of rising property values and increased millage rates, the gap on the revenue losses have narrowed, however, in constant dollars, adjusting for inflation, the loss exceeds \$8.9M; thereby reducing the purchasing power that otherwise would have been generated by collections. Page A-24 of the FY 2019 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 states² 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 successfully 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 lower³) population base restricts growth in state shared revenue (allocated on a per capita basis). See additional subsequent event details related to building height limitation revisions in Note N of the financial statements.

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.

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

³ Population in Fiscal Year 2007 = 12,785; Population in Fiscal Year 2018 = 11,292; per state shared revenue allocations.

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.

Construction of the new Downtown Parking Garage in the Community Redevelopment Agency (CRA) began in September 2018 and is scheduled to be completed in summer of 2019. The 241-space parking garage will provide parking for visitors and businesses in the downtown area and include an informational area for visitors and public restrooms. Debt payments on Revenue Bond 2017B will be made with CRA tax increment financing (TIF)⁴. The Tourist Development Council (TDC) has provided \$90,000 of the project funding. The garage construction is part of the continued implementation of elements of the downtown parking plan recommendations in the parking study completed in Fiscal Year 2015.



Downtown Parking Garage Final Design

Aging infrastructure has long been of a 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 order of magnitude (i.e. plus/minus thirty ($\pm 30\%$) 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. The main Fire Station was replaced in Fiscal Year 2015, (see Note H of the financial statements for debt schedule).

⁴ 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.

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. Consideration of an energy and facility improvement plan to minimize annual cost volatility is also under review. Focused reductions in positions and expenditure accounts have too 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. The 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) continue to be addressed and additional SRF funding is being sought for such projects.

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, permit rates, stormwater fees, sewer fees, and fire inspection fees. In Fiscal Year 2018, the budget was amended to incorporate the Special Revenue Metered Parking Fund into the General Fund with the adoption of Resolution 2018-13 all of the parking fees were condensed into Resolution 2018-24. Ongoing fee reviews represent the steps to develop a master fee review schedule where useful.

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

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. In fiscal year 2018, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 specifies that governments must recognize their total OPEB liability and related deferred outflows of resources, deferred inflows of resources, and OPEB expense in the financial statements based on the actuarial present value of projected benefit payments, rather than the smaller net OPEB obligation based on contribution requirements, under GASB Statement No. 45. 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, 2017. This was the thirty-sixth 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 eighteenth year, the City also received the GFOA Distinguished Budget Presentation Award for the Fiscal Year 2018 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

Skip Williams

Commissioners

Michael Miller

Ed Martinez

Karalyn Woulas

City Manager

James P. McKnight

Chief Financial Officer

Eileen Clark

City Clerk

Loredana Kalaghchy

Director Development Services

Randy Stevenson

Dir. Information Technology

Kevin Perez

Director Leisure Services

Laird McLean

Director Economic Dev./CRA

Melissa Byron

Director Personnel

Natalie Harmon

Director Public Works

Robert Torres

Director Water Reclamation

Scott Barber

Fire Chief

Ryan Duckworth

Police Chief

Scott Rosenfeld

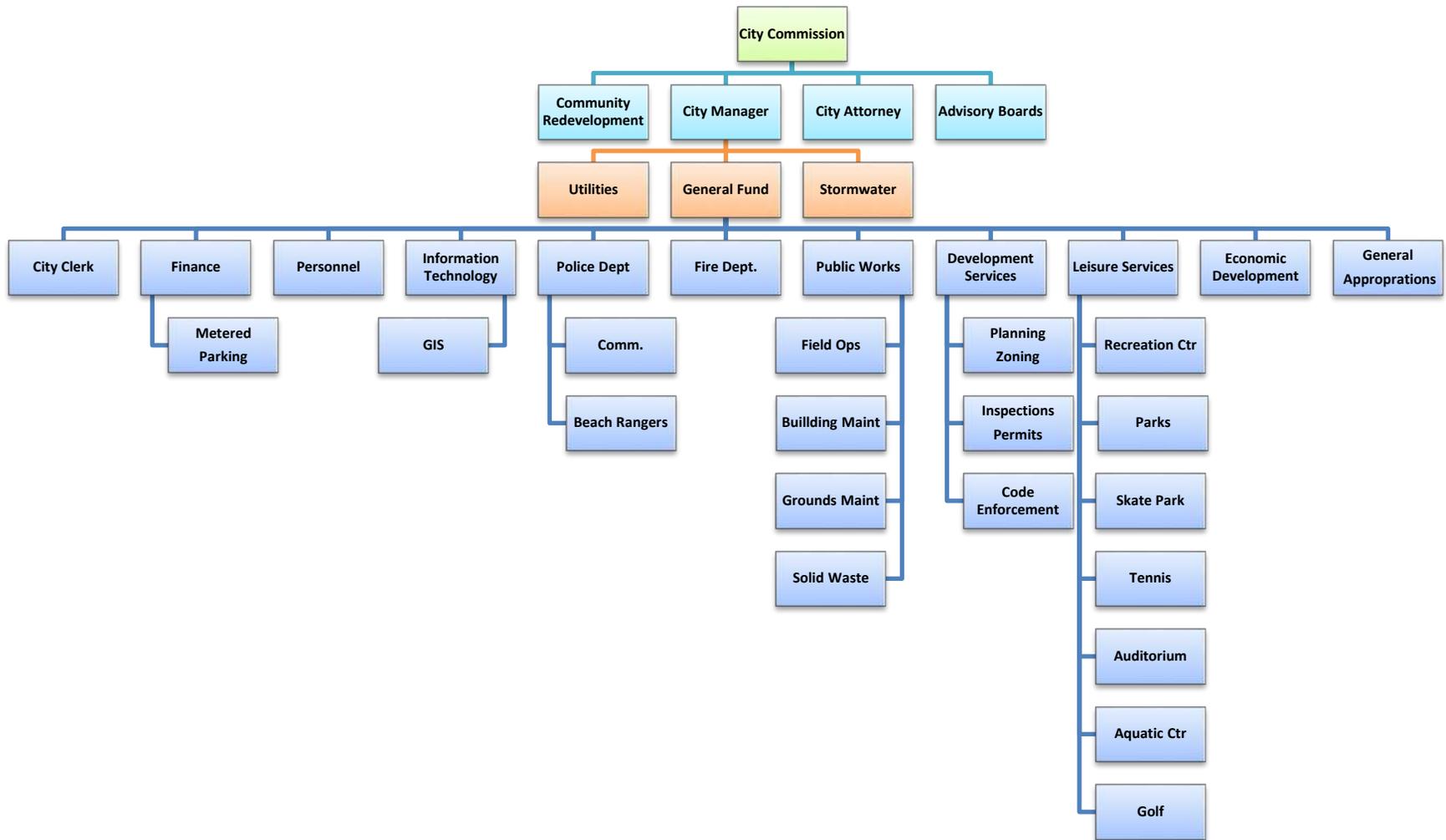
Stormwater Utility Manager

Joanie Regan

Elected Officials

**Fiscal Year
2018**

Management Staff



City of Cocoa Beach Organization Chart



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, 2017

Christopher P. Morill

Executive Director/CEO



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- Independent Auditor's Report
 - Management's Discussion and Analysis
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 - Other Supplemental Information



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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, 2018, 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, 2018, 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.

Emphasis-of-Matter - Change in Accounting Principle

As discussed in Note A-15 to the financial statements, in the fiscal year ended September 30, 2018, the City adopted the provisions of Government Accounting Standards Board Statement ("GASBS") Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of the implementation of GASBS 75, the City reported a restatement for the change in accounting principle as of October 1, 2017. Our opinions are not modified with respect to this matter.

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 14, 2019, 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.

Certified Public Accountants

Orlando, Florida
March 14, 2019

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, 2018, by \$58,841,498 (net position). Of this amount, \$4,416,234 (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 \$22,703,397 and \$36,138,101, respectively.
- The City's total net position was decreased by \$1,634,061 due primarily to the City's required implementation of Governmental Accounting Standards Board (GASB) Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (OPEB). The decrease includes a \$3,830,143 restatement to the \$60,475,559 net position previously reported as of September 30, 2017. This restatement impacted both governmental and business-type activities. Detailed information on GASB 75 adjustments can be found in Note A-15, Note M and in the Required Supplementary Information (RSI).
- As stated previously, the City's total net position was decreased by \$1,634,061 or 2.7%, 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, decreased by \$714,425, a 13.9% decrease from the prior year.
- At September 30, 2018, the City of Cocoa Beach's governmental fund balance sheet reported a combined ending fund balance of \$11,895,051, an increase of \$212,740 from the Fiscal Year 2017 ending fund balance of \$11,682,311. Of this amount, \$5,039,536 remains in the General Fund of the City as unassigned fund balance.
- The General Fund reported a total fund balance of \$7,214,065 at year end, an increase from last fiscal year of \$2,297,398. The ending fund balance in Fiscal Year 2017 was \$4,916,667. The increase is primarily due to the integration of the Metered Parking Special Revenue Fund into the General Fund.
- Total external debt decreased by \$381,751 in Fiscal Year 2018. This decrease is net of the \$1,193,215 State Revolving Fund (SRF) Loan for Stormwater Improvements (SRF #4) which was finalized and payments began in Fiscal Year 2018 (see Note H to the financial statements).

MAJOR INITIATIVES

- Construction of the new Downtown Parking Garage in the Community Redevelopment Agency (CRA) began in September 2018 and is scheduled to be completed in summer of 2019. The 241-space parking garage will provide parking for visitors and businesses in the downtown area and include an informational area for visitors and public restrooms. Debt payments on Revenue Bond 2017B will be made with CRA tax increment financing (TIF)¹. The Tourist Development Council (TDC) has provided \$90,000 of the project funding.



- Indian River Lagoon dredging projects continue to be a priority. The City has an interlocal agreement with Brevard County/Florida Department of Environmental Protection (FDEP) for residential dredging services. Additionally, grants for the dredging project have been awarded by St. Johns River Water Management District (SJRWMD) and Save Our Indian River Lagoon Project (SOIRLP) (half cent sales tax revenues). Phase III of the residential dredging project began in FY 2018 with dredging underway and planned for thirteen canals south of Minutemen Cswy².

With the addition of the Third Amendment³ to FDEP/Brevard County Agreement the project grants summary for Phase III is as follows:

Project Grants Awarded:	
1) St. Johns River Water Management District (SJRWMD)	\$ 606,684
2) FDEP/Brevard County Amendment Two	\$ 500,000
3) Save Our Indian River Lagoon Project (SOIRLP)	\$ 981,305
4) FDEP/Brevard County Amendment Three	\$ 350,000
Total Grant Funding Awarded for Phase III Dredging	\$ 2,437,989

- The Water Reclamation Department initiated a comprehensive project to improve the sewer treatment plant with major capital upgrades. The project includes engineering design and the State Revolving Fund application to upgrade sand filters, replace influent screens, rotary drum thickeners, and modify piping and bio solids processes. These improvements address items directly related to National Pollutant Discharge Elimination System (NPDES) permitting requirements outlined in the Wastewater Facility Plan.
- The Fischer Park paving and landscaping project to include design, engineering, site work, Stormwater improvements and landscaping began in spring of 2018, with completion scheduled for December 2018. The improvements will assist in increasing the park's utilization and parking permits will be accepted in lieu of paid parking.

¹ 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.
² Phase I, completed in March 2017, consisted of dredging six City canals north of State Road 520. Phase II consisted of dredging five canals in the center portion of the City and was completed in July of 2017.
³The Third Amendment to FDEP/Brevard County Agreement in the amount of \$350,000 was subsequently approved by the City of Cocoa Beach Commission on October 18, 2018 (FY 2019).

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.

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 2018, the City of Cocoa Beach budget was amended to incorporate the Special Revenue Metered Parking Fund into the General Fund with the adoption of Resolution 2018-13. With this change, three individual governmental funds are maintained; the General Fund, Community Redevelopment Agency (CRA), and the Confiscated Property Fund. 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 CRA which are considered to be major funds. Since the Confiscated Property Fund is not considered to be a major fund, data from the fund is 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

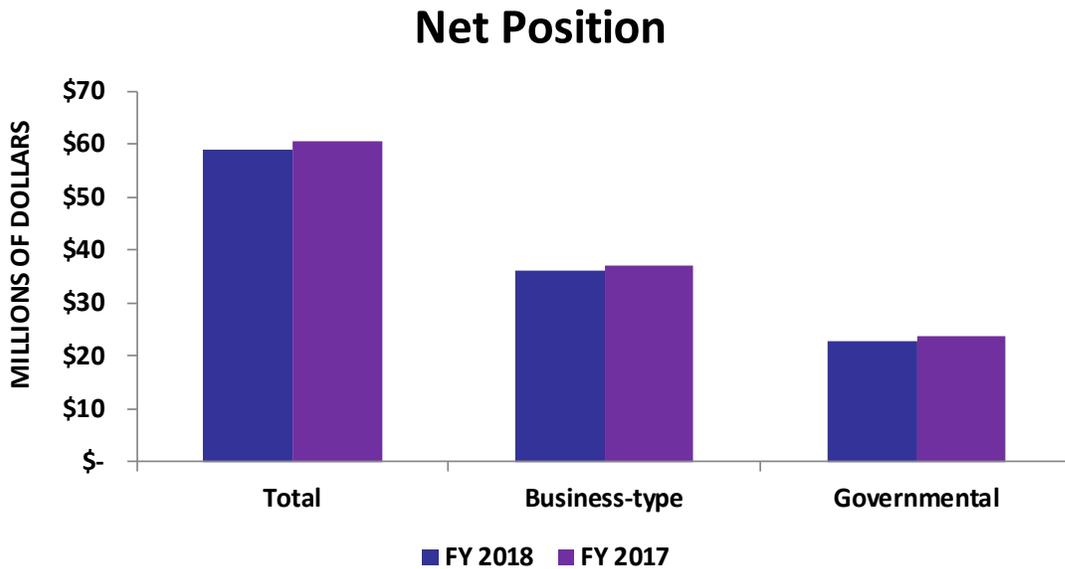
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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 \$58,841,498 at the close of the most recent fiscal year. This is a \$1,634,061 decrease in net position over the \$60,475,559 reported in Fiscal Year 2017.

The decrease is attributed, as discussed on page 5, to the City adopting the provisions of GASB 75 which required a restatement of beginning net position. Detailed information on GASB 75 can be found in Note A-15, Note M and in the Required Supplementary Information (RSI).



The City's net position totaled \$58,841,498 at the end of Fiscal Year 2018. 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 (\$54,244,743) (92.2% 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	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 13,611,768	\$ 12,997,334	\$ 10,769,746	\$ 9,682,608	\$ 24,381,514	\$ 22,679,942
Capital assets	32,006,999	30,359,987	50,355,474	51,883,410	82,362,473	82,243,397
Total assets	45,618,767	43,357,321	61,125,220	61,566,018	106,743,987	104,923,339
Deferred outflows of pension expenses	1,674,365	1,747,332	146,247	206,542	1,820,612	1,953,874
Deferred outflows of OPEB expenses	70,194	-	9,300	-	79,494	-
Total deferred outflows of resources	1,744,559	1,747,332	155,547	206,542	1,900,106	1,953,874
Long-term liabilities outstanding	18,503,462	18,073,325	22,940,934	23,025,139	41,444,396	41,098,464
Other liabilities	3,154,884	2,496,076	1,937,203	1,760,643	5,092,087	4,256,719
Total liabilities	21,658,346	20,569,401	24,878,137	24,785,782	46,536,483	45,355,183
Deferred inflows of pension earnings	1,825,979	983,988	108,758	62,483	1,934,737	1,046,471
Deferred inflows of OPEB earnings	1,175,604	-	155,771	-	1,331,375	-
Total deferred inflows of resources	3,001,583	983,988	264,529	62,483	3,266,112	1,046,471
Net investment in capital assets	27,578,331	26,290,568	26,666,412	27,971,940	54,244,743	54,262,508
Restricted	180,521	445,157	-	637,235	180,521	1,082,392
Unrestricted	(5,055,455)	(3,184,461)	9,471,689	8,315,120	4,416,234	5,130,659
Total net position	\$ 22,703,397	\$ 23,551,264	\$ 36,138,101	\$ 36,924,295	\$ 58,841,498	\$ 60,475,559

A portion of the City of Cocoa Beach's net position, \$180,521 (less than ½ % of total net position) represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position, \$4,416,234 (7.5% 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 principal reason for the changes in net position balances is due to the restatement of beginning net position as required by GASB 75. Detailed information on GASB 75 adjustments can be found in Note A-15, Note M and in the Required Supplementary Information (RSI).

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	
	2018	2017	2018	2017	2018	2017
Revenues:						
Programs revenues:						
Charges for services	\$ 8,316,247	\$ 8,855,745	\$ 7,847,223	\$ 7,443,946	\$ 16,163,470	\$ 16,299,691
Operating grants and contributions	499,643	746,727	-	-	499,643	746,727
Capital grants and contributions	1,021,221	1,015,000	400,350	3,221,488	1,421,571	4,236,488
General revenues:						
Property taxes	10,375,705	9,126,174	-	-	10,375,705	9,126,174
Other taxes	3,607,987	3,482,403	-	-	3,607,987	3,482,403
Intergovernmental	822,000	779,801	-	-	822,000	779,801
Investment earnings	76,363	10,575	92,510	64,942	168,873	75,517
Other	469,223	264,298	-	-	469,223	264,298
Total revenues	25,188,389	24,280,723	8,340,083	10,730,376	33,528,472	35,011,099
Expenses:						
General government	4,968,022	4,935,118	-	-	4,968,022	4,935,118
Public safety	8,730,028	8,782,659	-	-	8,730,028	8,782,659
Physical environment	1,670,732	1,510,816	-	-	1,670,732	1,510,816
Transportation/public works	4,300,002	3,526,815	-	-	4,300,002	3,526,815
Recreation	3,486,931	3,432,942	-	-	3,486,931	3,432,942
Interest on long-term debt	328,326	307,420	-	-	328,326	307,420
Utilities System	-	-	7,122,007	6,828,930	7,122,007	6,828,930
Stormwater Management	-	-	726,342	500,555	726,342	500,555
Total expenses	23,484,041	22,495,770	7,848,349	7,329,485	31,332,390	29,825,255
Increase (decrease) in net position before transfers	1,704,348	1,784,953	491,734	3,400,891	2,196,082	5,185,844
Transfers	859,000	559,000	(859,000)	(559,000)	-	-
Change in net position	2,563,348	2,343,953	(367,266)	2,841,891	2,196,082	5,185,844
Net position, beginning (as restated)	20,140,049	21,207,311	36,505,367	34,082,404	56,645,416	55,289,715
Net position, ending	\$ 22,703,397	\$ 23,551,264	\$ 36,138,101	\$ 36,924,295	\$ 58,841,498	\$ 60,475,559

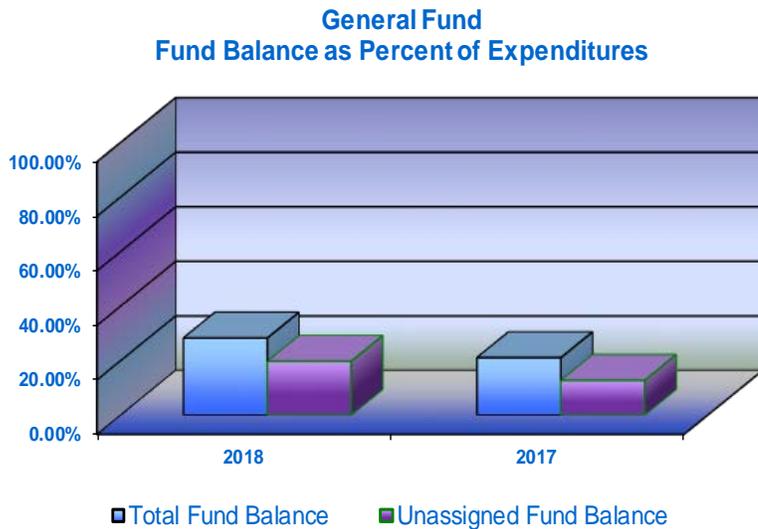
FINANCIAL ANALYSIS OF COCOA BEACH'S FUNDS

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, 2018, the City of Cocoa Beach's governmental funds reported a combined fund balance of \$11,895,051. This is an increase of \$212,740 from the prior year balance of \$11,682,311.

The General Fund is the chief operating fund of the City. As of September 30, 2018, total fund balance in the General Fund was \$7,214,065 of which \$5,039,536 was unassigned. As a measure of liquidity, a comparison of total and unassigned fund balances to total expenditures for Fiscal Year 2018 (\$25,492,863) and Fiscal Year 2017 (\$23,304,361) shows percentages of 20% and 13%, respectively for unassigned fund balance.



	2018	2017
Total Fund Balance	28%	21%
Unassigned Fund Balance	20%	13%

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 2018 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 \$8,823,627. Funding in the amount of \$7.5M for construction of the police station that is still in the design stage of planning accounts for the majority of the difference. Additionally, a portion of the difference is attributed to the carrying over of budgeted funds to the Fiscal Year 2019 budget in the amount of \$629,521 for capital projects that were not completed by the end of the fiscal year. Furthermore, revenue actuals were less than original budgeted amounts by \$357,487. This is primarily due to timing of hurricane related reimbursements and charges for services that were impacted by inclement weather. Lastly, operating expenditure actuals were overall below budgeted amounts.

Special Revenue Funds. Special Revenue Funds account for specific revenues and expenditures. The City has two 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 2018 was \$4,500,465 (\$4,494,922 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>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>
Taxable value	\$ 164,165,280	\$ 151,355,140	\$ 12,810,140
Less: Base year value	<u>(119,086,930)</u>	<u>(119,086,930)</u>	<u>-</u>
Net taxable value	<u>\$ 45,078,350</u>	<u>\$ 32,268,210</u>	<u>\$ 12,810,140</u>
County tax rate per \$1,000 of value	4.1600	4.3631	(0.2031)
City tax rate per \$1,000 of value	5.7298	5.4798	0.2500
Tax increment payments:			
County	\$ 177,936	\$ 133,564	\$ 44,372
City	<u>245,375</u>	<u>167,749</u>	<u>77,626</u>
Total tax increment payments	<u>\$ 423,310</u>	<u>\$ 301,313</u>	<u>\$ 121,997</u>

Although the City's electorate approved the formation of a CRA in 2008, the Community Redevelopment Plan was not delivered to the taxing authorities until April 2012 and tax incremental financing was not available prior to Fiscal Year 2014. Accordingly, 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 \$180,000 at September 30, 2018.

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 balance remained unchanged at \$180,521 for Fiscal Year 2018.

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, 2018, total net position amounted to \$36,138,101 for enterprise funds as compared to \$36,924,295 at September 30, 2017. 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 2018 and 2017 is as follows:

Enterprise Funds Net Operating Income

	<u>FY 2018</u>	<u>FY 2017</u>
Utilities system	\$ 572,982	\$ 517,763
Stormwater management	240,935	341,890
Total	<u>\$ 813,917</u>	<u>\$ 859,653</u>

The operating income in the Utilities System was \$55,219 more than in Fiscal Year 2017 primarily due to increased charges for services revenue partially 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 \$100,955 from Fiscal Year 2017 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, 2018 is \$82,362,473 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure and work in progress. Governmental activities net investment in capital assets increased by \$1,647,012 and business-type activities decreased by \$1,527,936. The primary reasons for the changes in the Governmental Activities Schedule are the completion of improvement and dredging projects. The primary reason for the change in the Business-type Activities Schedule is the disposal and depreciation of aging infrastructure and equipment. Major changes in capital assets during the current fiscal year included the following:

Schedule of Capital Assets (Net)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 7,950,653	\$ 7,950,653	\$ 1,691,599	\$ 1,691,599	\$ 9,642,252	\$ 9,642,252
Buildings	7,599,504	7,746,185	2,046,086	2,134,421	9,645,590	9,880,606
Improvements	9,846,401	10,354,643	14,815,618	16,313,384	24,662,019	26,668,027
Equipment	3,322,324	3,090,051	858,983	414,316	4,181,307	3,504,367
Infrastructure	628,651	646,091	30,139,022	31,032,257	30,767,673	31,678,348
Work in progress	2,659,466	572,364	804,166	297,433	3,463,632	869,797
Total	\$ 32,006,999	\$ 30,359,987	\$ 50,355,474	\$ 51,883,410	\$ 82,362,473	\$ 82,243,397

Major changes in governmental activities included work in progress for construction of the parking garage, Fisher Park and country club improvements, residential dredging projects and the acquisition of vehicle and golf cart replacements. For the business-type activities, the major acquisitions of the Water Reclamation Facilities Upgrades and the North Banana River Blvd. Force Main Extension projects are in the work in progress category. These acquisitions were offset by disposals and depreciation of aging infrastructure and equipment. 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 \$31,844,139.

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 \$22,139,062. 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 \$1,550,000. A second bank loan was issued in Fiscal Year 2014 for the construction of the new fire station and has an outstanding balance of \$3,265,000. The last payment of \$19,446 for the FY 2013 capital lease agreement for golf carts was paid during the fiscal year. Another lease/purchase agreement for new carts was initiated in FY 2018. The outstanding balance is \$260,319. 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 \$384,758. In Fiscal Year 2017 debt was issued in the amount of \$4,245,000 (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 first payment on the principal of Revenue Bond 2017B was not made until FY 2019. See Note H to the financial statements for additional information.

Schedule of Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
State Revolving Loan (#2)	\$ -	\$ -	\$ 16,987,829	\$ 17,885,846	\$ 16,987,829	\$ 17,885,846
State Revolving Loan (#4)	-	-	4,010,056	4,180,624	4,010,056	4,180,624
State Revolving Loan (#3)	-	-	1,141,177	-	1,141,177	-
Revenue Note (Series 2014A)	3,265,000	3,420,000	-	-	3,265,000	3,420,000
Revenue Note (Series 2014B)	-	-	1,550,000	1,845,000	1,550,000	1,845,000
CRA Improvement Revenue Bonds, Series 2017B	4,245,000	4,245,000	-	-	4,245,000	4,245,000
Capital Lease(s)	645,077	649,420	-	-	645,077	649,420
Total	\$ 8,155,077	\$ 8,314,420	\$ 23,689,062	\$ 23,911,470	\$ 31,844,139	\$ 32,225,890

Total external debt decreased by \$381,751 during Fiscal Year 2018. 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 2019 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 new rates were subsequently adopted. The current rates are set by Resolution 2018 – 05.

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 utility rate structure adopted by Resolution 2015 - 29 increased rates by 3% in FY 2018.

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 2018.

The City's current 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 thirteen more canals added to the active schedule.

All of these factors were considered in preparing the City's budget for Fiscal Year 2019. The Fiscal Year 2019 millage rate is 5.7298, the rollback rate is 5.3637. 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. 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.





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Basic Financial Statements



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City of Cocoa Beach, Florida
Statement of Net Position
September 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 6,402,379	\$ 3,441,700	\$ 9,844,079
Investments	1,241,524	4,938,926	6,180,450
Accounts receivable, net of allowance for uncollectible accounts	518,694	1,162,314	1,681,008
Due from other governments	277,769	-	277,769
Inventory	88,831	-	88,831
Prepaid expenses	197,084	29,979	227,063
Restricted assets:			
Cash and cash equivalents	4,885,487	1,196,827	6,082,314
Capital assets not being depreciated:			
Land	7,950,653	1,691,599	9,642,252
Work-in-progress	2,659,466	804,166	3,463,632
Capital assets net of accumulated depreciation:			
Buildings	7,599,504	2,046,086	9,645,590
Infrastructure	628,651	30,139,022	30,767,673
Improvements other than buildings	9,846,401	14,815,618	24,662,019
Machinery and equipment	3,322,324	858,983	4,181,307
Total assets	<u>45,618,767</u>	<u>61,125,220</u>	<u>106,743,987</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,674,365	146,247	1,820,612
Deferred outflows related to OPEB	70,194	9,300	79,494
Total deferred outflows of resources	<u>1,744,559</u>	<u>155,547</u>	<u>1,900,106</u>
LIABILITIES			
Accounts payable and accrued liabilities	1,571,535	311,642	1,883,177
Accrued interest payable	136,997	81,801	218,798
Unearned revenue	145,182	-	145,182
Noncurrent liabilities:			
Due within one year	1,301,170	1,543,760	2,844,930
Due in more than one year	8,592,365	22,393,590	30,985,955
Net pension liability	5,799,550	2,552	5,802,102
Net OPEB liability	4,111,547	544,792	4,656,339
Total liabilities	<u>21,658,346</u>	<u>24,878,137</u>	<u>46,536,483</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	1,825,979	108,758	1,934,737
Deferred inflows related to OPEB	1,175,604	155,771	1,331,375
Total deferred inflows of resources	<u>3,001,583</u>	<u>264,529</u>	<u>3,266,112</u>
NET POSITION			
Net investment in capital assets	27,578,331	26,666,412	54,244,743
Restricted for:			
Law enforcement	180,521	-	180,521
Unrestricted	(5,055,455)	9,471,689	4,416,234
Total net position	<u>\$ 22,703,397</u>	<u>\$ 36,138,101</u>	<u>\$ 58,841,498</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, 2018

Function/Program	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 4,968,022	\$ 2,946,376	\$ -	\$ -
Public safety	8,730,028	1,188,367	269,829	-
Physical environment	1,670,732	1,854,899	-	-
Transportation/public works	4,300,002	165,065	229,814	1,021,221
Recreation	3,486,931	2,161,540	-	-
Interest on long-term debt	328,326	-	-	-
Total governmental activities	<u>23,484,041</u>	<u>8,316,247</u>	<u>499,643</u>	<u>1,021,221</u>
Business-type activities:				
Utility system	7,122,007	7,005,833	-	226,599
Stormwater	726,342	841,390	-	173,751
Total business-type activities	<u>7,848,349</u>	<u>7,847,223</u>	<u>-</u>	<u>400,350</u>
Total government	<u>\$ 31,332,390</u>	<u>\$ 16,163,470</u>	<u>\$ 499,643</u>	<u>\$ 1,421,571</u>

General Revenues:
Property taxes
Local option gas tax
Franchise taxes
Excise taxes
Unrestricted intergovernmental
Unrestricted investment earnings
Miscellaneous revenues
Gain on sale of capital assets
Transfers
 Total general revenues and transfers
Change in net position
Net position - beginning (as restated)
Net position - ending

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

Governmental Activities	Business-type Activities	Total
\$ (2,021,646)	\$ -	\$ (2,021,646)
(7,271,832)	-	(7,271,832)
184,167	-	184,167
(2,883,902)	-	(2,883,902)
(1,325,391)	-	(1,325,391)
(328,326)	-	(328,326)
<u>(13,646,930)</u>	<u>-</u>	<u>(13,646,930)</u>
-	110,425	110,425
-	288,799	288,799
<u>-</u>	<u>399,224</u>	<u>399,224</u>
<u>(13,646,930)</u>	<u>399,224</u>	<u>(13,247,706)</u>
10,375,705	-	10,375,705
327,312	-	327,312
1,274,531	-	1,274,531
2,006,144	-	2,006,144
822,000	-	822,000
76,363	92,510	168,873
290,457	-	290,457
178,766	-	178,766
859,000	(859,000)	-
<u>16,210,278</u>	<u>(766,490)</u>	<u>15,443,788</u>
2,563,348	(367,266)	2,196,082
<u>20,140,049</u>	<u>36,505,367</u>	<u>56,645,416</u>
<u>\$ 22,703,397</u>	<u>\$ 36,138,101</u>	<u>\$ 58,841,498</u>

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, 2018

	<u>General Fund</u>	<u>Community Redevelopment Agency Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 6,392,920	\$ 4,698,555	\$ 196,391	\$ 11,287,866
Investments	1,241,524	-	-	1,241,524
Accounts receivable	518,694	-	-	518,694
Due from other funds	180,000	-	-	180,000
Due from other governments	277,769	-	-	277,769
Inventory	88,831	-	-	88,831
Prepayments	191,541	5,543	-	197,084
Total assets	<u>\$ 8,891,279</u>	<u>\$ 4,704,098</u>	<u>\$ 196,391</u>	<u>\$ 13,791,768</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and contracts payable	\$ 1,165,713	\$ 23,633	\$ -	\$ 1,189,346
Accrued liabilities	382,189	-	-	382,189
Due to other funds	-	180,000	-	180,000
Unearned revenue	129,312	-	15,870	145,182
Total liabilities	<u>1,677,214</u>	<u>203,633</u>	<u>15,870</u>	<u>1,896,717</u>
Fund balances:				
Non-spendable	280,372	5,543	-	285,915
Restricted	264,636	4,494,922	180,521	4,940,079
Committed	1,629,521	-	-	1,629,521
Unassigned	5,039,536	-	-	5,039,536
Total fund balances	<u>7,214,065</u>	<u>4,500,465</u>	<u>180,521</u>	<u>11,895,051</u>
Total liabilities and fund balances	<u>\$ 8,891,279</u>	<u>\$ 4,704,098</u>	<u>\$ 196,391</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)	32,006,999
Pension related liabilities, deferred inflows and deferred outflows are not financial resources nor near-term obligations and, therefore, are not reported in the funds	(5,951,164)
OPEB related liabilities, deferred inflows and deferred outflows are not financial resources nor near-term obligations and, therefore, are not reported in the funds	(5,216,957)
Long-term liabilities, excluding pension and OPEB (Note B, Paragraph 1)	<u>(10,030,532)</u>
Net position of governmental activities	<u>\$ 22,703,397</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, 2018

	<u>General Fund</u>	<u>Community Redevelopment Agency Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 13,805,756	\$ 177,936	\$ -	\$ 13,983,692
Licenses and permits	736,536	-	-	736,536
Intergovernmental revenues	2,342,864	-	-	2,342,864
Charges for services	7,523,826	-	-	7,523,826
Fines and forfeitures	55,885	-	-	55,885
Investment earnings	19,140	57,223	-	76,363
Miscellaneous revenues	290,457	-	-	290,457
Total revenues	<u>24,774,464</u>	<u>235,159</u>	<u>-</u>	<u>25,009,623</u>
EXPENDITURES				
Current:				
General government	5,559,608	58,267	-	5,617,875
Public safety	9,017,098	-	-	9,017,098
Physical environment	1,670,732	-	-	1,670,732
Transportation/public works	4,866,390	-	-	4,866,390
Recreation	3,798,436	-	-	3,798,436
Capital outlay	-	484,828	-	484,828
Debt service:				
Principal	454,566	-	-	454,566
Interest and other	126,033	93,915	-	219,948
Total expenditures	<u>25,492,863</u>	<u>637,010</u>	<u>-</u>	<u>26,129,873</u>
Excess (deficiency) of revenues over (under) expenditures before transfers	(718,399)	(401,851)	-	(1,120,250)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,787,182	245,375	-	3,032,557
Transfers out	(245,375)	-	(1,928,182)	(2,173,557)
Sale of capital assets	178,766	-	-	178,766
Capital lease	295,224	-	-	295,224
Total other financing sources (uses)	<u>3,015,797</u>	<u>245,375</u>	<u>(1,928,182)</u>	<u>1,332,990</u>
Net change in fund balances	2,297,398	(156,476)	(1,928,182)	212,740
Fund balances, beginning of year	4,916,667	4,656,941	2,108,703	11,682,311
Fund balances, end of year	<u>\$ 7,214,065</u>	<u>\$ 4,500,465</u>	<u>\$ 180,521</u>	<u>\$ 11,895,051</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, 2018

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

Net change in fund balances - total governmental funds	\$	212,740
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).		1,647,012
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)		335,975
Government funds report contributions to OPEB plans as expenditures and do not recognize the long-term net OPEB liability. However, in the statement of activities, the OPEB expense associated with service cost is recognized and the contributions to the OPEB plan reduces the net OPEB liability. (Note B, Paragraph 2)		160,358
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).		187,961
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).		19,302
Change in net position of governmental activities	<u>\$</u>	<u>2,563,348</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, 2018

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 13,688,724	\$ 13,688,724	\$ 13,805,756	\$ 117,032
Licenses and permits	490,100	490,100	736,536	246,436
Intergovernmental revenues	2,382,676	2,382,676	2,342,864	(39,812)
Charges for services	6,271,605	8,359,605	7,523,826	(835,779)
Fines and forfeitures	51,200	51,200	55,885	4,685
Investment earnings	57,000	60,000	19,140	(40,860)
Miscellaneous revenues	77,221	99,646	290,457	190,811
Total revenues	<u>23,018,526</u>	<u>25,131,951</u>	<u>24,774,464</u>	<u>(357,487)</u>
EXPENDITURES				
Current:				
General government:				
Mayor and City Commission	134,061	140,061	128,609	11,452
City Attorney - legal services	250,000	250,000	250,344	(344)
City Manager	497,619	411,119	380,772	30,347
Personnel	296,405	305,055	295,704	9,351
City Clerk	203,823	203,823	182,054	21,769
Finance	780,495	767,895	726,279	41,616
Metered parking program	-	1,136,555	833,601	302,954
Information technology	1,178,583	1,343,583	1,158,579	185,004
Other general government	1,083,141	1,139,861	1,603,666	(463,805)
	<u>4,424,127</u>	<u>5,697,952</u>	<u>5,559,608</u>	<u>138,344</u>
Public safety:				
Police department	4,451,420	4,358,005	4,224,543	133,462
Communications	725,136	736,576	674,572	62,004
Fire department	3,551,054	3,582,212	3,470,389	111,823
Building department:				
Planning, zoning and development	435,577	435,577	418,016	17,561
Inspections and permits	266,022	266,022	229,578	36,444
	<u>9,429,209</u>	<u>9,378,392</u>	<u>9,017,098</u>	<u>361,294</u>
Transportation/public works:				
Field operations	1,271,188	1,353,348	1,154,587	198,761
Building maintenance	827,495	963,427	743,120	220,307
Grounds maintenance	634,619	634,619	518,230	116,389
Fleet management	1,018,828	1,133,189	1,081,181	52,008
Capital improvements	8,389,778	8,951,426	1,369,272	7,582,154
Physical environment	1,499,420	1,499,420	1,670,732	(171,312)
	<u>13,641,328</u>	<u>14,535,429</u>	<u>6,537,122</u>	<u>7,998,307</u>

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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, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (continued)				
Recreation:				
Administration and community service center	\$ 492,963	\$ 485,963	\$ 410,565	\$ 75,398
Golf	2,355,745	2,362,745	2,633,760	(271,015)
Parks	227,865	227,865	202,235	25,630
Swimming pool	470,986	495,214	471,582	23,632
Beach rangers	84,672	84,672	74,217	10,455
Tennis courts	26,480	26,480	6,077	20,403
	<u>3,658,711</u>	<u>3,682,939</u>	<u>3,798,436</u>	<u>(115,497)</u>
Debt service:				
Principal	901,292	901,292	454,566	446,726
Interest	120,486	120,486	126,033	(5,547)
	<u>1,021,778</u>	<u>1,021,778</u>	<u>580,599</u>	<u>441,179</u>
Total expenditures	<u>32,175,153</u>	<u>34,316,490</u>	<u>25,492,863</u>	<u>8,823,627</u>
Excess (deficiency) of revenues over expenditures	(9,156,627)	(9,184,539)	(718,399)	8,466,140
OTHER FINANCING SOURCES AND (USES)				
Transfer from:				
Utilities system fund	859,000	859,000	859,000	-
Metered parking fund	1,000,000	1,000,000	1,928,182	928,182
Transfer to:				
CRA	(245,375)	(245,375)	(245,375)	-
Sale of capital assets	154,000	154,000	178,766	24,766
Capital lease	-	-	295,224	295,224
Issuance of debt	7,500,000	7,500,000	-	(7,500,000)
Total other financing sources	<u>9,267,625</u>	<u>9,267,625</u>	<u>3,015,797</u>	<u>(6,251,828)</u>
Net change in fund balances	<u>110,998</u>	<u>83,086</u>	<u>2,297,398</u>	<u>2,214,312</u>
Fund balances, beginning of year	4,916,667	4,916,667	4,916,667	-
Fund balances, end of year	<u>\$ 5,027,665</u>	<u>\$ 4,999,753</u>	<u>\$ 7,214,065</u>	<u>\$ 2,214,312</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, 2018

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 178,150	\$ 178,150	\$ 177,936	\$ (214)
Investment earnings	-	-	57,223	57,223
Total revenues	<u>178,150</u>	<u>178,150</u>	<u>235,159</u>	<u>57,009</u>
EXPENDITURES				
Current:				
General government:				
Planning and development	41,706	65,329	58,267	7,062
Capital outlay	4,700,000	4,700,000	484,828	4,215,172
Debt service:				
Principal	102,387	6,349	-	6,349
Interest and other	-	93,915	93,915	-
Total expenditures	<u>4,844,093</u>	<u>4,865,593</u>	<u>637,010</u>	<u>4,228,583</u>
OTHER FINANCING SOURCES AND (USES)				
Transfer from:				
General fund	245,375	245,375	245,375	-
Issuance of debt	4,700,000	4,700,000	-	(4,700,000)
Total other financing sources	<u>4,945,375</u>	<u>4,945,375</u>	<u>245,375</u>	<u>(4,700,000)</u>
Net change in fund balances	279,432	257,932	(156,476)	(414,408)
Fund balances, beginning of year	<u>4,656,941</u>	<u>4,656,941</u>	<u>4,656,941</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 4,936,373</u></u>	<u><u>\$ 4,914,873</u></u>	<u><u>\$ 4,500,465</u></u>	<u><u>\$ (414,408)</u></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, 2018

	Enterprise Funds		
	Utility System	Stormwater Management	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,943,623	\$ 498,077	\$ 3,441,700
Investments	4,654,564	284,362	4,938,926
Accounts receivable, net of allowance for uncollectible accounts	1,011,631	150,683	1,162,314
Due from other funds	94,142	-	94,142
Prepaid expenses	27,441	2,538	29,979
Total current assets	<u>8,731,401</u>	<u>935,660</u>	<u>9,667,061</u>
Noncurrent assets:			
Restricted assets			
Cash and cash equivalents	1,164,033	32,794	1,196,827
Advances to other funds	283,512	-	283,512
Capital assets:			
Land	1,691,599	-	1,691,599
Buildings	3,491,671	490,920	3,982,591
Infrastructure	40,336,490	9,157,985	49,494,475
Improvements other than buildings	22,997,433	250,814	23,248,247
Machinery and equipment	3,803,410	74,676	3,878,086
Construction in progress	798,310	5,856	804,166
Less accumulated depreciation	<u>(31,746,811)</u>	<u>(996,879)</u>	<u>(32,743,690)</u>
Total noncurrent assets	<u>42,819,647</u>	<u>9,016,166</u>	<u>51,835,813</u>
Total assets	<u>51,551,048</u>	<u>9,951,826</u>	<u>61,502,874</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	127,457	18,790	146,247
Deferred outflows related to OPEB	8,108	1,192	9,300
Total deferred outflows of resources	<u>\$ 135,565</u>	<u>\$ 19,982</u>	<u>\$ 155,547</u>

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City of Cocoa Beach, Florida
Statement of Net Position
Proprietary Funds (continued)
September 30, 2018

	Enterprise Funds		
	Utility System	Stormwater Management	Total
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 275,204	\$ 36,438	\$ 311,642
Due to other funds	-	94,142	94,142
Accrued compensated absences	90,540	20,879	111,419
Notes payable	1,398,258	34,083	1,432,341
Accrued interest payable	55,982	25,819	81,801
Total current liabilities	1,819,984	211,361	2,031,345
Noncurrent liabilities:			
Advances from other funds	-	283,512	283,512
Accrued compensated absences	115,147	21,722	136,869
Net OPEB liability	474,947	69,845	544,792
Net pension liability	2,224	328	2,552
Notes payable	21,149,627	1,107,094	22,256,721
Total noncurrent liabilities	21,741,945	1,482,501	23,224,446
Total liabilities	23,561,929	1,693,862	25,255,791
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	94,785	13,973	108,758
Deferred inflows related to OPEB	135,800	19,971	155,771
Total deferred inflows of resources	230,585	33,944	264,529
NET POSITION			
Net investment in capital assets	18,824,217	7,842,195	26,666,412
Unrestricted	9,069,882	401,807	9,471,689
Total net position	\$ 27,894,099	\$ 8,244,002	\$ 36,138,101

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, 2018

	Enterprise Funds		
	Utility System	Stormwater Management	Totals
OPERATING REVENUES			
Charges for services	\$ 6,932,200	\$ 841,390	\$ 7,773,590
Other operating revenue	73,633	-	73,633
Total operating revenues	<u>7,005,833</u>	<u>841,390</u>	<u>7,847,223</u>
OPERATING EXPENSES			
Salaries, wages and employee benefits	1,659,190	235,353	1,894,543
Contractual services, materials and supplies	1,906,954	151,264	2,058,218
Insurance	65,399	8,086	73,485
Depreciation	2,801,308	205,752	3,007,060
Total operating expenses	<u>6,432,851</u>	<u>600,455</u>	<u>7,033,306</u>
Operating income (loss)	<u>572,982</u>	<u>240,935</u>	<u>813,917</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment earnings	57,685	10,205	67,890
Interest on advance to other fund	24,620	(24,620)	-
Interest expense	(689,156)	(101,267)	(790,423)
Total non-operating revenues (expenses)	<u>(606,851)</u>	<u>(115,682)</u>	<u>(722,533)</u>
Income (loss) before contributions and transfers	(33,869)	125,253	91,384
Capital contributions - connection fees	226,599	-	226,599
Capital grants	-	173,751	173,751
Transfers out	(859,000)	-	(859,000)
Change in net position	<u>(666,270)</u>	<u>299,004</u>	<u>(367,266)</u>
Total net position, beginning of year (as restated)	<u>28,560,369</u>	<u>7,944,998</u>	<u>36,505,367</u>
Total net position, end of year	<u>\$ 27,894,099</u>	<u>\$ 8,244,002</u>	<u>\$ 36,138,101</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, 2018

	Enterprise Funds		
	Utilities System	Stormwater Management	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 6,769,775	\$ 833,963	\$ 7,603,738
Payments to suppliers	(1,317,990)	(55,572)	(1,373,562)
Employee payments and benefits	(1,627,215)	(231,603)	(1,858,818)
Payments for interfund services used	(596,187)	(78,192)	(674,379)
Other operating receipts	73,633	-	73,633
Net cash (used in) provided by operating activities	<u>3,302,016</u>	<u>468,596</u>	<u>3,770,612</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Proceeds from repayments of advances	3,966,801	-	3,966,801
Interest received from advances to other funds	24,620	-	24,620
Payments on advances from other funds	-	(3,966,801)	(3,966,801)
Interest paid on advances from other funds	-	(24,620)	(24,620)
Transfer to other funds	(859,000)	-	(859,000)
Net cash (used in) provided by non-capital financing activities	<u>3,132,421</u>	<u>(3,991,421)</u>	<u>(859,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from capital debt	-	1,193,215	1,193,215
Proceeds from capital grants	-	2,766,213	2,766,213
Capital contributions - connection fees	226,599	-	226,599
Purchase and construction of capital assets	(1,409,802)	(69,322)	(1,479,124)
Principal payments on capital debt	(1,363,585)	(52,038)	(1,415,623)
Interest payments on capital debt	(691,741)	(75,448)	(767,189)
Net cash (used in) provided by capital and related financing activities	<u>(3,238,529)</u>	<u>3,762,620</u>	<u>524,091</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(332,108)	280,032	(52,076)
Investment earnings	57,685	10,205	67,890
Net cash (used in) provided by investing activities	<u>(274,423)</u>	<u>290,237</u>	<u>15,814</u>
Net increase (decrease) in cash and cash equivalents	2,921,485	530,032	3,451,517
Cash and cash equivalents, beginning	1,186,171	839	1,187,010
Cash and cash equivalents, ending	<u>\$ 4,107,656</u>	<u>\$ 530,871</u>	<u>\$ 4,638,527</u>

Continued on next page

City of Cocoa Beach, Florida
Statement of Cash Flows
Proprietary Funds (continued)
For the Fiscal Year Ended September 30, 2018

	<u>Enterprise Funds</u>		
	<u>Utilities System</u>	<u>Stormwater Management</u>	<u>Totals</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 572,982	\$ 240,935	\$ 813,917
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	2,801,308	205,752	3,007,060
(Increase) decrease in assets:			
Accounts receivable	(162,425)	(7,427)	(169,852)
Prepaid expenses	(5,511)	(644)	(6,155)
Deferred outflows from OPEB	(8,108)	(1,192)	(9,300)
Deferred outflows from pensions	52,548	7,747	60,295
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities	63,687	26,230	89,917
Accrued compensated absences	9,385	412	9,797
Net pension liability	(51,765)	(7,631)	(59,396)
Net OPEB liability	(146,215)	(21,502)	(167,717)
Deferred inflows from OPEB	135,800	19,971	155,771
Deferred inflows from pensions	40,330	5,945	46,275
Total adjustments	<u>2,729,034</u>	<u>227,661</u>	<u>2,956,695</u>
Net cash (used in) provided by operating activities	<u>\$ 3,302,016</u>	<u>\$ 468,596</u>	<u>\$ 3,770,612</u>
Cash and cash equivalents reconciliation:			
Cash and cash equivalents	\$ 2,943,623	\$ 498,077	\$ 3,441,700
Restricted assets:			
Cash and cash equivalents (included in restricted cash, cash equivalents, and investments)	<u>1,164,033</u>	<u>32,794</u>	<u>1,196,827</u>
Cash and cash equivalents, ending	<u>\$ 4,107,656</u>	<u>\$ 530,871</u>	<u>\$ 4,638,527</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, 2018

	<u>Employee Retirement Funds</u>
ASSETS	
Receivables:	
Employer contributions	\$ 39,433
Interest and dividends	13,050
Total receivables	<u>52,483</u>
Investments, at fair value:	
Cash and money market	1,239,847
Real Estate	2,194,672
Mutual funds	53,766,103
Common collective equity funds	<u>912,940</u>
Total investments	<u>58,113,562</u>
Total assets	<u>58,166,045</u>
LIABILITIES	<u>-</u>
NET POSITION	
Restricted for pensions	56,545,914
Restricted for OPEB benefits	<u>1,620,131</u>
Total net position	<u>\$ 58,166,045</u>

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, 2018

	<u>Employee Retirement Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 2,447,754
Plan members	446,747
Total contributions	<u>2,894,501</u>
Investment earnings:	
Net increase (decrease) in fair value of investments	1,499,863
Interest and dividends	3,897,320
Total investment earnings	<u>5,397,183</u>
Less investment expenses	129,883
Net investment earnings	<u>5,267,300</u>
Total additions	<u>8,161,801</u>
DEDUCTIONS	
Benefits	3,127,485
Refunds of contributions	52,816
Administrative expenses	105,246
Total deductions	<u>3,285,547</u>
Change in net position	4,876,254
Net position, beginning of year	<u>53,289,791</u>
Net position, end of year	<u><u>\$ 58,166,045</u></u>

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, 2018

NOTES TO THE FINANCIAL STATEMENTS

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City of Cocoa Beach, Florida
Notes to Financial Statements
September 30, 2018

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, 2018

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, 2018

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 stormwater 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. In Fiscal Year 2018, the Special Revenue Metered Parking Fund was incorporated into the General Fund with the adoption of Resolution 2018-13. The FY 2018 budget was amended to reflect the change.

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, 2018

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, 2018

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
- CRA Improvement Revenue Bonds, Series 2017B
- Confiscated Property Fund
- SRF Loan Repayment Reserve (Clean Water State Revolving Loans 050610, 050620, & 050621)

See Note J for additional information.

City of Cocoa Beach, Florida
Notes to Financial Statements
September 30, 2018

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. 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 recorded at cost or, if contributed, acquisition value at the date of donation.

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, 2018

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

12. 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.

13. 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)	Totals
Fund balances:				
Non-spendable:				
Prepaid items	\$ 191,541	\$ -	\$ 5,543	\$ 197,084
Inventory	88,831	-	-	88,831
Restricted:				
Revenue Note, Series 2014A	264,636	-	-	264,636
Parking garage construction	-	-	4,494,922	4,494,922
Public safety	-	180,521	-	180,521
Committed:				
Capital projects	629,521	-	-	629,521
Municipal Facilities	1,000,000	-	-	1,000,000
Unassigned:				
General government	5,039,536	-	-	5,039,536
Total Fund Balance	\$ 7,214,065	\$ 180,521	\$ 4,500,465	\$ 11,895,051

City of Cocoa Beach, Florida
Notes to Financial Statements
September 30, 2018

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. Also in this classification are funds to construct the new downtown parking garage that were secured with CRA Improvement Revenue Bonds, Series 2017B. See Notes H and J for additional details.

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 2018-18 (passed October 18, 2018) amended the Fiscal Year 2019 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.

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.

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.

City of Cocoa Beach, Florida
Notes to Financial Statements
September 30, 2018

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2018, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 specifies that governments must recognize their total OPEB liability and related deferred outflows of resources, deferred inflows of resources, and OPEB expense in the financial statements based on the actuarial present value of projected benefit payments, rather than the smaller net OPEB obligation based on contribution requirements, under GASB Statement No. 45. See Note M for information on the effect of implementation on beginning net position in the government wide and proprietary fund financial statements.

Below is a summary of the adjustment to beginning net position:

	<u>Entity Wide Statements</u>			
	<u>Governmental Activities</u>	<u>Utility Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Net Position, September 30, 2017 as previously reported	\$ 23,551,264	\$ 28,923,536	\$ 8,000,759	\$ 60,475,559
Cumulative effect of application of GASB Statement No. 75	<u>(3,411,215)</u>	<u>(363,167)</u>	<u>(55,761)</u>	<u>(3,830,143)</u>
Net Position, September 30, 2017 as restated	<u>\$ 20,140,049</u>	<u>\$ 28,560,369</u>	<u>\$ 7,944,998</u>	<u>\$ 56,645,416</u>

City of Cocoa Beach, Florida
Notes to Financial Statements
September 30, 2018

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 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	\$ 3,309,622
CRA Improvement Revenue Bonds, Series 2017	4,337,375
CRA Improvement Bond Premium	400,672
Master equipment lease payable	645,077
Accrued compensated absences	<u>1,337,786</u>
 Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	 <u><u>\$ 10,030,532</u></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)	\$ 4,134,687
Depreciation expense	<u>(2,487,675)</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><u>\$ 1,647,012</u></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, 2018

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	\$ 155,000
Capital lease (golf carts)	54,352
Capital lease (equipment master lease)	245,215
New Capital lease (golf carts)	(295,224)
Amortization of bond premium	<u>28,619</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><u>\$ 187,961</u></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	\$ 156,299
Accrued interest expense	<u>(136,997)</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><u>\$ 19,302</u></u>

A fourth 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	Total
Pension contributions	\$ 510,000	\$ 609,433	\$ 860,000	\$ 1,979,433
Pension expenses	<u>(650,474)</u>	<u>(350,205)</u>	<u>(642,779)</u>	<u>(1,643,458)</u>
	<u><u>\$ (140,474)</u></u>	<u><u>\$ 259,228</u></u>	<u><u>\$ 217,221</u></u>	<u><u>\$ 335,975</u></u>

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

The details of this difference are as follows:

OPEB contributions	\$ 299,461
OPEB expenses	<u>(139,103)</u>
	<u><u>\$ 160,358</u></u>

City of Cocoa Beach, Florida
Notes to Financial Statements
September 30, 2018

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 2017-16 adopted September 21, 2017 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 budget was amended with Resolution 2018-13 to incorporate the Metered Parking Fund into the General Fund. 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, 2018

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, 2018, cash and cash equivalents consisted of the following:

Petty cash funds	\$	8,818
Florida Education Investment Trust (FEITF)		7,177,165
Florida Local Government Investment Trust		1,639,674
Bank balance (all accounts)		7,100,736
Total cash and cash equivalents		15,926,393
Less: cash and equivalents classified as restricted assets		
Restricted Assets (see Note J for complete details)		(6,082,314)
Available cash balance	\$	9,844,079

While the total carrying amount of our cash deposits is \$15,926,393 the available cash balance is \$9,844,079. 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

The City's investment policy is outlined in Resolution 2017-20. 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, 2018

D - CASH AND INVESTMENTS (continued)

2. City investment policy and portfolio (continued)

The City's investments at September 30, 2018, 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 fair value)	\$ -	\$ 845,788	\$ -	\$ 845,788
Federal Agencies & Instrumentalities	125,281	5,209,381	-	5,334,662
Total investments				<u>\$ 6,180,450</u>

*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, 2018

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, 2018.

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, 2018:

Investments by fair value level	Level 1	Level 2	Level 3
United States Treasuries	\$ 845,788	-	-
United States Agencies	5,334,662	-	-
Total Investment by fair value level	<u>\$ 6,180,450</u>	<u>-</u>	<u>-</u>

City of Cocoa Beach, Florida
Notes to Financial Statements
September 30, 2018

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, 2018

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	\$ 25,776,118
Common stocks	-
Money market funds and short-term investments	1,116,208
Total investments	\$ 26,892,326
 <u>Police Officers' Retirement Trust Fund</u>	
Investments not subject to categorization:	
Mutual funds	\$ 14,675,986
Common stocks	-
Money market funds and short-term investments	53,448
Total investments	\$ 14,729,434
 <u>Firefighters' Retirement Trust Fund</u>	
Investments not subject to categorization:	
Mutual funds	\$ 14,801,480
Common stocks	-
Money market funds and short-term investments	70,191
Total investments	\$ 14,871,671

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, 2018.

a. General Employees' Pension Fund

Investments by fair value level	Level 1	Level 2	Level 3	Total
United States Treasury Obligations	1,117,500	-	-	1,117,500
Mutual Funds - Fixed Income	6,953,246	-	-	6,953,246
Mutual Funds - Equity	13,086,245	-	-	13,086,245
Domestic corporate equities	4,218,819	-	-	4,218,819
Master Limited Partnerships (MLPs)	-	912,940	-	912,940
Other equity	603,575	-	-	603,575
Total	\$ 25,979,386	\$ 912,940	\$ -	\$ 26,892,326

City of Cocoa Beach, Florida
Notes to Financial Statements
September 30, 2018

D - CASH AND INVESTMENTS (continued)

6. Pension fund fair value measurements (continued)

b. Police Officers' Retirement Trust Fund

Investments by fair value level	Level 1	Level 2	Level 3	Total
United States Treasuries	\$ 53,448	-	-	\$ 53,448
Mutual Funds - Fixed Income	3,127,555	-	-	3,127,555
Mutual Funds - Equity	10,451,095	-	-	10,451,095
Total by fair value level	<u>\$ 13,632,098</u>	<u>\$ -</u>	<u>\$ -</u>	13,632,098
Investments measured at				
Net Asset Value (NAV)				
Real Estate Pooled Fund				1,097,336
Total Investments				<u>\$ 14,729,434</u>

c. Firefighters' Retirement Trust Fund

Investments by fair value level	Level 1	Level 2	Level 3	Total
United States Treasuries	\$ 70,191	-	-	\$ 70,191
Mutual Funds - Fixed Income	3,108,002	-	-	3,108,002
Mutual Funds - Equity	10,596,142	-	-	10,596,142
Total by fair value level	<u>\$ 13,774,335</u>	<u>\$ -</u>	<u>\$ -</u>	13,774,335
Investments measured at				
Net Asset Value (NAV)				
Real Estate Pooled Fund				1,097,336
Total Investments				<u>\$ 14,871,671</u>

The real estate pooled fund has no unfunded commitments at September 30, 2018. 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, 2018

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, 2018, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Business tax receipts received in Fiscal Year 2018 for Fiscal Year 2019	\$ -	\$ 102,687
Forfeited assets	-	42,495
Total	\$ -	\$ 145,182

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, 2018.

- 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 ¹5.00% 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. Tax increment funding was not available prior to Fiscal Year 2014, so loans from the General Fund were made to provide funds for the development of the CRA plan. 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.

Advance	Outstanding Balance at 9/30/18	Principal Due in FY 2019
(a)	\$ 377,654	\$ 94,142
(b)	180,000	20,000
	\$ 557,654	\$ 114,142

¹ Beginning in FY 2019, the amortization schedule will be recalculated using an interest rate of 2.5% to better reflect historical interest rates over the life of the loan.

City of Cocoa Beach, Florida
Notes to Financial Statements
September 30, 2018

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, 2018 were as follows:

The Utility System Enterprise Fund transfer of \$859,000 to the General Fund has three components. A payment in lieu of property taxes to compensate the General Fund for general government services in the amount of \$700,000 is the first component. An offset for the cost of General Fund maintenance workers used on projects which benefit the utility department in the amount of \$150,000 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 \$245,375 represents the tax incremental financing (TIF) payment required.

The Metered Parking Special Revenue Fund was incorporated into the General Fund with the adoption of Resolution 2018-13. As a result, the beginning fund balance in the Metered Parking Fund in the amount of \$1,928,182 was transferred to the General Fund effective October 1, 2017.

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:	
Transfers out:	General Fund	CRA Fund
Utilities System Enterprise Fund	\$ 859,000	\$ -
General Fund	-	245,375
Metered Parking Special Revenue Fund	1,928,182	-
Total transfers	\$ 2,787,182	\$ 245,375

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

As of September 30, 2018, interfund balances are shown in the following table.

	Due to:	
Due from:	Utility System	General Fund
Stormwater Enterprise	\$ 94,142	\$ -
Community Redevelopment Agency	-	20,000
Total due to/from	\$ 94,142	\$ 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, 2018

G - CAPITAL ASSETS

1. Governmental capital asset activity for the year ended September 30, 2018, was as follows:

Governmental activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 7,950,653	\$ -	\$ -	\$ 7,950,653
Construction in progress	<u>572,364</u>	<u>2,280,277</u>	<u>(193,175)</u>	<u>2,659,466</u>
Total capital assets, not being depreciated	<u>8,523,017</u>	<u>2,280,277</u>	<u>(193,175)</u>	<u>10,610,119</u>
Capital assets, being depreciated:				
Buildings	10,300,253	121,792	(35,564)	10,386,481
Infrastructure	879,707	-	-	879,707
Improvements other than buildings	22,725,365	558,822	(11,130)	23,273,057
Machinery and equipment	<u>14,848,361</u>	<u>1,366,971</u>	<u>(1,790,354)</u>	<u>14,424,978</u>
Total capital assets, being depreciated	48,753,686	2,047,585	(1,837,048)	48,964,223
Less accumulated depreciation for:				
Buildings	(2,554,068)	(268,473)	35,564	(2,786,977)
Infrastructure	(233,616)	(17,440)	-	(251,056)
Improvements other than buildings	(12,370,722)	(1,067,064)	11,130	(13,426,656)
Machinery and equipment	<u>(11,758,310)</u>	<u>(1,134,698)</u>	<u>1,790,354</u>	<u>(11,102,654)</u>
Total accumulated depreciation	<u>(26,916,716)</u>	<u>(2,487,675)</u>	<u>1,837,048</u>	<u>(27,567,343)</u>
Total capital assets, being depreciated, net	<u>21,836,970</u>	<u>(440,090)</u>	<u>-</u>	<u>21,396,880</u>
Governmental activities capital assets, net	<u>\$ 30,359,987</u>	<u>\$ 1,840,187</u>	<u>\$ (193,175)</u>	<u>\$ 32,006,999</u>

City of Cocoa Beach, Florida
Notes to Financial Statements
September 30, 2018

G - CAPITAL ASSETS (continued)

2. Business type capital asset activity for the year ended September 30, 2018, was as follows:

Business-type activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases / Adjustments</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 1,691,599	\$ -	\$ -	\$ 1,691,599
Construction in progress	<u>297,433</u>	<u>747,004</u>	<u>(240,270)</u>	<u>804,166</u>
Total capital assets, not being depreciated	<u>1,989,032</u>	<u>747,004</u>	<u>(240,270)</u>	<u>2,495,765</u>
Capital assets, being depreciated:				
Buildings	3,982,591	-	-	3,982,591
Infrastructure	49,194,875	299,600	-	49,494,475
Improvements other than buildings	23,232,127	20,500	(4,380)	23,248,247
Machinery and equipment	<u>3,021,141</u>	<u>891,745</u>	<u>(34,800)</u>	<u>3,878,086</u>
Total capital assets, being depreciated	79,430,734	1,211,845	(39,180)	80,603,399
Less accumulated depreciation for:				
Buildings	(1,848,170)	(88,335)	-	(1,936,505)
Infrastructure	(18,162,618)	(1,192,835)	-	(19,355,453)
Improvements other than buildings	(6,918,743)	(1,518,266)	4,380	(8,432,629)
Machinery and equipment	<u>(2,606,825)</u>	<u>(447,078)</u>	<u>34,800</u>	<u>(3,019,103)</u>
Total accumulated depreciation	<u>(29,536,356)</u>	<u>(3,246,514)</u>	<u>39,180</u>	<u>(32,743,690)</u>
Total capital assets, being depreciated, net	<u>49,894,378</u>	<u>(2,034,669)</u>	<u>-</u>	<u>47,859,709</u>
Business-type activities capital assets, net	<u><u>\$ 51,883,410</u></u>	<u><u>\$ (1,287,665)</u></u>	<u><u>\$ (240,270)</u></u>	<u><u>\$ 50,355,474</u></u>

City of Cocoa Beach, Florida
Notes to Financial Statements
September 30, 2018

G - CAPITAL ASSETS (continued)

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

Governmental activities:	
Golf	\$ 214,517
General government	392,094
Public safety	312,040
Transportation/public works	1,435,603
Recreation	133,421
Total depreciation expense -governmental activities	\$ 2,487,675
Business-type activities:	
Utility	\$ 3,040,761
Stormwater	205,753
Total depreciation expense - business-type activities	\$ 3,246,514
Governmental current year activities:	
Assets being depreciated	\$ 2,047,585
Construction in progress - increase	2,280,277
Construction in progress - decrease	(193,175)
Capital outlays and transfers (net)	\$ 4,134,687

4. Construction (estimated) commitments are as follows:

Minutemen Stormwater Streetscape, 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 2017-18.

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.

Project Description	Spent-to-date	Remaining Commitment	
		FY 2019	Beyond FY 2019
Muck Dredging	\$ 1,311,405	\$ 1,105,102	\$ -
PKCOMP - New Parking Garage	68,067	4,797,720	-
PDCOMP - New Police Station	35,091	7,500,000	-
Other projects (12)	5,600,073	5,129,074	4,938,576
Total	\$ 7,014,636	\$ 18,531,896	\$ 4,938,576

City of Cocoa Beach, Florida
Notes to Financial Statements
September 30, 2018

G - CAPITAL ASSETS (continued)

5. Net investment in capital assets

	Enterprise Funds		
	Governmental Funds	Utility Fund	Stormwater Fund
Capital assets	\$ 59,574,342	\$ 73,118,912	\$ 9,980,251
Less: Accumulated depreciation	(27,567,343)	(31,746,812)	(996,879)
Less: Outstanding principal of capital-related debt	(8,555,749)	(22,547,885)	(1,141,177)
Add: Unspent bond proceeds	4,127,081	-	-
Net investment in capital assets	\$ 27,578,331	\$ 18,824,215	\$ 7,842,195

H - LONG-TERM DEBT

1. Revenue bonds and other debt instruments

	Outstanding Principal
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.	\$ 3,265,000
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.	1,550,000
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.	16,987,829
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.	4,010,056
Clean Water State Revolving Loan, # 050621, payable in proposed semi-annual installments beginning December 2017 through June 2037; interest from .56 to 1.48% 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: \$1,193,215.	1,141,177
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 2018 the City entered into a Lease-Purchase Agreement in the amount of \$295,224 for 110 electric golf carts and a beverage cart, which act as collateral for the lease. The agreement includes an annual interest rate of 3.15%. A final payment of \$19,610 is due in Fiscal Year 2022. 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.	260,319
In Fiscal Year 2016 the City entered into a Master Equipment Lease Agreement in the amount of \$878,703 for purchase of a Vactor (vaccon), Front End Loader, and 75 Parking Kiosks, which act as collateral for the lease. The agreement's original annual interest rate of 2.01716% was updated to 2.45% effective January 2018. 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.	384,758
Total	\$ 31,844,139

City of Cocoa Beach, Florida
Notes to Financial Statements
September 30, 2018

H - LONG-TERM DEBT (continued)

2. Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2018 (excluding long-term advances between funds) was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Note payable:					
Capital Improvement					
Revenue Note, Series 2014A	\$ 3,420,000	\$ -	\$ (155,000)	\$ 3,265,000	\$ 160,000
CRA Improvement					
Revenue Bonds, Series 2017B	4,245,000	-	-	4,245,000	220,000
Capital Leases	649,419	295,224	(299,566)	645,077	283,948
	8,314,419	295,224	(454,566)	8,155,077	663,948
Plus bond premiums	429,291	-	(28,619)	400,672	-
Total bonds, notes, and leases payable	8,743,710	295,224	(483,185)	8,555,749	663,948
OPEB Liability	5,377,315	(1,265,768)	-	4,111,547	-
Net pension liability	6,831,349	-	(1,031,799)	5,799,550	-
Compensated absences	1,494,085	555,372	(711,671)	1,337,786	637,222
Governmental activity long-term liabilities	<u>\$ 22,446,459</u>	<u>\$ (415,172)</u>	<u>\$ (2,226,655)</u>	<u>\$ 19,804,632</u>	<u>\$ 1,301,170</u>
Business-type activities:					
Notes payable:					
Capital Improvement Refunding					
Revenue Note, Series 2014B	1,845,000	-	(295,000)	1,550,000	300,000
State Revolving Loan # 050610	17,885,846	-	(898,017)	16,987,829	923,589
State Revolving Loan # 050620	4,180,624	-	(170,568)	4,010,056	174,669
State Revolving Loan # 050621	-	1,193,215	(52,038)	1,141,177	34,083
Total notes payable	23,911,470	1,193,215	(1,415,623)	23,689,062	1,432,341
OPEB Liability	712,509	(167,717)	-	544,792	-
Net pension liability	61,948	-	(59,396)	2,552	-
Compensated absences	238,491	116,883	(107,086)	248,288	111,419
Business-type activity long-term liabilities	<u>\$ 24,924,418</u>	<u>\$ 1,142,381</u>	<u>\$ (1,582,105)</u>	<u>\$ 24,484,694</u>	<u>\$ 1,543,760</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 A, paragraph 15, Note M, and in the RSI section.

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, and in the RSI section.

City of Cocoa Beach, Florida
Notes to Financial Statements
September 30, 2018

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
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	\$ 3,265,000	\$ 928,814

b.

Governmental Activities		
Florida Municipal Loan Council CRA Revenue Bonds, Series 2017B		
Year Ending September 30,	Principal	Interest
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	\$ 1,353,075

City of Cocoa Beach, Florida
Notes to Financial Statements
September 30, 2018

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
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	\$ 1,550,000	\$ 88,360

b.

Year Ending September 30,	Business-type Activities	
	Clean Water State Revolving Fund Loan # 050610	
	Principal	Interest
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	1,368,495	29,106
Total	\$ 16,987,829	\$ 3,976,197

City of Cocoa Beach, Florida
Notes to Financial Statements
September 30, 2018

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
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	<u>\$ 4,010,056</u>	<u>\$ 975,170</u>

d.

Business-type Activities		
Major Sewer Rehab & Stormwater Improvements State Revolving Fund Loan* # 050621		
Year Ending September 30,	Principal	Interest
2019	\$ 34,083	\$ 31,505
2020	57,936	7,652
2021	58,337	7,251
2022	58,742	6,846
2023	59,150	6,438
2024	59,561	6,027
2025	59,976	5,612
2026	60,394	5,194
2027	60,816	4,772
2028	61,242	4,346
2029	61,671	3,917
2030	62,104	3,484
2031	62,541	3,048
2032	62,981	2,607
2033	63,425	2,163
2034	63,873	1,715
2035	64,325	1,263
2036	64,781	807
2037	65,241	347
Total	<u>\$ 1,141,177</u>	<u>\$ 104,995</u>

City of Cocoa Beach, Florida
Notes to Financial Statements
September 30, 2018

H - LONG-TERM DEBT (continued)

5. Comprehensive summary of debt service requirements to maturity

Year Ending September 30,	Summary	
	Principal	Interest
2019	\$ 2,096,288	\$ 928,365
2020	2,057,988	849,684
2021	2,089,316	793,124
2022	2,030,041	735,267
2023	2,049,610	671,857
2024	1,784,072	611,768
2025	1,774,511	555,953
2026	1,895,465	498,286
2027	2,013,681	438,614
2028	2,016,727	376,868
2029	2,081,233	312,936
2030	2,141,833	250,612
2031	2,208,560	190,017
2032	2,266,443	127,644
2033	1,925,515	69,609
2034	568,325	25,917
2035	319,775	15,285
2036	326,372	8,688
2037	198,385	1,938
Total	<u>\$ 31,844,139</u>	<u>\$ 7,462,433</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>\$ 1,494,085</u>	<u>\$ 555,372</u>	<u>\$ (711,671)</u>	<u>\$ 1,337,786</u>	<u>\$ 637,222</u>
Enterprise Funds:					
Utilities System	\$ 196,302	\$ 95,794	\$ (86,409)	\$ 205,687	\$ 90,540
Stormwater Management	42,189	21,089	(20,677)	42,601	20,879
Total Enterprise Funds	<u>\$ 238,491</u>	<u>\$ 116,883</u>	<u>\$ (107,086)</u>	<u>\$ 248,288</u>	<u>\$ 111,419</u>

City of Cocoa Beach, Florida
Notes to Financial Statements
September 30, 2018

J - RESTRICTED ASSETS

The restricted asset 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	698,801
SRF Loan 3 - # 050620 Repayment Reserve	134,736
SRF Loan 4 - # 050621 Repayment Reserve	32,794
Total	\$ 1,461,463

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

Florida Municipal Loan Council Bond Escrow Fund	\$ 4,424,460
Confiscated property fund	196,391
Total	\$ 4,620,851

Total restricted asset account balances	\$ 6,082,314
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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 2018 totaled \$788,094. This is an increase from \$688,855 paid in Fiscal Year 2017. The cost increase is primarily attributed to additional key assets that were previously not covered being added to the property schedule. 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, 2018

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 \$107,105 and \$111,216 for the Police Officers' and Firefighters' plans respectively, were recognized as revenues and expenditures in the General Fund during the year ended September 30, 2018.

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, 2018

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, 2017:

Inactive plan members or beneficiaries currently receiving benefits	83
Inactive plan members entitled to but not yet receiving benefits	31
Active plan members	128
	<u>242</u>

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, 2018**

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, 2017:

Inactive plan members or beneficiaries currently receiving benefits	34
Inactive plan members entitled to but not yet receiving benefits	7
Active plan members	34
	75

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, 2018**

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, 2018 is \$ 306,297.

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, 2017:

Inactive plan members or beneficiaries currently receiving benefits	22
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	25
	51

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, 2018

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 or 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, 2018 is \$ 384,482.

5. Net pension liability of City

The City's net pension liability was measured as of September 30, 2018. 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 City as of September 30, 2018 were as follows:

	General Employees'	Police Employees'	Fire Employees'
Total pension liability	\$ 26,902,476	\$ 18,943,710	\$ 16,501,830
Plan fiduciary net position	\$ (26,892,326)	\$ (14,735,955)	\$ (14,917,633)
City's net pension liability	\$ 10,150	\$ 4,207,755	\$ 1,584,197
Plan fiduciary net position as a percentage of total pension liability	99.96%	77.79%	90.40%

Actuarial assumptions:

The total pension liability for all plans was determined by an actuarial valuation as of October 1, 2017 updated to September 30, 2018 using the following actuarial assumptions applied to all measurement periods.

	General Employees'	Police Employees'	Fire Employees'
Inflation	2.50%	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, 2018

L - EMPLOYER RETIREMENT PLANS (continued)

5. Net pension liability of City (continued)

For the General Employees' Fund measurement date 9/30/2018, 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, 2018 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%	8.10%	50%	7.50%	50%	7.50%
International equity	15%	3.40%	15%	8.50%	15%	8.50%
Broad market fixed income	-	-	20%	2.50%	20%	2.50%
Bonds	30%	3.60%	-	-	-	-
Convertibles	10%	6.70%	-	-	-	-
Global fixed income	-	-	5%	3.50%	5%	3.50%
Real estate	-	-	10%	4.50%	10%	4.50%
REITS	5%	6.80%	-	-	-	-
MLPs	5%	9.40%	-	-	-	-

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, 2018

L - EMPLOYER RETIREMENT PLANS (continued)

5. Net pension liability of City (continued)

Rate of return

For the year ended September 30, 2018 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 7.82% for the General Employees' Plan, 11.71% for the Police Employees' Plan and 11.89% 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 2018</u>	<u>General Employees</u>	<u>Police Employees</u>	<u>Fire Employees</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	7.82%	11.71%	11.89%

Discount rate

The discount rate used to measure the total all three Plan's pension liability was 7.75%.

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	\$ 2,790,005	\$ 10,150	\$ (2,361,290)
Police Employees' Fund	\$ 6,386,290	\$ 4,207,755	\$ 2,401,052
Fire Employees' Fund	\$ 3,406,211	\$ 1,584,197	\$ 57,263

City of Cocoa Beach, Florida
Notes to Financial Statements
September 30, 2018

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
ASSETS				
Cash and cash equivalents:				
Short-term Investments	\$ 630	\$ 53,448	\$ 70,191	\$ 124,269
Money market	1,115,578	-	-	1,115,578
Total cash and equivalents	<u>1,116,208</u>	<u>53,448</u>	<u>70,191</u>	<u>1,239,847</u>
Receivable:				
Additional City contributions	-	-	39,433	39,433
Investment income	-	6,521	6,529	13,050
Total receivable	<u>-</u>	<u>6,521</u>	<u>45,962</u>	<u>52,483</u>
Investments:				
Mutual funds:				
Fixed income	8,083,996	3,127,555	3,108,002	14,319,553
Equity	16,779,182	10,451,095	10,596,143	37,826,420
Pooled/common/commingled funds:				
Equity	912,940	-	-	912,940
Real estate	-	1,097,336	1,097,336	2,194,672
Total investments	<u>25,776,118</u>	<u>14,675,986</u>	<u>14,801,480</u>	<u>55,253,584</u>
Total assets	<u>26,892,326</u>	<u>14,735,955</u>	<u>14,917,633</u>	<u>56,545,914</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position restricted for pensions	<u>26,892,326</u>	<u>14,735,955</u>	<u>14,917,633</u>	<u>56,545,914</u>
Total liabilities and net position	<u>\$ 26,892,326</u>	<u>\$ 14,735,955</u>	<u>\$ 14,917,633</u>	<u>\$ 56,545,914</u>

City of Cocoa Beach, Florida
Notes to Financial Statements
September 30, 2018

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
ADDITIONS				
Contributions:				
Employer	\$ 510,000	\$ 860,000	\$ 609,433	\$ 1,979,433
Plan members	279,093	89,780	77,874	446,747
State	-	107,105	111,216	218,321
Buy-Back	-	-	-	-
Total contributions	<u>789,093</u>	<u>1,056,885</u>	<u>798,523</u>	<u>2,644,501</u>
Investment earnings:				
Net increase (decrease) in fair value of investments	838,877	265,333	269,444	1,373,654
Interest and dividends	1,211,018	1,328,289	1,358,013	3,897,320
Total investment earnings	<u>2,049,895</u>	<u>1,593,622</u>	<u>1,627,457</u>	<u>5,270,974</u>
Less investment expenses*	68,204	30,772	30,907	129,883
Net investment earnings	<u>1,981,691</u>	<u>1,562,850</u>	<u>1,596,550</u>	<u>5,141,091</u>
Demutualization				
Total additions	<u>2,770,784</u>	<u>2,619,735</u>	<u>2,395,073</u>	<u>7,785,592</u>
DEDUCTIONS				
Benefits	1,250,008	969,579	757,898	2,977,485
Refunds of member contributions	32,565	20,251	-	52,816
Lump sum DROP distributions	-	-	-	-
Admin expenses	27,732	36,507	38,992	103,231
Total deductions	<u>1,310,305</u>	<u>1,026,337</u>	<u>796,890</u>	<u>3,133,532</u>
Change in net position	1,460,479	1,593,398	1,598,183	4,652,060
Net position, beginning of year	<u>25,431,847</u>	<u>13,142,557</u>	<u>13,319,450</u>	<u>51,893,854</u>
Net position, end of year	<u>\$ 26,892,326</u>	<u>\$ 14,735,955</u>	<u>\$ 14,917,633</u>	<u>\$ 56,545,914</u>

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

City of Cocoa Beach, Florida
Notes to Financial Statements
September 30, 2018

L - EMPLOYER RETIREMENT PLANS (continued)

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

For the year ended September 30, 2018 the City recognized a pension expense of \$697,648 for the General Employees' Plan; \$749,884 for the Police Officers' Plan; and \$461,421 for the Firefighters' Plan. On September 30, 2018 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	\$ 281,595	\$ 235,308	\$ 538,370	\$ 51,339	\$ 452,420	\$ 22,205
Changes of assumptions	300,134	-	177,611	-	70,482	-
Net difference between projected and actual earnings of pension plan investments	-	197,302	-	705,543	-	723,040
Total	<u>\$ 581,729</u>	<u>\$ 432,610</u>	<u>\$ 715,981</u>	<u>\$ 756,882</u>	<u>\$ 522,902</u>	<u>\$ 745,245</u>

The 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'
2019	\$ 364,145	\$ 248,679	\$ 148,728
2020	(91,246)	(61,565)	(90,515)
2021	(96,151)	(119,391)	(167,710)
2023	-	-	-
Thereafter	-	-	-

City of Cocoa Beach, Florida
Notes to Financial Statements
September 30, 2018

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, 2017	\$ 25,678,257	\$ 25,431,847	\$ 246,410
Changes for a year:			
Service cost	625,201	-	625,201
Interest	1,988,818	-	1,988,818
Differences between expected and actual experience	(107,227)	-	(107,227)
Contributions - employer	-	510,000	(510,000)
Contributions - employee	-	279,093	(279,093)
Net investment income	-	1,981,691	(1,981,691)
Benefit payments, including refunds of employee contributions	(1,282,573)	(1,282,573)	-
Administrative expense	-	(27,732)	27,732
Net changes	<u>1,224,219</u>	<u>1,460,479</u>	<u>(236,260)</u>
Balances at September 30, 2018	<u>\$ 26,902,476</u>	<u>\$ 26,892,326</u>	<u>\$ 10,150</u>

City of Cocoa Beach, Florida
Notes to Financial Statements
September 30, 2018

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, 2017	\$ 17,795,741	\$ 13,142,557	\$ 4,653,184
Changes for a year:			
Service cost	312,449	-	312,449
Interest	1,365,029	-	1,365,029
Differences between expected and actual experience	460,321	-	460,321
Contributions - employer	-	860,000	(860,000)
Contributions - state	-	107,105	(107,105)
Contributions - employee	-	89,780	(89,780)
Net investment income	-	1,562,850	(1,562,850)
Benefit payments, including refunds of employee contributions	(989,830)	(989,830)	-
Administrative expense	-	(36,507)	36,507
Net changes	<u>1,147,969</u>	<u>1,593,398</u>	<u>(445,429)</u>
Balances at September 30, 2018	<u>\$ 18,943,710</u>	<u>\$ 14,735,955</u>	<u>\$ 4,207,755</u>

City of Cocoa Beach, Florida
Notes to Financial Statements
September 30, 2018

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, 2017	\$ 15,532,287	\$ 13,319,450	\$ 2,212,837
Changes for a year:			
Service cost	252,306	-	252,306
Interest	1,193,937	-	1,193,937
Differences between expected and actual experience	281,198	-	281,198
Contributions - employer	-	609,433	(609,433)
Contributions - state	-	111,216	(111,216)
Contributions - employee	-	77,874	(77,874)
Net investment income	-	1,596,550	(1,596,550)
Benefit payments, including refunds of employee contributions	(757,898)	(757,898)	-
Administrative expense	-	(38,992)	38,992
Net changes	<u>969,543</u>	<u>1,598,183</u>	<u>(628,640)</u>
Balances at September 30, 2018	<u>\$ 16,501,830</u>	<u>\$ 14,917,633</u>	<u>\$ 1,584,197</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. In fiscal year 2018, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 specifies that governments must recognize their total OPEB liability and related deferred outflows of resources, deferred inflows of resources, and OPEB expense in the financial statements based on the actuarial present value of projected benefit payments, rather than the smaller net OPEB obligation based on contribution requirements, under GASB Statement No. 45.

For purposes of measuring the net OPEB Liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's Retiree Health Care Plan (Plan) and additions to/ deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by The Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at cost.

City of Cocoa Beach, Florida
Notes to Financial Statements
September 30, 2018

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

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.

2. Employees covered by benefit terms

As of October 1, 2017, the following employees were covered by benefit terms:

Inactive Plan Members or beneficiaries currently receiving benefits	68
Inactive Plan Members entitled to but not yet receiving benefits	-
Active Plan Members	191
	259

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 full-time 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 retired prior to January 1, 2009 and retired 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.

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 retiring after October 1, 2006.

City of Cocoa Beach, Florida
Notes to Financial Statements
September 30, 2018

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

5. Summary of Significant Accounting Policies

Basis of accounting

The financial statements 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 are reported at fair value. The Florida Municipal Pension Trust Fund (FMPTF) provides monthly statements for this purpose and is classified as a Level 1 investment.

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	10%
Core Plus	10%
S. Large Cap Equity	39%
S. Small Cap Equity	13%
Non- U.S. Equity	18%
Core Real Estate	10%
Total	100%

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, 2018 the annual money-weighted rate of return on investments, net of investment expense, was 7.83%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested .

9. 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.

City of Cocoa Beach, Florida
Notes to Financial Statements
September 30, 2018

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

9. Funding Policy (continued)

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, 2018, ten annual payments of \$100,000 each had been made to the FMPTF. A payment of \$100,000 for Fiscal Year 2019 was made in December 2018.

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.

10. OPEB Plan Financial Statements

a. Statement of plan net position – fair value

Statement of OPBEB Fund Net Position
September 30, 2018

<u>Assets</u>	Market Value
Investments:	
Mutual funds	\$ 1,620,131
	<hr/>
Total Investments	1,620,131
	<hr/>
Total Assets	1,620,131
	<hr/>
Total Liabilities	-
	<hr/>
Net Position Restricted for Postemployment Benefits Other Than Pensions	\$ 1,620,131
	<hr/> <hr/>

City of Cocoa Beach, Florida
Notes to Financial Statements
September 30, 2018

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

10. OPEB Plan Financial Statements (continued)

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

Statement of Changes in OPEB Net Position
for the Year Ended September 30, 2018

ADDITIONS

Contributions:	
Employer	\$ 250,000
Plan members	-
Total contributions	250,000
Investment Income:	
Net increase (decrease) in fair value of investments	126,209
Interest and dividends	-
Total investment earnings	126,209
Less investment expenses*	-
Net investment earnings	126,209
Total additions	376,209

DEDUCTIONS

Health Insurance Benefits	150,000
Admin expenses	2,015
Total deductions	152,015
Net increase in net position	224,194

Net Position Restricted for Postemployment Benefits Other Than Pensions	
Beginning of year	1,395,937
End of year	\$ 1,620,131

11. Net OPEB Liability

The City's net OPEB liability was measured as of September 30, 2018. The total OPEB liability used to calculate the net OPEB liability was also determined as of that date.

The components of the Net OPEB Liability of the City on September 30, 2018 were as follows:

Total OPEB Liability	\$ 6,276,470
Plan Fiduciary Net Position	\$ (1,620,131)
Net OPEB Liability	\$ 4,656,339

Plan Fiduciary Net Position as a percentage of Total OPEB Liability 25.81%

City of Cocoa Beach, Florida
Notes to Financial Statements
September 30, 2018

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

11. Net OPEB Liability (continued)

The City's allocation of the net OPEB liability as of September 30, 2018 was as follows:

Allocation of the Net OPEB Liability			
Activity	Personnel	Percent	Amount
Governmental Activities	226	88.30%	\$ 4,111,547
Utility System	29	10.20%	474,947
Stormwater	4	1.50%	69,845
	259	100.00%	\$ 4,656,339

12. Actuarial Assumptions

The Total OPEB Liability was determined by an actuarial valuation as of October 1, 2017 using the following actuarial assumptions:

Inflation	2.50%
Salary Increase Rate(s)	5.16%
Discount Rate	4.40%
Initial Trend Rate	8.50%
Ultimate Trend Rate	4.00%
Years to Ultimate	55
Investment Rate of Return	6.50%

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, 2018

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

12. Actuarial 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%
S. Large Cap Equity	5.1%
S. Small Cap Equity	5.6%
Non- U.S. Equity	5.6%
Core Real Estate	4.5%

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 4.40%

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%. The remaining projected benefit payments were discounted at a municipal bond rate. The high quality municipal bond rate, 4.18%, 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

13. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018 the City recognized an OPEB Expense of \$157,535. On September 30, 2018, the City reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between Expected and Actual Experience	\$ 79,494	\$ -
Changes of assumptions	-	1,305,544
Net difference between Projected and Actual Earnings on OPEB Plan investments	-	25,831
Total	\$ 79,494	\$ 1,331,375

City of Cocoa Beach, Florida
Notes to Financial Statements
September 30, 2018

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

13. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

Amount reported as reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB will be recognized in OPEB Expense as follows:

Fiscal Year Ending	Inflows
September 30, 2019	\$ (251,668)
September 30, 2020	(251,668)
September 30, 2021	(251,668)
September 30, 2022	(251,667)
September 30, 2023	(245,210)

14. Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at September 30, 2017	\$ 7,485,762	\$ 1,395,937	\$ 6,089,825
Changes for a year:			
Service cost	212,520	-	212,520
Interest	288,588	-	288,588
Differences between expected and actual experience	95,393	-	95,393
Changes of assumptions	(1,566,653)	-	(1,566,653)
Explicit contributions - employer	-	250,000	(250,000)
Implicit contributions - employer	-	89,140	(89,140)
Net investment income	-	126,209	(126,209)
Explicit benefit payments	(150,000)	(150,000)	-
Implicit benefit payments	(89,140)	(89,140)	-
Administrative expense	-	(2,015)	2,015
Net changes	(1,209,292)	224,194	(1,433,486)
Balances at September 30, 2018	\$ 6,276,470	\$ 1,620,131	\$ 4,656,339

Experience reflects changes to the census data during the twelve month period since the prior valuation.

Changes of assumptions reflect a change in the discount rate from 3.76% for the reporting period ended September 30, 2017 to 4.40% for the reporting period ended September 30, 2018, updates to the underlying health claims and premium, and an update to mortality tables to be consistent with Chapter 2015-157, Florida Statutes for pension plans.

City of Cocoa Beach, Florida
Notes to Financial Statements
September 30, 2018

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

15. Sensitivity of OPEB Liability to Changes in Rates

The first table below shows the Net OPEB Liability, as well as what the 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	3.40%	4.40%	5.40%
Net OPEB Liability	\$ 5,684,404	\$ 4,656,339	\$ 3,840,202

The following table presents the Net OPEB Liability, as well as what the 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:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
	3.00% - 7.50%	4.00% - 8.50%	5.00 - 9.50%
Net OPEB Liability	\$ 3,771,906	\$ 4,656,339	\$ 5,773,348

The Required Supplementary Information (RSI) immediately following the notes to the financial statements presents additional multi-year trend information about the employer contributions and changes in the City's Net OPEB Liability and related ratios.

N - INFORMATION ITEMS

1. Hurricane Damage Reimbursements

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. As with Hurricane Matthew the prior year, much of the costs incurred were related to protective services and debris pick-up and removal. The police station and portions of City Hall also sustained substantial damage. Although insurance claim proceeds were received in FY 2018, the City will not be made whole to recover all costs incurred as a result of the storm. As of this date \$249,376 of the \$726,363 in FEMA reimbursement requests have been obligated. Payment in the amount of \$11,077 has been distributed to the City through the State. The City continues to work with FEMA and State representatives for timely payment of obligations.

2. Subsequent Event

In November 2018, voters elected to amend the City Charter to revise the building height limit accommodations, adding a 10-foot allowance on the top of buildings for unoccupied building elements and attachments, and where applicable, specifying that the 45-foot height limit shall be measured from a parcel's FEMA Base Flood Elevation (BFE) rather than the crown of the abutting road.

REQUIRED SUPPLEMENTARY INFORMATION (RSI)

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. GASB Statement 75 (GASB 75) requires that a 10 year schedule of changes in net OPEB liability be presented.

City of Cocoa Beach, Florida
Required Supplementary Information
September 30, 2018

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

a. General Employees' Retirement Fund:

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last Six Fiscal Years
General Employees'

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total pension liability						
Service cost	\$ 625,201	\$ 584,519	\$ 545,829	\$ 533,313	\$ 539,287	\$ 500,498
Interest	1,988,818	1,853,234	1,732,753	1,651,759	1,564,938	1,476,982
Difference between expected and actual experience	(107,227)	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	(1,282,573)	(1,209,098)	(1,060,176)	(1,017,261)	(938,707)	(824,004)
Net change in total pension liability	1,224,219	1,745,525	1,590,371	1,054,030	1,165,518	1,153,476
Total pension liability - beginning	25,678,257	23,932,732	22,342,361	21,288,331	20,122,813	18,969,336
Total pension liability - ending (a)	<u>\$ 26,902,476</u>	<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>
Plan fiduciary net position						
Contributions - employer	\$ 510,000	\$ 425,001	\$ 559,031	\$ 786,715	\$ 898,200	\$ 850,280
Contributions - employee	279,093	284,664	279,795	248,332	235,872	231,937
Contributions - buy back	-	6,585	-	-	-	-
Net Investment income	1,981,691	2,639,271	2,007,647	(669,085)	1,955,398	2,302,167
Benefit payments, including refunds of employee contributions	(1,282,573)	(1,209,098)	(1,060,176)	(1,017,261)	(938,707)	(824,004)
Administrative expense	(27,732)	(22,069)	(23,056)	(20,811)	(21,453)	(14,705)
Net change in plan fiduciary net position	1,460,479	2,124,354	1,763,241	(672,110)	2,129,310	2,545,675
Plan fiduciary net position - beginning	25,431,847	23,307,493	21,544,252	22,216,362	20,087,052	17,541,377
Plan fiduciary net position - ending (b)	<u>\$ 26,892,326</u>	<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>\$ 10,150</u>	<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	99.96%	99.04%	97.39%	96.43%	104.36%	99.82%
Covered payroll	\$ 5,581,312	\$ 5,693,277	\$ 5,595,907	\$ 4,966,634	\$ 4,717,435	\$ 4,638,735
Net pension liability as a percentage of covered payroll	0.18%	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.

SCHEDULE OF CONTRIBUTIONS
Last Six Fiscal Years
General Employees'

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 488,923	\$ 409,916	\$ 559,031	\$ 786,715	\$ 898,200	\$ 850,280
Contributions in relation to the actuarially determined contributions	510,000	425,001	559,031	786,715	898,200	850,280
Contribution deficiency (Excess)	<u>\$ (21,077)</u>	<u>\$ (15,085)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,581,312	\$ 5,693,277	\$ 5,595,907	\$ 4,966,634	\$ 4,717,435	\$ 4,638,735
Contributions as a percentage of covered payroll	9.14%	7.46%	9.99%	15.84%	19.04%	18.33%

Notes to Schedule

Valuation Date: 10/1/16. 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.

City of Cocoa Beach, Florida
Required Supplementary Information
September 30, 2018

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 Six Fiscal Years						
Police Employees'						
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total pension liability						
Service cost	\$ 312,449	\$ 266,442	\$ 264,410	\$ 268,905	\$ 278,445	\$ 257,819
Interest	1,365,029	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	460,321	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	(989,830)	(959,625)	(1,052,685)	(855,473)	(798,118)	(798,796)
Net change in total pension liability	1,147,969	1,034,991	865,586	521,818	646,740	577,555
Total pension liability - beginning	17,795,741	16,760,750	15,895,164	15,373,346	14,726,606	14,149,051
Total pension liability - ending (a)	<u>\$ 18,943,710</u>	<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>
Plan fiduciary net position						
Contributions - employer	\$ 860,000	\$ 782,512	\$ 822,359	\$ 625,885	\$ 751,980	\$ 719,321
Contributions - state	107,105	101,389	104,215	97,977	99,477	97,465
Contributions - employee	89,780	95,018	91,834	80,429	91,260	87,375
Contributions - buy back	-	22,500	-	52,320	-	-
Net Investment income	1,562,850	1,529,239	1,085,149	(150,618)	1,089,153	1,174,778
Benefit payments, including refunds of Employee contributions	(989,830)	(959,625)	(1,052,685)	(855,473)	(798,118)	(798,796)
Administrative expense	(36,507)	(41,061)	(41,054)	(37,661)	(32,708)	(37,849)
Other	-	-	-	-	-	-
Net change in plan fiduciary net position	1,593,398	1,529,972	1,009,818	(187,141)	1,201,044	1,242,294
Plan fiduciary net position - beginning	13,142,557	11,612,585	10,602,767	10,789,908	9,588,864	8,346,569
Plan fiduciary net position - ending (b)	<u>\$ 14,735,955</u>	<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>\$ 4,207,755</u>	<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	77.79%	73.85%	69.28%	66.70%	70.19%	65.11%
Covered payroll	\$ 1,795,611	\$ 1,900,351	\$ 1,836,685	\$ 1,697,629	\$ 1,825,203	\$ 1,747,510
Net pension liability as a percentage of covered payroll	234.34%	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 Six Fiscal Years						
Police Employees'						
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 932,461	\$ 933,642	\$ 876,833	\$ 723,862	\$ 851,457	\$ 716,786
Contributions in relation to the actuarially determined contributions	(34,644)	883,901	926,574	723,862	851,457	716,786
Contribution deficiency (Excess)	<u>\$ 967,105</u>	<u>\$ 49,741</u>	<u>\$ (49,741)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,795,611	\$ 1,900,351	\$ 1,836,685	\$ 1,697,629	\$ 1,825,203	\$ 1,747,510
Contributions as a percentage of covered payroll	53.86%	46.51%	50.45%	42.64%	46.65%	41.02%

Notes to Schedule

Valuation Date: 10/1/16. 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.

City of Cocoa Beach, Florida
Required Supplementary Information
September 30, 2018

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 Six Fiscal Years					
	Fire Employees'					
	2018	2017	2016	2015	2014	2013
Total pension liability						
Service cost	\$ 252,306	\$ 223,453	\$ 238,463	\$ 226,817	\$ 231,534	\$ 214,383
Interest	1,193,937	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	281,198	483,038	(88,821)	(17,490)	-	-
Changes of assumptions	-	26,411	229,105	-	-	-
Benefit payments, including refunds of employee contributions	(757,898)	(715,766)	(735,874)	(1,070,390)	(588,887)	(588,887)
Net change in total pension liability	969,543	1,123,406	72,942	271,080	749,468	597,297
Total pension liability - beginning	15,532,287	14,408,881	14,335,939	14,064,859	13,315,391	12,718,094
Total pension liability - ending (a)	<u>\$ 16,501,830</u>	<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>
Plan fiduciary net position						
Contributions - employer	\$ 609,433	\$ 475,026	\$ 655,200	\$ 561,835	\$ 581,513	\$ 564,182
Contributions - state	111,216	132,166	144,452	162,542	170,671	153,173
Contributions - employee	77,874	80,832	80,412	68,646	76,167	66,823
Net Investment income	1,596,550	1,540,888	1,104,852	(147,286)	1,080,437	1,190,873
Benefit payments, including refunds of Employee contributions	(757,898)	(715,766)	(735,874)	(1,070,390)	(588,887)	(588,887)
Administrative expense	(38,992)	(29,789)	(32,055)	(29,141)	(18,863)	(24,007)
Net change in plan fiduciary net position	1,598,183	1,483,357	1,216,987	(453,794)	1,301,038	1,362,157
Plan fiduciary net position - beginning	13,319,450	11,836,093	10,619,106	11,072,900	9,771,862	8,409,705
Plan fiduciary net position - ending (b)	<u>\$ 14,917,633</u>	<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>\$ 1,584,197</u>	<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	90.40%	85.75%	82.14%	74.07%	78.73%	73.39%
Covered payroll	\$ 1,557,486	\$ 1,616,637	\$ 1,608,236	\$ 1,441,819	\$ 1,386,146	\$ 1,336,468
Net pension liability as a percentage of covered payroll	101.72%	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 Six Fiscal Years					
	Fire Employees'					
	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 720,649	\$ 673,167	\$ 733,677	\$ 646,642	\$ 666,321	\$ 648,989
Contributions in relation to the actuarially determined contributions	720,649	607,192	799,652	646,642	666,321	648,989
Contribution deficiency (Excess)	<u>\$ -</u>	<u>\$ 65,975</u>	<u>\$ (65,975)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,557,486	\$ 1,616,637	\$ 1,608,236	\$ 1,441,819	\$ 1,386,146	\$ 1,336,468
Contributions as a percentage of covered payroll	46.27%	37.56%	49.72%	44.85%	48.07%	48.56%

Notes to Schedule

Valuation Date: 10/1/16. 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.

**City of Cocoa Beach, Florida
Required Supplementary Information
September 30, 2018**

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 amendment².

3. Changes of Assumptions

There have been no changes in actuarial assumptions or methods for the General Employees' Plan since the prior valuation. In compliance with Chapter 112, Florida Statutes, the payroll growth assumption for amortization of the Plan's Unfunded Actuarial Accrued Liability for the Fire Employees' Plan was lowered from 1.04% to 0.91%. For the Police Employees' Plan the assumption was lowered from 1.30% to 0.72%.

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 10/1/2016)	20 Years (as of 10/1/2016)	20 Years (as of 10/1/2016)
Inflation:	2.50%	2.50%	2.50%
Payroll increase:	None	1.30% per year	1.04% per year
Salary increases :	3 - 18% per year	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	Beginning at age 50 - subsidized benefit at 10% per year
Mortality:	RP-2000 Table	RP-2000 Table	RP-2000 Table

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

² Ordinance 1628, adopted and effective December 6, 2018, amended the General Employees' Plan primarily for compliance with requirements under the Internal Revenue Code. A letter of no actuarial impact was submitted for this amendment.

**City of Cocoa Beach, Florida
Required Supplementary Information
September 30, 2018**

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).

Annual money-weighted rate of return net of investment expense:

Fiscal Year	General Employees'	Police Employees'	Fire Employees'
2018	7.82%	11.71%	11.89%
2017	11.38%	13.01%	12.97%
2016	9.31%	10.02%	10.18%
2015	-2.98%	-1.37%	-1.34%
2014	9.55%	11.11%	10.77%
2013	13.01%	13.90%	13.83%

City of Cocoa Beach, Florida
Required Supplementary Information
September 30, 2018

6. Narrative Summary (OPEB Liability)

The OPEB liability is currently partially funded, with a combination of annual contributions to a professionally managed fund and City premium payments on a pay-as-you-go basis. See Note M for additional details.

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

Schedule of Changes in Net OPEB Liability and Related Ratios

	<u>9/30/2018</u>	<u>9/30/2017</u>
Total OPEB Liability		
Service Cost	\$ 212,520	\$ 227,237
Interest	288,588	254,072
Differences between Expected and Actual Experience	95,393	-
Changes of assumptions	(1,566,653)	(678,077)
Explicit Benefit Payments	(150,000)	(130,101)
Implicit Benefit Payment	<u>(89,140)</u>	<u>(78,541)</u>
Net Change in Total OPEB Liability	(1,209,292)	(405,410)
Total OPEB Liability - Beginning	7,485,762	7,891,172
Total OPEB Liability -Ending (a)	<u>\$ 6,276,470</u>	<u>\$ 7,485,762</u>
Plan Fiduciary Net Position		
Explicit Contributions - Employer	250,000	230,101
Implicit Contributions - Employer	89,140	78,541
Net Investment Income	126,209	178,425
Explicit Benefit Payments	(150,000)	(130,101)
Implicit Benefit Payment	(89,140)	(78,541)
Administrative Expense	<u>(2,015)</u>	<u>(1,753)</u>
Net Change in Plan Fiduciary Net Position	224,194	276,672
Plan Fiduciary Net Position - Beginning	1,395,937	1,119,264
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,620,131</u>	<u>\$ 1,395,937</u>
Net OPEB Liability (a - b)	<u>\$ 4,656,339</u>	<u>\$ 6,089,825</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	25.81%	18.65%
Covered Employee Payroll	\$ 9,889,192	\$ 8,816,274
Net OPEB Liability as a Percentage of Covered Employee Payroll	47.09%	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, 2018**

8. Schedule of City OPEB Contribution

Schedule of City OPEB Contributions

	9/30/2018	9/30/2017
Actuarial Determined Contribution	453,999	576,881
Contribution in relation to the Actuarially Determined Contributions	250,000	230,101
Contribution Deficiency (Excess)	\$ 203,999	\$ 346,780
Covered Employee Payroll	\$ 9,889,192	\$ 8,816,274
Contributions as a percentage of Covered Employee Payroll	2.53%	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, 2017 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 12 of this report.

9. Changes in actuarial assumptions

Changes in assumptions and other inputs reflect the effect of changes in the discount rate each period. The following are the discount rates used in each period:

FY 2018	4.40%
FY 2017	3.76%
FY 2016	3.17%

10. 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 Two Fiscal Years**

	OPEB Plan	
	2018	2017
Annual money-weighted rate of return net of investment expense	7.83%	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.

Other Supplemental Information

**City of Cocoa Beach, Florida
Combining Balance Sheet
Non-major Governmental Funds
September 30, 2018**

	<u>Special Revenue</u>		<u>Total Non- major Governmental Funds</u>
	<u>Metered Parking Fund</u>	<u>Confiscated Property Fund</u>	
ASSETS			
Cash and cash equivalents	\$ -	\$ 196,391	\$ 196,391
Total assets	<u>\$ -</u>	<u>\$ 196,391</u>	<u>\$ 196,391</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Unearned revenues	\$ -	\$ 15,870	\$ 15,870
Total liabilities	<u>-</u>	<u>15,870</u>	<u>15,870</u>
Fund balances:			
Restricted for law enforcement	-	180,521	180,521
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 180,521</u>	<u>\$ 180,521</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, 2018

	<u>Special Revenue</u>		<u>Total Non- major Governmental Funds</u>
	<u>Metered Parking Fund</u>	<u>Confiscated Property Fund</u>	
REVENUES			
Parking meter fees	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current:			
General government	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(1,928,182)</u>	-	<u>(1,928,182)</u>
Total other financing sources	<u>(1,928,182)</u>	-	<u>(1,928,182)</u>
Net change in fund balances	(1,928,182)	-	(1,928,182)
Fund balances, beginning of year	<u>1,928,182</u>	<u>180,521</u>	<u>2,108,703</u>
Fund balances, end of year	<u><u>\$ -</u></u>	<u><u>\$ 180,521</u></u>	<u><u>\$ 180,521</u></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, 2018

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Parking meter fees	\$ 1,743,000	\$ -	\$ -	\$ -
Parking fines	345,000	-	-	-
Investment earnings	3,000	-	-	-
Miscellaneous revenues	500	-	-	-
Total revenues	<u>2,091,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	<u>1,159,614</u>	<u>80,113</u>	<u>-</u>	<u>80,113</u>
Total expenditures	<u>1,159,614</u>	<u>80,113</u>	<u>-</u>	<u>80,113</u>
Excess of revenues over (under) expenditures	931,886	(80,113)	-	80,113
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,928,182)</u>	<u>(928,182)</u>
Net change in fund balances	(68,114)	(1,080,113)	(1,928,182)	(848,069)
Fund balances, beginning of year	<u>1,928,182</u>	<u>1,928,182</u>	<u>1,928,182</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,860,068</u>	<u>\$ 848,069</u>	<u>\$ -</u>	<u>\$ (848,069)</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, 2018

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

City of Cocoa Beach, Florida
Combining Statement of Fiduciary Net Position
Pension (and Other Employee Benefit) Trust Funds
September 30, 2018

	Pension Trust				Total Employee Retirement Funds
	OPEB Trust Fund	General Employees	Police Officers	Firefighters	
ASSETS					
Receivables:					
Employer contributions	\$ -	\$ -	\$ -	\$ 39,433	\$ 39,433
Interest and dividends	-	-	6,521	6,529	13,050
Total receivables	-	-	6,521	45,962	52,483
Investments, at fair value:					
Cash and money market	-	1,116,208	53,448	70,191	1,239,847
Real Estate	-	-	1,097,336	1,097,336	2,194,672
Mutual funds	1,620,131	24,863,178	13,578,650	13,704,144	53,766,103
Common collective equity funds	-	912,940	-	-	912,940
Total investments	1,620,131	26,892,326	14,729,434	14,871,671	58,113,562
Total assets	1,620,131	26,892,326	14,735,955	14,917,633	58,166,045
LIABILITIES					
	-	-	-	-	-
NET POSITION					
Restricted for pensions	-	26,892,326	14,735,955	14,917,633	56,545,914
Restricted for OPEB benefits	1,620,131	-	-	-	1,620,131
Total net position	\$ 1,620,131	\$ 26,892,326	\$ 14,735,955	\$ 14,917,633	\$ 58,166,045

City of Cocoa Beach, Florida
Combining Statement of Changes in Fiduciary Net Position
Pension (and Other Employee Benefit) Trust Funds
For the Fiscal Year Ended September 30, 2018

	Pension Trust				Total Employee Retirement Funds
	OPEB Trust Fund	General Employees	Police Officers	Firefighters	
ADDITIONS					
Contributions:					
Employer	\$ 250,000	\$ 510,000	\$ 967,105	\$ 720,649	\$ 2,447,754
Plan members	-	279,093	89,780	77,874	446,747
Total contributions	250,000	789,093	1,056,885	798,523	2,894,501
Investment earnings:					
Net increase (decrease) in fair value of investments	126,209	838,877	265,333	269,444	1,499,863
Interest and dividends	-	1,211,018	1,328,289	1,358,013	3,897,320
Total investment earnings	126,209	2,049,895	1,593,622	1,627,457	5,397,183
Less investment expenses	-	68,204	30,772	30,907	129,883
Net investment earnings	126,209	1,981,691	1,562,850	1,596,550	5,267,300
Total additions	376,209	2,770,784	2,619,735	2,395,073	8,161,801
DEDUCTIONS					
Benefits	150,000	1,250,008	969,579	757,898	3,127,485
Refunds of contributions	-	32,565	20,251	-	52,816
Administrative expenses	2,015	27,732	36,507	38,992	105,246
Total deductions	152,015	1,310,305	1,026,337	796,890	3,285,547
Change in net position	224,194	1,460,479	1,593,398	1,598,183	4,876,254
Net position, beginning of year	1,395,937	25,431,847	13,142,557	13,319,450	53,289,791
Net position, end of year	\$ 1,620,131	\$ 26,892,326	\$ 14,735,955	\$ 14,917,633	\$ 58,166,045



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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-3 Fund Balances - Governmental Funds	116
Table A-4 Changes in Fund Balances - Governmental Funds	117

B. Revenue Capacity

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

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Table B-1 Value of Taxable Property	118
Table B-2 Direct and Overlapping Property Tax Rates	119
Table B-3 Principal Property Taxpayers	120
Table B-4 Property Tax Levies and Collections	121

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	122
Table C-2 Ratios of General Bonded Debt Outstanding (See Notes)	-
Table C-3 Direct and Overlapping Governmental Activities Debt	123
Table C-4 Legal Debt Margin Information (See Notes)	-
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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.

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Table D-2 Principal Employers	126

(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-3 Capital Asset Statistics by Function/Program	129

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>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>	<u>2018</u>
Governmental activities										
Net investment in capital assets	\$ 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	\$ 27,578,331
Restricted	225,227	201,550	205,435	204,697	206,541	594,503	864,117	456,923	445,157	180,521
Unrestricted	<u>8,814,972</u>	<u>8,930,157</u>	<u>8,743,640</u>	<u>8,984,450</u>	<u>5,609,847</u>	<u>2,278,071</u>	<u>(3,923,940)</u>	<u>(3,432,120)</u>	<u>(3,184,461)</u>	<u>(5,055,455)</u>
Total governmental activities net position	<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>	<u>\$ 22,703,397</u>
Business-type activities										
Net investment in capital assets	\$ 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	\$ 26,666,412
Restricted	2,025,593	112,840	105,626	98,193	824,865	824,865	1,029,297	1,029,297	637,235	-
Unrestricted	<u>3,987,231</u>	<u>1,893,282</u>	<u>2,447,560</u>	<u>2,091,980</u>	<u>8,318,197</u>	<u>8,376,696</u>	<u>8,857,119</u>	<u>7,625,604</u>	<u>8,315,120</u>	<u>9,471,689</u>
Total business-type activities net position	<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>	<u>\$ 36,138,101</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 54,244,743
Restricted	2,250,820	314,390	311,061	302,890	1,031,406	1,419,368	1,893,414	1,486,220	1,082,392	180,521
Unrestricted	<u>12,802,203</u>	<u>10,823,439</u>	<u>11,191,200</u>	<u>11,076,430</u>	<u>13,928,044</u>	<u>10,654,767</u>	<u>4,933,179</u>	<u>4,193,484</u>	<u>5,130,659</u>	<u>4,416,234</u>
Total primary government net position	<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>	<u>\$ 58,841,498</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>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>	<u>2018</u>
Program expenses										
Governmental activities:										
General government	\$ 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	\$ 4,968,022
Public Safety	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	8,730,028
Physical Environment	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	1,670,732
Transportation/Public Works	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	4,300,002
Recreation	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	3,486,931
Interest on long-term debt	27,292	21,608	15,697	9,587	2,736	-	125,844	124,169	307,420	328,326
Total governmental activities program expenses	<u>\$ 16,678,179</u>	<u>\$ 17,151,149</u>	<u>\$ 17,875,476</u>	<u>\$ 17,806,463</u>	<u>\$ 17,106,429</u>	<u>\$ 21,140,931</u>	<u>\$ 20,779,027</u>	<u>\$ 21,046,773</u>	<u>\$ 22,495,770</u>	<u>\$ 23,484,041</u>
Business-type activities:										
Utilities system	\$ 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	\$ 7,122,007
Golf	2,693,504	2,691,019	2,821,748	2,704,671	2,636,838	-	-	-	-	-
Stormwater	606,009	586,175	510,821	482,407	507,130	512,869	472,371	471,907	500,555	\$ 726,342
Total business-type activities program expenses	<u>\$ 8,541,980</u>	<u>\$ 8,171,329</u>	<u>\$ 8,015,489</u>	<u>\$ 8,033,399</u>	<u>\$ 7,946,622</u>	<u>\$ 6,941,128</u>	<u>\$ 6,653,199</u>	<u>\$ 6,963,838</u>	<u>\$ 7,329,485</u>	<u>\$ 7,848,349</u>
Total primary government program expenses	<u>\$ 25,220,159</u>	<u>\$ 25,322,478</u>	<u>\$ 25,890,965</u>	<u>\$ 25,839,862</u>	<u>\$ 25,053,051</u>	<u>\$ 28,082,059</u>	<u>\$ 27,432,226</u>	<u>\$ 28,010,611</u>	<u>\$ 29,825,255</u>	<u>\$ 31,332,390</u>
Program revenues										
Governmental activities:										
General government	\$ 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	\$ 2,946,376
Public Safety	402,905	434,621	420,858	642,032	725,412	665,589	626,835	981,899	1,105,118	1,188,367
Physical Environment	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	1,854,899
Transportation/Public Works	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	165,065
Recreation	245,272	223,766	250,063	244,540	274,497	2,496,625	2,436,776	2,340,083	2,161,586	2,161,540
Operating grants and contributions	627,413	-	-	-	-	-	-	283,861	746,727	499,643
Capital grants and contributions	-	639,697	1,026,314	547,108	328,225	478,810	660,802	1,844,670	1,015,000	1,021,221
Total governmental activities program revenues	<u>\$ 6,059,255</u>	<u>\$ 5,982,185</u>	<u>\$ 7,192,349</u>	<u>\$ 6,196,645</u>	<u>\$ 6,015,430</u>	<u>\$ 8,839,938</u>	<u>\$ 8,700,387</u>	<u>\$ 10,249,279</u>	<u>\$ 10,617,472</u>	<u>\$ 9,837,111</u>
Business-type activities:										
Charges for services:										
Utilities system	\$ 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	\$ 7,005,833
Golf	1,749,352	1,977,061	2,103,128	2,225,397	2,311,096	-	-	-	-	-
Stormwater	665,794	628,693	573,019	667,912	585,947	592,638	595,644	800,882	815,368	841,390
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	177,425	720,442	635,021	73,391	54,314	159,540	558,212	208,794	3,221,488	400,350
Total business-type activities program revenues	<u>\$ 7,601,810</u>	<u>\$ 8,495,305</u>	<u>\$ 8,855,536</u>	<u>\$ 9,025,415</u>	<u>\$ 8,584,961</u>	<u>\$ 6,582,379</u>	<u>\$ 6,953,388</u>	<u>\$ 7,277,966</u>	<u>\$ 10,665,434</u>	<u>\$ 8,247,573</u>
	<u>\$ 13,661,065</u>	<u>\$ 14,477,490</u>	<u>\$ 16,047,885</u>	<u>\$ 15,222,060</u>	<u>\$ 14,600,391</u>	<u>\$ 15,422,317</u>	<u>\$ 15,653,775</u>	<u>\$ 17,527,245</u>	<u>\$ 21,282,906</u>	<u>\$ 18,084,684</u>

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

	<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>	<u>2018</u>
Net (expense) revenue										
Governmental activities	\$ (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)	\$ (13,646,930)
Business-type activities	(940,170)	323,976	840,047	992,016	638,339	(358,749)	300,189	314,128	3,335,949	399,224
Total primary government net expense	<u>\$ (11,559,094)</u>	<u>\$ (10,844,988)</u>	<u>\$ (9,843,080)</u>	<u>\$ (10,617,802)</u>	<u>\$ (10,452,660)</u>	<u>\$ (12,659,743)</u>	<u>\$ (11,778,451)</u>	<u>\$ (10,483,366)</u>	<u>\$ (8,542,349)</u>	<u>\$ (13,247,706)</u>
General revenues and other changes in net position										
Governmental activities:										
General revenues:										
Property taxes	\$ 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	\$ 10,375,705
Local option gas tax	396,620	360,065	366,540	458,735	408,959	393,454	417,978	461,652	333,671	327,312
Franchise taxes	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	1,274,531
Excise taxes	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	2,006,144
Intergovernmental	690,753	676,372	683,612	645,626	668,540	699,504	722,933	737,261	779,801	822,000
Unrestricted investment earnings	135,186	118,510	123,315	96,921	(1,692)	58,705	79,118	42,569	10,575	76,363
Miscellaneous revenues	33,943	79,765	151,322	112,638	97,773	165,712	156,703	145,083	264,298	469,223
Transfers	221,054	441,054	491,054	491,054	(3,184,420)	3,646,185	509,000	509,000	559,000	859,000
Total governmental activities	<u>\$ 11,925,990</u>	<u>\$ 11,614,063</u>	<u>\$ 11,428,006</u>	<u>\$ 11,403,233</u>	<u>\$ 7,537,425</u>	<u>\$ 14,926,330</u>	<u>\$ 12,259,197</u>	<u>\$ 12,815,347</u>	<u>\$ 14,222,251</u>	<u>\$ 16,210,278</u>
Business-type activities:										
Unrestricted investment earnings	\$ 137,191	\$ 110,547	\$ 79,314	\$ 66,561	\$ 37,554	\$ 63,419	\$ 73,088	\$ 47,395	\$ 64,942	\$ 92,510
Transfers	(221,054)	(441,054)	(491,054)	(491,054)	3,184,420	(3,646,185)	(509,000)	(509,000)	(559,000)	(859,000)
Total business-type activities	<u>\$ (83,863)</u>	<u>\$ (330,507)</u>	<u>\$ (411,740)</u>	<u>\$ (424,493)</u>	<u>\$ 3,221,974</u>	<u>\$ (3,582,766)</u>	<u>\$ (435,912)</u>	<u>\$ (461,605)</u>	<u>\$ (494,058)</u>	<u>\$ (766,490)</u>
Total primary government	<u>\$ 11,842,127</u>	<u>\$ 11,283,556</u>	<u>\$ 11,016,266</u>	<u>\$ 10,978,740</u>	<u>\$ 10,759,399</u>	<u>\$ 11,343,564</u>	<u>\$ 11,823,285</u>	<u>\$ 12,353,742</u>	<u>\$ 13,728,193</u>	<u>\$ 15,443,788</u>
Changes in net position										
Governmental activities	\$ 1,307,066	\$ 445,099	\$ 744,879	\$ (206,585)	\$ (3,553,574)	\$ 2,625,337	\$ 180,557	\$ 2,017,853	\$ 2,343,953	\$ 2,563,348
Business-type activities	(1,024,033)	(6,531)	428,307	567,523	3,860,313	(3,941,515)	(135,723)	(147,477)	2,841,891	(367,266)
Total primary government	<u>\$ 283,033</u>	<u>\$ 438,568</u>	<u>\$ 1,173,186</u>	<u>\$ 360,938</u>	<u>\$ 306,739</u>	<u>\$ (1,316,178)</u>	<u>\$ 44,834</u>	<u>\$ 1,870,376</u>	<u>\$ 5,185,844</u>	<u>\$ 2,196,082</u>

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

	<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>	<u>2018</u>
General Fund										
Reserved	\$ 686,318	\$ 2,665,004	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	8,667,363	7,247,210	-	-	-	-	-	-	-	-
Nonspendable	-	-	3,117,227	3,530,116	140,544	374,973	222,504	246,919	239,286	280,372
Restricted	-	-	-	16,200	16,200	402,375	672,125	264,636	264,636	264,636
Committed	-	-	1,083,606	668,570	328,918	3,031,960	422,975	1,018,716	1,435,818	1,629,521
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	5,691,311	6,116,168	6,396,738	5,007,909	4,530,258	3,714,213	2,976,927	5,039,536
Total general fund	<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>	<u>\$ 7,214,065</u>
All other governmental funds										
Reserved, reported in:										
Confiscated Property Fund	\$ 225,227	\$ 201,550	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Metered Parking Fund	988,057	922,379	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	4,649	4,983	5,082	5,346	5,543
Restricted	-	-	205,435	188,497	190,341	192,128	191,992	192,287	4,680,521	4,675,443
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	-
Total all other governmental funds	<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>	<u>\$ 4,680,986</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).
- 4 The Metered Parking Fund was incorporated into the General Fund beginning in Fiscal Year 2018.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 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	\$ 13,983,692
Licenses and permits	359,821	353,869	386,320	416,435	433,729	449,991	441,606	482,642	586,788	736,536
Intergovernmental revenues	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	2,342,864
Charges for services	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	7,523,826
Fines & forfeitures	353,338	429,872	1,193,286	900,892	971,569	1,396,075	1,067,909	306,210	450,188	55,885
Investment earnings	135,186	118,510	123,315	96,921	(1,692)	54,907	79,118	42,569	10,575	76,363
Miscellaneous revenues	33,943	79,765	151,768	95,804	68,191	116,854	101,393	145,083	264,298	290,457
Total revenues	\$ 17,764,191	\$ 17,155,194	\$ 18,129,301	\$ 17,108,822	\$ 16,737,275	\$ 20,120,079	\$ 20,450,586	\$ 22,555,626	\$ 24,280,723	\$ 25,009,623
Expenditures										
General government	\$ 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	\$ 6,102,703
Public Safety	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	9,017,098
Physical Environment	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	1,670,732
Transportation/Public Works	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	4,866,390
Recreation	899,025	886,501	926,926	1,043,540	1,018,472	3,605,523	3,249,398	3,320,906	3,265,936	3,798,436
Debt Service										
Principal	155,000	160,000	170,000	175,000	185,000	69,401	75,000	226,252	467,657	454,566
Interest	27,292	21,608	15,697	9,587	2,736	-	125,844	124,169	307,420	219,948
Total expenditures	\$ 16,330,555	\$ 17,127,070	\$ 18,526,918	\$ 17,102,956	\$ 16,962,078	\$ 23,246,731	\$ 23,788,592	\$ 24,421,015	\$ 24,322,799	\$ 26,129,873
Excess of revenues over (under) expenditures										
	\$ 1,433,636	\$ 28,124	\$ (397,617)	\$ 5,866	\$ (224,803)	\$ (3,126,652)	\$ (3,338,006)	\$ (1,865,389)	\$ (42,076)	\$ (1,120,250)
Other financing sources (uses)										
Land purchases	-	-	-	-	-	-	-	-	-	-
Transfers in	782,246	781,655	835,798	1,090,074	1,112,184	1,575,341	1,218,930	1,265,170	1,277,099	3,032,557
Transfers out	(561,192)	(340,601)	(344,744)	(599,020)	(4,296,604)	(658,178)	(709,930)	(756,170)	(718,099)	(2,173,557)
Sale of Capital Assets	-	-	-	-	-	-	-	-	-	178,766
Capital lease	-	-	-	-	-	-	-	878,703	-	295,224
Issuance of debt	-	-	-	-	-	3,790,000	-	-	4,245,000	-
Premium on debt	-	-	-	-	-	-	-	-	429,291	-
Total other financing sources	\$ 221,054	\$ 441,054	\$ 491,054	\$ 491,054	\$ (3,184,420)	\$ 4,707,163	\$ 509,000	\$ 1,387,703	\$ 5,233,291	\$ 1,332,990
Net change in fund balances										
	\$ 1,654,690	\$ 469,178	\$ 93,437	\$ 496,920	\$ (3,409,223)	\$ 1,580,511	\$ (2,829,006)	\$ (477,686)	\$ 5,191,215	\$ 212,740
Debt service as a percentage of non-capital expenditures										
	1.20%	1.17%	1.14%	1.15%	1.16%	0.43%	1.42%	1.75%	2.95%	3.07%

Notes:

1. Modified accrual basis of accounting
2. Rise of debt service percentage in Fiscal Year 2017 is attributed to Equipment Master Lease payments

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

Fiscal Year	Taxable Value Real Property for Operating Purposes	Personal Property for Operating Purposes	Gross Taxable Value	New Construction Taxable Value	Adjusted Taxable Value	Final Taxable Value*	Millage Rate **
2009	\$ 1,639,162,920	\$ 53,665,754	\$ 1,692,828,674	\$ 5,605,130	\$ 1,687,223,544	\$ 1,938,070,723	3.7186
2010	1,417,116,320	43,261,675	1,460,377,995	2,756,180	1,457,621,815	1,457,361,276	4.0000
2011	1,273,147,270	34,617,909	1,307,765,179	2,615,190	1,305,149,989	1,457,119,766	4.5000
2012	1,282,995,490	36,505,989	1,319,501,479	1,955,124	1,317,546,355	1,317,771,181	5.0240
2013	1,336,061,370	39,768,882	1,375,830,252	1,068,490	1,374,761,762	1,317,345,221	4.9798
2014	1,420,415,260	42,997,287	1,463,412,547	2,768,970	1,460,643,577	1,375,437,743	4.9798
2015	1,528,428,150	44,389,202	1,572,817,352	3,875,580	1,568,941,772	1,462,050,879	4.9798
2016	1,651,383,595	44,356,979	1,695,740,574	7,726,440	1,688,014,134	1,570,025,655	4.9798
2017	1,790,137,425	45,689,227	1,835,826,652	3,666,242	1,832,160,410	1,689,173,910	5.4798
2018	1,926,013,887	47,699,982	1,973,713,869	2,355,548	1,971,358,321	1,834,321,456	5.7298

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		
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
2018	5.7298	4.9117	5.0680	1.5000	0.3952	17.6047

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	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
1300 Atlantic (International Palms)	\$ 20,359,230	1	1.11%	-	-	-
Cocoa Beach Development, Inc.(Cocoa Beach Resort)	20,245,170	2	1.10%	\$ 20,632,860	1	1.42%
1550 North Atlantic (Hilton)	14,572,560	3	0.79%	8,500,000	6	0.58%
Northport Inc Et Al (Ocean Landings)	12,063,980	4	0.66%	11,498,870	2	0.79%
Discovery Resort, Inc.	11,087,960	5	0.60%	10,791,890	4	0.74%
Westgate Resorts Ltd & Pier (Wakulla)	11,074,560	6	0.60%	-	-	-
Ocean Partners Hospitality LLC 5500 North Corp. (Days Inn/Best Western)	9,574,680	7	0.52%	11,350,040	3	0.78%
Branch Cornerstone Assoc LP (Inland Western)*	7,806,990	8	0.43%	5,600,000	8	0.38%
Ron Jon Surf Shop of Florida, Inc.	7,730,220	9	0.42%	6,404,870	7	0.44%
Pandey Hotel Cocoa Beach LLC (Doubletree, Cocoa Beach Hotel Fund)	6,521,900	10	0.36%	4,400,000	9	0.30%
Las Olas Beach Club	-	-	-	8,934,200	5	0.61%
Cocoa Beach Surf Company	-	-	-	4,000,000	10	0.27%
TOTALS	\$ 121,037,250		6.60%	\$ 92,112,730		6.32%
Total City final taxable value	\$ 1,834,321,456			\$ 1,457,119,766		

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
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%
2018	10,510,295	9,743,132	92.70%	175,935	9,919,067	94.37%

Source: (1) Form 420 Final Taxable Value Line 7, 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 Bond Series 2017B	Capital Lease(s)	Utility System Improvement Revenue Bonds/Note	Clean Water State Revolving Loan 050610	Clean Water State Revolving Loan 050620	Clean Water State Revolving Loan 050621			
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
2018	3,265,000	4,645,672	645,077	1,550,000	16,987,829	4,010,056	1,141,177	32,244,811	6.43%	2,856

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>
City Direct Debt (governmental activities) (a)	\$ 8,555,749	100.00%	\$ 8,555,749
Overlapping Debt			
Brevard County:			
Governmental activities debt (b)	<u>223,609,163</u>	5.3039%	<u>11,860,068</u>
Total Direct and Overlapping Debt	<u><u>\$ 232,164,912</u></u>		<u><u>\$ 20,415,817</u></u>

Source: (a) City of Cocoa Beach CAFR Fiscal Year 2018 Statistical Table C-1 .
(b) Brevard County Finance Department - CAFR Fiscal Year 2017, Table 7 and 11.

Notes: Percentage based on the 2017 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	
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	-	-	-	-	-	-
2018	-	-	-	-	-	-

- 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

Year	(1) Population	(2) Personal Income	(3) Per Capita Personal Income	(4) Median Age	(5) Unemployment Rate	(6) School Enrollment
2009	12,800	\$ 445,977,600	\$ 34,842	53.2	12.1%	2,226
2010	12,631	492,583,738	38,998	53.9	12.9%	2,175
2011	11,231	468,939,174	41,754	54.3	10.8%	2,226
2012	11,233	453,970,462	40,414	53.5	6.0%	2,063
2013	11,259	447,770,430	39,770	56.2	3.9%	1,977
2014	11,121	437,044,179	39,299	56.8	6.3%	1,914
2015	11,131	399,814,389	35,919	58.3	6.1%	1,876
2016	11,182	555,633,580	49,690	47.1	5.2%	1,811
2017	11,276	338,821,248	30,048	59.4	4.6%	1,785
2018	11,292	501,184,128	44,384	59.4	3.7%	1,782

- Sources:**
- (1) Economic Development Commission (EDC) 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 Ten Years Ago

<u>Employer</u>	<u>2018</u>			<u>2009</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Brevard County Schools	9,000 - 9,999	1	3.46% - 3.85%	8,800	1	3.73%
Health First, Inc.	8,000 - 8,999	2	3.08% - 3.46%	6,420	3	2.72%
Harris Corporation	6,000 - 6,999	3	2.31% - 2.69%	6,550	2	2.77%
Northrop Grumman Corporation	2,000 - 2,999	4	.77% - 1.15%	1,560	11	0.66%
Brevard County Government	2,000 - 2,999	5	.77% - 1.15%	2,720	7	1.15%
45th Space Wing DOD	2,000 - 2,999	6	.77% - 1.15%	1,870	10	0.79%
NASA @ Kennedy Space Ctr.	1,000 - 1,999	7	.38% - .77%	2,170	9	0.92%
New Rockwell Collins Inc.	1,000 - 1,999	8	.38% - .77%	-	-	0.00%
Steward Medical Group (Wuesthoff Health Systems)	1,000 - 1,999	9	.38% - .77%	2,440	8	1.03%
Eastern Florida State College	1,000 - 1,999	10	.38% - .77%	1,560	12	0.66%
Brevard County Sheriff Office	1,000 - 1,999	11	.38% - .77%	-	-	-
Florida Institute of Technology	1,000 - 1,999	12	.38% - .77%	-	-	-
United Space Alliance	-	-	-	6,000	4	2.54%
Publix	-	-	-	2,820	6	1.19%
Walmart	-	-	-	3,140	5	1.33%
TOTALS	<u>N/A</u>		<u>NA</u>	<u>46,050</u>		<u>19.49%</u>

Source: Economic Development Commission of Florida's Space Coast.

- Notes:**
- 1 Employers include retail operations.
 - 2 Employment figures are for Brevard County.
 - 3 Exact employment numbers are no longer available as of 2016 for security reasons per the EDC.
 - 4 Total average employment for Brevard County in fiscal year 2009 was 238,890
 - 5 Total average employment for Brevard County in fiscal year 2018 was 259,800

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

Full-time Equivalent Employees as of September 30

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	31.50	31.65	31.50	31.70	32.20	31.20	31.90	37.20	36.20	36.20
Police	53.50	51.50	53.60	53.35	54.00	54.45	55.45	55.50	55.45	56.45
Fire	28.00	27.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00
Public Works	28.75	28.50	28.50	29.10	30.48	30.63	31.00	32.80	34.80	34.80
Parks and Recreation	24.38	19.17	19.56	25.44	29.45	23.27	23.29	29.35	29.35	30.35
Utilities	25.00	25.00	24.00	24.00	24.00	24.00	25.00	25.00	25.00	25.00
Stormwater	7.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Golf Course	43.00	40.43	39.14	45.15	40.95	45.05	40.70	40.70	39.70	39.70
Metered Parking	4.00	5.68	5.35	6.85	6.25	5.25	5.90	5.90	5.90	5.90
Totals	<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>	<u>260.40</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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Physical arrests	1,215	822	801	729	616	681	685	581	785	675
Parking violations	7,059	5,405	5,529	7,268	8,527	6,084	5,841	7,770	10,831	13,983
Traffic violations	5,469	4,863	3,798	3,616	3,696	4,163	1,984	2,941	2,904	2,668
Fire										
Emergency responses (incidents)	2,184	2,149	2,513	2,150	2,467	2,235	2,565	2,646	2,803	2,745
Fires extinguished	63	46	62	63	62	47	46	48	55	57
Inspections	504	323	206	281	582	410	178	196	214	228
Public Works***										
Street resurfacing (miles)	-	-	1.3	-	-	-	-	0.1	0.32	-
Pothole repair/patching (square yards)	1,150	126	243	248	-	269	2,311	184	226	458
Asphalt rejuvenation (square yards)	-	530,109	-	-	-	-	283,558	263,112	-	-
Parks and Recreation										
Attendees at gymnasium	2,621	2,158	2,542	1,717	2,149	2,385	2,192	2,026	3,265	3,836
Pool attendees	19,624	19,003	22,627	21,180	19,564	21,392	25,083	23,021	21,154	19,839
Water										
Total metered connections*	4,526	4,507	4,518	4,502	4,501	4,523	4,368	4,570	4,589	4,603
Average daily consumption (thousands of gallons)	2,136	1,902	1,913	1,891	1,780	1,808	1,652	1,784	1,768	1,709
Wastewater										
Average daily sewage treatment ** (thousands of gallons)	3,208	3,368	3,600	3,705	3,933	4,148	4,260	3,857	3,852	4,094

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Schools (1)										
Elementary	2	2	2	2	2	2	2	2	2	2
Junior/Senior High	1	1	1	1	1	1	1	1	1	1
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Police Officers (2)	33	37	34	31	34	32	35	35	35	37
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Firefighters (2)	27	27	27	26	27	27	27	27	27	27
Other Public Works										
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
Parks and Recreation										
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
Utilities										
Wastewater										
Sanitary sewers (miles)	64	64	64	64	64	64	64	64	64	64
Storm sewers (miles)	18	22	22	22	22	22	22	22	22	22
Electricity										
Meter connections	10,122	10,120	10,121	10,137	10,155	10,201	10,235	10,269	10,280	10,129

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 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, 2018, 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 14, 2019.

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 14, 2019.

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 14, 2019



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, 2018, and have issued our report thereon dated March 14, 2019.

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 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*; 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, which are dated March 14, 2019, 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.b. 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, 2018.

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 did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.c., *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 14, 2019



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, 2018. 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.

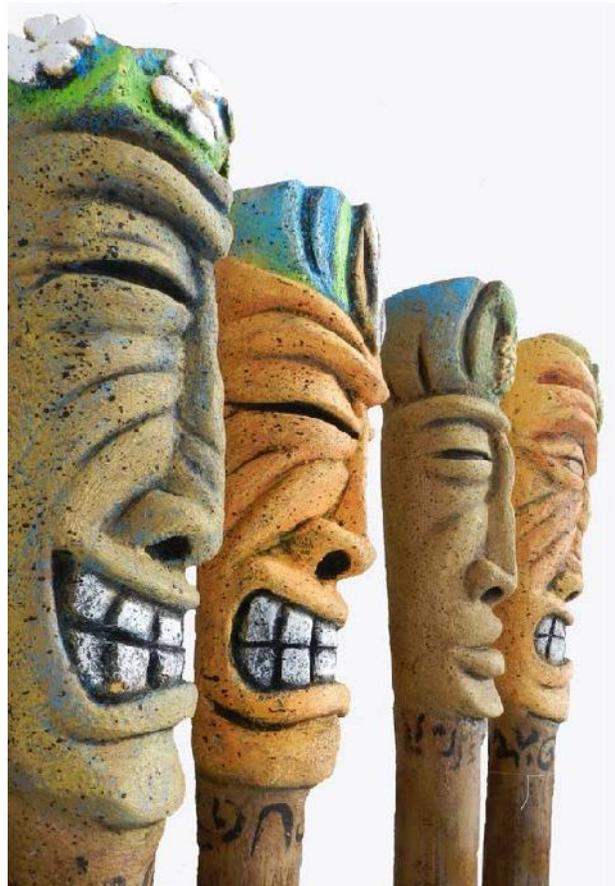
In our opinion, the City complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2018.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.

Certified Public Accountants

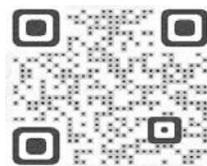
Orlando, Florida
March 14, 2019



City of Cocoa Beach, Florida

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