

CITY OF WEST MELBOURNE

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE
FISCAL YEAR ENDED
SEPTEMBER 30, 2014



West Melbourne

F L O R I D A

Prepared by:
THE FINANCE DEPARTMENT

CITY OF WEST MELBOURNE, FLORIDA

CITY COUNCIL

HAL J. ROSE, MAYOR

JOHN "COACH" TICE, DEPUTY MAYOR

PAT BENTLEY, COUNCIL MEMBER

STEPHANY ELEY, COUNCIL MEMBER

BILL METTRICK, COUNCIL MEMBER

BARBARA SMITH, COUNCIL MEMBER

ANDREA YOUNG, COUNCIL MEMBER

CITY MANAGER

SCOTT MORGAN

CITY ATTORNEY

JAMES P. WILSON

FINANCE DIRECTOR

MARGI STARKEY

City of West Melbourne, Florida
Table of Contents
Comprehensive Annual Financial Report
September 30, 2014

INTRODUCTORY SECTION

Table of Contents	1
City Manager's Letter of Transmittal	3
Principal Officials	7
City of West Melbourne, Florida Organizational Chart	9
Certificate of Achievement for Excellence in Financial Reporting	11

FINANCIAL SECTION

Independent Auditors' Report	13
Management's Discussion and Analysis	17
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	28
Statement of Activities	30
Fund Financial Statements:	
Balance Sheet – Governmental Funds	33
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	34
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	35
Statement of Net Position – Proprietary Fund	36
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund	39
Statement of Cash Flows – Proprietary Fund	40
Statement of Fiduciary Net Position – Police Employees' Pension Trust Fund	42
Statement of Changes in Fiduciary Net Position – Police Employees' Pension Trust Fund	43
Notes to Financial Statements	45
Required Supplementary Information:	
Required Pension Supplementary Information – Schedule of Contributions from the Employer and Other Contributing Entities	81
Required Pension Supplementary Information – Schedule of Changes in Net Position Liability and Related Ratios – Last Fiscal Year	82
Required Pension Supplementary Information – Schedule of Contributions – Last Fiscal Year	83
Required Pension Supplementary Information – Notes to Schedule	84
Required Other Postemployment Benefits Supplementary Information – Schedule of Funding Progress	86
Schedule of Revenues, Expenditures and Changes in Fund Balances –Budget and Actual – General Fund	87
Schedule of Revenues, Expenditures and Changes in Fund Balances –Budget and Actual – Community Redevelopment	88
Notes to Required Supplementary Information	89

City of West Melbourne, Florida
Table of Contents
Comprehensive Annual Financial Report
September 30, 2014

Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	93
Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Nonmajor Governmental Funds	94
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Recreation Fund	95
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Stormwater Utility Fund	96
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Capital Projects Fund	97

STATISTICAL SECTION

Schedule A1 – Net Position by Component	103
Schedule A2 – Changes in Net Position – Governmental Activities	104
Schedule A3 – Changes in Net Position – Business Type Activities	105
Schedule A4 – Changes in Net Position – Total Government	106
Schedule A5 – Fund Balances – Governmental Funds	107
Schedule A6 – Changes in Fund Balances – Governmental Funds	108
Schedule B1 – Assessed Value and Estimated Actual Value of Taxable Property	109
Schedule B2 – Tax Revenues by Source – Governmental Funds	110
Schedule B3 – Other Non-Source Governmental Revenues	111
Schedule B4 – Water and Sewer Consumption, Rates and Revenue	112
Schedule B5 – Direct and Overlapping Property Tax Rates	113
Schedule B6 – Principal Property Taxpayers	114
Schedule B7 – Property Tax Levies and Collections	115
Schedule C1 – Ratio of Outstanding Debt by Type	116
Schedule C2 – Direct and Overlapping Governmental Activities Debt	117
Schedule C3 – Pledged Revenue Coverage	118
Schedule C4 – Ratios of General Bonded Debt Outstanding	119
Schedule C5 – Legal Debt Margin Information	119
Schedule D1 – Demographic and Economic Statistics	120
Schedule D2 – Principal Employers	121
Schedule E1 – Employees by Function/Program	122
Schedule E2 – Operating Indicators by Function/Program	123
Schedule E3 – Capital Asset Statistics by Function/Program	124

REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS

Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	125
Independent Auditors’ Management Letter	127
Independent Accountants’ Report on Compliance with Local Government Investment Policies	131

MAYOR
Hal J. Rose

DEPUTY MAYOR
John "Coach" Tice

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



City Hall
2240 Minton Road
West Melbourne, FL 32904
Phone: (321) 727-7700
Fax: (321) 768-2390
www.westmelbourne.org

March 30, 2015

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

The Comprehensive Annual Financial Report of the City of West Melbourne, Florida (the "City"), for the fiscal year ended September 30, 2014 is hereby submitted pursuant to Florida Statutes Chapter 218.39 and Chapter 10.550 of the Rules of the Auditor General of the State of Florida.

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

Carr, Riggs & Ingram, LLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of West Melbourne's financial statements for the year ended September 30, 2014. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the government

The City of West Melbourne was founded in 1959 and incorporated on July 2, 1970 as a political subdivision of the State of Florida. It is located in east central Florida within Brevard County. It currently occupies 10.3 square miles and has an estimated population of 19,834. The City is empowered to levy a property tax on real property located within its boundaries, which the City did not levy until FY2006. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

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

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

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

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

Local Economy

The City of West Melbourne is located in east central Florida, approximately forty five miles south of the Kennedy Space Center and encompassing an area of 10.3 square miles. The area is a major hub for technology driven industry such as RELM Wireless, Lockheed Martin, Confluent RF Systems, Mack Technologies, Terry Laboratories and USSI. Corporate headquarters, manufacturers and technology oriented companies are located within the City of West Melbourne limits. The City's diverse business community includes traditional businesses, which encompass retail and wholesale trade, transportation, the utilities sector, the professional and business services sector, real estate, finance, and the construction sector, both light manufacturing and military contractors. The City remains attractive to such a vibrant mix of businesses because it maintains one of the lowest tax rates in Brevard County, which has given the City an edge as a better place to do business. The City continues to aggressively pursue technology oriented manufacturing, warehousing/distribution, and professional service companies seeking a competitive advantage in the marketplace.

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

In 1970, West Melbourne's population was approximately 3,050. Since 2000, the city has experienced the highest population growth percentage of any municipality in Brevard County. The most recent State population estimate for the City is 19,834. The population in the City is relatively young and well-educated with over 45% of its population under the age of 45. With a comparatively high median household income which exceeds State and County levels, combined with a relatively young and well-educated population, the City has ideal market conditions for the continued development of high-technology, knowledge-based businesses, as well as traditional businesses and service providers.

Long-term financial planning and major initiatives

The City's strategic plans for its long-term financial planning and budgeting are crafted with a strong foundational financial position that has been balanced with deliberate thought to our resources, while maintaining healthy levels of debt. The City Council and the City Manager understand the

need for expansion to meet the City's increasing population, and the resultant demands that such expansion will place on City resources. The City has determined that it will maintain a minimum fund balance reserve of 20% of the annual General Fund expenditures, a rate that management considers to be a prudent reserve level for meeting unanticipated expenditure requirements, a major revenue shortfall or an emergency.

The City is also cognizant of the other cities' financial challenges as a result of unmanaged expansion and excessive leverage. Contextually, at the end of the current fiscal year, the unrestricted fund balance (which is the total of the committed, assigned, and unassigned components of the fund balance) in the general fund, was 82% of total general fund expenditures. This is a strong position which reduces the need to borrow to finance future construction and expansion projections.

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

The City of West Melbourne continues to be, by percentage, one of the fastest growing communities in Brevard County. This is attested to by the issuance of 147 building permits for new single family homes during fiscal year 2014. In addition, building permit valuations, representing both commercial and residential activity, increased by approximately 13% over the prior fiscal year, and business licenses issued and renewed saw a 4% increase. This trend is expected to continue in 2015, with new commercial development opportunities within three large commercial centers within the City.

The City Council and management have also updated the Capital Improvements Element of the Comprehensive Plan in accordance with Florida Statutes 163.3177(3)(b), and has projected the 2014-2019 capital improvement program for the next five years as financially feasible. This Comprehensive Plan estimates the future sources of revenues matched to capital expenditures that incorporate long range plans of the City, with major sewer projects estimated at \$4.9 million, water projects estimated at \$5.8 million, stormwater system improvements of \$1.0 million, and transportation system improvements estimated at \$1.6 million. Combined capital improvements for all major and secondary projects are estimated in excess of \$19 million over the five year span.

The City has been awarded \$700,000 in federal grant funding under the Community Development Block Program (CDBG) towards the Canova Park Phase II project, a neighborhood revitalization project that will provide for the replacement of existing water lines. The City has put the project out to bid.

The operating millage rate for the City of West Melbourne was 2.2975 through the fiscal year ended September 30, 2014. To support the hiring of two additional police officers, the City increased the millage rate to 2.3850 in fiscal year 2014 – 2015.

The City was also reviewed by Fitch Ratings during fiscal year 2014. Fitch confirmed the A+ rating on the 2010D Florida Municipal Loan Council revenue bonds.

Relevant Financial Policies

The City of West Melbourne has a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to or in excess of appropriations). Actual General Fund revenues exceeded the final budget by approximately \$459,000. During fiscal year 2014, General Fund appropriations remained unchanged while actual expenditures were below the final budgeted. Overall operational activity resulted in an excess of revenues over expenditures by \$1.6 million.

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

Awards and Acknowledgements

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 West Melbourne for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2013. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR 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.

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

Respectfully submitted,



Scott Morgan
City Manager



Margi Starkey
Finance Director

**City of West Melbourne, Florida
Principal Officials
September 30, 2014**

City Council

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



Executive Management Team

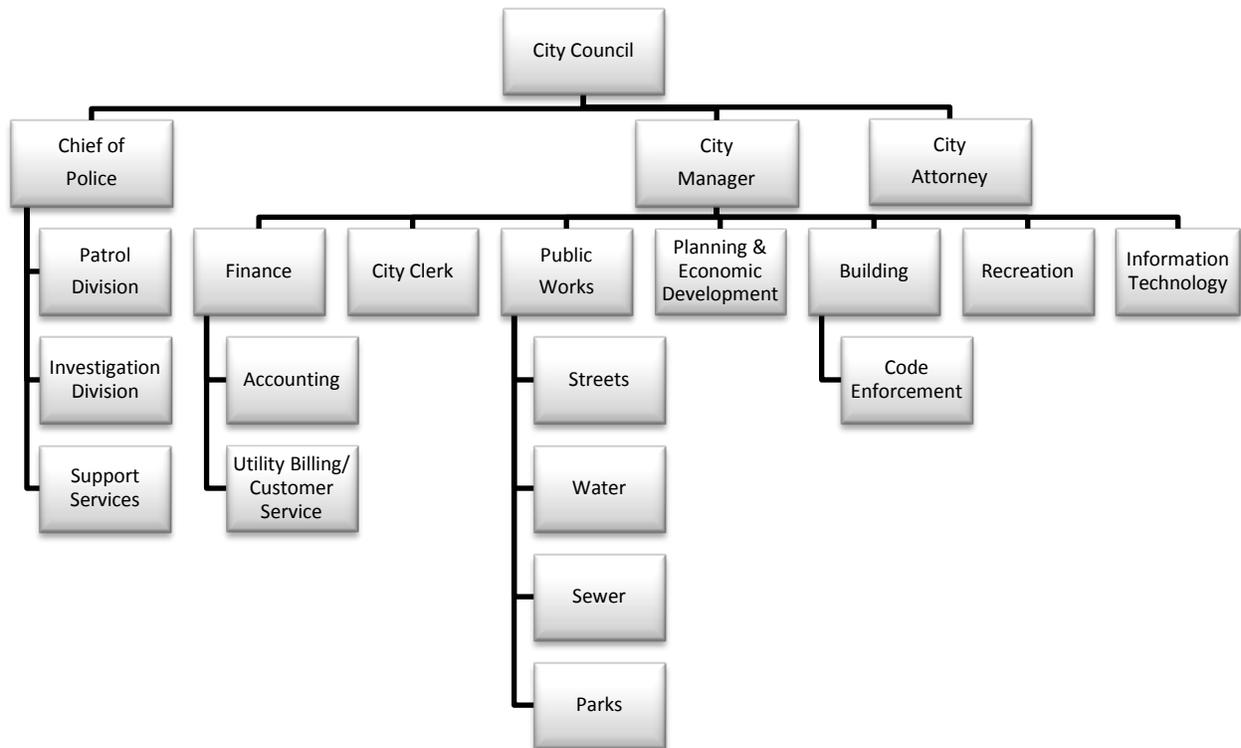
Scott Morgan	City Manager
James P. Wilson	City Attorney
Richard T. Wiley	Police Chief
Keith Mills, AICP, CPM	Deputy City Manager/ Public Works Director
Margi Starkey	Finance Director
Sue Frank	City Clerk
Tom Forbes, CBO	Building Official
Christy Fischer, AICP	Planning & Economic Development Director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

As of September 30, 2014



THIS PAGE IS INTENTIONALLY LEFT BLANK.

City of West Melbourne, Florida
Organizational Chart
September 30, 2014





THIS PAGE IS INTENTIONALLY LEFT BLANK.



Government Finance Officers Association

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

Presented to

**City of West Melbourne
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO



THIS PAGE IS INTENTIONALLY LEFT BLANK.

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Melbourne, Florida, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City of West Melbourne, Florida's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Melbourne, Florida, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note I D. 12 to the financial statements, the City implemented the provisions of GASB Statement 65, *Items Previously Reported as Assets and Liabilities* and GASB Statement 67, *Financial Reporting for Pension Plans*. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 17 through 26), pension and other post-employment benefits supplementary information (pages 81 through 86) and budgetary comparison information (page 87 through 88) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements and budgetary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing

standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary schedules are fairly stated in all material respects in relation to the financial statements as a whole.

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 30, 2015 on our consideration of the City of West Melbourne, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of West Melbourne, Florida's internal control over financial reporting and compliance.

Carr Riggs & Ingram, LLC

Melbourne, Florida
March 30, 2015



THIS PAGE IS INTENTIONALLY LEFT BLANK.

City of West Melbourne, Florida
Management's Discussion and Analysis
September 30, 2014

As management of the City of West Melbourne ("the City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3 - 6 of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$66,048,504 (*net position*). Of this amount, \$16,525,294 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$1,107,629. The increase is largely due to an increase in general revenues.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$14,779,107, an increase of \$1,248,448 in comparison with the prior year. Approximately 50% of this amount (\$7,330,710) is available for spending at the government's discretion (*assigned and unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed, assigned and unassigned* components of *fund balance*) for the general fund was \$7,330,710, or approximately 82% of total general fund expenditures.
- The City's total outstanding long-term debt decreased by \$1,616,625 during the current fiscal year.

Overview of the Financial Statements

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

Government-wide Financial Statements.

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

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

City of West Melbourne, Florida
Management's Discussion and Analysis
September 30, 2014

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, recreation and community development. The business-type activities of the City include a Water and Sewer System. The government-wide financial statements can be found on pages 28 - 31 of this report.

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

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

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

The City maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and the community redevelopment agency, which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

City of West Melbourne, Florida
Management's Discussion and Analysis
September 30, 2014

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

The basic governmental fund financial statements can be found on pages 33 – 35 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer System, which is considered to be a major fund. The basic proprietary fund financial statements can be found on pages 36 – 41 of this report.

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

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

The fiduciary fund financial statements can be found on pages 42 – 43 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45 – 78 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's budgetary compliance and pension and other post-employment benefits obligations. The City adopts an annual appropriated budget for its general fund, special revenue funds (recreation and stormwater utility), and capital projects fund. Budgetary comparison statements have been provided for each of these funds to demonstrate compliance with this budget. The required supplementary information can be found on pages 81 – 90 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 93 – 97 of this report.

The Statistical Section includes tables and schedules to provide a more detailed picture of the financial condition of the City than those presented in the financial statements. These include the schedule of bonded debt and interest to maturity and assorted multi-year financial and statistical information and can be found on pages 101 – 124 of this report.

City of West Melbourne, Florida
Management's Discussion and Analysis
September 30, 2014

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of West Melbourne, Florida, assets exceeded liabilities by \$66,048,504 at the close of the most recent fiscal year.

City of West Melbourne's Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 17,034,167	\$ 14,911,899	\$ 9,069,721	\$ 9,635,356	\$ 26,103,888	\$ 24,547,255
Capital assets	16,914,947	17,070,959	43,673,424	45,211,184	60,588,371	62,282,143
Total assets	33,949,114	31,982,858	52,743,145	54,846,540	86,692,259	86,829,398
Deferred outflows	-	-	31,065	-	31,065	-
Long-term liabilities	811,189	879,492	16,495,718	18,044,040	17,306,907	18,923,532
Other liabilities	1,463,269	883,454	1,744,306	1,903,142	3,207,575	2,786,596
Total liabilities	2,274,458	1,762,946	18,240,024	19,947,182	20,514,482	21,710,128
Deferred inflows	160,338	-	-	-	160,338	-
Net position:						
Net investment in capital assets	16,495,227	16,539,186	27,276,931	27,230,064	43,772,158	43,769,250
Restricted	4,819,617	3,943,676	931,435	860,751	5,751,052	4,804,427
Unrestricted	10,199,474	9,737,050	6,325,820	6,808,543	16,525,294	16,545,593
Total net position	\$ 31,514,318	\$ 30,219,912	\$ 34,534,186	\$ 34,899,358	\$ 66,048,504	\$ 65,119,270

By far the largest portion of the City's net position (66%) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, machinery and equipment, and construction in progress), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$16,525,294 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

At September 30, 2014, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

City of West Melbourne, Florida
Management's Discussion and Analysis
September 30, 2014

Statements of Activities

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

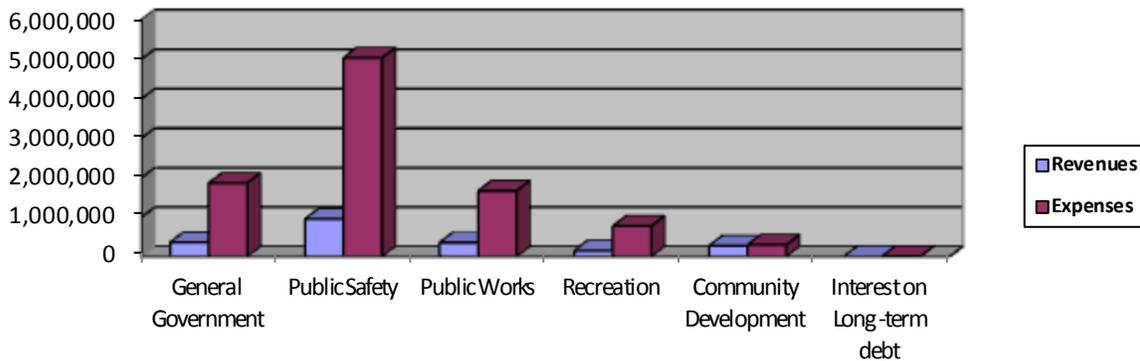
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 2,085,871	\$ 1,656,662	\$ 9,268,564	\$ 8,868,192	\$ 11,354,435	\$ 10,524,854
Operating grants and contributions	-	275,000	-	-	-	275,000
Capital grants and contributions	10,553	10,020	1,019,375	1,158,156	1,029,928	1,168,176
General revenues:						
Local option gas tax	493,346	479,425	-	-	493,346	479,425
Property taxes	2,146,830	1,998,440	-	-	2,146,830	1,998,440
Public utility and tele-communication taxes	2,875,172	2,787,819	-	-	2,875,172	2,787,819
Payment in lieu of taxes	27,706	-	-	-	27,706	-
Franchise fees	1,551,463	1,415,125	-	-	1,551,463	1,415,125
Shared revenues - unrestricted	1,561,377	1,442,388	-	-	1,561,377	1,442,388
Investment earnings	49,030	51,936	6,343	1,195	55,373	53,131
Miscellaneous	136,189	33,234	-	-	136,189	33,234
Total revenues	10,937,537	10,150,049	10,294,282	10,027,543	21,231,819	20,177,592
Expenses:						
General government	1,862,813	2,036,097	-	-	1,862,813	2,036,097
Public safety	5,034,270	4,942,386	-	-	5,034,270	4,942,386
Public works	1,666,681	1,487,912	-	-	1,666,681	1,487,912
Recreation	775,071	464,846	-	-	775,071	464,846
Community development	295,950	280,870	-	-	295,950	280,870
Interest on long term debt	8,346	1,109	-	-	8,346	1,109
Water and sewer	-	-	10,481,059	10,068,335	10,481,059	10,068,335
Total expenses	9,643,131	9,213,220	10,481,059	10,068,335	20,124,190	19,281,555
Increase (decrease) in net position	1,294,406	936,829	(186,777)	(40,792)	1,107,629	896,037
Net position - beginning	30,219,912	29,283,083	34,899,358	34,940,150	65,119,270	64,223,233
Prior period adjustment (see Note I D.12)	-	-	(178,395)	-	(178,395)	-
Net position - beginning (restated)	30,219,912	29,283,083	34,720,963	34,940,150	64,940,875	64,223,233
Net position - ending	\$ 31,514,318	\$ 30,219,912	\$ 34,534,186	\$ 34,899,358	\$ 66,048,504	\$ 65,119,270

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$1,294,406 from the prior fiscal year for an ending balance of \$31,514,318. The primary reason for this increase was an increase of approximately 8% in general revenues, including a slight increase in property tax revenues.

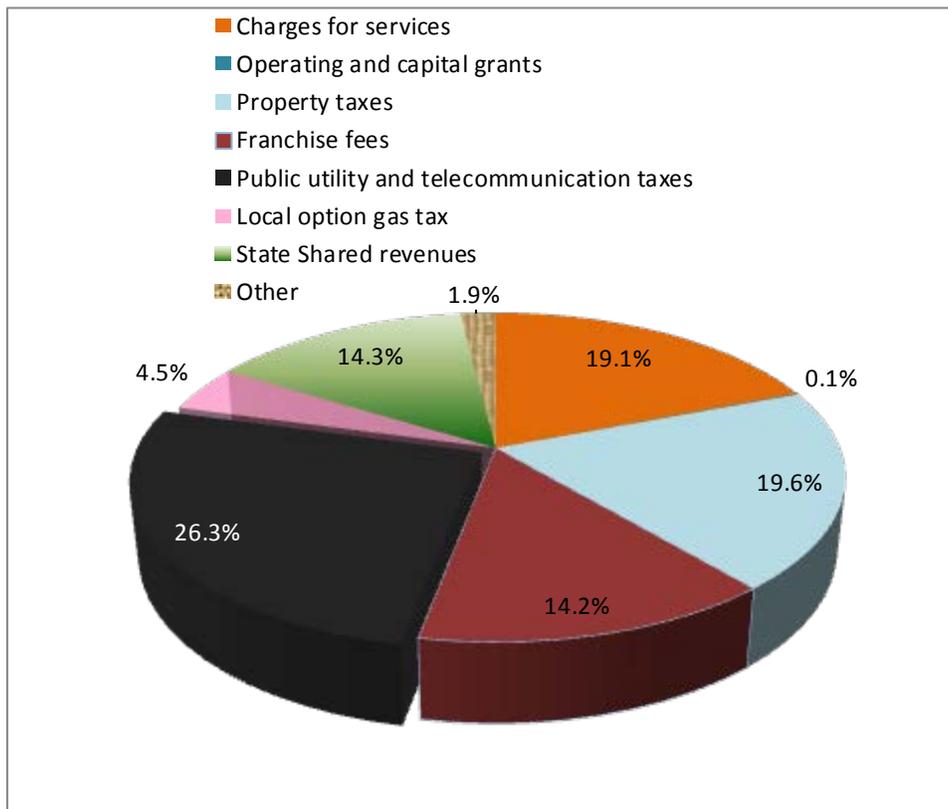
City of West Melbourne, Florida
Management's Discussion and Analysis
September 30, 2014

Governmental expenses increased \$429,911 (4.7%) compared to the fiscal year ending September 30, 2013. The first chart compares each program's expenses with the revenues generated by the program. The next chart displays the City's revenues by source. Public safety represents one of the City's major services and the majority of resources used to fund the service are not generated by the program. Revenues from taxes and other general resources provide the remaining funding necessary for public safety.

Expenses and Program Revenues – Governmental Activities:



2014 Revenues by Source – Governmental Activities



City of West Melbourne, Florida
Management's Discussion and Analysis
September 30, 2014

Business-type Activities. Business-type activities decreased the City's net position by \$186,777. Operating revenues for the Water and Sewer System increased by \$266,739 due primarily to growth in the number of accounts and connection and consumption charge rate increases. Operating expenses of the Water and Sewer System increased by \$412,724 due in part to the increased volume and cost of water purchased.

Financial Analysis of Governmental Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$14,779,107, an increase of \$1,248,448 in comparison with the prior year. Approximately 48% of this total amount (\$7,124,662) constitutes unassigned fund balance, which has not been appropriated for a specific purpose and is available for spending at the government's discretion. The remainder of fund balance represents a legally restricted funding source, has been committed to a specific purpose by City action or is not in liquid form available for new spending. The \$112,613 of prepaid items represent funds that have been disbursed for future expenditures, such as insurance or maintenance agreements. The restricted funds include police education and confiscated funds of \$28,276 that can only be spent on education or other law enforcement purposes. The advance of \$991,286 represents the long-term portion of an interest bearing loan to the Water and Sewer System and will become available to the fund for expenditure as the loan is satisfied. The committed fund balances totaling \$2,516,167 in two of the non-major funds is being expended for recreation and stormwater facilities. The \$769,261 in the Capital Projects Fund and \$2,697,089 in the General Fund are committed to roads for construction and maintenance. The \$305,999 represents funds collected through permits and is committed to enforcing the State's building code. The Community Redevelopment Agency has a restricted fund balance of \$27,706 at September 30, 2014.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,124,662, while total fund balance reached \$11,465,973. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and assigned fund balance represents 82% of total General Fund expenditures, while total fund balance represents 128% of that same amount.

The fund balance of the City's General Fund increased by \$1,648,543 during the current fiscal year, compared to a \$1,238,029 increase in the prior year. The City continued to manage fiscal limitations by slightly reducing expenditures in the General Fund. Key factors in these results are as follows:

City of West Melbourne, Florida
Management's Discussion and Analysis
September 30, 2014

- Total revenues of the General Fund increased by \$918,412, largely as a result of increases in utility user tax revenues, building permit revenues and state shared revenues.
- General Fund expenditures decreased \$5,546 compared to the prior year, which includes \$737,139 in capital outlay expenditures compared to \$1,138,088 of capital outlay in the prior year.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Water and Sewer System at the end of the year amounted to \$6,325,820. The total decrease in net position for this fund was due to a loss of \$186,777. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

In fiscal year 2014, the City updated the General Fund budget for changes in various departmental appropriations. Total appropriations change as a result of these amendments. Actual expenditures in the General Fund for the current fiscal year were less than budgetary amounts appropriated by \$2,026,010. This is largely due to capital projects budgeted in entirety, but not completed or started in the current fiscal year, resulting in additional amounts budgeted but not yet spent.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2014, amounted to \$60,588,371 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and other infrastructure items. The percentage decrease from prior year (fiscal year 2013) in the City's investment in capital assets was 2.7%, reflecting depreciation expense in excess of additions to capital for the current fiscal year.

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 1,579,959	\$ 1,120,896	\$ 396,459	\$ 144,981	\$ 1,976,418	\$ 1,265,877
Construction in progress	780,123	1,068,897	1,228,962	1,861,546	2,009,085	2,930,443
Buildings	4,148,005	4,399,020	3,255	4,530	4,151,260	4,403,550
Improvements other than buildings	2,267,775	1,507,318	39,273,205	40,412,347	41,540,980	41,919,665
Machinery and equipment	1,487,309	1,867,926	2,771,543	2,787,780	4,258,852	4,655,706
Infrastructure	6,651,776	7,106,902	-	-	6,651,776	7,106,902
Total	<u>\$ 16,914,947</u>	<u>\$ 17,070,959</u>	<u>\$ 43,673,424</u>	<u>\$ 45,211,184</u>	<u>\$ 60,588,371</u>	<u>\$ 62,282,143</u>

City of West Melbourne, Florida
Management's Discussion and Analysis
September 30, 2014

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

- In the City's governmental activities, the Norfolk Parkway extension was completed and a new kitchen was installed in the Veterans Memorial Complex.
- In the City's business-type activities, the City completed the utility improvements necessary for the road improvements at the intersection of Hollywood Boulevard and Fell Road. Work commenced on the new regional lift station at Henry Avenue and Minton Road. Various aspects of the sewer collection system throughout the City which included lift station rehabilitations were also completed during the fiscal year.

Additional information on the City's capital assets can be found in Note III D on pages 59 – 60 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt and loans outstanding of \$16,427,557, which represents obligations secured by business-type activities revenue sources.

City of West Melbourne's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Capital leases	\$ 419,720	\$ 531,773	\$ -	\$ -	\$ 419,720	\$ 531,773
Compensated absences	256,950	228,322	41,680	39,317	298,630	267,639
Other post-employment benefits	134,519	119,397	26,481	23,603	161,000	143,000
Revenue bonds	-	-	12,593,300	10,841,120	12,593,300	10,841,120
Loans payable	-	-	3,834,257	7,140,000	3,834,257	7,140,000
Total	<u>\$ 811,189</u>	<u>\$ 879,492</u>	<u>\$ 16,495,718</u>	<u>\$ 18,044,040</u>	<u>\$ 17,306,907</u>	<u>\$ 18,923,532</u>

Additional information on the City's outstanding debt can be found in Notes III F and G on pages 61 – 66 of this report. The City's total debt was reduced by \$1,616,625 during the current fiscal year. Key factors in the City's fiscal year 2014 long term debt decrease include the following:

- The City issued the Series 2014 Water and Sewer Refunding Bonds to fully refund the outstanding 1999 and 2004 bond issues, as well as partially refund the 2005D issue and make a substantial principal payment on the 2007 qualified bank loan.
- The liability for post-employment benefits increased by \$18,000.

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the City of West Melbourne and were considered in developing the 2014-2015 fiscal year budget:

- As of the United States Census count of April 1, 2010, the City had an estimated population of 18,335 people residing within the City's then 9.9-square miles. The population estimate issued for 2014 by the State of Florida, Office of Economic and Demographic Research shows the City's population has increased to 19,834 within the City's now 10.32 square mile area. West Melbourne remains the fastest growing, by percentage, of any municipality in Brevard County.
- During fiscal year 2014, the City issued building permits for the construction of 147 new single family homes. Building permit valuations for 2014 showed a 13% increase from 2013 and is representative of both commercial and residential activity. The City expects continued improvements in local economic conditions. The City has two large commercial centers, Hammock Landing and Coastal Commerce, where interest in new commercial development continues.
- As of December 2014, the unemployment rate in the United States was 5.6%. For the State of Florida, unemployment was also 5.6%, down from 6.2% a year earlier. For Brevard County, the unemployment rate was 6.5% as reported by the Florida Department of Economic Opportunity, down from 7.2% in the prior year. It is expected that the unemployment rate for Brevard County will continue to decline in 2015.
- The City of West Melbourne issued 1,835 business tax receipt licenses in FY2014, up from 1,763 in FY2013.
- The City was founded in 1959, primarily to prevent property taxes from being imposed by a neighboring municipality. The City continues to pride itself on its low tax rate. The City adopted a millage rate of 2.385 in fiscal year 2014-2015.

All of these factors were considered in preparing the City's budget for the Fiscal Year Ending September 30, 2015.

Requests for Information

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

CITY OF WEST MELBOURNE, FLORIDA

Basic Financial Statements

City of West Melbourne, Florida
Statement of Net Position

<i>September 30, 2014</i>	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,976,168	\$ 763,735	\$ 6,739,903
Investments	8,508,969	5,813,152	14,322,121
Receivables, net	609,426	1,270,917	1,880,343
Due from other governments	212,483	-	212,483
Inventory	-	152,700	152,700
Prepaid items	112,613	-	112,613
Interfund balances	981,055	(981,055)	-
Overfunded pension costs	631,453	-	631,453
Restricted assets:			
Cash and cash equivalents	2,000	2,050,272	2,052,272
Capital assets not being depreciated:			
Land	1,579,959	396,459	1,976,418
Construction in progress	780,123	1,228,962	2,009,085
Capital assets (net of accumulated depreciation):			
Buildings	4,148,005	3,255	4,151,260
Improvements other than buildings	2,267,775	39,273,205	41,540,980
Machinery and equipment	1,487,309	2,771,543	4,258,852
Infrastructure	6,651,776	-	6,651,776
Total assets	33,949,114	52,743,145	86,692,259
DEFERRED OUTFLOW OF RESOURCES			
Deferred amount on advanced refunding	-	31,065	31,065
Total deferred outflow of resources	-	31,065	31,065

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

<i>September 30, 2014</i>	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts and contracts payable	1,139,214	583,253	1,722,467
Accrued payroll and related liabilities	263,934	42,216	306,150
Payable from restricted assets:			
Accrued interest payable	-	299,224	299,224
Customer and developer escrow deposits	60,121	819,613	879,734
Noncurrent liabilities:			
Due within one year:			
Revenue bonds payable	-	179,300	179,300
Loans payable	-	380,000	380,000
Capital leases	101,609	-	101,609
Compensated absences	207,198	33,344	240,542
Due in more than one year:			
Revenue bonds payable	-	12,414,000	12,414,000
Loans payable	-	3,454,257	3,454,257
Capital leases	318,111	-	318,111
Net OPEB obligation	134,519	26,481	161,000
Compensated absences	49,752	8,336	58,088
Total liabilities	2,274,458	18,240,024	20,514,482
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - business tax receipts	160,338	-	160,338
Total deferred inflows of resources	160,338	-	160,338
NET POSITION			
Net investment in capital assets	16,495,227	27,276,931	43,772,158
Restricted for:			
Long term portion of advances	991,286	-	991,286
Community development	27,706	-	27,706
Debt service	-	931,435	931,435
Transportation	3,466,350	-	3,466,350
Law enforcement	28,276	-	28,276
Building code enforcement	305,999	-	305,999
Unrestricted	10,199,474	6,325,820	16,525,294
Total net position	\$ 31,514,318	\$ 34,534,186	\$ 66,048,504

City of West Melbourne, Florida
Statement of Activities

For the Year Ended September 30, 2014

Program Revenues

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 1,862,813	\$ 362,026	\$ -	\$ -
Public safety	5,034,270	942,241	-	10,553
Public works	1,666,681	356,485	-	-
Recreation	775,071	153,527	-	-
Community development	295,950	271,592	-	-
Interest on long-term debt	8,346	-	-	-
Total governmental activities	9,643,131	2,085,871	-	10,553
Business-type activities:				
Water and sewer	10,481,059	9,268,564	-	1,019,375
Total business-type activities	10,481,059	9,268,564	-	1,019,375
Total primary government	\$20,124,190	\$11,354,435	\$ -	\$ 1,029,928

General revenues:

Taxes:

 Property taxes

 Franchise fees

 Local option gas tax

 Public utility and telecommunication taxes

Payment in lieu of taxes

Intergovernmental shared revenue - unrestricted

Investment earnings

Miscellaneous revenue

 Total general revenues

 Change in net position

Net position, beginning of year as previously reported

Prior period adjustment (see Note I D. 12)

Net position, beginning of year as restated

Net position, end of year

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

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (1,500,787)	\$ -	\$ (1,500,787)
(4,081,476)	-	(4,081,476)
(1,310,196)	-	(1,310,196)
(621,544)	-	(621,544)
(24,358)	-	(24,358)
(8,346)	-	(8,346)
<u>(7,546,707)</u>	<u>-</u>	<u>(7,546,707)</u>
-	(193,120)	(193,120)
-	(193,120)	(193,120)
<u>(7,546,707)</u>	<u>(193,120)</u>	<u>(7,739,827)</u>
2,146,830	-	2,146,830
1,551,463	-	1,551,463
493,346	-	493,346
2,875,172	-	2,875,172
27,706	-	27,706
1,561,377	-	1,561,377
49,030	6,343	55,373
136,189	-	136,189
<u>8,841,113</u>	<u>6,343</u>	<u>8,847,456</u>
<u>1,294,406</u>	<u>(186,777)</u>	<u>1,107,629</u>
30,219,912	34,899,358	65,119,270
-	(178,395)	(178,395)
<u>30,219,912</u>	<u>34,720,963</u>	<u>64,940,875</u>
<u>\$ 31,514,318</u>	<u>\$ 34,534,186</u>	<u>\$ 66,048,504</u>



THIS PAGE IS INTENTIONALLY LEFT BLANK.

City of West Melbourne, Florida
Balance Sheet - Governmental Funds

<i>September 30, 2014</i>	General	Community Redevelopment	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 4,912,118	\$ 212,706	\$ 853,344	\$ 5,978,168
Investments	5,395,735	-	3,113,234	8,508,969
Accounts receivable, net	609,426	-	-	609,426
Advance to other funds - current	174,769	-	-	174,769
Advance to other funds - long term	991,286	-	-	991,286
Due from other governments	212,483	-	-	212,483
Prepaid items	112,613	-	-	112,613
Total assets	\$ 12,408,430	\$ 212,706	\$ 3,966,578	\$ 16,587,714
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts and contracts payable	\$ 460,082	\$ -	\$ 679,132	\$ 1,139,214
Accrued payroll and related liabilities	261,916	-	2,018	263,934
Deposits	60,121	-	-	60,121
Advance from other funds - current	-	18,500	-	18,500
Advance from other funds - long term	-	166,500	-	166,500
Total current liabilities	782,119	185,000	681,150	1,648,269
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - business tax receipts	160,338	-	-	160,338
Total deferred inflows of resources	160,338	-	-	160,338
Fund balance				
Nonspendable:				
Prepaid items	112,613	-	-	112,613
Long term portion of advances	991,286	-	-	991,286
Restricted for:				
Police education	7,060	-	-	7,060
Confiscated funds	21,216	-	-	21,216
Transportation	2,697,089	-	769,261	3,466,350
Building code enforcement	305,999	-	-	305,999
Community development	-	27,706	-	27,706
Committed for:				
Recreation	-	-	458,438	458,438
Stormwater utilities	-	-	2,057,729	2,057,729
Assigned for:				
Recycling	206,048	-	-	206,048
Unassigned	7,124,662	-	-	7,124,662
Total fund balances	11,465,973	27,706	3,285,428	14,779,107
Total liabilities and fund balances	\$ 12,408,430	\$ 212,706	\$ 3,966,578	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				16,914,947
Negative pension obligation resulting from overfunding the City's defined benefit pension plan.				631,453
Long-term liabilities, including capital lease obligations, compensated absences and the net OPEB obligation are not due and payable in the current period and therefore are not reported in the funds.				(811,189)
Net position of governmental activities				\$ 31,514,318

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

City of West Melbourne, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds

<i>For the year ended September 30, 2014</i>	General	Community Redevelopment	Nonmajor Funds	Total Governmental Funds
Revenues				
Taxes	\$ 6,573,465	\$ -	\$ 356,485	\$ 6,929,950
Licenses and permits	955,661	-	-	955,661
Intergovernmental	2,065,276	27,706	-	2,092,982
Charges for services	443,496	-	65,208	508,704
Fines and forfeitures	221,516	-	-	221,516
Investment income	45,657	-	3,373	49,030
Miscellaneous	282,172	-	-	282,172
Total revenues	10,587,243	27,706	425,066	11,040,015
Expenditures				
Current:				
General government	1,600,523	-	-	1,600,523
Public safety	4,789,545	-	-	4,789,545
Public works	867,803	-	195,668	1,063,471
Recreation	567,119	-	-	567,119
Community development	302,462	-	-	302,462
Capital outlay	737,139	-	657,199	1,394,338
Debt service:				
Principal	112,053	-	-	112,053
Interest	8,346	-	-	8,346
Total expenditures	8,984,990	-	852,867	9,837,857
Excess (deficiency) of revenues over (under) expenditures	1,602,253	27,706	(427,801)	1,202,158
Other financing sources				
Proceeds from sale of capital assets	46,290	-	-	46,290
Net other financing sources	46,290	-	-	46,290
Net change in fund balances	1,648,543	27,706	(427,801)	1,248,448
Fund balances, beginning	9,817,430	-	3,713,229	13,530,659
Fund balances, ending	\$ 11,465,973	\$ 27,706	\$ 3,285,428	\$ 14,779,107

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

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

For the year ended September 30, 2014

Net change in fund balances - total governmental funds	\$ 1,248,448
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.</p>	(7,244)
<p>In the statement of activities, the gain (loss) on the disposal of capital assets is reported, whereas in the governmental funds, disposals are not reported. Thus, the change in net position differs from the change in fund balance by the net book value of the disposed capital assets.</p>	(148,768)
<p>Other post employment benefit obligations reported in the statement of activities does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds.</p>	(15,122)
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the net effect of these differences in the treatment of long-term debt and related items.</p>	112,053
<p>Overfunded pension contributions are reported as expenditures in the fund financial statements and recorded as a net pension asset on the statement of net position. This is the amount by which the net pension asset increased in the current year.</p>	133,667
<p>Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	(28,628)
Change in net position of governmental activities	\$ 1,294,406

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

City of West Melbourne, Florida
Statement of Net Position - Proprietary Fund

Business-type
 Activities -
 Enterprise Fund

September 30, 2014

ASSETS

Current assets:

Cash and cash equivalents	\$	763,735
Restricted current assets:		
Cash and cash equivalents		1,768,346
Investments		5,813,152
Accounts receivable, net		669,319
Accounts receivable earned, but not billed		429,460
Assessments receivable		172,138
Inventory		152,700
Total current assets		9,768,850

Noncurrent assets:

Restricted cash and cash equivalents:		
Bond debt service account		281,926
Total restricted assets		281,926
Capital assets:		
Land		396,459
Buildings		2,034,308
Improvements other than buildings		62,095,116
Machinery and equipment		6,622,271
Construction in progress		1,228,962
Less accumulated depreciation		(28,703,692)
Total capital assets, net of accumulated depreciation		43,673,424
Total noncurrent assets		43,955,350

Total assets		53,724,200
---------------------	--	-------------------

DEFERRED OUTFLOW OF RESOURCES

Deferred amount on advanced refunding		31,065
Total deferred outflow of resources		31,065

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

September 30, 2014

Business-type
Activities -
Enterprise Fund

LIABILITIES

Current liabilities (payable from current assets):

Accounts and contracts payable	583,253
Accrued payroll and related liabilities	42,216
Compensated absences	33,344
Advance from other funds	156,269
Current portion of revenue bonds payable	179,300
Current portion of loans payable	380,000

Current liabilities (payable from restricted assets):

Accrued interest	299,224
Customer and developer escrow deposits	819,613

Total current liabilities	2,493,219
---------------------------	-----------

Noncurrent liabilities:

Advance from other funds	824,786
Compensated absences	8,336
Net OPEB obligation	26,481
Loans payable	3,454,257
Revenue bonds payable, net of unamortized bond discount/premium	12,414,000

Total noncurrent liabilities	16,727,860
------------------------------	------------

Total liabilities	19,221,079
--------------------------	-------------------

NET POSITION

Net investment in capital assets	27,276,931
----------------------------------	------------

Restricted for:

Debt service	931,435
--------------	---------

Unrestricted	6,325,820
--------------	-----------

Total net position	\$ 34,534,186
---------------------------	----------------------



THIS PAGE IS INTENTIONALLY LEFT BLANK.

City of West Melbourne, Florida
Statement of Revenues, Expenses and Changes in Fund Net Position -
Proprietary Fund

Business-type
 Activities -
 Enterprise Fund

For the Year Ended September 30, 2014

Operating revenues:	
Charges for services	\$ 9,255,274
Other charges and fees	13,290
Total operating revenues	9,268,564
Operating expenses:	
Personnel services	1,036,180
Contractual services	1,373,544
Supplies and other expenses	4,552,597
Depreciation	2,621,663
Total operating expenses	9,583,984
Operating income (loss)	(315,420)
Nonoperating revenues (expenses):	
Investment income	6,343
Bond issuance costs	(54,977)
Loss on disposal of fixed assets	(60,153)
Interest expense	(781,945)
Total nonoperating revenues (expenses)	(890,732)
Income (loss) before contributions	(1,206,152)
Capital contributions	1,019,375
Change in net position	(186,777)
Net position, beginning of year as previously reported	34,899,358
Prior period adjustment (see Note I D. 12)	(178,395)
Net position, beginning of year as restated	34,720,963
Net position, end of year	\$ 34,534,186

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

City of West Melbourne, Florida
Statement of Cash Flows - Proprietary Fund

Business-type
 Activities -
 Enterprise Fund

For the Year Ended September 30, 2014

Cash flows from operating activities:

Cash received from customers for sales and services	\$ 9,420,856
Cash payments to employees	(1,031,579)
Cash payments to suppliers for goods and services	(6,079,052)
Net cash provided by operating activities	2,310,225

Cash flows from noncapital financing activities:

Cash paid to other funds to repay advances	(362,917)
Net cash used in noncapital financing activities	(362,917)

Cash flows from capital and related financing activities:

Acquisition and construction of capital assets	(1,023,554)
Collections of special assessment revenue	908,136
Principal paid on revenue bonds	(615,000)
Principal paid on loans	(365,000)
Principal on debt defeased	(661,677)
Interest paid on long-term debt	(859,620)
Net cash used in capital and related financing activities	(2,616,715)

Cash flows from investing activities:

Investment income	6,343
Proceeds from sales of investments	772,610
Purchase of investments	(1,194,375)
Net cash used in investing activities	(415,422)

Net decrease in cash and cash equivalents (1,084,829)

Cash and cash equivalents, beginning of year 3,898,836

Cash and cash equivalents, end of year \$ 2,814,007

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

For the Year Ended September 30, 2014

Reconciliation of operating income (loss) to net

cash provided by operating activities:

Operating income (loss)	\$	(315,420)
<hr/>		
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense		2,621,663
Bad debt expense		158,066
Change in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable		5,411
Accounts receivable earned but not billed		(21,870)
Inventory		(74,315)
Prepaid items		10,538
Increase (decrease) in liabilities:		
Accounts and contracts payable		(89,134)
Accrued payroll and related liabilities		1,723
Net OPEB obligation		2,878
Customer and developer escrow deposits		10,685
<hr/>		
Total adjustments		2,625,645
<hr/>		
Net cash provided by operating activities	\$	2,310,225
<hr/>		

Noncash capital and related financing activities:

Bond issuance costs paid from proceeds of refunding debt	\$	54,977
<hr/>		
Amortization of bond premium	\$	1,612
<hr/>		
Deferred loss on refunding	\$	31,525
<hr/>		
Amortization of deferred loss on refunding	\$	460
<hr/>		
Issuance of refunding debt	\$	5,723,323
<hr/>		
Noncash capital contributions	\$	129,765
<hr/>		

City of West Melbourne, Florida
Statement of Fiduciary Net Position – Police Employees’ Pension Trust Fund

Police
Employees'
Pension Trust
Fund

September 30, 2014

ASSETS

Investments at fair value:	
Money market mutual funds	\$ 238,963
Fixed income mutual funds	483,719
U.S. and international stock mutual funds	6,862,702
U.S. government obligations	1,821,989
Mortgage-asset backed securities	823,615
Corporate bonds	258,054
Contribution receivable	26,463
Interest receivable	19,305
Total assets	10,534,810

LIABILITIES

-

NET POSITION

Held in trust for pension benefits	\$ 10,534,810
------------------------------------	---------------

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

City of West Melbourne, Florida
Statement of Changes in Fiduciary Net Position - Police Employees' Pension
Trust Fund

Police
Employees'
Pension Trust
Fund

For the year ended September 30, 2014

ADDITIONS

Contributions:	
City	\$ 605,710
Employees	139,016
State	117,718
Total contributions	862,444
Investment income:	
Net appreciation in the fair value of investments	778,728
Interest, dividends and other income	255,378
Total investment earnings	1,034,106
Less investment-related expense	(31,060)
Net investment earnings	1,003,046
Total additions	1,865,490

DEDUCTIONS

Benefit payments	304,307
Administrative expenses	41,893
Total deductions	346,200
Change in net position	1,519,290
Net position held in trust for pension benefits, beginning of year	9,015,520
Net position held in trust for pension benefits, end of year	\$ 10,534,810

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



THIS PAGE IS INTENTIONALLY LEFT BLANK.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

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

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

Blended component unit

West Melbourne–Brevard County Joint Redevelopment Agency – The West Melbourne-Brevard County Joint Community Redevelopment Agency was organized under Section 163 of the Florida Statutes and formally came into existence during the fiscal year ending September 30, 2013. The Joint Community Redevelopment Agency uses property tax incremental revenues derived from taxable real property within the geographic boundaries of the community redevelopment area to finance development within that area. The blended component unit does not issue separate financial statements. Their financial statements are included in the City’s Comprehensive Annual Financial Report for the year ended September 30, 2014.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and fund financial statements (Continued)

requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The only proprietary fund is reported in the basic financial statements as a business-type activity.

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

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

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

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

The City reports the following major governmental funds:

- The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *West Melbourne-Brevard County Joint Community Redevelopment Agency fund ("Community Redevelopment")* is used to account for tax increment revenues derived from taxable real property within the geographic boundaries of the community redevelopment area to finance development within that area.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund type:

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

The City's nonmajor governmental funds consist of special revenue funds (Recreation and Stormwater Utility) and a capital projects fund.

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

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

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

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

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity

1. Cash and cash equivalents / investments

The City invests certain surplus funds in an external investment pool, the Local Government Surplus Funds Trust Fund (the "State Pool"). The State Pool is administered by the Florida State Board of Administration ("SBA"), who provides regulatory oversight. On September 30, 2008, the SBA reported that the State Pool was exposed to potential risks due to indirect exposure in the sub-prime mortgage financial market. Consequently, the SBA placed some restriction on how participants could access portions of their surplus funds and ultimately restructured the State Pool into two separate pools ("Florida PRIME" (formerly LPIG) and "Fund B"). In fiscal year 2014 the SBA distributed the principal Fund B balances in full to each Fund B participant, and the weighted average life of the fund's assets is effectively zero and is considered closed.

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

Deposits available within various funds, except pension trust funds, were consolidated for investment purposes. Substantially all deposits at September 30, 2014, were invested using the pooled investment concept. Interest earned was allocated to the various funds based on their average cash and investment balances.

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

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

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)

1. Cash and cash equivalents / investments (continued)

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

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

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

2. Receivables and payables

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

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

The City is permitted by State law to levy taxes up to 10 mills on assessed valuation. However, Chapter 74-430, Laws of Florida, a special act applicable only to governmental units in Brevard County, limits the annual increase to 10% of the prior year's millage. During a Special Session in June 2007, the Florida Legislature adopted HB1B, which limits municipal property tax rates effective with the 2007-2008 fiscal year. This legislation establishes reductions in the millage rate based on a calculated growth in per capita taxes between the 2002 and 2007 fiscal years. The Legislature did authorize local governments to use the rolled back millage rate if approved by a super majority vote of the governing body. The West Melbourne City Council levy for the fiscal year ended September 30, 2014 was 2.2975 mills, which is less than the rolled back rate.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)

2. Receivables and payables (continued)

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

3. Inventories and prepaid items

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

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

4. Restricted assets

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

- **Customer and Developer Deposit Accounts** - Deposited in non-interest bearing accounts and refunded upon termination of service with the City and satisfaction of all obligations due.
- **Bond Debt Service Account** - Includes proceeds from issuance of revenue bonds to pay future debt service costs.
- **Law Enforcement Fines and Confiscated Property Account** - Fines and property generated and applied toward further education and enhancement of the police department.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)

5. Capital assets

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

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

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

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

6. Deferred outflows of resources

The financial statement element, deferred outflows of resources, represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred amount for advance refunding of debt in the Water and Sewer fund, which is a result of the difference in the carrying value of refunded debt and its reacquisition price, is reported as a deferred outflow of resources and will be amortized over the life of the refunded debt.

7. Compensated absences

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

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)

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

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental, business-type activities, or proprietary fund type statement of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium and discount.

9. Deferred inflows of resources

Resources received before time requirements were met, which were previously reported as unearned revenue liabilities in the governmental funds, are now classified as deferred inflows of resources due to the implementation of GASB Statement No. 65.

10. Fund equity

Fund balance, under GASB Statement No. 54, is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The five classifications provide clarity of the level of restrictions, as fund balance can have different levels of restraint, such as external versus internal compliance requirements. The constraints placed on fund balance for governmental funds are presented below:

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

Restricted Fund Balance – Amounts that have externally enforceable limitations on use of resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

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

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

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)

10. Fund equity (continued)

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

According to the City's Fund Balance policy, the General Fund shall maintain an unassigned, unappropriated fund balance equivalent to a minimum of twenty (20%) of the current fiscal year expenditures less capital outlay and transfers out. At September 30, 2014, this minimum balance is \$1,649,570.

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

11. Use of estimates

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

12. Accounting changes

The City has implemented GASB Statement No. 65, *"Items Previously Reported as Assets and Liabilities"*, which amends or supersedes the accounting and financial reporting guidance for certain items previously required to be reported as assets or liabilities.

The Statement requires governments to either properly classify certain items that were previously reported as assets or liabilities as deferred outflows of resources or deferred inflows of resources, or recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflows of resources (revenues).

Implementation required the City to analyze items previously reported as "deferred". The City reclassified unavailable revenues in governmental funds and resources received before time requirements were met to deferred revenues in the deferred inflows of resources category.

City of West Melbourne, Florida
Notes to Financial Statements

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)

12. Accounting changes (continued)

As GASB Statement No. 65 required debt issuance costs to be expensed, the \$178,395 previously reported as a noncurrent asset in the Water and Sewer fund was adjusted to beginning net position. Below is a summarized table of unamortized debt issuance cost:

Debt Issue	Unamortized Costs
Water and Sewer Revenue Refunding Bonds, Series 1999	\$ 17,527
Water and Sewer Revenue Refunding Bonds, Series 2004	26,395
Florida Municipal Loan Council, Series 2005D	54,605
Water and Sewer Revenue Bonds, Series 2007	10,375
Florida Municipal Loan Council, Series 2010D	69,493
Total	\$ 178,395

The City has implemented GASB Statement No. 67, “*Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*”, which amends the accounts and financial reporting guidance for pension plans administered through trusts. The statement required additional disclosures in the notes to the financial statements and required supplementary information.

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(811,189) difference are as follows:

Capital leases payable	\$ (419,720)
Net OPEB obligation	(134,519)
Compensated absences	(256,950)
<i>Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities</i>	\$ (811,189)

City of West Melbourne, Florida
Notes to Financial Statements

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

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.” The details of this (\$7,244) difference are as follows:

Capital outlay	\$ 1,394,338
Depreciation expense	(1,401,582)
<hr/>	
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	\$ (7,244)

Another element of the reconciliation states that “the issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position.” The details of this \$112,053 difference are as follows:

Principal repayments:	
Capital leases	\$ 112,053
<hr/>	
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	\$ 112,053

NOTE III – DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

At September 30, 2014, the City’s carrying amount of cash deposits was \$8,142,086, not including petty cash and change accounts totaling \$4,201, and the bank balance was \$8,380,823. At September 30, 2014, the City had no cash in the pension trust funds. As of September 30, 2014, \$500,000 of the City’s bank balances is covered by federal depository insurance (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the City pursuant to Section 280.08, Florida Statutes.

NOTE III – DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and investments (continued)

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

The investing of public funds with the State Board of Administration (SBA) - Local Government Surplus Funds Trust Fund is governed by Section 218.407 Florida Statutes. The SBA is under regulatory oversight of the State of Florida. The investment pool consists largely of corporate notes and commercial paper. On September 30, 2014, the City had \$22,696 invested. The fair value of the City's position in the pool is equal to the value of the pooled shares.

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

Cash with escrow and paying agents of \$931,435 accounted for in the Water and Sewer Fund represents reserves and balances to service outstanding bonds.

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

Interest rate risk

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

Credit risk

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

City of West Melbourne, Florida
Notes to Financial Statements

NOTE III – DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and investments (continued)

Concentration risk

GASB Statement No. 40 requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments. The City’s investment policy and the investment policy for the City’s Police Officers’ Plan do not address concentration risk.

At September 30, 2014, the City had the following investments:

Investment type	Fair Value	Investment Maturities (in years)				Rating	Agency
		Less than 1	1-5	6-10	More than 10		
Primary government:							
State Board of Administration							
Florida Prime	\$ 22,696	\$ 22,696	\$ -	\$ -	\$ -	AAAm	S&P
Federated Government							
Obligations Fund	7,291,380	7,291,380	-	-	-	AAAm	S&P
Florida Safe Investment Pool	6,008,045	6,008,045	-	-	-	AAAm	S&P
Federal Home Loan							
Mortgage Group	1,000,000	-	1,000,000	-	-	AA+	S&P
	<u>\$ 14,322,121</u>	<u>\$ 13,322,121</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ -</u>		
Pension trust funds:							
Money market funds	\$ 238,963	238,963	\$ -	\$ -	\$ -	AAAm	S&P
Mutual US and international	-	-	-	-	-	5★	MS*
stock fund	6,862,702	6,862,701	-	-	-	3★ - 4★	MS*
Corporate bond(s)							
Corporate bond (AAA - A)	227,670	-	-	227,670	-	AA+ -A-	S&P
Corporate bond (BBB +)	30,384	-	-	30,384	-	BBB+	S&P
Fixed income - mutual funds	483,719	483,719	-	-	-	5★	MS*
US government obligations	1,821,989	-	597,423	1,224,566	-	NR	
Mortgage/Asset backed							
securities	823,615	-	-	376,597	447,018	NR	
	<u>\$ 10,489,042</u>	<u>\$ 7,585,383</u>	<u>\$ 597,423</u>	<u>\$ 1,859,217</u>	<u>\$ 447,018</u>		

* MS = Morningstar

B. Receivables

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

City of West Melbourne, Florida
Notes to Financial Statements

NOTE III – DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables (continued)

Receivables:	General	Water and Sewer	Total
Taxes	\$ 243,780	\$ -	\$ 243,780
Solid waste	76,169	-	76,169
Utilities	-	1,516,678	1,516,678
Franchise fees	278,741	-	278,741
Special assessments	-	172,138	172,138
Employees	10,736	-	10,736
Other	-	(35)	(35)
Gross receivables	609,426	1,688,781	2,298,207
Less: allowance for uncollectible accounts	-	(417,864)	(417,864)
Net total receivables	\$ 609,426	\$ 1,270,917	\$ 1,880,343

The City provides an allowance for water and sewer accounts receivable that may become uncollectible. At September 30, 2014, this allowance was \$417,864. No other allowances for doubtful accounts are maintained since all other accounts receivable are considered collectible at September 30, 2014.

C. Restricted assets

The balances of the restricted asset accounts in the governmental and business-type activities at September 30, 2014 are as follows:

	Governmental Activities
Law enforcement fines and confiscated property	\$ 2,000
Totals	\$ 2,000

	Business-type Activities
Customer and developer deposit accounts	\$ 819,613
Accrued interest	299,224
Bond debt service accounts - current	649,509
Bond debt service account - noncurrent	281,926
Totals	\$ 2,050,272

City of West Melbourne, Florida
Notes to Financial Statements

NOTE III – DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital assets

Capital asset activity for the year ended September 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,120,896	\$ 459,063	\$ -	\$ 1,579,959
Construction in progress	1,068,898	393,652	(682,427) *	780,123
Total capital assets, not being depreciated	2,189,794	852,715	(682,427)	2,360,082
Capital assets, being depreciated:				
Buildings	6,004,209	-	-	6,004,209
Improvements other than buildings	2,384,761	945,950	-	3,330,711
Machinery and equipment	4,985,397	245,275	(849,165)	4,381,507
Infrastructure	9,719,254	-	-	9,719,254
Total capital assets being depreciated	23,093,621	1,191,225	(849,165)	23,435,681
Less accumulated depreciation for:				
Buildings	(1,605,189)	(251,015)	-	(1,856,204)
Improvements other than buildings	(877,443)	(185,493)	-	(1,062,936)
Machinery and equipment	(3,117,471)	(509,948)	733,221	(2,894,198)
Infrastructure	(2,612,352)	(455,126)	-	(3,067,478)
Total accumulated depreciation	(8,212,455)	(1,401,582)	733,221	(8,880,816)
Total capital assets being depreciated, net	14,881,166	(210,357)	(115,944)	14,554,865
Governmental activities capital assets, net	\$ 17,070,960	\$ 642,358	\$ (798,371)	\$ 16,914,947
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 144,981	\$ 251,478	\$ -	\$ 396,459
Construction in progress	1,861,546	629,890	(1,262,474)	1,228,962
Total capital assets, not being depreciated	2,006,527	881,368	(1,262,474)	1,625,421
Capital assets, being depreciated:				
Buildings	2,044,992	-	(10,684)	2,034,308
Improvements other than buildings	60,954,133	1,220,681	(79,698)	62,095,116
Machinery and equipment	6,460,427	304,481	(142,637)	6,622,271
Total capital assets being depreciated	69,459,552	1,525,162	(233,019)	70,751,695
Less accumulated depreciation for:				
Buildings	(2,040,462)	(740)	10,149	(2,031,053)
Improvements other than buildings	(20,541,786)	(2,329,573)	49,448	(22,821,911)
Machinery and equipment	(3,672,647)	(291,350)	113,269	(3,850,728)
Total accumulated depreciation	(26,254,895)	(2,621,663)	172,866	(28,703,692)
Total capital assets, being depreciated, net	43,204,657	(1,096,501)	(60,153)	42,048,003
Business-type activities capital assets, net	\$ 45,211,184	\$ (215,133)	\$ (1,322,627)	\$ 43,673,424

* Construction in progress decreases includes \$32,825 in disposals related to capital projects that were abandoned in the current year

NOTE III – DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital assets (continued)

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

Governmental activities:	
General government	\$ 212,028
Public safety	378,392
Public works	603,210
Recreation	207,952
Total depreciation expense - governmental activities	\$ 1,401,582
Business-type activities:	
Water and Sewer	\$ 2,621,663

E. Interfund receivables, payable and transfers

The composition of interfund balances as of September 30, 2014, is as follows:

Advances to/from other funds:			
Receivable Fund	Payable Fund	Amount	
Current:			
General Fund	Community Redevelopment Fund	\$	18,500
General Fund	Water and Sewer Fund		156,269
Total current			174,769
Noncurrent:			
General Fund	Community Redevelopment Fund		166,500
General Fund	Water and Sewer Fund		824,786
Total noncurrent			991,286
		\$	1,166,055

Between the General Fund and the Water and Sewer Fund the advances are interfund loans to cover cash shortfalls and the cost of construction projects. The amount is being repaid to the General Fund with interest.

Between the General Fund and the CRA Fund the advances are interfund loans used for working capital for the CRA to begin operations. The amount is being repaid to the General Fund over 10 years without interest, administration or service charges.

City of West Melbourne, Florida
Notes to Financial Statements

NOTE III – DETAILED NOTES ON ALL FUNDS (Continued)

F. Capital leases

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

Asset:	
Machinery and equipment	\$ 586,174
Less: accumulated depreciation	(180,232)
Total	\$ 405,942

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2014, were as follows:

Year ending September 30,	
2015	\$ 110,624
2016	110,624
2017	110,624
2018	110,624
Total minimum lease payments	442,496
Less: amount representing interest	(22,775)
Present value of minimum lease	\$ 419,721

G. Long-term debt and liabilities

Revenue Bonds

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

Revenue bonds outstanding at year end are as follows:

Business-type activities:	
Water and Sewer Revenue Bonds, Series 2007	\$ 6,815,000
Water and Sewer Revenue Refunding Bonds, Series 2014	5,778,300
Total business-type activities	\$ 12,593,300

NOTE III – DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term debt and liabilities (continued)

Revenue Bonds (continued)

Water and Sewer Revenue Refunding Bonds, Series 1999 – \$2,730,000 Water and Sewer Revenue Refunding Bonds, Series 1999 (\$0 remaining at September 30, 2014) - On April 20, 1999, the City issued the West Melbourne Water and Sewer Revenue Refunding Bonds, Series 1999 in the principal amount of \$2,730,000. These bonds were sold to: (i) refund a portion of the City's outstanding Water and Sewer Revenue Refunding and Improvements Bonds, Series 1994, and (ii) pay certain costs and expenses related to issuance of the Series 1999 Bonds. The Series 1999 bonds bore interest at rates ranging from 3.30% to 4.60% per annum, payable semi-annually on April 1 and October 1. Principal was due annually beginning October 1, 2000, in amounts increasing from \$25,000 to \$255,000 at final maturity in October 2017. During 2014 the Series 1999 bonds were fully refunded by the Water and Sewer Refunding Revenue Bonds, Series 2014.

This refunding constituted an economic defeasance, but did not legally release the City from its obligation to repay the Water and Sewer Revenue Refunding Bonds, Series 1999. Under the terms of the refunding bond, sufficient assets to pay all principal and interest on the fully refunded bond issue were placed into an irrevocable trust account at a commercial bank. The assets, liabilities and financial transactions of this trust account are not reflected in the financial statements of the City.

Water and Sewer Revenue Refunding Bonds, Series 2004 – \$4,545,000 Water and Sewer Revenue Refunding Bonds, Series 2004 (\$0 remaining at September 30, 2014) - On September 8, 2004, the City issued the West Melbourne Water and Sewer Revenue Refunding Bonds, Series 2004 in the principal amount of \$4,545,000. These bonds were sold to: (i) defease all of the City's outstanding Water and Sewer Revenue Refunding and Improvements Bonds, Series 1994, (ii) to pay the cost of constructing certain capital improvements to the System, and (iii) finance the costs of issuance of the Series 2004 Bonds. The Series 2004 bonds bore interest at rates ranging from 2.50% to 3.80% per annum, payable semi-annually on April 1 and October 1. Principal was due annually beginning October 1, 2005, in amounts increasing from \$325,000 to \$445,000 at final maturity in October 2016. The Series 2004 Bonds maturing on and before October, 2014 were not redeemable prior to their stated dates of maturity. The Series 2004 Bonds maturing on or after October 1, 2015 were subject to optional redemption on or after October 1, 2014, at the option of the City. During 2014 the Series 2004 bonds were fully refunded by the Water and Sewer Refunding Revenue Bonds, Series 2014.

This refunding constituted an economic defeasance, but did not legally release the City from its obligation to repay the Water and Sewer Revenue Refunding Bonds, Series 2004. Under the terms of the refunding bond, sufficient assets to pay all principal and interest on the fully refunded bond issues was placed into an irrevocable trust account at a commercial bank. The assets, liabilities and financial transactions of this trust account are not reflected in the financial statements of the City.

NOTE III – DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term debt and liabilities (continued)

Water and Sewer Revenue Bonds, Series 2007 – \$8,015,000 Water and Sewer Revenue Bonds, Series 2007 (\$6,815,000 remaining at September 30, 2014) - On July 25, 2007, the City issued the West Melbourne Water and Sewer Revenue Bonds, Series 2007 in the principal amount of \$8,015,000. These bonds were sold to: (i) pay the cost of constructing certain capital improvements to the System, and (ii) finance the costs of issuance of the Series 2007 Bonds. The Series 2007 bonds bear interest at 4.49% per annum, payable semi-annually on April 1 and October 1. Principal is due annually beginning April 1, 2017, in amounts increasing from \$35,000 to \$1,315,000 at final maturity in April 2027. During 2014 the Series 2007 bonds were partially refunded by the Water and Sewer Refunding Revenue Bonds, Series 2014. The refunded portion of the bond was redeemed, at the option of the City, on September 4, 2014.

Water and Sewer Refunding Revenue Bonds, Series 2014 – On September 4, 2014, the City issued \$5,778,300 Water and Sewer Revenue Refunding Bonds, Series 2014, a refunding bank loan. These bonds were sold to: (i) fully refund \$960,000 of outstanding Water and Sewer Revenue Refunding Bonds Series 1999, (ii) fully refund \$1,300,000 of outstanding Water and Sewer Revenue Refunding and Improvement Bonds, Series 2004, (iii) partially refund \$2,925,000 of outstanding Florida Municipal Loan Council Series 2005D, and (iv) partially refund \$1,200,000 of outstanding Water and Sewer Revenue Bonds, Series 2007. The City completed the refunding to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$586,249. The difference in cash flows required to service the new debt versus the old debt is a decrease of \$1,148,478. The Series 2014 bonds bear interest at 2.30% per annum, payable semi-annually on April 1 and October 1. Principal is due annually beginning October 1, 2014, in amounts that range from \$104,700 to \$1,039,500, until final maturity on October 1, 2026.

Loans Payable

The City obtained loans to pay the costs of constructing certain capital projects and to finance costs of issuance of revenue bonds. The loans are secured by and payable from the gross revenues of the City's water and sewer system. Loans outstanding at year end, excluding discounts, are as follows:

<u>Business-type activities:</u>	
Florida Municipal Loan Council, Series 2005D	\$ 455,000
Florida Municipal Loan Council, Series 2010D	3,395,000
Total business-type activities	\$ 3,850,000

City of West Melbourne, Florida
Notes to Financial Statements

NOTE III – DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term debt and liabilities (continued)

Loans Payable (continued)

Loan Payable - Florida Municipal Loan Council, Series 2005D – \$4,910,000 loan payable (\$455,000 remaining at September 30, 2014) Florida Municipal Loan Council - During 2005, the City entered into a loan agreement to: (i) pay the cost of constructing certain capital improvements to the System, and (ii) finance the City’s pro-rata costs of issuance of the FMLC Series 2005D Bonds. The loan bears interest at rates ranging from 3.00% to 5.00% per annum, payable semi-annually on April 1 and October 1. Principal is due annually beginning October 1, 2006, in amounts increasing from \$180,000 to \$355,000 at final maturity in October 2025. During 2014 the Series 2005D loan payable was partially refunded by the Water and Sewer Refunding Revenue Bonds, Series 2014.

This refunding constituted an economic defeasance, but did not legally release the City from its obligation to repay the Florida Municipal Loan Council, Series 2005D. Under the terms of the refunding loan, sufficient assets to pay the refunded portion of the principal and interest on the loan were placed into an irrevocable trust account at a commercial bank. The assets, liabilities and financial transactions of this trust account are not reflected in the financial statements of the City.

Loan Payable - Florida Municipal Loan Council, Series 2010D – \$3,820,000 loan payable (\$3,395,000 remaining at September 30, 2014) Florida Municipal Loan Council - On August 25, 2010, the City entered into a loan agreement to: (i) to pay the cost of constructing certain capital improvements to the System, and (ii) finance the City’s pro-rata costs of issuance of the FMLC Series 2010D Bonds. The loan bears interest at rates ranging from 2.00% to 4.25% per annum, payable semi-annually on April 1 and October 1. Principal is due annually beginning October 1, 2011, in amounts increasing from \$130,000 to \$270,000 at final maturity in October 2030.

Annual debt service requirements to maturity for revenue bonds and loans outstanding as of September 30, 2014 excluding premiums and discounts are as follows:

<i>Year ending September 30,</i>	Business-type Activities	
	Principal	Interest
2015	\$ 559,300	\$ 514,131
2016	1,175,600	548,254
2017	1,234,500	519,689
2018	1,158,600	495,359
2019	1,203,500	461,379
2020-2024	6,657,900	1,600,395
2025-2029	3,928,900	395,651
2030-2031	525,000	22,631
Totals	\$ 16,443,300	\$ 4,557,489

City of West Melbourne, Florida
Notes to Financial Statements

NOTE III – DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term debt and liabilities (continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2014, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases	\$ 531,773		\$ (112,053)	\$ 419,720	\$ 101,609
Compensated absences	228,322	259,234	(230,606)	256,950	207,198
Other post-employment benefits	119,397	15,122	-	134,519	-
Governmental activity long-term liabilities	\$ 879,492	\$ 274,356	\$ (342,659)	\$ 811,189	\$ 308,807

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable:					
Revenue bonds payable	\$ 10,890,000	\$ 5,778,300	\$ (4,075,000)	\$ 12,593,300	\$ 179,300
Less deferred amounts:					
For issuance discount	(4,370)	-	4,370	-	-
For issuance premium	568	-	(568)	-	-
Total bonds payable	10,886,198	5,778,300	(4,071,198)	12,593,300	179,300
Loan payable:					
Loans payable	7,140,000	-	(3,290,000)	3,850,000	380,000
Plus/less deferred amounts:					
For issuance premium	53,131	-	(53,131)	-	-
For issuance discount	(17,355)	-	1,612	(15,743)	-
Total loans payable	7,175,776	-	(3,341,519)	3,834,257	380,000
Compensated absences	39,317	53,303	(50,940)	41,680	33,344
Other post-employment benefits	23,603	2,878	-	26,481	-
Business-type activity long-term liabilities	\$ 18,124,894	\$ 5,834,481	\$ (7,463,657)	\$ 16,495,718	\$ 592,644

Long-term liabilities such as compensated absences and other post-employment benefits are liquidated by the respective funds that are obligated for the related cost.

NOTE III – DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term debt and liabilities (continued)

Summary of Defeased Debt Outstanding

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

	Outstanding at year end
Water and Sewer Revenue Bonds (Loans):	
Series 1978	\$ 303,000
Series 1999	960,000
Series 2004	1,300,000
Series 2005D	2,925,000
Total business-type activities	\$ 5,488,000

NOTE IV – OTHER INFORMATION

A. Risk management

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

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

There have been no significant reductions in insurance coverage during the fiscal year 2014. Also, there have been no settlements that exceeded insurance coverage for each of the past three fiscal years.

NOTE IV – OTHER INFORMATION (Continued)

B. Employee retirement plans – defined contribution plan

General Employees' Retirement Plan

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

Beginning with the financial report for the year ended September 30, 2014, the City is no longer including the net position and changes in fiduciary net position for the General Employees' Retirement Plan in its annual financial statements, as the funds held in the plan are held for the custody of the beneficiary and the City has no fiduciary responsibility for the assets once the contributions have been remitted to the plan trustee.

Funding Policy. Contributions under the plan were established by the Plan & Trust adoption agreement with ICMA Retirement Corporation and may be amended at the City's discretion. Required contributions are 2% and 8% of eligible earnings for employees and employer, respectively. Administrative costs are financed through investment earnings. Required and actual contributions for the year ended September 30, 2014 were \$6,790 from employees and \$27,159 from the employer.

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

C. Employee retirement plans – defined benefit plans

Florida Retirement System

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

NOTE IV – OTHER INFORMATION (Continued)

Florida Retirement System (continued)

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

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

Funding Policy. The City is required to contribute to the plan at actuarially determined rates as established by State Statutes. The collective rates for employees and employer, expressed as a percent of covered payroll, vary depending on the employee’s membership class. Contribution rates ranged from 7.37% to 21.14% during the year ended September 30, 2014. The payroll for employees covered by FRS for the year ended September 30, 2014 totaled \$2,488,493. As of July 1, 2011, employees contributed 3% of their pre-tax earnings to the FRS. The contributions for the last three fiscal years are as follows:

Fiscal Year Ended	Contributions by the City
2014	\$ 202,753
2013	\$ 194,878
2012	\$ 244,631

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

NOTE IV – OTHER INFORMATION (Continued)

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

Police Employees' Pension Plan

Plan Description. The City of West Melbourne Police Retirement Plan (the “Plan”) is a single-employer defined benefit pension plan. The Plan is administered by a five-member Board of Trustees (two West Melbourne citizens appointed by the City Council, two plan participants selected by the plan membership, and a fifth board member selected by the other four board members and confirmed by the City Council as a ministerial action). The Plan does not issue a stand-alone financial report. The Plan’s financial statements as of September 30 are included in the City’s Comprehensive Annual Financial Report. Pension plan data is provided from the respective actuarial reports as of September 30, 2014.

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

Method Used to Value Investments. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments.

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

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

NOTE IV – OTHER INFORMATION (Continued)

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

Police Employees' Pension Plan (continued)

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

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

Contribution Requirements and Funding Policy. The employer, employee and State contribution requirements are actuarially determined on an annual basis. Most administrative costs of the Plan are financed through investment earnings of the Plan. Plan members hired on or after January 1, 2011 are required to contribute 8.44% of pensionable pay and Plan members hired before January 1, 2011 are required to contribute 8.54% of pensionable pay. The City recognized as revenues and expenditures on-behalf payments relating to contributions for its public safety employees that the State paid to the Plan in the amount of \$117,718. These contributions are funded by an excise tax levied on certain casualty and property insurance premiums. If the remittance from the State is less than estimated by the actuary, the City pays the balance required to fund the total actuarial requirement.

The City's annual contribution exceeded the annual pension cost for the year ended September 30, 2014. The City's contributions to the Plan for the year ended September 30, 2014 totaled \$723,428, which includes the amount contributed by the State. Plan members contributed \$139,016 for the same fiscal year.

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

Fiscal Year Ended	Annual Pension Cost (APC)	Percent of APC Contributed
2014	\$ 590,475	122.6%
2013	\$ 610,527	108.7%
2012	\$ 560,154	125.9%

NOTE IV – OTHER INFORMATION (Continued)

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

Police Employees' Pension Plan (continued)

Annual Pension Cost and Development of the Net Pension Obligation (NPO). The Plan's annual pension cost and net pension obligation (overfunded pension costs) for the current year per the actuarial valuation as of October 1, 2014, were as follows:

<i>For the Year Ended September 30,</i>	2012	2013	2014
Actuarially determined contribution (A)	\$ 544,184	\$ 588,817	\$ 567,905
Interest on net pension obligation (asset)	(23,979)	(34,455)	(36,836)
Adjustment to (A)	39,949	56,165	59,406
Annual pension cost	560,154	610,527	590,475
Contributions made	705,001	663,726	724,142
Increase in net pension obligation	(144,847)	(53,199)	(133,667)
Net pension obligation (asset) - beginning of year	(299,740)	(444,587)	(497,786)
Net pension obligation (asset) - end of year	\$ (444,587)	\$ (497,786)	\$ (631,453)

GASB 67 Required Disclosures

Plan Description. The Plan is administered by a Board of Trustees comprised of two (2) Council appointees, two (2) members of the Department elected by the Membership and a fifth member elected by the other four (4) members of the Board of Trustees.

Plan Membership as of October 1, 2013:

Inactive plan members or beneficiaries currently receiving benefits	12
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	29
Total plan members	43

Benefits Provided. The Plan provides retirement, termination, disability and death benefits.

Normal Retirement. Normal retirement is the earlier of: 1) Age 55 and 10 years of credited service, or 2) 25 years of credited service, regardless of age. Upon retirement, the member receives a monthly benefit equal to 3.0% of Average Final Compensation (AFC) for each year of credited service.

Early Retirement. Members are eligible for early retirement upon attaining age 50 and completing 10 Years of credited service. Accrued benefits are reduced by 3% for each year from the otherwise normal retirement date.

NOTE IV – OTHER INFORMATION (Continued)

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

Police Employees' Pension Plan (continued)

Vesting. Vesting begins after 6 years of credited service. The members vest at 20% after 6 years of credited service plus 20% per year thereafter up to 100% after 10 years. Each member will receive an unreduced benefit payable at the later of age 55 or when the member would have attained 10 years of service. Reduced benefits are payable at the later of age 50 or when the member would have attained 10 years of service.

Disability. Eligibility for a service incurred disability is covered from date of employment. Eligibility for a non-service incurred liability vests after 10 years of credited service. The benefit for a service incurred disability is the member's accrued benefit but not less than 42% of AFC and not less than 25% of AFC for a non-service incurred disability.

Pre-Retirement Death Benefits. Eligibility for pre-retirement death benefits vests after 10 years of credited service. The benefit is the member's accrued benefit paid as 50% of the actuarially equivalent 50% Joint and Survivor form of benefit.

Cost of Living Adjustment. For Members hired before January 1, 2011, the base benefit is increased annually by a pro-rated portion of 2.0% each October 1 beginning 5 years after retirement. The pro-ration will be years of service prior to February 19, 2013 over total years of service at retirement. Minimum COLA for those hired before January 1, 2011 will be 1.0%.

Supplemental Benefit. Members hired before January 1, 2011 receive a monthly supplemental benefit equal to \$10 for each year of Credited Service. This supplemental benefit is not subject to cost-of-living adjustments, and is not provided to vested terminated members.

Contributions. Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

Investment Policy. The following was the Board's adopted asset allocation policy as of September 30, 2014:

Asset Class:	Target Allocation
Domestic equity	50%
International equity	15%
Broad market fixed income	30%
Non-core fixed income	5%
Total	100%

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

NOTE IV – OTHER INFORMATION (Continued)

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

Police Employees' Pension Plan (continued)

Rate of Return. For the year ended September 30, 2014 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 10.96%.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program.

Eligibility: Members hired before January 1, 2011 who are eligible for Normal Retirement.

Participation: Earlier of a) 60 months in the DROP program, or b) 31 years of employment with the City as a Police Officer.

Rate of Return: 6.5% per annum, compounded monthly and credited quarterly for those who entered DROP prior to February 19, 2013. 2.0% per annum for those who enter on or after February 19, 2013.

The DROP balance on September 30, 2014 was \$401,933.

Net Pension Liability of the Sponsor. The components of the net pension liability of the sponsor on September 30, 2014 were as follows:

Total pension liability	\$ 12,010,650
Plan fiduciary net position	(10,508,345)
Sponsor's net pension liability	\$ 1,502,305
Plan fiduciary net position as a percentage of	
total pension liability	87.49%

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2013 updated to September 30, 2014 using the following actuarial assumptions applied to the September 30, 2014 measurement period:

Inflation	3.00%
Salary increases	6.00%
Investment rate of return	7.20%

RP-2000 Table, fully generational (previously projected to the valuation date) using scale AA. Disabled lives are set forward 5 years.

NOTE IV – OTHER INFORMATION (Continued)

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

Police Employees' Pension Plan (continued)

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

These ranges are combined to produce the long term expected rate of return by weighting the expected 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, 2014 are summarized in the following table:

Asset Class:	Long Term Expected Real Rate of Return
Domestic equity	7.50%
International equity	8.50%
Broad market fixed income	2.50%
Non-core fixed income	2.50%

Discount Rate. The discount rate used to measure the total pension liability was 7.20%.

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 that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all 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 payments to determine the total pension liability.

	1% Decrease	Current Discount Rate	1% Increase
Sponsor's net pension liability	\$ 3,225,727	\$ 1,502,305	\$ 97,635

NOTE IV – OTHER INFORMATION (Continued)

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

Police Employees' Pension Plan (continued)

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

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

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

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

Funding Policy. Contribution rates for the insurance are established on an annual basis. Eligible retirees and their covered dependents receiving benefits contribute 100% of their premium costs for medical insurance. While the City does not directly contribute toward the costs of retiree premiums via an explicit subsidy, the ability of retirees to obtain health insurance coverage at a group rate which includes active employees constitutes a significant economic benefit to retirees, or an OPEB obligation of the City. The City is currently funding this OPEB obligation on a pay-as-you-go basis, contributing only those amounts necessary to provide for its portion of current year benefit costs and expenses. For the year ended September 30, 2014 the City estimated it subsidized \$5,000 of medical costs for its retirees and their covered dependents.

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

City of West Melbourne, Florida
Notes to Financial Statements

NOTE IV – OTHER INFORMATION (Continued)

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

<i>For the year ended September 30,</i>	2012	2013	2014
Annual Required Contribution (ARC)	\$ 37,000	\$ 39,000	\$ 29,000
Interest on net OPEB Obligation	3,000	4,000	6,000
Adjustment to annual required contribution	(7,000)	(10,000)	(12,000)
Annual OPEB cost (expense)	33,000	33,000	23,000
Contributions made	(2,000)	(2,000)	(5,000)
Increase in net OPEB obligation	31,000	31,000	18,000
Net OPEB obligation - beginning of year	81,000	112,000	143,000
Net OPEB obligation - end of year	\$ 112,000	\$ 143,000	\$ 161,000

As of September 30, 2014, no trust has been established for the insurance.

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the fiscal years ending September 30, 2014, 2013 and 2012 are as follows:

<i>For the fiscal year ended September 30,</i>	Annual OPEB Cost	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligation
2014	\$ 23,000	22%	\$ 161,000
2013	\$ 33,000	6%	\$ 143,000
2012	\$ 33,000	6%	\$ 112,000

Funded Status and Funding Progress. Because the Plan has less than 200 members, the City is required to obtain an actuarial valuation at least every three years. The most recent actuarial valuation was performed as of October 1, 2014. Accordingly, the City will be required to obtain a subsequent actuarial valuation within three years of that date. According to the October 1, 2014 valuation, the accrued liability for benefits as of September 30, 2014, was projected to be \$184,000, all of which was unfunded.

The funded status as of October 1, 2014, the most recent valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
10/1/2014	\$ -	\$ 184,000	\$ 184,000	0%	\$ 4,552,000	4.0%

NOTE IV – OTHER INFORMATION (Continued)

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

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

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

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the October 1, 2014 actuarial valuation, the projected unit credit cost method was used. The annual required contribution (“ARC”) reflects a 15-year, level amortization of the unfunded actuarial accrued liability (“AAL”). The actuarial assumptions included a 4.0% investment rate of return, with 2.75% of this amount being attributed to inflation. Annual medical costs are assumed to increase 7.0% in the first year of valuation, with future annual increases assumed to grade uniformly to 5.5% over a five year period, and with an ultimate rate of 5.0% thereafter. The amortization method is 15-year open period, level dollar payment.

E. Concentration – Water Supply

The City purchases all of its residents’ water needs from the City of Melbourne, Florida under an agreement dated May 16, 2013, which is currently scheduled to expire December 31, 2026, with an optional fifteen year extension. During the year, approximately \$3.1 million (591,166,000 gallons) of water was purchased and management believes it will be able to continue purchasing water from the City of Melbourne, Florida, sufficient to meet all of its residents’ water needs, for the foreseeable future.

NOTE IV – OTHER INFORMATION (Continued)

F. Litigation

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

G. Commitments and contingencies

In February of 2011, the City entered into a contract for the management, operation and maintenance of the wastewater treatment, collection and disposal facility. The agreement was for a period of five years with an option to extend another five years upon approval by both parties. The base fee for the first year was \$1,214,768 and is subject to annual adjustment. For fiscal year 2014, the City paid \$1,261,976 under this contract.

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

H. Future Accounting Pronouncements

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

- Accounting and financial reporting for pensions;
- Mergers, acquisitions and transfers of operations; and
- Financial guarantees.

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

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



THIS PAGE IS INTENTIONALLY LEFT BLANK

City of West Melbourne, Florida
Required Pension Supplementary Information - Schedule of Contributions from
the Employer and Other Contributing Entries
Last Six Fiscal Years

Police Pension Plan:

<i>For the year ended September 30,</i>	Annual Required Contribution	Actual Contribution *	Percentage Contributed
2014	\$ 567,905	\$ 724,142	127.5%
2013	588,817	663,726	112.7%
2012	544,184	705,001	129.6%
2011	502,001	743,416	148.1%
2010	472,702	472,702	100.0%
2009	294,210	315,671	107.3%

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

City of West Melbourne, Florida
Required Pension Supplementary Information - Schedule of Changes in
Net Position Liability and Related Ratios – Last Fiscal Year

September 30, 2014

Total Pension Liability

Service cost	\$ 349,217
Interest	802,323
Differences between expected and actual experience	304,099
Benefit payments, including refunds of employee contributions	(304,307)
Net change in total pension liability	1,151,332
Total pension liability - beginning	10,859,318
Total pension liability - ending (a)	\$ 12,010,650

Plan Fiduciary Net Position

Contributions - employer	\$ 606,424
Contributions - state	117,718
Contributions - employee	139,016
Net investment income	1,003,043
Benefit payments, including refunds of employee contributions	(304,307)
Administrative expense	(41,892)
Net change in plan fiduciary net position	1,520,002

Plan fiduciary net position - beginning	8,988,343
Plan fiduciary net position - ending (b)	\$ 10,508,345

Net pension liability - ending (a) - (b)	\$ 1,502,305
---	---------------------

Plan fiduciary net position as a percentage of the total pension liability 87.49%

Covered employee payroll \$ 1,635,200

Net pension liability as a percentage of covered employee payroll 91.87%

City of West Melbourne, Florida
Required Pension Supplementary Information -
Schedule of Contributions – Last Fiscal Year

September 30, 2014

Actuarially determined contribution	\$ 567,905
Contributions in relation to the actuarially determined contributions	724,142
Contribution deficiency (surplus)	\$ (156,237)

Covered employee payroll	\$ 1,635,200
--------------------------	--------------

Contributions as a percentage of covered employee payroll	44.28%
---	--------

City of West Melbourne, Florida
Required Pension Supplementary Information – Notes to Schedule

Valuation Date: 10/1/2012 (AIS 04/29/2013)
 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.

Methods and assumptions used to determine contribution rates:

Funding Method: Frozen Entry Age Actuarial Cost Method.
 Amortization Method: Level dollar, closed.
 Remaining Amortization Period: 30 Years (as of 10/01/2012)
 Asset Smoothing Method: All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.
 Inflation: 3.0% per year.
 Salary Increases: 6.0% per year until the assumed retirement age.
 Interest Rate: 7.4% (prior 7.75%) per year, compounded annually.
 Payroll Growth: None assumed for amortization of the Unfunded Actuarial Accrued Liability.

Normal Retirement Rates:

<u>Number of Years after First</u>	<u>Eligibility for Normal Retirement</u>	<u>Probability of Normal Retirement</u>
0		60%
1		40%
2		40%
3		40%
4		40%
5 or more		100%

Early Retirement Rate: Commencing upon eligibility for Early Retirement, Members are assumed to retire with an immediate benefit at the rate of 5.0% per year

Termination Rates: See table below

Disability Rates: See table below. It is assumed that 75% of disablements and active Member deaths are service related.

Mortality: RP-2000 Table projected to the valuation date using scale AA. Disabled lives are set forward 5 years.

Other Information: Termination and Disability Rate Tables.

City of West Melbourne, Florida
Required Pension Supplementary Information – Notes to Schedule

Terminating Rate Table

Age	% Terminating During the Year
20	12.4%
25	11.7%
30	10.5%
35	8.3%
40	5.7%
45	3.5%
50	1.5%
55	0.6%
60	0.5%

Disability Rate Table

Age	% Becoming Disabled During the Year
25	0.15%
30	0.18%
35	0.23%
40	0.30%
45	0.51%
50	1.00%
55	1.55%

Schedule of Investment Returns

<i>For the year ended September 30,</i>	2014
Annual money-weighted rate of return	
Net of investment expense	10.96%

City of West Melbourne, Florida
Required Other Postemployment Benefits Supplementary Information –
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability AAL (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
10/1/2014	\$ -	\$ 184,000	\$ 184,000	0.0%	\$ 4,552,000	4.0%
10/1/2012	-	236,000	236,000	0.0%	4,244,000	5.6%
10/1/2010	-	135,000	135,000	0.0%	4,218,000	3.2%

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

<i>For the Year Ended September 30, 2014</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 6,232,500	\$ 6,232,500	\$ 6,573,465	\$ 340,965
Licenses and permits	869,900	869,900	955,661	85,761
Intergovernmental	2,511,300	2,511,300	2,065,276	(446,024)
Charges for services	268,500	268,500	443,496	174,996
Fines and forfeitures	143,600	143,600	221,516	77,916
Investment income	49,000	49,000	45,657	(3,343)
Miscellaneous	53,800	53,800	282,172	228,372
Total revenues	10,128,600	10,128,600	10,587,243	458,643
Expenditures				
General government:				
Legislative	323,100	233,400	216,617	16,783
Executive	260,300	350,000	315,506	34,494
Finance and information technology	851,600	851,600	664,039	187,561
Legal counsel	247,300	247,300	240,402	6,898
General services	327,700	307,700	248,043	59,657
Total general government	2,010,000	1,990,000	1,684,607	305,393
Public Safety:				
Law enforcement	4,433,900	4,433,900	4,336,229	97,671
Code administration	644,600	644,600	620,965	23,635
Total public safety:	5,078,500	5,078,500	4,957,194	121,306
Public works	2,367,900	2,367,900	1,344,181	1,023,719
Recreation	1,162,250	1,162,250	582,659	579,591
Community development	281,650	301,650	295,950	5,700
Debt service:				
Principal	102,400	102,400	112,053	(9,653)
Interest	8,300	8,300	8,346	(46)
Total expenditures	11,011,000	11,011,000	8,984,990	2,026,010
Excess (deficiency) of revenues over (under) expenditures	(882,400)	(882,400)	1,602,253	2,484,653
Other financing sources (uses)				
Proceeds from sale of capital assets	13,000	13,000	46,290	33,290
Net other financing sources (uses)	13,000	13,000	46,290	33,290
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(869,400)	(869,400)	1,648,543	2,517,943
Fund balances, beginning of year	9,817,430	9,817,430	9,817,430	-
Fund balances, end of year	\$ 8,948,030	\$ 8,948,030	\$11,465,973	\$ 2,517,943

City of West Melbourne, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual – Community Redevelopment

<i>For the Year Ended September 30, 2014</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 24,000	\$ 24,000	\$ 27,706	\$ 3,706
Total revenues	24,000	24,000	27,706	3,706
Expenditures				
Current:				
Public works	185,000	185,000	-	185,000
Debt service:				
Principal	24,000	24,000	-	24,000
Total expenditures	209,000	209,000	-	209,000
Excess (deficiency) of revenues over (under) expenditures	(185,000)	(185,000)	27,706	212,706
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ (185,000)	\$ (185,000)	\$ 27,706	\$ 212,706

City of West Melbourne, Florida Notes to Required Supplementary Information

A. Budgetary information

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

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

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

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

City of West Melbourne, Florida
Notes to Required Supplementary Information

B. Encumbrances

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

CITY OF WEST MELBOURNE, FLORIDA

Nonmajor Governmental Funds

Special Revenue Funds

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

Recreation – The Recreation Special Revenue Fund was established to ensure that impact-generating development bear a proportionate share of the cost of improvements to the City’s recreation system.

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

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

Capital Projects Fund

The Capital Projects Fund is used to account for the acquisition of capital assets or the construction of major capital projects.



THIS PAGE IS INTENTIONALLY LEFT BLANK.

City of West Melbourne, Florida
Combining Balance Sheet – Nonmajor Governmental Funds

<i>September 30, 2014</i>	Special Revenue			Capital Projects Fund	Total Nonmajor Governmental Funds
	Recreation	Stormwater Utility			
ASSETS					
Cash and cash equivalents	\$ -	\$ 853,344	\$ -	\$ 853,344	
Investments	592,911	1,239,647	1,280,676	3,113,234	
Prepaid items	-	-	-	-	
Total assets	\$ 592,911	\$ 2,092,991	\$ 1,280,676	\$ 3,966,578	
LIABILITIES					
Accounts payable	\$ 134,473	\$ 33,244	\$ 511,415	\$ 679,132	
Accrued payroll and related liabilities	-	2,018	-	2,018	
Total liabilities	134,473	35,262	511,415	681,150	
FUND BALANCES					
Restricted	-	-	769,261	769,261	
Committed	458,438	2,057,729	-	2,516,167	
Total fund balances	458,438	2,057,729	769,261	3,285,428	
Total liabilities and fund balances	\$ 592,911	\$ 2,092,991	\$ 1,280,676	\$ 3,966,578	

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

<i>For the year ended September 30, 2014</i>	Special Revenue			Capital Projects Fund	Total Nonmajor Governmental Funds
	Recreation	Stormwater Utility			
REVENUES					
Taxes	\$ -	\$ 356,485	\$ -	\$ 356,485	
Charges for services	65,208	-	-	65,208	
Investment income	509	1,153	1,711	3,373	
Total revenues	65,717	357,638	1,711	425,066	
EXPENDITURES					
Current:					
Public works	-	195,668	-	195,668	
Capital outlay	202,739	22,827	431,633	657,199	
Total expenditures	202,739	218,495	431,633	852,867	
Excess (deficiency) of revenues over (under) expenditures	(137,022)	139,143	(429,922)	(427,801)	
Net change in fund balances	(137,022)	139,143	(429,922)	(427,801)	
Fund balances, beginning of year	595,460	1,918,586	1,199,183	3,713,229	
Fund balances, end of year	\$ 458,438	\$ 2,057,729	\$ 769,261	\$ 3,285,428	

City of West Melbourne, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and
Actual - Recreation Fund

<i>For the Year Ended September 30, 2014</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Charges for services	\$ -	\$ -	\$ 65,208	\$ 65,208
Investment income	-	-	509	509
Total revenues	-	-	65,717	65,717
Expenditures				
Current:				
Recreation	620,000	620,000	202,739	417,261
Total expenditures	620,000	620,000	202,739	417,261
Excess (deficiency) of revenues over (under) expenditures	(620,000)	(620,000)	(137,022)	482,978
Fund balances, beginning of year	595,460	595,460	595,460	-
Fund balances, end of year	\$ (24,540)	\$ (24,540)	\$ 458,438	\$ 482,978

City of West Melbourne, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and
Actual - Stormwater Utility Fund

<i>For the Year Ended September 30, 2014</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 350,000	\$ 350,000	\$ 356,485	\$ 6,485
Investment income	1,000	1,000	1,153	153
Total revenues	351,000	351,000	357,638	6,638
Expenditures				
Current:				
Public works	674,900	674,900	218,495	456,405
Total expenditures	674,900	674,900	218,495	456,405
Excess (deficiency) of revenues over (under) expenditures	(323,900)	(323,900)	139,143	463,043
Fund balances, beginning of year	1,918,586	1,918,586	1,918,586	-
Fund balances, end of year	\$ 1,594,686	\$ 1,594,686	\$ 2,057,729	\$ 463,043

City of West Melbourne, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and
Actual - Capital Projects Fund

<i>For the Year Ended September 30, 2014</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Investment income	\$ -	\$ -	\$ 1,711	\$ 1,711
Total revenues	-	-	1,711	1,711
Expenditures				
Current:				
Public works	780,000	780,000	431,633	348,367
Total expenditures	780,000	780,000	431,633	348,367
Excess (deficiency) of revenues over (under) expenditures	(780,000)	(780,000)	(429,922)	350,078
Fund balances, beginning of year	1,199,183	1,199,183	1,199,183	-
Fund balances, end of year	\$ 419,183	\$ 419,183	\$ 769,261	\$ 350,078



THIS PAGE IS INTENTIONALLY LEFT BLANK.

STATISTICAL SECTION



THIS PAGE IS INTENTIONALLY LEFT BLANK.

STATISTICAL SECTION

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

Table of Contents

A. Financial Trends

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

- Schedule A1** Net Position by Component
- Schedule A2** Changes in Net Position – Governmental Activities
- Schedule A3** Changes in Net Position – Business Type Activities
- Schedule A4** Changes in Net Position – Total Government
- Schedule A5** Fund Balances – Governmental Funds
- Schedule A6** Changes in Fund Balances – Governmental Funds

B. Revenue Capacity

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

- Schedule B1** Assessed Value and Estimated Actual Value of Taxable Property
- Schedule B2** Tax Revenues by Source Governmental Funds
- Schedule B3** Other Non-source Governmental Revenues
- Schedule B4** Water and Sewer Consumption, Rates and Revenues
- Schedule B5** Direct and Overlapping Property Tax Rates
- Schedule B6** Principal Property Taxpayers
- Schedule B7** Property Tax Levies and Collections

C. Debt Capacity

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

Schedule C1 Ratio of Outstanding Debt by Type

Schedule C2 Direct and Overlapping Governmental Activities Debt

Schedule C3 Pledged Revenue Coverage

Schedule C4 Ratios of General Bonded Debt Outstanding

Schedule C5 Legal Debt Margin Information

D. Demographic and Economic Information Financial Trends

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

Schedule D1 Demographic and Economic Statistics

Schedule D2 Principal Employers

E. Operating Information

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

Schedule E1 Employees by Function/Program

Schedule E2 Operating Indicators by Function/Program

Schedule E3 Capital Asset Statistics by Function/Program

Additional Notes

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

City of West Melbourne, Florida
Net Position by Component
Last Ten Fiscal Years

Schedule A1

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities										
Invested in capital assets, net of related debt	\$ 16,495,227	\$ 16,539,186	\$ 17,064,967	\$ 16,332,610	\$ 16,410,297	\$ 16,315,773	\$ 11,704,052	\$ 10,325,455	\$ 7,544,490	\$ 7,368,785
Restricted	4,819,617	3,943,676	3,566,201	4,730,711	6,036,950	6,609,018	10,312,194	9,181,821	7,444,664	6,974,683
Unrestricted	10,199,474	9,737,050	8,651,915	7,870,008	4,501,006	3,022,598	2,439,081	4,101,040	4,557,917	1,395,796
Total governmental activities net position	31,514,318	30,219,912	29,283,083	28,933,329	26,948,253	25,947,389	24,455,327	23,608,316	19,547,071	15,739,264
Business-type activities										
Invested in capital assets, net of related debt	27,276,931	27,230,064	27,697,548	26,335,220	25,464,007	29,455,192	25,920,359	19,825,236	20,063,933	15,540,959
Restricted	931,435	860,751	168,289	129,795	597,249	799,172	2,824,527	5,144,781	2,986,598	3,647,050
Unrestricted	6,325,820	6,808,543	7,074,313	8,350,179	8,828,740	3,781,171	3,615,216	5,684,296	5,164,621	6,143,449
Total business-type activities net position	34,534,186	34,899,358	34,940,150	34,815,194	34,889,996	34,035,535	32,360,102	30,654,313	28,215,152	25,331,458
Primary government										
Invested in capital assets, net of related debt	43,772,158	43,769,250	44,762,515	42,667,830	41,874,304	45,770,965	37,624,411	30,150,691	27,608,423	22,909,744
Restricted	5,751,052	4,804,427	3,734,490	4,860,506	6,634,199	7,408,190	13,136,721	14,326,602	10,431,262	10,621,733
Unrestricted	16,525,294	16,545,593	15,726,228	16,220,187	13,329,746	6,803,769	6,054,297	9,785,336	9,722,538	7,539,245
Total primary government net position	\$ 66,048,504	\$ 65,119,270	\$ 64,223,233	\$ 63,748,523	\$ 61,838,249	\$ 59,982,924	\$ 56,815,429	\$ 54,262,629	\$ 47,762,223	\$ 41,070,722

Notes:

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

City of West Melbourne, Florida
Changes in Net Position – Governmental Activities
Last Ten Fiscal Years

Schedule A2

	2014	2013 *	2012	2011	2010	2009	2008	2007	2006	2005
Expenses:										
General government	\$ 1,862,813	\$ 1,735,188	\$ 2,043,225	\$ 1,511,738	\$ 1,485,649	\$ 1,849,272	\$ 2,428,527	\$ 1,733,312	\$ 1,435,984	\$ 1,303,380
Public safety	5,034,270	4,942,386	5,171,866	5,132,249	5,334,155	5,427,339	5,361,429	4,453,130	4,037,821	3,687,080
Public works	1,666,681	1,487,912	1,962,606	1,269,753	1,627,575	1,568,208	1,456,103	1,508,231	1,136,975	1,086,998
Recreation	775,071	765,755	681,544	490,099	408,002	413,426	455,920	346,224	314,518	298,810
Community development	295,950	280,870	270,453	259,291	280,768	308,491	354,828	242,517	112,196	109,346
Interest on long term debt	8,346	1,109	2,894	5,241	6,770	3,567	1,628	3,087	2,573	3,192
Total Expenses	9,643,131	9,213,220	10,132,588	8,668,371	9,142,919	9,570,303	10,058,435	8,286,501	7,040,067	6,488,806
Program Revenues:										
Charges for services:										
General government	362,026	248,423	357,434	1,482,850	1,001,515	1,264,487	1,406,570	1,177,134	1,293,537	1,403,086
Public safety	942,241	814,871	717,671	159,752	141,957	169,232	115,964	109,774	117,815	142,246
Public works	356,485	345,826	343,331	-	-	-	-	-	-	-
Recreation	153,527	107,632	151,600	54,613	2,627	145,388	31,175	167,758	220,740	130,133
Community development	271,592	139,910	100,802	123,014	156,677	75,465	312,797	98,157	185,035	187,925
Operating grants and contributions	-	275,000	194,171	25,206	312,779	318,112	446,366	338,883	321,242	514,744
Capital grants and contributions	10,553	10,020	110,603	900,000	329,613	1,588,948	894,682	2,174,399	1,527,351	330,385
Total Program Revenues	2,096,424	1,941,682	1,975,612	2,745,435	1,945,168	3,561,632	3,207,554	4,066,105	3,665,720	2,708,519
Net (Expense) Revenue	(7,546,707)	(7,271,538)	(8,156,976)	(5,922,936)	(7,197,751)	(6,008,671)	(6,850,881)	(4,220,396)	(3,374,347)	(3,780,287)
General Revenues:										
Property taxes	2,146,830	1,998,440	1,972,161	2,352,766	2,589,851	1,964,629	2,032,998	1,937,188	1,813,927	-
Franchise taxes	1,551,463	1,415,125	1,421,808	1,426,016	1,427,271	1,483,964	1,397,893	1,472,225	1,278,167	1,063,154
Local option gas tax	493,346	479,425	449,903	349,443	321,778	-	-	-	-	-
Public utility taxes	2,875,172	2,787,819	2,641,329	2,556,430	2,607,033	2,345,478	2,414,883	2,119,861	2,062,192	1,914,727
Payment in lieu of taxes	27,706	-	-	-	-	-	-	-	-	-
Intergovernmental shared revenue - unrestricted	1,561,377	1,442,388	1,309,239	1,155,303	1,116,715	1,084,702	1,890,507	1,970,608	1,257,562	1,160,806
Investment income	49,030	51,936	61,239	43,423	59,164	158,477	345,041	792,527	693,518	249,383
Miscellaneous revenue	136,189	33,234	48,221	24,631	76,803	43,483	36,570	16,045	76,788	36,590
Transfers, net	-	-	-	-	-	420,000	(420,000)	(26,813)	-	-
Total General Revenues	8,841,113	8,208,367	7,903,900	7,908,012	8,198,615	7,500,733	7,697,892	8,281,641	7,182,154	4,424,660
Change in Net Position	\$ 1,294,406	\$ 936,829	\$ (253,076)	\$ 1,985,076	\$ 1,000,864	\$ 1,492,062	\$ 847,011	\$ 4,061,245	\$ 3,807,807	\$ 644,373

* Reclassified 2013 amounts to be consistent with 2014 presentation.

City of West Melbourne, Florida
Changes in Net Position – Business-Type Activities
Last Ten Fiscal Years

Schedule A3

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses:										
Water and sewer	\$ 10,481,059	\$ 10,068,335	\$ 9,735,530	\$ 9,576,024	\$ 8,578,538	\$ 8,139,455	\$ 7,816,082	\$ 6,558,593	\$ 5,830,523	\$ 5,421,285
Total Expenses	10,481,059	10,068,335	9,735,530	9,576,024	8,578,538	8,139,455	7,816,082	6,558,593	5,830,523	5,421,285
Program Revenues:										
Charges for services:										
Water and sewer	9,255,274	8,853,461	8,739,148	8,438,991	8,089,606	7,538,292	6,670,623	6,360,942	6,342,927	5,811,643
Other charges and fees	13,290	14,731	11,570	39,036	-	-	-	-	-	-
Operating grants and contributions	-	-	63,500	-	-	-	-	-	-	-
Capital grants and contributions	1,019,375	1,158,156	1,037,225	999,903	1,310,947	2,628,596	2,056,422	2,053,956	1,875,198	1,788,116
Total Program Revenues	10,287,939	10,026,348	9,851,443	9,477,930	9,400,553	10,166,888	8,727,045	8,414,898	8,218,125	7,599,759
Net (Expense) Revenue	(193,120)	(41,987)	115,913	(98,094)	822,015	2,027,433	910,963	1,856,305	2,387,602	2,178,474
General Revenues:										
Interest income	6,343	1,195	9,043	23,292	32,445	68,003	340,277	618,293	496,092	256,914
Miscellaneous	-	-	-	-	-	-	34,549	7,538	-	671
Transfers, net	-	-	-	-	-	(420,000)	420,000	(42,975)	-	-
Total General Revenues	6,343	1,195	9,043	23,292	32,445	(351,997)	794,826	582,856	496,092	257,585
Change in Net Position	\$ (186,777)	\$ (40,792)	\$ 124,956	\$ (74,802)	\$ 854,460	\$ 1,675,436	\$ 1,705,789	\$ 2,439,161	\$ 2,883,694	\$ 2,436,059

City of West Melbourne, Florida
Changes in Net Position – Total Government
Last Ten Fiscal Years

Schedule A4

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses:										
Governmental activities	\$ 9,643,131	\$ 9,213,220	\$ 10,132,588	\$ 8,668,371	\$ 9,142,919	\$ 9,570,303	\$ 10,058,435	\$ 8,286,501	\$ 7,040,067	\$ 6,488,806
Business-type activities	10,481,059	10,068,335	9,735,530	9,576,024	8,578,538	8,139,455	7,816,082	6,558,593	5,830,523	5,421,285
Total Expenses	20,124,190	19,281,555	19,868,118	18,244,395	17,721,457	17,709,758	17,874,517	14,845,094	12,870,590	11,910,091
Program Revenues:										
Governmental activities	2,096,424	1,941,682	1,975,612	2,745,435	1,945,168	3,561,632	3,207,554	4,066,105	3,665,720	2,708,519
Business-type activities	10,287,939	10,026,348	9,851,443	9,477,930	9,400,553	10,166,888	8,727,045	8,414,898	8,218,125	7,599,759
Total Program Revenues	12,384,363	11,968,030	11,827,055	12,223,365	11,345,721	13,728,520	11,934,599	12,481,003	11,883,845	10,308,278
Net (Expense) Revenue	(7,739,827)	(7,313,525)	(8,041,063)	(6,021,030)	(6,375,736)	(3,981,238)	(5,939,918)	(2,364,091)	(986,745)	(1,601,813)
General Revenues:										
Governmental activities	8,841,113	8,208,367	7,903,900	7,908,012	8,198,615	7,500,733	7,697,892	8,281,641	7,182,154	4,424,660
Business-type activities	6,343	1,195	9,043	23,292	32,445	(351,997)	794,826	582,856	496,092	257,585
Total General Revenues	8,847,456	8,209,562	7,912,943	7,931,304	8,231,060	7,148,736	8,492,718	8,864,497	7,678,246	4,682,245
Change in Net Position	\$ 1,107,629	\$ 896,037	\$ (128,120)	\$ 1,910,274	\$ 1,855,324	\$ 3,167,498	\$ 2,552,800	\$ 6,500,406	\$ 6,691,501	\$ 3,080,432

City of West Melbourne, Florida
Fund Balances – Governmental Funds
Last Ten Fiscal Years

Schedule A5

	2014	2013	2012	2011*	2010	2009	2008	2007	2006	2005
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 4,638,927	\$ 4,504,323	\$ 4,049,433	\$ 3,678,648	\$ 5,096,139	\$ 5,122,472
Unreserved	-	-	-	-	2,228,294	1,178,495	2,346,067	4,207,391	3,799,122	1,445,378
Nonspendable	1,103,899	1,220,001	1,517	62,030	-	-	-	-	-	-
Restricted	3,031,364	2,744,493	215,020	273,932	-	-	-	-	-	-
Committed	-	-	3,317,956	3,627,226	-	-	-	-	-	-
Assigned	206,048	206,048	-	-	-	-	-	-	-	-
Unassigned	7,124,662	5,646,888	5,044,908	4,081,845	-	-	-	-	-	-
Total General Fund	\$ 11,465,973	\$ 9,817,430	\$ 8,579,401	\$ 8,045,033	\$ 6,867,221	\$ 5,682,818	\$ 6,395,500	\$ 7,886,039	\$ 8,895,261	\$ 6,567,850
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 1,673,717	\$ 1,943,336	\$ 3,892,219	\$ 3,337,358	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	-	-	-	-	2,138,704	2,063,586	2,370,542	2,165,815	2,348,525	1,852,211
Capital projects fund	-	-	-	-	-	-	-	-	887,216	78,694
Non-spendable	-	337	-	39	-	-	-	-	-	-
Restricted	796,967	1,199,183	957,653	2,051,590	-	-	-	-	-	-
Committed	2,516,167	2,513,709	2,392,011	2,343,120	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 3,313,134	\$ 3,713,229	\$ 3,349,664	\$ 4,394,749	\$ 3,812,421	\$ 4,006,922	\$ 6,262,761	\$ 5,503,173	\$ 3,235,741	\$ 1,930,905

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

City of West Melbourne, Florida
Changes in Fund Balances – Governmental Funds
Last Ten Fiscal Years

Schedule A6

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:										
Taxes	\$ 6,929,950	\$ 6,547,210	\$ 6,378,629	\$ 6,691,869	\$ 6,953,768	\$ 6,227,332	\$ 5,956,496	\$ 5,828,326	\$ 5,452,861	\$ 3,272,853
Licenses and permits	955,661	874,496	777,293	819,462	890,762	1,108,439	1,328,754	1,092,328	1,219,285	1,326,965
Intergovernmental	2,092,982	2,206,833	2,063,916	2,429,952	1,681,659	1,490,373	2,813,184	2,529,048	2,591,047	1,746,208
Charges for services	508,704	360,969	352,927	250,022	270,057	376,884	410,756	339,807	465,552	383,129
Fines and forfeits	221,516	207,706	167,385	159,752	171,457	196,373	136,102	143,477	156,749	180,917
Interest and other	49,030	51,936	61,669	74,764	59,164	158,494	345,233	792,791	693,437	249,383
Miscellaneous	282,172	50,401	77,693	55,826	116,916	29,193	21,870	15,077	84,333	25,976
Total Revenues	11,040,015	10,299,551	9,879,512	10,481,647	10,143,783	9,587,088	11,012,395	10,740,854	10,663,264	7,185,431
Expenditures:										
General government	1,600,523	1,484,670	1,880,897	1,345,429	1,309,978	1,724,020	2,243,762	1,635,788	1,310,925	1,149,513
Public safety	4,789,545	4,702,132	5,011,051	5,066,521	5,079,371	5,252,830	5,078,154	4,222,909	3,804,255	3,441,712
Public works	1,063,471	927,617	1,242,174	819,315	1,195,661	1,206,399	1,162,104	1,302,634	970,472	915,717
Recreation	567,119	561,500	546,884	438,518	353,683	360,285	399,741	314,032	283,309	252,132
Community development	302,462	280,870	275,079	267,912	279,871	307,528	353,376	243,971	112,196	105,014
Capital outlay	1,394,338	1,277,442	1,369,943	769,812	869,577	4,271,437	2,073,019	1,730,372	556,920	795,088
Debt service:										
Principal retired	112,053	22,351	61,306	74,184	58,970	32,557	11,564	32,496	34,279	31,058
Interest	8,346	1,109	2,894	5,240	6,770	3,567	1,628	442	1,836	3,192
Total Expenditures	9,837,857	9,257,691	10,390,228	8,786,931	9,153,881	13,158,623	11,323,348	9,482,644	7,074,192	6,693,426
Excess (deficiency) of revenues over (under) expenditures	1,202,158	1,041,860	(510,716)	1,694,716	989,902	(3,571,535)	(310,953)	1,258,210	3,589,072	492,005
Other Financing Sources (Uses)										
Capital lease proceeds	-	522,120	-	65,424	-	183,015	-	-	33,430	-
Transfers in	-	-	-	-	-	1,763,890	-	2,000,000	700	34,888
Transfers out	-	-	-	-	-	(1,343,890)	(420,000)	(2,000,000)	(700)	(34,888)
Proceeds from sale of capital assets	46,290	37,614	-	-	-	-	-	-	9,745	-
(uses)	46,290	559,734	-	65,424	-	603,015	(420,000)	-	43,175	-
Net Change in Fund Balances	\$ 1,248,448	\$ 1,601,594	\$ (510,716)	\$ 1,760,140	\$ 989,902	\$ (2,968,520)	\$ (730,953)	\$ 1,258,210	\$ 3,632,247	\$ 492,005

Debt Service as a % of Noncapital Expenditures	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
	1.45%	0.29%	0.72%	1.00%	0.80%	0.41%	0.14%	0.43%	0.56%	0.58%

City of West Melbourne, Florida
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Schedule B1

Fiscal Year Ended September 30	Real Property	Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2014	\$ 1,321,519,510	\$ 79,727,214	\$ 357,842,747	\$ 1,043,403,977	\$ 2.2975	\$ 1,148,759,247	90.83%
2013	1,162,011,200	72,647,356	335,035,441	899,623,115	2.2975	923,901,695	97.37%
2012	1,159,336,830	61,140,731	333,036,486	887,441,075	2.2975	907,364,435	97.80%
2011	1,326,472,340	71,618,712	350,293,610	1,047,797,442	2.2975	1,078,768,902	97.13%
2010	1,438,821,470	70,169,982	334,066,861	1,174,924,591	2.2975	1,251,356,261	93.89%
2009	1,592,050,010	68,429,240	389,672,684	1,270,806,566	1.5899	1,377,151,086	92.28%
2008	1,597,054,340	68,653,429	346,124,770	1,319,582,999	1.5899	1,412,459,629	93.42%
2007	1,624,117,150	76,685,464	422,428,640	1,278,373,974	1.5899	1,362,348,823	93.84%
2006 (1)	1,079,588,040	61,931,897	178,409,190	963,110,747	1.9344	1,362,392,837	70.69%
2005	942,245,660	56,833,709	253,079,820	745,999,549	-	999,079,369	74.67%

Source: Brevard County Property Appraiser

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

City of West Melbourne, Florida
Tax Revenue by Source – Governmental Funds
Last Ten Fiscal Years

Schedule B2

Fiscal Year	Property Taxes ³	Utility Taxes and Franchise Fees	Inter- Governmental ¹	Other Inter- Governmental ²	Totals
2014	\$ 2,146,830	\$ 4,783,120	\$ 2,028,461	\$ 26,262	\$ 8,984,673
2013	1,998,440	4,548,770	1,896,041	25,772	8,469,023
2012	1,972,161	4,406,468	1,729,977	29,265	8,137,871
2011	2,352,766	4,339,103	1,483,399	21,347	8,196,615
2010	2,589,851	4,363,909	1,412,628	25,865	8,392,253
2009	1,964,629	4,262,702	1,361,682	19,500	7,608,513
2008	2,032,998	3,923,497	1,434,308	18,961	7,409,764
2007	1,937,188	3,891,139	1,510,573	20,383	7,359,283
2006	1,813,927	3,638,937	1,515,544	22,786	6,991,194
2005	-	3,277,850	1,421,652	18,527	4,718,029

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

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

³ The City of West Melbourne began levying a property tax in November 2005 for the first time in its history.

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

City of West Melbourne, Florida
Other Non-Source Governmental Revenues
Last Ten Fiscal Years

Schedule B3

Fiscal Year ended Sept. 30,	Business Tax Receipts	Building Permits	Total Revenues
2014	\$ 234,882	\$ 720,779	\$ 955,661
2013	234,918	639,578	874,496
2012	213,699	563,593	777,292
2011	229,515	589,948	819,463
2010	207,018	683,744	890,762
2009	235,605	872,834	1,108,438
2008	232,029	1,107,606	1,339,635
2007	207,645	884,683	1,092,328
2006	212,042	1,007,243	1,219,285
2005	230,611	1,096,354	1,326,965

City of West Melbourne, Florida
Water and Sewer Consumption – Rates and Revenue
Last Ten Fiscal Years

Schedule B4

Fiscal Year	Gallons of Water Consumed	Water Revenue (2)	Total Direct Rate		Gallons of Sewer Treated	Sewer Revenue (2)	Total Direct Rate	
			Water Base Rate	Water Usage Rate (1)			Sewer Base Rate	Sewer Usage Rate
2014	492,565,900	\$ 5,124,447	\$ 13.90	\$ 5.93	593,380,000	\$ 4,130,827	\$ 12.75	\$ 4.86
2013	483,408,300	4,829,169	14.08	5.10	465,599,000	4,024,297	12.00	4.75
2012	484,424,200	4,794,699	14.08	5.10	465,519,400	3,944,449	12.03	4.60
2011	476,281,600	4,560,391	14.20	4.85	457,828,400	3,878,600	12.03	4.60
2010	464,586,000	3,942,966	14.30	4.67	444,153,400	4,146,640	21.20	4.60
2009	464,729,600	3,658,083	14.55	5.14	433,211,500	3,878,573	21.23	4.00
2008	460,877,400	3,223,607	13.60	4.80	436,970,900	3,447,016	20.12	4.36
2007	474,436,800	3,111,757	13.14	4.64	442,761,100	3,249,185	19.53	4.23
2006	521,134,300	3,134,005	12.82	4.53	486,842,400	3,208,922	18.96	4.11
2005	493,034,000	2,869,383	12.51	4.42	458,167,800	2,942,260	18.41	3.99
2004	373,587,900	2,766,854	11.90	4.20	346,565,400	2,628,153	17.60	3.81

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

(2) Revenues are not adjusted for bad debt.

City of West Melbourne, Florida
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Schedule B5

Fiscal Year	City Direct Rate		Overlapping Rates			Total Overlapping and Direct
	Operating Millage	Brevard County	Brevard County Schools	Special Districts	Total Overlapping	
2014	2.2975	6.4492	7.6060	0.4782	14.5334	16.8309
2013	2.2975	6.7334	8.0960	0.4782	15.3076	17.6051
2012	2.2975	6.7334	8.1120	0.4782	15.3236	17.6211
2011	2.2975	5.9271	7.6530	0.5627	14.1428	16.4403
2010	2.2975	5.1398	7.6870	0.5627	13.3895	15.6870
2009	1.5899	5.2949	7.6610	0.5627	13.5186	15.1085
2008	1.5899	5.2526	7.5310	0.5627	13.3463	14.9362
2007	1.5899	5.5899	7.6670	0.6600	13.9169	15.5068
2006 ¹	1.9344	7.0280	7.9630	0.7197	15.7107	17.6451
2005	-	7.6067	8.1940	0.8181	16.6188	16.6188

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

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

Schedule B6

City of West Melbourne, Florida
Principal Property Taxpayers
Fiscal Year Ended September 30, 2014

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
The Haven at Riviera, LLC	\$ 17,303,000	1	17.85%			
Alliance HC II Limited*	14,000,000	2	14.45%	\$ 13,500,000	1	18.91%
West Melbourne Town Center, LLC	12,200,000	3	12.59%			
Garrison Melbourne, LLC	10,300,000	4	10.63%	7,700,000	4	10.79%
BVF/APTCO Windover Apartments of Melbourne	10,200,000	5	10.52%	7,250,000	5	10.16%
Wal-Mart Stores East Inc.	8,630,000	6	8.90%	9,750,000	2	13.66%
Charleston Apartments Limited ***	7,550,000	7	7.79%	8,550,000	3	11.98%
BVF/APTCO Windover Apartments of Goldenpointe	-		0.00%	5,250,000	7	7.35%
Target Corporation	5,715,000	8	5.90%			
Sam's East, Inc.	5,560,000	9	5.74%	5,300,000	6	7.43%
Lowe's Home Centers Inc.	5,460,000	10	5.63%			
Pentathlon re Indian River, LLC				5,200,000	8	7.28%
Mack Technologies Florida, Inc.				4,850,000	9	6.79%
Courtyard by Marriott				4,030,250	10	5.65%
Total taxable assessed value for the City	\$ 96,918,000		82%	\$ 71,380,250		100.00%

Sources:

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

City of West Melbourne, Florida
Property Tax Levies and Collections
Last Ten Fiscal Years

Schedule B7

Fiscal Year Ended Sept. 30,	<u>Collected Within the Fiscal Year of the Levy</u>			<u>Total Collections to Date</u>		
	Total Tax Levy for Fiscal Year	Amount Collected	Percentage of Levy	Collections in Subsequent Years	Amount Collected	Percentage of Levy
2014	\$ 2,224,378	\$ 2,146,830	96.5%	\$ -	\$ 2,146,830	96.5%
2013	2,067,347	1,998,440	96.7%	-	1,998,440	96.7%
2012	2,038,901	1,969,168	96.6%	1,677	1,970,845	96.7%
2011	2,407,318	2,225,208	92.4%	804	2,226,012	92.5%
2010	2,699,257	2,576,965	95.5%	15,074	2,592,039	96.0%
2009	2,029,902	1,964,629	96.8%	26,008	1,990,637	98.1%
2008	2,099,531	2,032,998	96.8%	7,515	2,040,513	97.2%
2007	2,030,776	1,937,186	95.4%	(909)	1,936,277	95.3%
2006 ¹	1,865,458	1,813,927	97.2%	2,609	1,816,536	97.4%
2005	-	-	-	-	-	-

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

Notes: ¹ The City of West Melbourne began levying a property tax in November 2005 (fiscal year 2006) for the first time in its history.

City of West Melbourne, Florida
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Schedule C1

Fiscal Year	Governmental	Business-type Activities		Total Outstanding Debt ²	Personal Income ¹	Percentage of Personal Income	Population	Debt per Capita
	Activities	Water and Sewer Revenue Bonds	Notes and Loans Payable					
2014	\$ 419,720	\$ 12,593,300	\$ 3,834,257	\$ 16,847,277	\$ 550,823,000	3.06%	19,834	849
2013	531,773	10,805,344	7,175,776	18,512,893	534,092,160	3.47%	19,464	951
2012	31,974	11,355,324	7,533,550	18,920,848	524,597,920	3.61%	19,118	990
2011	93,115	11,884,329	7,866,288	19,843,732	522,064,800	3.80%	18,712	1,060
2010	101,906	12,393,334	8,063,994	20,559,234	579,485,705	3.55%	18,355	1,120
2009	160,876	12,347,339	4,269,909	16,778,124	489,113,260	3.43%	16,570	1,013
2008	10,413	12,836,347	4,824,569	17,671,329	587,344,292	3.01%	16,703	1,058
2007	21,975	13,310,352	5,114,230	18,446,557	554,782,428	3.33%	15,777	1,169
2006	54,471	6,084,357	5,393,890	11,532,718	537,695,934	2.14%	15,777	731
2005	55,320	6,198,364	5,658,551	11,912,235	486,616,526	2.45%	15,059	791

¹ Per capita income represents Brevard County since municipal data is not tracked.

² All debt presented above is net of applicable discounts, premiums and losses on refundings, as applicable.

Source: Space Coast Economic Development Commission (www.spacecoastedc.org)

City of West Melbourne, Florida
Direct and Overlapping Governmental Activities Debt
As of September 30, 2014

Schedule C2

Governmental Unit	Net Debt Outstanding	Percentage of Debt Applicable to the City (1)	City's Share of Debt
Debt repaid with property taxes			
Brevard County General Obligation Debt:			
Limited Ad Valorem Tax Refunding Bond, Series 2013 South Brevard Recreation Special District, Limited Ad Valorem Tax Bonds, Series 2007	\$26,025,000	2.28%	\$ 593,370
South Brevard Recreation Special District, Limited Ad Valorem Tax Bonds, Series 2011	29,665,000	2.28%	676,362
	20,145,000	2.28%	459,306
Subtotal, overlapping debt			1,729,038
City of West Melbourne direct debt:			
Capital Leases			419,720
Total direct and overlapping debt			\$ 2,148,758

Sources: (1) Net general obligation debt data was provided by Brevard County Finance
(2) The taxable assessed values for City and the County were provided by the
Brevard County Property Appraiser.

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

(1) The percentage of overlapping debt applicable is estimated using the taxable assessed value of properties located within the City of West Melbourne divided by the county's total taxable assessed value. FY2014 total taxable assessed value for City of West Melbourne is \$1,043,403,977 and the total County taxable assessed value is \$45,773,062,871.

City of West Melbourne, Florida
Pledged Revenue Coverage
Last Ten Fiscal Years

Schedule C3

Fiscal Year	Gross Revenues ^(a)	Less: Direct Operating Expense ^(b)	Net Revenue Available for Debt Service	Debt Service Requirements		Total Coverage ^(c)	Coverage ^(d)	
				Principal	Interest			
2014	\$ 10,294,282	\$ 6,962,321	\$ 3,331,961	\$ 980,000	\$ 741,080	\$ 1,721,080	1.94	1.41
2013	10,027,543	6,580,977	3,446,566	950,000	822,702	1,772,702	1.94	1.29
2012	9,860,486	6,326,095	3,534,391	905,000	856,140	1,761,140	2.01	1.42
2011	9,501,223	6,408,777	3,092,446	875,000	781,867	1,656,867	1.87	1.26
2010	9,432,998	5,893,677	3,539,321	865,000	727,707	1,592,707	2.22	1.40
2009	10,234,891	5,688,480	4,546,411	840,000	760,318	1,600,318	2.84	2.04
2008	9,047,566	5,514,360	3,533,206	805,000	401,376	1,206,376	2.93	2.55
2007	6,959,865	4,801,286	2,158,579	835,000	225,398	1,060,398	2.04	1.47
2006	6,834,708	4,313,515	2,521,193	490,000	232,723	722,723	3.49	2.72
2005	5,995,907	3,480,817	2,515,090	480,000	258,092	738,092	3.41	2.56

Notes:

^(a) Includes operating, non-operating revenue and connection fees.

^(b) Excludes depreciation expense, interest expense, amortization, bond issuance costs and non-recurring losses.

^(c) & ^(d) Coverage ratio required by most restrictive bond document is at least 1.1 without connection fees and 1.25 including connection fees. The 2014 coverage of 1.94 includes the connection fees and the coverage without connection fees was 1.41. Both requirements were met.

**City of West Melbourne, Florida
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years**

Schedule C4

The City of West Melbourne, Florida has no general bonded debt.

**City of West Melbourne, Florida
Legal Debt Margin Information
Last Ten Fiscal Years**

Schedule C5

**The Constitution of the State of Florida, Section 200.181, Florida Statutes
and the City of West Melbourne, Florida have set no legal debt limit.**

City of West Melbourne, Florida
Demographic and Economic Statistics
Last Ten Fiscal Years

Schedule D1

Year	Population (a)	Personal Income	Per Capita Income (b)	Public School Enrollment (c)	Unemployment Rate (d)
2014	19,834	\$ 550,823,000	\$ 27,772	3,787	6.5%
2013	19,464	534,092,160	27,440	3,498	7.2%
2012	19,118	524,597,920	27,440	3,445	8.8%
2011	18,712	522,064,800	27,900	3,394	11.0%
2010	18,355	579,485,705	31,571	3,442	11.0%
2009	16,570	489,113,260	29,518	2,664	10.9%
2008	16,703	587,344,292	35,164	2,592	7.2%
2007	15,777	554,782,428	35,164	2,634	4.5%
2006	15,777	537,695,937	34,081	2,557	3.1%
2005	15,059	486,616,526	32,314	2,596	3.4%

Sources:

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

Notes:

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

City of West Melbourne, Florida

Principal Employers

For the Current Year and Nine Years Prior

Schedule D2

Employer	2014		2005	
	Number of Employees	Rank	Number of Employees	Rank
Harris Corporation	460	1		
P.D.Q Pizza, Inc.	325	2		
Cinemaworld Of Florida Inc	190	3		
Mack Technologies Florida Inc	160	4		
Publix Stores - Palm Bay Rd. #695	155	5	129	5
Publix Stores - New Haven #258	155	5	115	7
Home Depot USA Inc.	130	7	168	4
The Olive Garden	120	8		
United Service Source	115	9		
Profile (FI) Usa, Inc.	115	9		
	<u>1,925</u>			
Walmart Stores East Inc.			703	1
Walmart Stores East Inc. (Sam's Club)			205	2
Waste Management			175	3
Central Junior High			121	6
City of West Melbourne			111	8
Meadowlane Elementary			88	9
CinemaWorld of Florida, Inc.			85	10
			<u>1,900</u>	

Source:

Principal employers in City of West Melbourne were determined by discussions with management, Economic Development Commission of Florida's Space Coast, or phone calls were made to the employers for employment numbers.

City of West Melbourne, Florida
Employees by Function/Program
Last Ten Fiscal Years

Schedule E1

Function	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government										
City Council/City Clerk	9	8	9	9	9	9	10	9	9	10
City Administration	3	2	2	3	2	2	6	4	3	3
Legal	2	2	2	2	2	2	2	0	0	0
Finance	11	10	10	9	8	8	10	10	10	8
Non-Departmental	0	0	0	0	1	1	0	0	1	0
Information Technology	2	2	2	2	2	3	3	2	1	3
Human Resources	0	0	0	0	0	0	0	0	0	1
Total General Government	27	24	25	25	24	25	31	25	24	25
Public Safety										
Police	45	46	46	50	48	53	55	50	46	46
Code Enforcement	9	9	9	11	13	14	14	12	12	11
Total Public Safety	54	55	55	61	61	67	69	62	58	57
Highways and Streets										
Public Works	10	10	8	10	12	15	15	23	14	13
Public Works - Water	9	7	10	10	10	11	10	10	11	9
Total Highways and Streets	19	17	18	20	22	26	25	33	25	22
Recreation and parks										
Community Development	9	10	10	9	9	9	8	7	6	6
Community Development	4	4	4	4	4	4	4	3	1	1
Total Employees	113	110	112	119	120	131	137	130	114	111

Source: City payroll report

City of West Melbourne, Florida
Operating Indicators by Function/Program
Last Ten Fiscal Years

Schedule E2

Function	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police										
Dispatched calls	27,332	30,244	23,603	25,444	26,485	26,215	16,739	15,272	17,186	18,461
Alarms	525	728	755	768	723	533	850	888	1,137	1,129
Physical arrests	522	616	514	819	792	622	356	369	591	731
Traffic accidents	841	621	617	656	636	650	650	622	698	861
Traffic citations	3,157	3,495	3,311	4,546	7,126	7,754	4,767	4,380	4,587	7,947
Finance										
Purchase orders issued	660	716	608	696	506	831	1,194	1,261	1,614	1,798
Accounts payable checks	4,165	4,905	4,041	3,957	3,166	3,127	4,374	3,999	3,840	3,087
Highways and streets										
Street resurfacing (miles)	2.4	1.95	0.5	1.25	0.72	1.25	3.5	0.72	1.25	0.5
Culture and Recreation										
Recreation fees	\$ 65,208	\$ 9,506	\$ 59,366	\$ 2,941	\$ 2,475	\$ 141,522	\$ 2,482	\$ 2,279	\$ 3,153	\$ 2,749
Building/Code Enforcement										
Permits issued (construction)	147	172	194	183	208	158	112	238	1,905	272
Licenses issued/renewed	1,835	1,763	1,623	1,968	1,972	1,846	1,859	1,830	1,310	1,605
Building Inspections	10,159	15,224	11,636	11,854	16,882	12,147	11,335	14,040	16,906	23,644
Municipal Water Department										
New connections	128	174	180	174	218	456	115	236	249	366
Average daily consumption (1)	1,349,496	1,324,406	1,327,190	1,304,881	1,365,851	1,303,672	1,363,806	1,291,624	1,384,715	1,342,120
Wastewater										
Average daily sewage treatment	1,640,000	1,624,000	1,627,000	1,605,000	1,666,000	1,604,000	1,615,000	1,740,000	1,627,000	1,741,000

Notes:

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

Source: Various City Departments

City of West Melbourne, Florida
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Schedule E3

Function/Program	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government:										
General government buildings	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Public Works:										
Public works buildings	1	1	1	1	1	1	1	1	1	1
Paved streets (lane miles)	98	98	98	98	98	98	98	98	98	93
Unpaved streets (lane miles)	3	3	3	3	3	3	3	2.5	2.5	2.5
Recreation and community development:										
Parks acreage	50	50	50	50	50	32	32	32.2	21.2	21.2
Parks	7	7	7	7	7	7	6	6	5	5
Tennis courts	4	4	4	4	4	4	4	4	4	4
Racquet ball courts	2	2	2	2	2	2	2	2	2	2
Exercise Trail	1	1	1	1	1	1	1	1	1	1
Water:										
Potable Water lines (linear miles)	118	118	117	117	114	109	109	83.3	81	78
Sewer:										
Sanitary sewer lines (linear miles)	100	100	100	97	97	97	97	97	95	92
Permitted sewer capacity(gallons)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	2,500,000	2,500,000	2,500,000
Lift stations	63	63	63	63	63	58	58	58	58	52

Source: Various City departments

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Melbourne, Florida, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City of West Melbourne, Florida's basic financial statements, and have issued our report thereon dated March 30, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Carr Riggs & Ingram, LLC

Melbourne, Florida

March 30, 2015

INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of West Melbourne, Florida as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated March 30, 2015.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports, which are dated March 30, 2015, 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 audit report. Corrective actions have been taken to address all findings and recommendations made in the preceding annual financial audit as noted below:

Prior Year Internal Control Findings:

IC 2013-001 Accounts Payable	Corrected
IC 2013-002 Non-Cash Contributions of Capital Assets	Corrected

Official Title and Legal Authority

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

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the City of West Melbourne, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City of West Melbourne, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the City of West Melbourne, Florida for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

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 of the City, we conducted a limited IT risk assessment by applying both a data security and business view of IT risk. We noted some areas where controls over the IT department could be improved.

The subject matter of some of the areas of risk identified are confidential in nature, and thus specific details of these risks are disclosed in a separate report in order to avoid the possibility of compromising City information and security. This separate report is exempt from public access provided by Florida Statutes 119.07(1) and 286.001 and other laws and rules requiring public access or disclosure. This exemption is addressed under Florida Statute 281.301, Security systems; records and meetings exempt from public access or disclosure.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have

occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

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 members of the City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Carr Riggs & Ingram, LLC

Melbourne, Florida

March 30, 2015



THIS PAGE IS INTENTIONALLY LEFT BLANK.



Carr, Riggs & Ingram, LLC
215 Baytree Drive
Melbourne, Florida 32940
(321) 255-0088
(321) 259-8648 (fax)
www.cricpa.com

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

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

We have examined the City of West Melbourne, Florida (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2014. 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 and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides 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 year ended September 30, 2014.

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

Carr Riggs & Ingram, LLC

Melbourne, Florida
March 30, 2015