

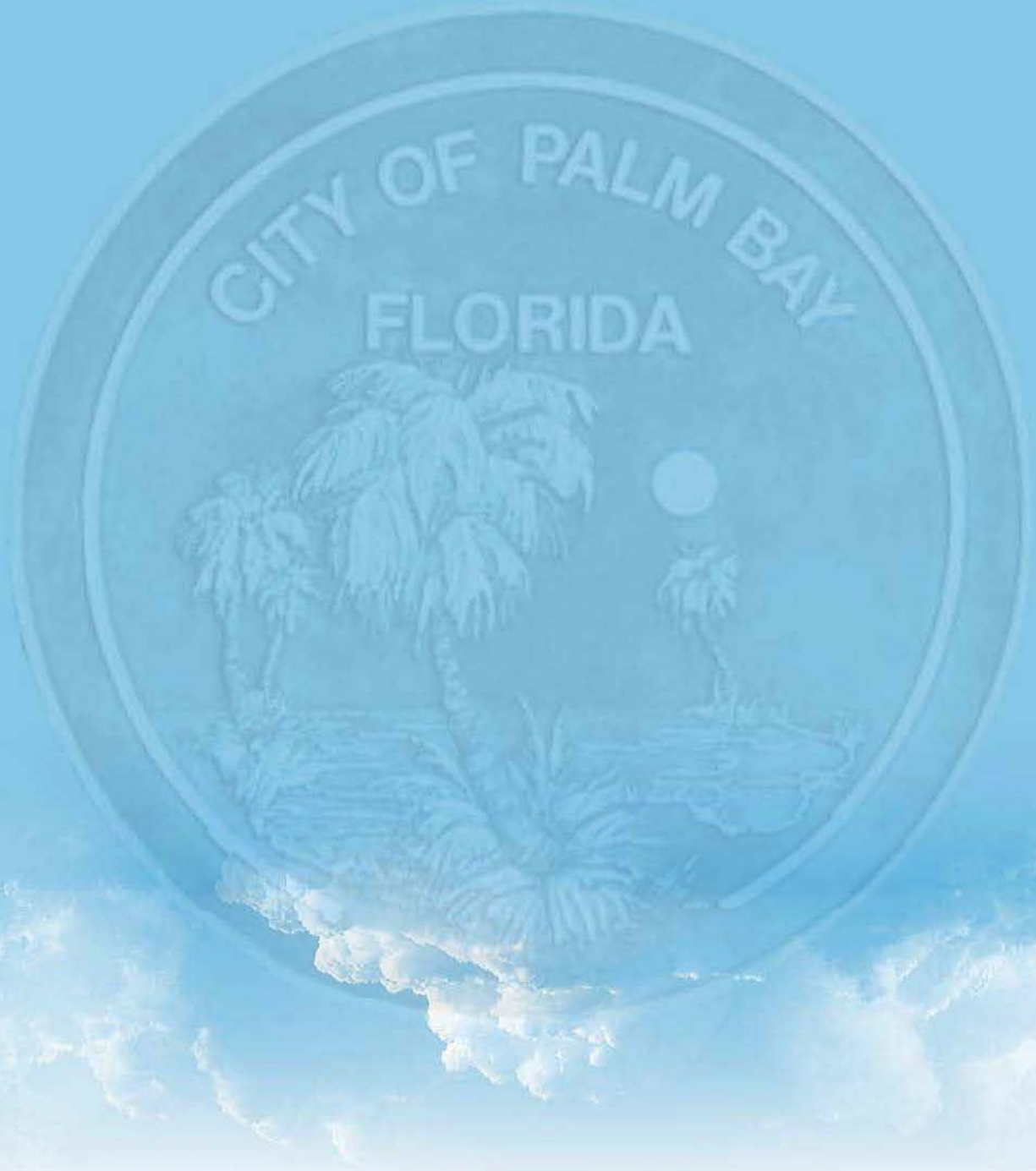


ANNUAL COMPREHENSIVE

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2021

CITY OF PALM BAY, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2021



PREPARED BY: DEPARTMENT OF FINANCE



Down to Earth And Up To Great Things



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June 24, 2022

The Honorable Mayor, Deputy Mayor,
Members of the City Council,
Citizens of the City of Palm Bay
Palm Bay, Florida

We are pleased to submit the Annual Comprehensive Financial Report of the City of Palm Bay, Florida, for the fiscal year ended September 30, 2021. The purpose of this report is to provide City Council, citizens, financial institutions, and others with detailed information concerning the financial condition and performance of the City of Palm Bay. This report is submitted pursuant to Florida Statutes Section 218.39, Chapter 10.550 of the Rules of the Auditor General of the State of Florida, and Section 4.05 of the City Charter.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe that the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This report consists of management's representations concerning the finances of the City of Palm Bay. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile enough reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

As required by Florida Statutes and the City Charter, an audit of the City's Annual Comprehensive Financial Report was performed by MSL, P.A., a firm of licensed, independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Palm Bay for the fiscal year ended September 30, 2021, are free of material misstatement. The audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant



estimates made by management, and evaluating the overall financial statement presentation.

The independent auditor concluded, based on the audit, that the City's financial statements for the fiscal year ended September 30, 2021, are fairly stated in conformity with GAAP. This is the most favorable conclusion and is commonly known as an unmodified or "clean" opinion. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Palm Bay was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. The reports are included in the Compliance Section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Palm Bay's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE CITY OF PALM BAY

The City of Palm Bay was incorporated in 1960 with a population of 2,808. Palm Bay is now the largest city in Brevard County, the 2nd largest in Central Florida and the 15th largest in Florida, with more than 122,000 residents in 88 square miles. The City is located centrally on Florida's east coast, midway between Jacksonville and Miami. Port Canaveral and Kennedy Space Center, the nation's premiere spaceport, are all nearby.

The City operates under the Council-Manager form of government. The governing body of the City is the City Council, which formulates policies for the administration of the City. The City Council is composed of a Mayor and four Council Members elected at-large for four-year terms. City Council appoints the City Manager, who serves as the City's Chief Executive Officer and is responsible for the day-to-day administration of the City and the implementation of the policies established by City Council.

The City provides a full range of government services as directed by its charter including police and fire protection, street construction and maintenance, planning and development services, parks and recreation, water and sewer services, and other traditional support services. Although legally separate, because of its relationship to the City, the Bayfront Community Redevelopment Agency (BCRA) is reported as though it is



part of the City (blended presentation). Additional information on this legally separate entity can be found in the notes to the financial statements on page 39.

The City of Palm Bay is required to adopt an annual budget in accordance with the City Charter and Florida statutes. The annual budget serves as the foundation for the City's financial planning and control. The City Manager is charged with preparing a proposed budget for submission to City Council. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget by September 30, the close of the City's fiscal year. The appropriated budget is adopted by fund and departments.

CORONAVIRUS (COVID-19) ECONOMIC IMPACT

The City of Palm Bay, like municipalities and counties across the nation, has been impacted by Covid-19. While the economic impact on local governments have been uneven and varied, the impact faced by the City in FY 2021 was minimal. Due to factors such as population, geography, government structure, funding streams, and economic drivers, the City has been largely shielded from the impacts of Covid-19.

The City experienced no major revenue decline in FY 2021, and the FY 2022 Budget was balanced without the need to draw from reserves, make cuts to capital projects or services, nor were there any workforce changes because of anticipated declines in revenue.

The pandemic reduced state and local revenues. However, for FY 2022, the City's receipt of state shared revenues is back to pre-pandemic levels.

Housing values have continued to rise in 2021, and future declines in property taxes do not appear to be significant. Ad Valorem tax revenue in 2021 came in \$20,949 higher than budgeted. Revenue growth is expected to increase with continued increases in ad valorem taxable values due to new commercial development.

Sales tax revenues move proportionally with consumption of taxed items. Much of the declines affected services, such as hairdressing, which are less likely taxed than goods. Large declines in spending at restaurants and hotels also occurred, which are often taxed more heavily than other things. The City's economic base is predominantly restaurant and retail trade sectors. Palm Bay's unemployment rate increased by approximately four percent (4%), according to the U.S. Bureau of Labor Statistics in 2021 because of the pandemic. Palm Bay's unemployment rate remains below the State and U.S. average.



Continued operational/funding changes due to COVID-19 included:

- Public encouraged to utilize online systems for payment of city services.
- Implementation of an Eviction Prevention/Rental and Utility Assistance Program for eligible residents impacted by Covid-19.
- Amendment to the City's CDBG Grant, moved funds to eligible programs and activities that "prepare, prevent and respond to the Coronavirus".
- Grants funding for PPE passed through the County for City PPE needs.

ECONOMIC CONDITION AND OUTLOOK

The City of Palm Bay experienced strong growth in new single-family infill, subdivisions, multi-family development, and commercial redevelopment in 2021, despite the Coronavirus pandemic. This growth pattern is a result in part of the citywide G.O. Roads bond paving program and is anticipated to continue for the length of the road paving program. The City's increased efforts to foster a more open-for-business environment will result in new development and redevelopment of key commercial corridors.

Home values in Palm Bay continue to rise year-over-year. Single-family homes' taxable values steadily increased as reported by the Brevard County Property Appraiser's assessed values. In 2021, Palm Bay average single-family home values increased by 23.6 percent due to the demand for homes in Palm Bay.

The City of Palm Bay's taxable assessed value for tax year 2021 increased by 6% from 2020. New construction, which represents improvement to real property that were not on the tax roll in the prior year, added \$208,130,764 to the tax roll. This is the seventh year in a row that the assessed valuations have shown steady growth.

Over the past fiscal year, the City of Palm Bay's commercial growth has been strong. New commercial development projects planned and underway point to favorable prospects for continued growth in the City's tax base. Major projects completed in 2021 include a \$52.97 million mixed use development containing a 320-unit multi-family apartment complex.

As of April 2022, the city has completed paving 267 miles or 34% of the 791 miles of roadway as part of the Road Bond Paving. City Council recently awarded construction of Phase 2 Unit 20 (16.6 miles) and Phase 3 Unit 48 (23.0 miles) and Emerson Drive from the C-1 canal to Fairhaven.

A 2016 voter-approved city charter amendment limits City Council's ability to increase millage rates. The City Council is now restricted from setting millage rates at a level that would result in total ad valorem revenue growth exceeding the prior year ad valorem revenue by more than three percent, unless approved by a supermajority vote when an emergency or critical need exists. Even with this change, rate increases within the statutory limit remain in the city's independent legal control. For the FY 21 budget,



Council did impose the three percent cap, while lowering the millage rate from 8.1379 to 7.8378, the lowest rate since FY 11.

LONG-TERM FINANCIAL PLANNING

Financial planning stimulates discussion about the long-term impact of decisions made today and how the City can position itself strategically to deliver a stable level of essential services to our residents over time. In fiscal year 2018, the City had a ten-year financial sustainability analysis done for the General Fund and Utility Fund. The financial forecast models populated data from every facet of the organization to create an informed, interactive, financial forecast model to bring awareness to decision makers when making long-term financial plans and striving to maintain structural balance in the budget.

FINANCIAL POLICIES

The City continues to exceed its policy to maintain the unrestricted fund balance for the General Fund equivalent to a minimum of a 2 month annual expense of the subsequent fiscal year's budgeted expenditures less capital outlay and transfers out as originally adopted by ordinance in September. Additionally, the City Council approved a stabilization fund of 4% for emergency use. The minimum required unrestricted fund balance at the end of FY 2021 was \$13,682,348. The actual Fund Balance was \$30,613,782, of which \$27,323,087 was Unassigned.

The City's investment policy strives to protect capital first and foremost, while providing for daily cash needs and then investment earnings. The City's portfolio on September 30, 2021, was \$255,353,262 million, excluding investments of the fiduciary funds.

FY 2021 MAJOR INITIATIVES

The City placed focus on several key projects.

Sale of 9 City-owned surplus real estate resulting in \$205,795 to the Road Maintenance fund.

Sale of City and CRA 7-acre marina to private developer for the purpose of marina, restaurant, commercial retail and public boardwalk.

Department Initiatives

Finance issued \$50,000,000 of General Obligation Bonds, Series 2021, which is the second bond issue in a series of three for road improvements within the City. The Budget Office created a quarterly Budget Monitoring Report for Management and City Council information and review.



Procurement focused on improving access and education for small, local, and disadvantaged companies interested in doing business with the City. Procurement launched a Frequently Asked Questions section of their website. They also developed and produced a series of five “how to do business with the City” informational videos and posted those on the website. Pivoting to virtual training, Procurement offered an even broader webinar on Doing Business with the City and had nearly 300 vendor participants.

Growth Management worked on adding several ordinance changes to the Land Development Code. Some of these initiatives included ways to create more affordable housing by allowing Accessory Dwelling Units (ADUs), and the elimination of minimum unit sizes in multi-family zones.

Parks and Facilities has aided various departments in project management and construction. Projects included the renovations at the Palm Bay Aquatic Center. Installing security features on City Buildings for a more controlled access. Renovations at the Palm Bay Senior Center. Provide maintenance to all City Parks.

Recreation continued to offer many programs, with CDC guidelines considered, such as a drive-thru light-fest, drive-thru light parade, drive-in movies at parks. Re-opened the Palm Bay Aquatic Center after repairs.

Fire Station #5 was completed in FY 2021. The department received a CDBG grant to fund the demolition of former Fire Station #1. Fire/Rescue was able to provide appropriate support for the City of Palm Bay residents while dealing with manning shortages from Covid-19.

Police and Fire have co-located the communications center within the Police facility to obtain more efficiency. To continue open communication with citizens, the Police Department made key department policies available to the public via the City’s website while also re-evaluating and updating protocols such as the Duty to Intervene.

Public Works completed numerous stormwater pipe replacement projects in advance of the road program work. The GO Bond project has completed 267 miles of roadways within the city.

Utilities continued to manage multiple, significant projects to meet the water and sewer demands of both the existing and future customers connected to the system. The major projects include the following: The South Regional Water Reclamation Facility (SRWRF), The South Regional Water Treatment Plant (SRWTP) expansion, and the design and construction of upgrades at the North Regional Utilities Campus. In particular, the North Regional Water Reclamation Facility Nutrient Removal construction project, which is intended to remove nitrogen from the City’s Reclaimed Water and is funded by the Save Our Indian River Lagoon Program that is expected to be completed by April 2022.



FUTURE PROJECTS

City Council approved the funding to design a new building on the City Hall campus. It is anticipated the new building will be 2 to 3 stories and approximately 20,000 – 33,000 sq ft. The additional space will be used for future expansion for the Building Department, Utilities Department and other City Departments.

The Finance Department continues to finalize conversion and publication of the FY 2021 Annual Financial Report utilizing onboarded technology acquired in FY 2020. Working with the City's Financial Advisors, update Fund Balance Policy and present to Council for approval of recommended changes in FY 2022.

Procurement will continue focus on vendor outreach and engagement. Procurement is working on speaking engagements with the Florida Association of Veteran-Owned Businesses and the Greater Palm Bay Chamber of Commerce, as well as planning to host an inaugural on-site vendor outreach event.

Information Technology is currently working on two-factor authentication and encryption of all city computers. Additionally, IT is working on developing a Disaster Recovery Site for the city. IMS software will go live in FY 2022, for Building, fence, sheds, driveway and drainage permits. IT is also in the process of developing a scope of work for a new City-wide financial system.

The Growth Management Department will present to City Council, Vision Palm Bay 2040, along with a re-write of the Comprehensive Plan in FY 2022 that will be the City's guiding document for the future development of the City for the next 10 to 20 years.

Parks and Facilities is installing multiple playground structures within City Parks. Working with staff on the design of the future building E at the City Hall Complex. Coordinating the installation of replacement chillers and A/C units. Provide continued maintenance support to all city structures and properties.

Recreation will be bringing back summer camps at both community centers. Swim lessons for all ages will be offered at the Palm Bay Aquatic Center for the first time in years.

With the opening of Fire Station #5, City Council approved the use of Impact Fees to build a Burn Building, that will be utilized for training purposes. Fire is also in the process of purchasing two fire engines to replace old and outdated engines.

The Police Department will with IT assistance, outfit the department with 151 bodycams for all officers and establish storage capabilities for the recorded information. Another key focus for the Police Department in FY22 will be the recruitment and retention through a Police Academy Sponsorship program. This initiative provides full academy costs for



selected applicants who are also offered employment as non-certified recruits during their academy training.

Building has been approved by DBPR to offer a Construction Internship Program. The program provides a participant with a professional work experience in a governmental organizational environment to learn how to apply the Florida Building Code to Buildings under construction. The internship program is an alternate method for licensure as a construction inspector in the State of Florida by gaining knowledge, skills, and experience under direct supervision of the Building Department. Upon completion of the Internship program the participant will be a highly skilled licensed Building Construction Inspector in the State of Florida. The department will also be working to replace all 15 inspector vehicles with Electric F-150 trucks and install 5 dual vehicle electric charging stations.

Public work has completed approximately 55% of Phase 2 Road Paving as well as recently awarded Unit 48 Road Paving contract which is in Phase 3 of the GO Bond paving units. Total estimated value of Road Paving completed is \$51.2 million.

Utilities will continue to focus on significant construction activities throughout FY 22. The South Regional Water Reclamation Facility (SRWRF) design was completed in FY20, and the construction effort commenced in February 2021. The construction work is estimated to be completed by May 2023. The South Regional Water Treatment Plant (SRWTP) 4.0 MGD to 6.0 MGD expansion design was also completed and placed for bid in FY20. The construction work started in December 2020 and is estimated to be completed by April 2022.

ACCREDITATION AND CERTIFICATIONS

The Building Department is the first Building Department in the nation to be awarded with the International Building Recognition Certification by the International Accreditation Services in January 2021.

The Police Department became accredited by the Commission for Florida Law Enforcement Accreditation in October 2007. Since that time, the agency was reaccredited in October 2010, August 2013, October 2016, and August 2019. The agency will seek the Excelsior designation from the CFA in 2022 for 15 years of providing the highest standards of professionalism in law enforcement.

In November 2014, the City received the Silver recertification from the Florida Green Building Coalition. The Green Local Government Designation applies to local government functions and their interaction with the surrounding community. A city or county that incorporates multiple environmental, ecological and sustainability features throughout the functions they perform (e.g., conservation of resources, green utilities, pedestrian-oriented circulation) improves the environmental performance considerably over a city or county that just minimally meets state and local regulations.



In October 2018, the City received the Community Rating System (CRS) Class 7 rating. The CRS is a voluntary program for National Flood Insurance Program (NFIP)-participating communities. All CRS communities must maintain completed FEMA elevation and flood proofing certificates for all new and substantially improved construction in the Special Flood Hazard Area after the date of application for CRS classification.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Palm Bay for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2020. This was the 35th consecutive year that the City has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe our current comprehensive annual financial report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Government Finance Officers Association of the United States and Canada presented an award for Distinguished Budget Presentation to the City of Palm Bay for its annual budget for the fiscal year beginning October 1, 2020, for the 31th year. To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

ACKNOWLEDGEMENTS

The preparation of this report has been accomplished with the efficient and dedicated service of the City's Finance and Accounting staff. I would like to express my appreciation to all members of the Finance Department staff, as well as other staff members who contributed to its preparation. I would also like to thank the Mayor and City Council for their continued support of City staff as we work through these challenging economic times while building a strong foundation for the City's future.

Respectfully submitted,

Suzanne Sherman
City Manager

Larry Wojciechowski
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Palm Bay
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morrell

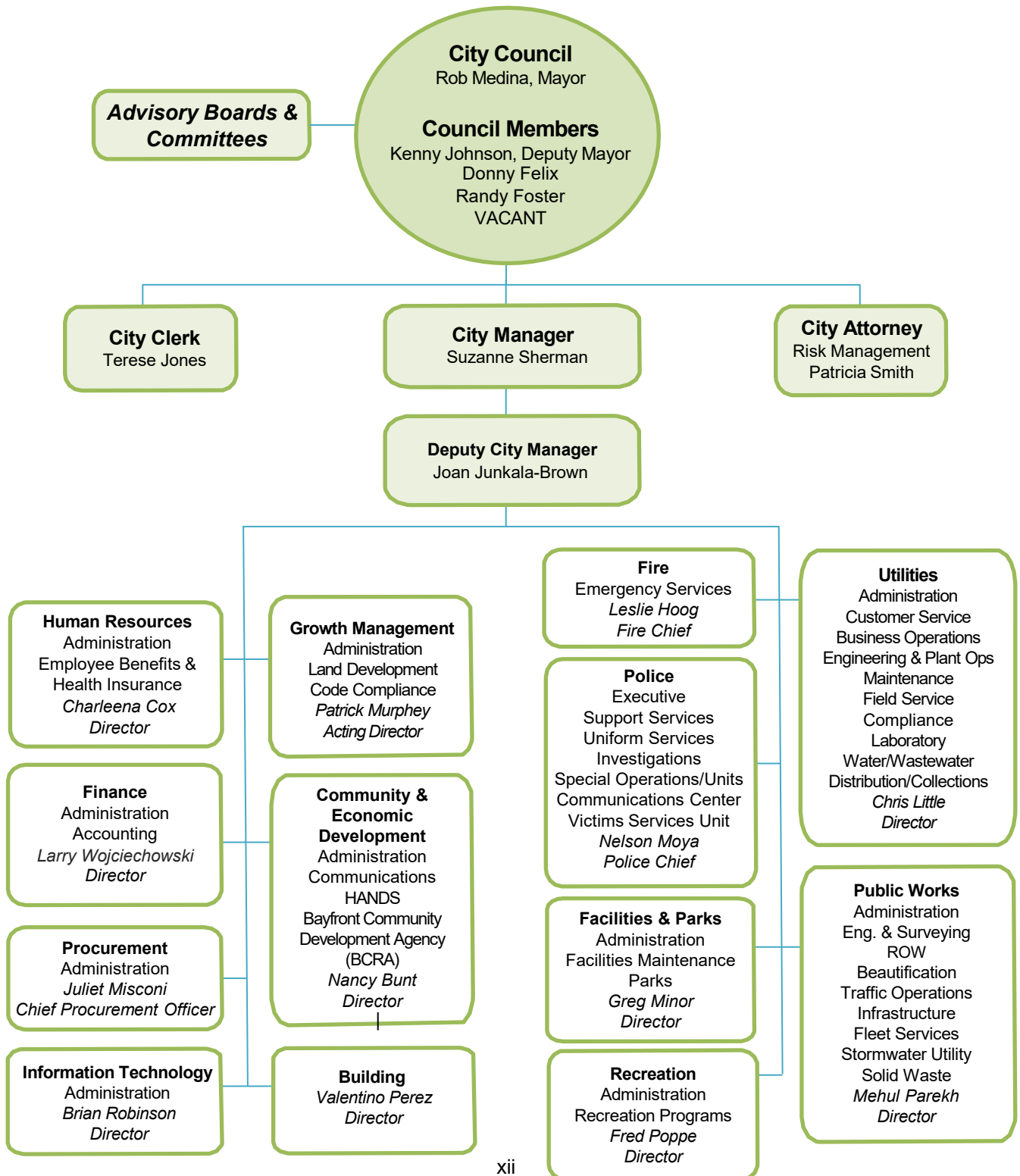
Executive Director/CEO



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FY 2021 CITY OF PALM BAY ORGANIZATIONAL STRUCTURE

CITIZENS OF PALM BAY





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CITY OF PALM BAY, FLORIDA

LIST OF PRINCIPAL OFFICIALS

As of date of transmittal

MAYOR	ROB MEDINA
DEPUTY MAYOR	KENNY JOHNSON
COUNCIL MEMBER	DONNY FELIX
COUNCIL MEMBER	RANDY FOSTER
COUNCIL MEMBER	PETER FILIBERTO
CITY MANAGER	SUZANNE SHERMAN
DEPUTY CITY MANAGER	JOAN JUNKALA-BROWN
CITY ATTORNEY	PATRICIA SMITH
CITY CLERK	TERESE JONES
CHIEF PROCUREMENT OFFICER	JULIET MISCONI
INFORMATION TECHNOLOGY DIRECTOR	BRIAN ROBINSON
COMMUNITY & ECONMIC DEVELOPMENT DIRECTOR	NANCY BUNT
FINANCE DIRECTOR	LARRY WOJCIECHOWSKI
FIRE CHIEF	LESLIE HOOG
HUMAN RESOURCES DIRECTOR	CHARLEENA COX
RECREATION DIRECTOR	FRED POPPE
PARKS & FACILITIES DIRECTOR	GREG MINOR
POLICE CHIEF	MARIANO AUGELLO
PUBLIC WORKS DIRECTOR	SUZANNE SHERMAN,ACTING
UTILITIES DIRECTOR	CHRISTOPHER LITTLE



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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Palm Bay, 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 Palm Bay, Florida (the "City") as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Police and Firefighters' Retirement System, which represent 100% of the assets, liabilities, net position, additions, and deductions of the pension trust fiduciary fund. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Police and Firefighters' Retirement System, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

The Honorable Mayor and
Members of the City Council
City of Palm Bay, Florida

INDEPENDENT AUDITOR'S REPORT (Continued)

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the other supplementary information section, and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

The Honorable Mayor and
Members of the City Council
City of Palm Bay, Florida

INDEPENDENT AUDITOR'S REPORT
(Concluded)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
June 24, 2022

The City of Palm Bay, Florida's (the "City") Management's Discussion and Analysis (the "MD&A") presents this overview and analysis of the City's financial activities for the fiscal year ended September 30, 2021. Please read it in conjunction with the letter of transmittal in the introductory section, and the City's financial statements following the MD&A.

Financial Highlights

On September 30, 2021, assets, and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2021 by \$289.4 million (net position).

- Governmental funds reported combined ending fund balances of \$139.6 million, as compared to \$78.6 million as of September 30, 2020.
- General Fund reported an *unassigned* balance of \$27.3 million or 35.3% of the total 2021 General Fund expenditures and transfers out.
- Outstanding long-term debt increased by \$31.9 million during fiscal year 2021. This was primarily due to (a) issuance of General Obligation Bonds for road revitalization; (b) issuance of Utility Revenue Note for capital improvements to the City's water and sewer system; (c) drawdown on the State Revolving Loan (d) decrease in net pension liability as actuarially determined and (e) scheduled amortized repayment.
- The City's business-type activities reported total net position of \$191.2 million, which is an increase of \$28.3 million or 17.4% in comparison to the prior year. Approximately 11.0% of the total, or \$21.6 million, is *unrestricted*.

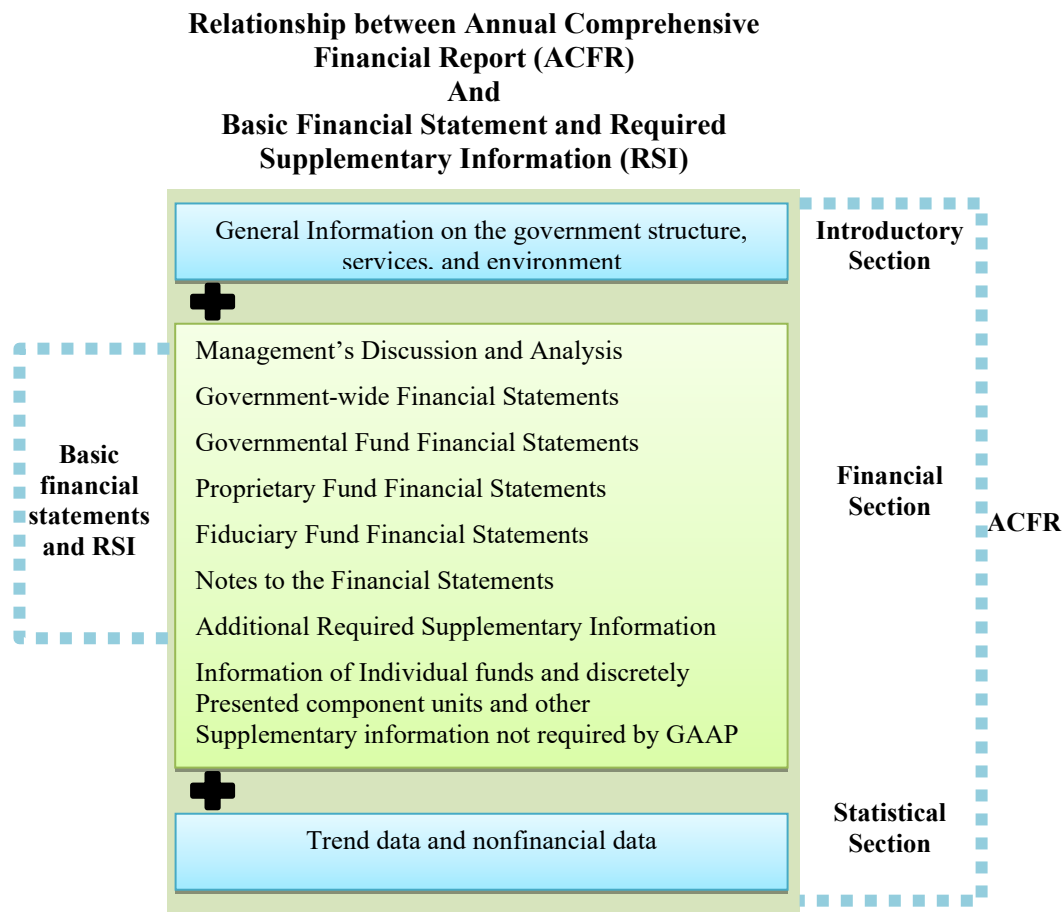
Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components:

- 1) government-wide financial statements,
- 2) fund financial statements, and
- 3) notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

The financial statement focus is on both the City as a whole (government-wide) and on the major individual funds. The following chart shows the relationship between the ACFR and the basic financial statements and Required Supplementary Information ("RSI").



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. As described below, these statements do not include the City's fiduciary funds because resources of these funds cannot be used to finance the City's activities. However, the financial statements of fiduciary funds are included in the City's fund financial statements, because the City is financially accountable for those resources, even though they belong to other parties. The government-wide financial statements consist of the following two statements:

The *statement of net position* presents information on all of the City's assets and deferred outflow of resources compared to liabilities and deferred inflows 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. Although the purpose of the City is not to accumulate net position, in general, as this amount increases it indicates that the financial position of the City is improving over time.

The *statement of activities* presents the revenue and expenses of the City. The items presented on the statement of activities are measured in a manner similar to the approach used in the private-sector in that revenues are recognized when earned and expenses are reported when incurred, regardless of the timing of related cash flows. Accordingly, revenues are reported even when they may not be collected for several months after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

Both of these 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, physical environment, transportation, economic environment, and culture/recreation. The business-type activities of the City include water, sewer, stormwater utilities; solid waste and building inspections. The government-wide financial statements can be found immediately following the MD&A.

Fund financial statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the City rather than the City as a whole. 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 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 short-term inflow and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

For the most part, the balances and activities accounted for in governmental funds are also reported in the governmental activity's columns of the government-wide financial statements. However, because a different accounting basis is used to prepare the fund financial statements and the government-wide financial statements, there are often significant differences between the totals presented. For this reason, there is an analysis after the balance sheet that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis after the statement of revenues, expenditures, and changes in fund balances that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column of the statement of activities.

The City maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Bayfront Community Redevelopment Agency, ARPA, Impact Fee Fund, Debt Service and GO Road Program Fund, which are major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* in the other supplemental information section of this report. The City adopts an annual appropriated budget for its general fund, in addition to all special revenue, capital project, debt service funds. Budgetary comparison schedules have been provided for these funds to demonstrate budgetary compliance.

The basic governmental fund financial statements may be found immediately following the government-wide financial statements of this report.

Proprietary funds

The City maintains two different types of proprietary funds. The City uses Enterprise Funds to account for business-type activities that charge fees to customers for the use of specific goods or services. These funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for the fiscal activities relating to water, sewer, stormwater utilities, solid waste, and building. The *internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses the internal service funds to account for its risk management, employee benefit programs and fleet services activities. Because these activities predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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 Utilities Fund, Stormwater Fund and Solid Waste Fund which are majors funds of the City. Building Inspection and the aggregate of Internal Service Funds are nonmajor funds.

The City's proprietary fund financial statements are presented on pages 30-35.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is like proprietary funds. The City only has one fiduciary fund, the Pension Trust Fund.

The City's fiduciary fund financial statements are presented on pages 36-37.

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 39-96 of this report.

Other information

In addition to the basic financial statements and accompanying notes, *required supplementary information* is included which presents budgetary comparison schedules for the City's General Fund and the major special revenue fund. The City adopts an annual appropriated budget for its governmental funds. This section includes a comparison between the City's adopted and final budget and actual financial results to demonstrate compliance with the budget. In addition, information concerning the City's progress in funding its obligation to provide pension benefits to its employees as well as other post-employment benefits is presented. Required supplementary information can be found following the notes to the financial statements.

The combining statements referred to earlier regarding non-major governmental funds are presented in the other supplemental information section of this report. Combining and individual fund schedules can be found after the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$289 million at the close of the fiscal year ended September 30, 2021. At the end of the fiscal year, the City is able to report positive balances in two categories of net position, both in business-type activities and government as a whole.

As shown in the table below, the largest portion of the City's net position \$205.7 million or (71%) reflects its investment in capital assets (e.g., land, buildings, equipment, and infrastructure) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets, except for some properties held for resale, 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.

The City has *restricted net position* of \$125.6 million for capital improvement projects and special revenues. These resources are subject to external restrictions on how the funds may be used. Unrestricted net position can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions. The City had (\$41.9) million of unrestricted net position as of September 30, 2021.

There was a net increase of \$38.2 million in net position regarding the City's governmental activities.

There was a net increase of \$28.3 million in net position reported regarding the City's business-type activities, which include the Utilities Fund, Solid Waste Fund, Stormwater Utility Fund, and the Building Inspections Fund. A detailed explanation is provided on page 12 of this report.

Net Position

	Governmental Activities		Business-type Activities		Total Activities	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	187,869,404	\$ 118,112,834	\$ 92,627,431	\$ 69,997,216	280,496,835	\$ 188,110,050
Capital Assets (Net)	160,802,681	142,049,387	154,362,496	135,362,668	315,165,177	277,412,035
Total Assets	348,672,085	260,162,221	246,989,927	205,359,884	595,662,012	465,522,085
Deferred Outflow of Resources						
Unamortized loss on refunding	15,974,491	16,868,893	547,711	945,909	16,522,202	17,814,802
Deferred Outflows for Pensions	8,130,461	10,456,790	-	-	8,130,461	10,456,790
Deferred Outflows for OPEB	1,986,780	2,518,936	627,403	795,453	2,614,183	3,314,389
Total Deferred Outflows of Resources	26,091,732	29,844,619	1,175,114	1,741,362	27,266,846	31,585,981
Current and Other Liabilities	23,627,499	23,325,092	15,029,667	7,336,031	38,657,166	30,661,123
Long-Term Liabilities	226,685,860	200,149,164	41,589,983	36,527,565	268,275,843	236,676,729
Total Liabilities	250,313,358	223,474,256	56,619,650	43,863,596	306,933,009	267,337,852
Deferred Inflow of Resources						
Deferred Inflows from Refunding	176,930	188,726	-	-	176,930	188,726
Deferred Inflows Related to Pensions	25,152,227	5,423,321	-	-	25,152,227	5,423,321
Deferred Inflows Related to OPEB	963,603	969,307	304,294	306,095	1,267,897	1,275,402
Total Deferred Outflows of Resources	26,292,760	6,581,354	304,294	367,315	26,597,054	6,887,449
Net Position:						
Net Investment in Capital Assets	83,057,349	83,302,221	122,653,307	113,663,888	205,710,656	196,966,109
Restricted	78,615,720	33,155,823	46,995,758	30,300,551	125,611,478	63,456,374
Unrestricted (Deficit)	(63,515,371)	(56,506,834)	21,592,032	18,967,116	(41,923,339)	(37,539,718)
Total Net Position	\$ 98,157,698	\$ 59,951,210	\$ 191,241,097	\$ 162,931,555	\$ 289,398,795	\$ 222,882,765

There was an overall increase in the City's net position of \$66.5 million which primarily resulted from (a) Completion of various GO Bond road improvement projects. (b) Additions to construction in progress for utilities water plant expansion. (c) Pipe replacements. (d) Other infrastructure projects.

A comparative analysis of government-wide changes in net position is as follows:

	Governmental Activities		Business-type Activities		Total Activities	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues						
Charges for Services	\$ 26,913,641	\$ 14,743,955	\$ 59,109,616	\$ 51,886,498	\$ 86,023,257	\$ 66,630,453
Operating Grants and Contributions	2,463,249	1,285,813	2,931,607	384,333	5,394,856	1,670,146
Capital Grants and Contributions	2,181,200	950,180	13,273,957	7,592,339	15,455,157	8,542,519
General Revenues						
Property Taxes	40,709,084	38,668,807	-	-	40,709,084	38,668,807
Other Taxes	22,377,174	21,359,224	-	-	22,377,174	21,359,224
Other	14,799,314	13,125,622	316,572	985,140	15,115,886	14,110,762
Total Revenues	109,443,662	90,133,601	75,631,752	60,848,310	185,075,414	150,981,911
Expenses:						
General Government	17,519,522	18,919,703	-	-	17,519,522	18,919,703
Public Safety	31,171,376	34,253,417	-	-	31,171,376	34,253,417
Physical Environment	517,059	492,951	-	-	517,059	492,951
Transportation	10,429,829	9,611,992	-	-	10,429,829	9,611,992
Economic Environment	1,662,294	1,421,940	-	-	1,662,294	1,421,940
Culture/Recreation	5,428,966	5,293,102	-	-	5,428,966	5,293,102
Interest on Long-Term Debt	5,895,736	5,998,985	-	-	5,895,736	5,998,985
Water and Wastewater	-	-	24,839,990	23,662,920	24,839,990	23,662,920
Building Inspections	-	-	4,380,403	2,612,624	4,380,403	2,612,624
Stormwater	-	-	4,572,429	5,814,390	4,572,429	5,814,390
Solid Waste	-	-	12,141,781	6,207,723	12,141,781	6,207,723
Total expenses	72,624,782	75,992,090	45,934,603	38,297,657	118,559,385	114,289,747
Change in Net Position before transfers	36,818,880	14,141,511	29,697,149	22,550,653	66,516,029	36,692,164
Transfers	1,387,608	896,499	(1,387,608)	(896,499)	-	-
Change in Net Position	38,206,488	15,038,010	28,309,541	21,654,154	66,516,029	36,692,164
Net Position, beginning of year	59,951,210	44,913,200	162,931,555	141,277,401	222,882,765	186,190,601
Net Position, end of year	\$ 98,157,698	\$ 59,951,210	\$ 191,241,097	\$ 162,931,555	\$ 289,398,794	\$ 222,882,765

Governmental Activities

Governmental activities increased the City's net position by \$38.2 million, and revenues from governmental activities increased by \$19.3 million or 21.4%. The main reasons were (a) Increase in charges for services. In particular impact fees from construction and development. (b) Property tax collection. (c) The City generated additional resources from the sale of the Pelican Harbor Marina for \$1.6 million.

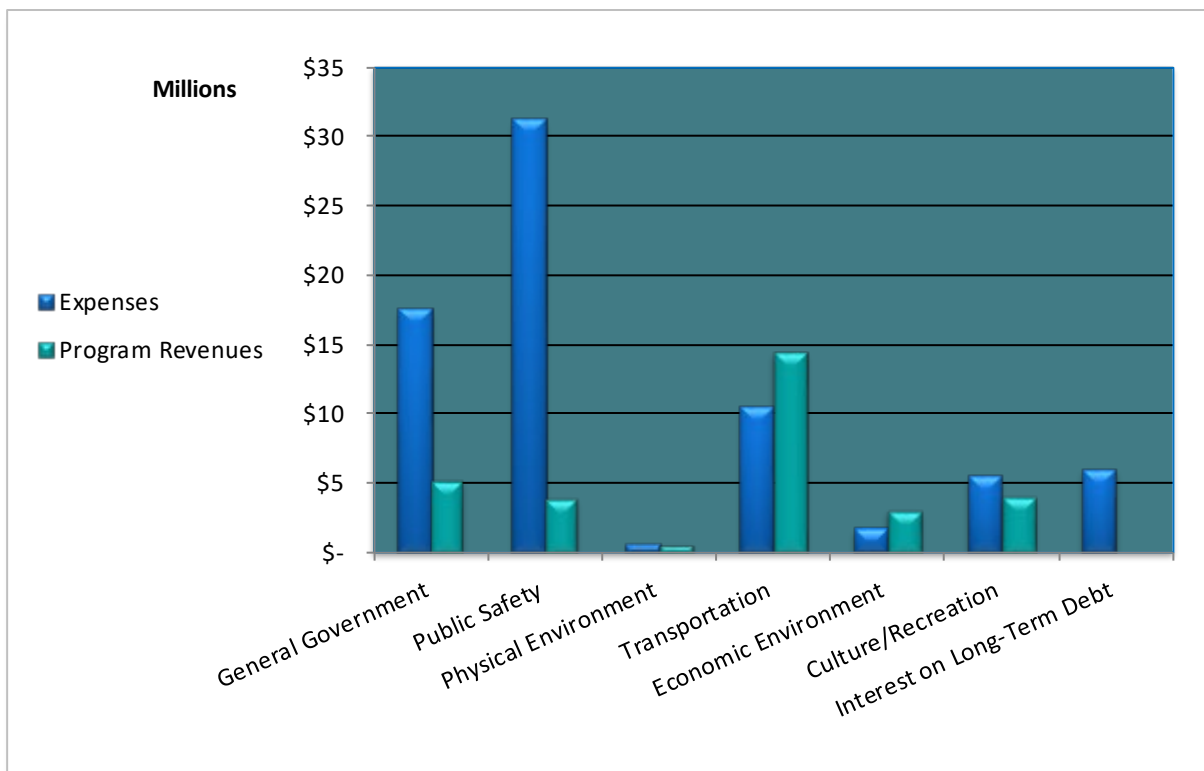
The following tables show the components of program and general revenues as a percentage of total governmental activities by function. Public safety which includes police and fire had the largest allocation at 42.9%, followed by general government at 24.1% which includes administrative activities. Allocations to transportation activities which is predominately public works related transactions accounted for 14.4% of the allocation.

Expenses and Program Revenues – Governmental Activities

Functions/Programs	Expenses	% of Total	Program Revenues	% of Total	Net (Expense) Revenue
General Government	\$ 17,519,522	24.1%	\$ 5,304,563	16.9%	\$ (12,214,959)
Public Safety	31,171,376	42.9%	3,993,944	12.7%	(27,177,432)
Physical Environment	517,059	0.7%	684,835	2.2%	167,776
Transportation	10,429,829	14.4%	14,429,374	45.7%	3,999,545
Economic Environment	1,662,294	2.3%	3,062,670	9.6%	1,400,376
Culture/Recreation	5,428,966	7.5%	4,082,704	12.9%	(1,346,262)
Interest on Long-Term Debt	5,895,736	8.1%	-	0.0%	(5,895,736)
	<u>\$ 72,624,782</u>	<u>100%</u>	<u>\$ 31,558,090</u>	<u>100%</u>	<u>\$ (41,066,692)</u>

The following chart compares expenses and program revenues for the governmental activities:

Expenses and Program Revenue – Governmental Activities



The following table and chart show revenues by source of governmental activities by percent of total revenues. Property taxes accounted for 36.74% of the revenues used to fund governmental functions. Combined revenue from other forms of taxes totaled 20.19%, while state revenue sharing sources provided 11.81% of the total revenue source.

Revenue by Source – Governmental Activities

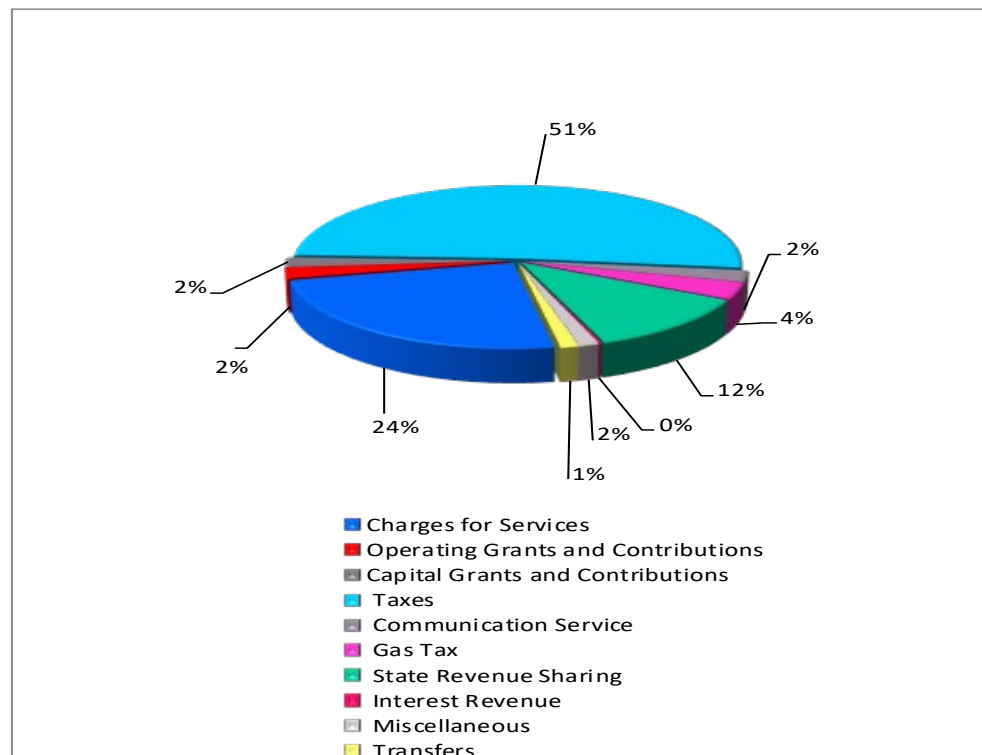
Program Revenues

Charges for Services	\$ 26,913,641	24.28%
Operating Grants and Contributions	2,463,249	2.22%
Capital Grants and Contributions	2,181,200	1.97%

General Revenues

Property Tax	40,709,084	36.73%
Franchise Fees	6,186,091	5.58%
Utility Service Tax	9,814,779	8.86%
Communication Service Tax	2,559,292	2.31%
Gas Tax	3,817,012	3.44%
State Revenue Sharing	13,090,384	11.81%
Interest Earnings	203,078	0.18%
Miscellaneous	1,505,852	1.36%
Transfers	1,387,608	1.26%
	<u>\$ 110,831,270</u>	<u>100.00%</u>

Revenue by Source – Governmental Activities



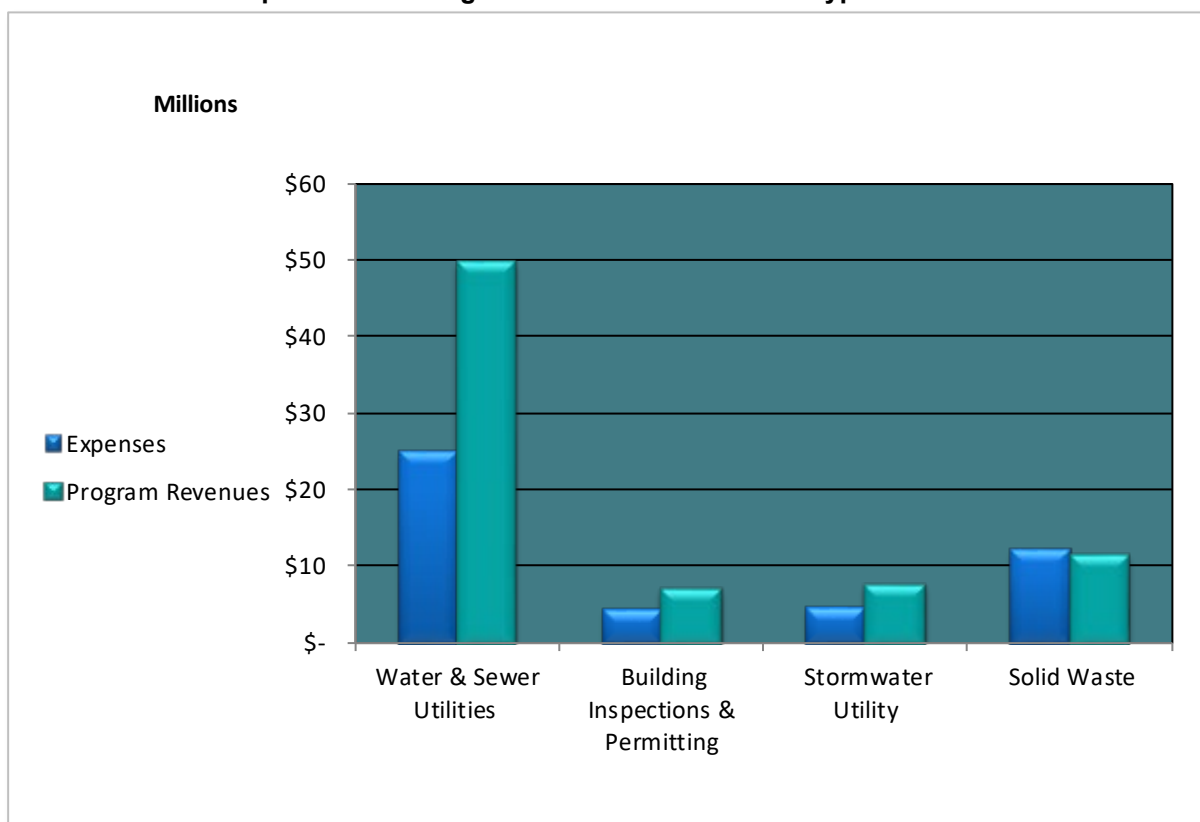
Business-type activities

As previously mentioned, business-type activities increased the City's total net position by \$28.3 million. This change resulted in large part from increased water and sewer mainline contribution, solid waste collections and building permit fees arising from construction.

The following tables show the components of program and general revenues as a percentage of total for business-type activities:

Expenses and Program Revenues – Business-type Activities

Functions/Programs	Expenses	% of Total	Program Revenues	% of Total	Net (Expense) Revenue
Water & Sewer Utilities	\$ 24,839,990	54.1%	\$ 49,489,005	65.7%	\$ 24,649,015
Building Inspections & Permitting	4,380,403	9.5%	6,940,964	9.2%	2,560,561
Stormwater Utility	4,572,429	10.0%	7,605,196	10.1%	3,032,767
Solid Waste	12,141,781	26.4%	11,280,015	15.0%	(861,766)
	<u>\$ 45,934,603</u>	<u>100%</u>	<u>\$ 75,315,180</u>	<u>100%</u>	<u>\$ 29,380,577</u>

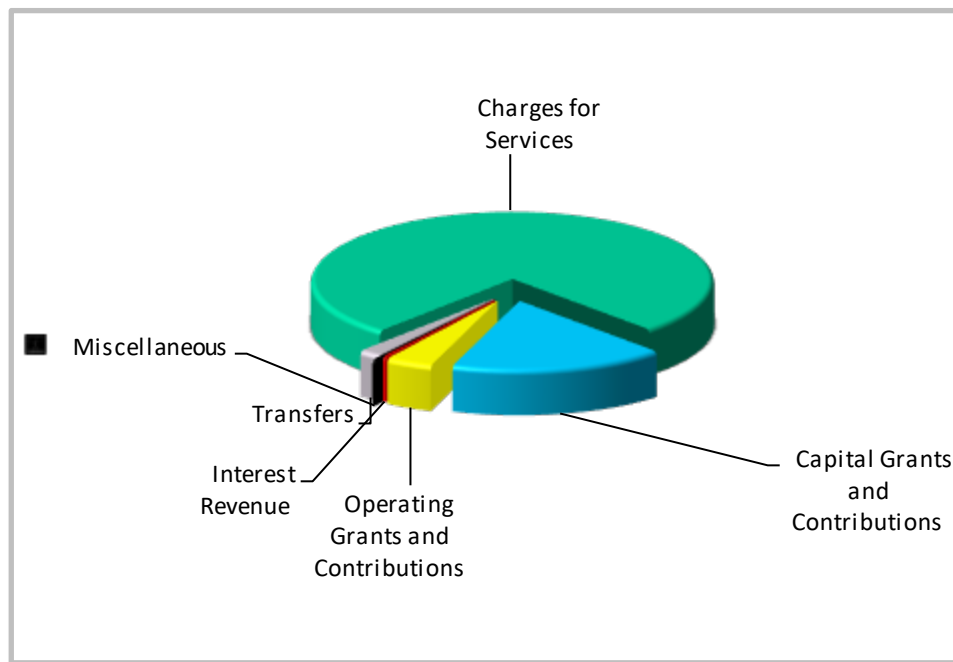
Expenses and Program Revenues – Business-type Activities

As shown in the table and chart below, the primary revenue source for business-type activities was charges for service. This category is comprised of water and sewer, stormwater, solid waste and building inspection fees. Charges for services accounted for 79.60 % of the total business-type activity revenue stream. Capital grants and contributions accounted for 17.88% of the revenue pool.

Revenues by Source – Business-type Activities

Charges for Services	\$ 59,109,616	79.62%
Capital Grants and Contributions	13,273,957	17.88%
Operating Grants and Contributions	2,931,607	3.95%
Interest Revenue	137,227	0.18%
Miscellaneous	179,345	0.24%
Transfers	(1,387,608)	-1.87%
	<u>\$ 74,244,144</u>	<u>100.00%</u>

Revenues by Source – Business-type Activities



Financial Analysis of the City's Funds

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

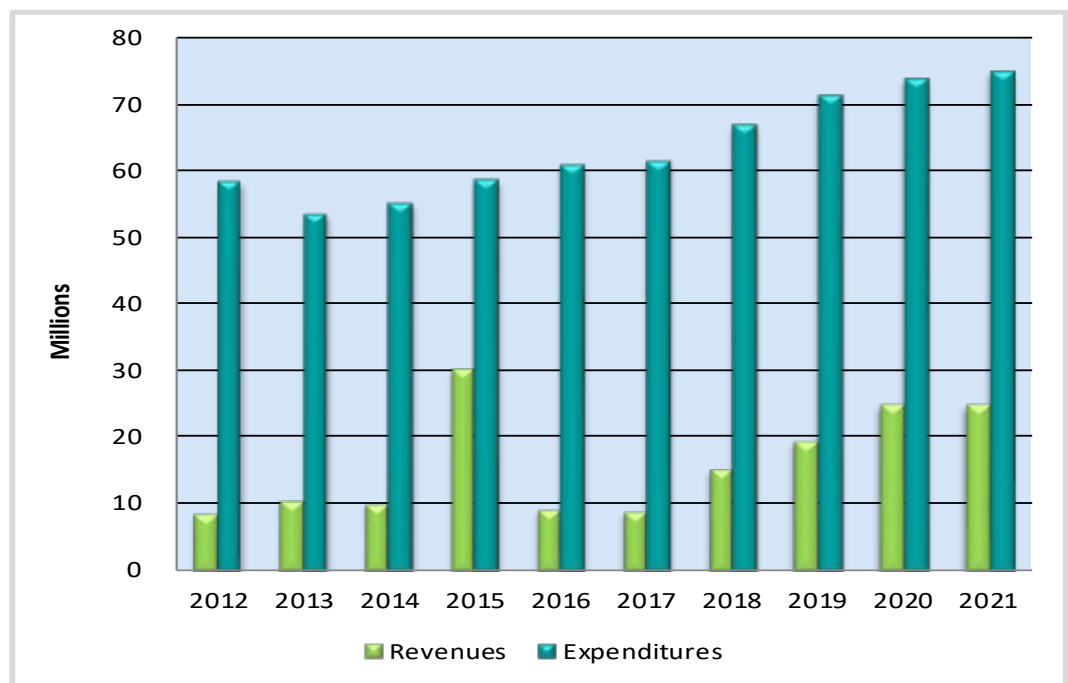
Governmental funds

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. *Unrestricted fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2021, the City's governmental funds reported combined ending fund balances of \$139.6 million, an increase of \$61.1 million in comparison with the prior year. This increase is principally due to impact fee revenues from construction growth and expansion, and issuance of GO Bonds for road revitalization. Additionally, the city experienced increases in most tax categories above projections. *Non-Spendable* fund balance is \$100,302 and is comprised of prepaid items and inventory. *Restricted* fund balance is \$102.8 million and represents 74.0% of the total fund balance. *Committed* fund balance was \$6.5 million. *Assigned* fund balance is \$3.2 million. *Unassigned* fund balance, which is the residual, had a balance of approximately \$27.0 million.

The General Fund is the chief operating fund of the City. At the end of fiscal year 2021, *unassigned* fund balance of the General Fund was \$27.3 million, while total fund balance reached \$30.6 million. As a measure of the General Fund's liquidity, it may be useful to compare both *unrestricted* fund balance and total fund balance to total fund expenditures and transfers out. The City's General Fund, fund balance increase is primarily a result of ad valorem revenues which are based on Brevard County assessed property valuations. The City's ad valorem rate is restricted to an increase of not more than three percent (3.00%) over the budgeted revenue for the previous fiscal year. FY21 revenues from ad valorem taxes was approximately 6% over FY20. A secondary reason for the increase in fund balance is due to state revenue sharing such as half-cent sales tax, sales and uses taxes. Further details and General Fund budgetary highlights can be found pages 15 - 16 of this report.

General Fund Balance and Expenditures



The Bayfront Community Redevelopment Agency Fund (BCRA) is used to account for ad valorem tax increment revenues accumulated for the community development areas where taxes were assessed. BCRA fund balance increase by \$1.07 million in fiscal year 2021 to \$1.97 million. A proportionate share of the proceeds from sale of Pelican Harbor Marina and adjacent lots totaling \$943,754 were major factors in the fund balance increase.

The Debt Service Fund is used to accumulate resources for the payment of principal and interest of City bonds, notes, and capital lease obligations. At the end of fiscal year 2021, Debt Service Fund had a restricted net position of \$5.6 million.

GO Road Program Fund is used to account for proceeds from the City's General Obligation Bonds, Series 2019 & Series 2021. These funds have been designated to overhaul and revitalize the City's roadways. At the end of fiscal year 2021, the overall restricted net position of the GO Road Program Fund was 62.5 million.

The Impact Fee Fund accounts for revenues generated from new development and used for the acquisition and or improvement of police, fire, and recreation facilities in addition to expansion of the City's major road network system. At the end of fiscal year 2021, the Impact Fee Fund had a restricted net position of \$30.4 million.

The ARPA (American Rescue Plan Act) accounts for a federal issued to offset revenue loss due to COVID-19, pay premium for essential workers and invest in broadband infrastructure. The City was awarded \$9.0 million for varied purposes but did not expend any funds in FY21. Restricted fund balance at the end of fiscal year 2021 is \$2,672.

Enterprise funds

The City's enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail. The City has four enterprise funds, of which Utilities, Stormwater Utility and Solid Waste are major funds. Building Inspections is a non-major funds. *Unrestricted* net position of the enterprise funds at the end of the year were \$21.6 million. The total net position of the Utilities Fund, increased by \$23.3 million in fiscal year 2021. Stormwater's net position of \$21.3 million is a \$3.3 million increase over fiscal year 2020. Reductions in operating expenses was instrumental in attaining the stated increase. Solid Waste's net position is \$758,136, which is a decrease of \$860,092 from fiscal year 2020. The City increase its user fee in FY21 which generated additional revenue; however, it was offset by an increase in third-party administrative costs. There continues to be significant activities in residential and commercial construction. Due to the volume of permits and other building service, the Building Inspection Fund experienced an increase in net position of \$2.5 million over fiscal year 2020 and ended the fiscal year with a restricted net position of \$10.2 million.

General Fund Budgetary Highlights

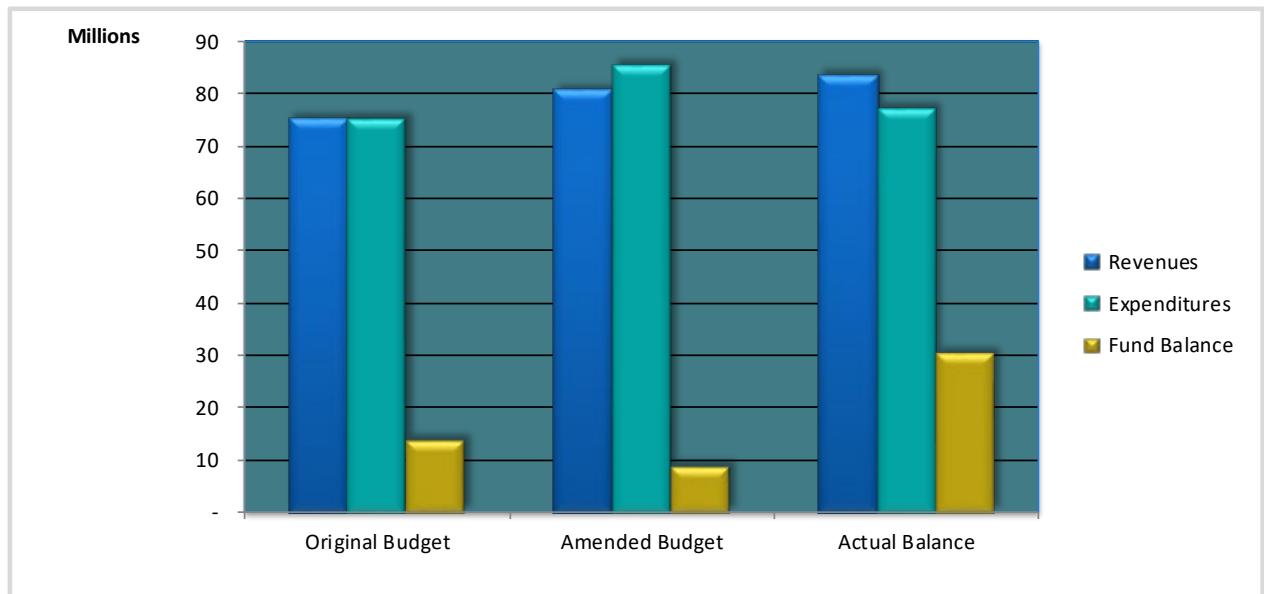
The FY 2021 budget continued essential existing and critical City services while combating the impact of COVID-19.

General Fund original budgeted revenue of \$75,291,296 is \$371,532 more than the prior year. The total final budgeted revenues were less than actual revenues by \$2.8 million. One reason for this is that actual state revenues were greater than projected.

General Fund original budgeted expenditures total \$75,291,296, representing decrease of \$371,532 from FY 2020. Actual expenditures were \$8.0 million less than final budget.

The budget is based upon an estimated unreserved fund balance as of September 30, 2021, of \$13,897,314. The minimum fund balance for FY21, as established by administrative code, is \$6,250,926 and represents 10% of projected operating costs. The approved budget FY21 exceeds the minimum requirement by \$7.6 million. This is a result of rising property values and the proportionate increase in ad valorem taxes.

The City generated positive/(negative) variances in the General Fund. There was a cumulative positive variance of approximately \$10.8 million between the final adopted budget and actual results of operations. The City experienced revenue increases in all categories and adhered to prudent cost reduction measures in an effort to rebound from the prior year pandemic stagnation.

2021 General Fund Budgetary Comparison

The FY 21 adopted millage rate was 7.8378 mills and FY22 adopted millage rate will be 7.5995.

Capital Asset and Debt Administration**Capital Assets**

The City's total investment in capital assets for its governmental and business-type activities as of September 30, 2021 is \$315.2 million (net of accumulated depreciation). Investments in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, vehicles, infrastructure, and construction in progress.

A summary of government-wide capital assets is presented below:

	Governmental Activities		Business-type Activities		Total Activities	
	2021	2020	2021	2020	2021	2020
Land	\$ 16,112,558	\$ 16,854,938	\$ 5,138,205	\$ 5,138,205	\$ 21,250,763	\$ 21,993,143
Construction in Progress	26,377,154	42,119,098	26,401,715	9,910,685	52,778,869	52,029,783
Buildings and Improvements	36,833,142	35,644,094	2,886,341	2,886,341	39,719,483	38,530,435
Water and Sewer System	-	-	189,031,729	185,907,972	189,031,729	185,907,972
Machinery and Equipment	29,366,016	29,185,635	11,335,695	11,694,315	40,701,711	40,879,950
Infrastructure	162,008,090	121,710,419	11,130,440	6,573,648	173,138,530	128,284,067
	270,696,960	245,514,184	245,924,125	222,111,166	516,621,085	467,625,350
Less: Accumulated Depreciation	(109,894,279)	(103,464,817)	(91,561,630)	(86,748,498)	(201,455,909)	(190,213,315)
Capital Assets, net	\$ 160,802,681	\$ 142,049,367	\$ 154,362,495	\$ 135,362,668	\$ 315,165,176	\$ 277,412,035

Major capital asset projects and activities during the current fiscal year include the following:

- Completed transportation projects related to road maintenance, rejuvenation and reconstruction totaled \$43.2 million.
- Road construction projects still in progress at the end of the year totaled \$26.4 million
- Water and sewer improvement projects in progress during the year totaled \$18.6 million
- Developers Capital contribution of \$2.0 million

Additional information on the City's capital assets can be found in Note 7 of this report.

Long-term debt

At the end of fiscal year 2021, the City had total long-term liabilities of \$258.5 million. Of this amount \$114.9 million is secured solely by specified revenue sources (i.e., revenue bonds, revenue notes).

Outstanding Long-Term Debt and Claims Payable

	Governmental Activities		Business-type Activities		Total Activities	
	2021	2020	2021	2020	2021	2020
General Obligation Bonds	\$ 106,887,793	\$ 52,672,929	\$ -	\$ -	\$ 106,887,793	\$ 52,672,929
Revenue Bonds	69,982,112	76,339,602	4,597,582	5,728,475	74,579,694	82,068,077
Notes Payable	18,282,000	16,243,000	22,007,000	16,807,000	40,289,000	33,050,000
State Revolving Fund Loan	-	-	1,346,123	-	1,346,123	-
Capital Leases	5,531,621	5,913,753	-	-	5,531,621	5,913,753
Net Pension Liability	7,761,926	30,501,345	-	-	7,761,926	30,501,345
OPEB Liability	9,360,132	9,409,798	2,955,832	2,971,515	12,315,964	12,381,313
Compensated Absences	5,132,858	5,320,436	966,661	953,563	6,099,519	6,273,999
Claims Payable	3,747,418	3,748,301	-	-	3,747,418	3,748,301
	\$ 226,685,860	\$ 200,149,164	\$ 31,873,198	\$ 26,460,553	\$ 258,559,058	\$ 226,609,717

Outstanding Long-Term Debt Activities:

- GO Bonds payable increased due to the second tranche of bond issuance pursuant to Resolution 2018-63 which provides funding for phase 2 of the City's roadway improvement projects.
- Notes payable increased by \$7.2 million from issuance of Utility System Revenue Note in the amount of \$11.5 million to finance wastewater plant expansion, and Special Obligation Revenue Refunding Note, Series 2020 for \$4.3 million to refund Public Service Tax Revenue Bonds, Series 2010.
- The impact of new debt issuance was reduced by scheduled principal reduction.

The decrease in Net Pension Liability recognizes the difference between actuarially determined assumptions and actual experience.

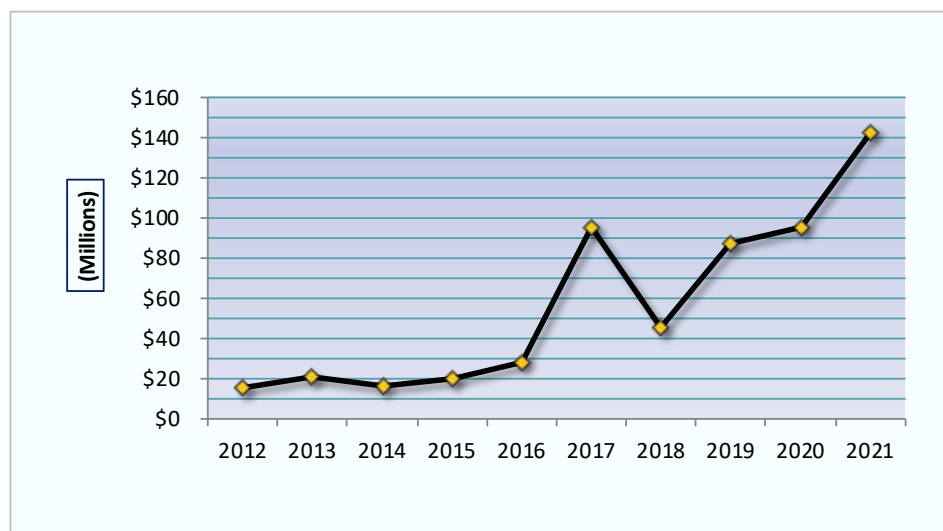
In fiscal year 2021, the City drew down \$1.3 million from the State Revolving Loan agreement.

Additional information on the City's debt can be found in Note 8 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City at September 30, 2021, was 3.9%. The State of Florida's unemployment rate was 4.5% while national average unemployment rate was 6.2%
- Population increased approximately 2.7% from the prior year.
- The taxable value of real property for the City increased by 47.2% in the 2021 fiscal year.
- Building activity resulted in \$142.3 million of new construction during the year, which is an increase of 95,168,705 million, from the previous year. A graphical presentation of the change in taxable value from new construction for the past ten years is presented below:
- In June 2022, the City received a second tranche of ARPA funding in the amount of \$9,004,933 million from the U.S. Department of the Treasury, (Coronavirus State and Local Fiscal Recovery Funds). These funds may be used to support public health expenditures, replace lost public sector revenue, invest in water, sewer, and broadband infrastructure, address the negative economic impact caused by the public health emergency and provide premium pay for essential workers.

Taxable Value from New Construction



During the current fiscal year, *unassigned* fund balance in the General Fund increased to \$27.3 million.

The ad valorem tax rate for the General Fund in fiscal year 2021 was 7.8378 mills.

Requests for Information

This financial report is designed to present users with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions concerning any of the information provided in this report or need additional financial information, contact the City's Finance Department, 120 Malabar Road, S.E., Palm Bay, Florida 32907-3009. The Annual Comprehensive Financial Report for fiscal year 2020/2021 can also be found on the City's website at www.palmbayflorida.org.



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STATEMENT OF NET POSITION
September 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 27,345,890	\$ 4,586,556	\$ 31,932,446
Investments	145,219,090	34,389,119	179,608,209
Restricted Assets:			
Cash and Cash Equivalents	3,929,910	8,243,018	12,172,928
Investments	-	33,999,082	33,999,082
Accounts Receivable (Net)	3,329,811	9,666,222	12,996,033
Internal Balances	(437,077)	437,077	-
Due from Other Governments	4,117,452	666,672	4,784,124
Land Held for Resale	4,000	-	4,000
Inventories	305,116	461,712	766,828
Prepaid Items	412,857	48,441	461,298
Accounts Receivable, Long-term (Net)	-	129,532	129,532
Capital Assets Not Being Depreciated:			
Land	16,112,558	5,138,205	21,250,763
Construction in Progress	26,377,154	26,401,716	52,778,870
Capital Assets, Net of Accumulated Depreciation:			
Building and Improvements	16,550,726	1,290,348	17,841,074
Water and Sewer Systems	-	107,351,680	107,351,680
Machinery, Equipment and Vehicles	6,421,206	3,448,682	9,869,888
Infrastructure	95,341,037	10,731,865	106,072,902
Net Pension Asset	3,642,355	-	3,642,355
Total Assets	348,672,085	246,989,927	595,662,012
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized Loss from Bond Refunding	15,974,491	547,711	16,522,202
Deferred Outflows Related to Pensions	8,130,461	-	8,130,461
Deferred Outflows Related to OPEB	1,986,780	627,403	2,614,183
Total Deferred Outflows of Resources	26,091,732	1,175,114	27,266,846

Continued on the next page

STATEMENT OF NET POSITION (CONTINUED)
September 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts Payable	8,557,568	6,263,351	14,820,919
Accrued Liabilities	2,052,853	602,510	2,655,363
Due to Other Governments	110,027	-	110,027
Unearned Revenues	10,263,847	3,080,909	13,344,756
Liabilities Payable from Restricted Assets:			
Accrued Interest Payable	2,643,204	-	2,643,204
Customer Deposits	-	5,082,897	5,082,897
Long-Term Liabilities:			
Due Within One Year:			
Bonds Payable	5,419,899	589,619	6,009,518
Notes Payable	1,818,000	5,934,000	7,752,000
Capital Leases Payable	398,052	-	398,052
Claims Payable	1,058,578	-	1,058,578
Compensated Absences	821,257	154,666	975,923
Due in More Than One Year:			
Bonds Payable	171,450,006	4,007,963	175,457,969
State Revolving Loan Payable		1,346,123	1,346,123
Notes Payable	16,464,000	16,073,000	32,537,000
Capital Leases Payable	5,133,569	-	5,133,569
Accreted Interest Payable	-	9,716,785	9,716,785
Claims Payable	2,688,840	-	2,688,840
Total OPEB Liability	9,360,132	2,955,832	12,315,964
Net Pension Liability	7,761,926	-	7,761,926
Compensated Absences	4,311,601	811,995	5,123,596
Total Liabilities	250,313,359	56,619,650	306,933,009
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows from Bond Refunding	176,930	-	176,930
Deferred Inflows Related to Pensions	25,152,227	-	25,152,227
Deferred Inflows Related to OPEB	963,603	304,294	1,267,897
Total Deferred Inflows of Resources	26,292,760	304,294	26,597,054
NET POSITION			
Net Investment in Capital Assets	83,057,349	122,653,307	205,710,656
Restricted for:			
Transportation	70,646,734	-	70,646,734
Economic Development	3,070,430	-	3,070,430
Debt Service Reserve	2,955,791	1,920,000	4,875,791
Building Inspections	-	9,836,583	9,836,583
Water and Sewer Utilities System	-	35,239,175	35,239,175
Internal Service Fund Claim Reserves	1,800,000	-	1,800,000
Public Safety	142,765	-	142,765
Unrestricted (Deficit)	(63,515,371)	21,592,032	(41,923,339)
Total Net Position	\$ 98,157,698	\$ 191,241,097	\$ 289,398,795

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

STATEMENT OF ACTIVITIES
For Fiscal Year Ended September 30, 2021

Functions/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Governmental Activities:							
General Government	\$ 17,519,522	\$ 5,297,015	\$ 7,548	\$ -	\$ (12,214,959)	\$ -	\$ (12,214,959)
Public Safety	31,171,376	3,619,819	374,125	-	(27,177,432)	-	(27,177,432)
Physical Environment	517,059	684,835	-	-	167,776	-	167,776
Transportation	10,429,829	12,248,174	-	2,181,200	3,999,545	-	3,999,545
Economic Environment	1,662,294	1,006,626	2,056,044	-	1,400,376	-	1,400,376
Culture/Recreation	5,428,966	4,057,172	25,532	-	(1,346,262)	-	(1,346,262)
Interest on Long-Term Debt	5,895,736	-	-	-	(5,895,736)	-	(5,895,736)
Total Governmental Activities	72,624,782	26,913,641	2,463,249	2,181,200	(41,066,692)	-	(41,066,692)
Business-type Activities:							
Water and Sewer Utilities	24,839,990	33,313,146	2,901,902	13,273,957	-	24,649,015	24,649,015
Building Inspections & Permitting	4,380,403	6,926,512	14,452	-	-	2,560,561	2,560,561
Stormwater Utility	4,572,429	7,589,943	15,253	-	-	3,032,767	3,032,767
Solid Waste	12,141,781	11,280,015	-	-	-	(861,766)	(861,766)
Total Business-type Activities	45,934,603	59,109,616	2,931,607	13,273,957	-	29,380,577	29,380,577
Total	\$ 118,559,385	\$ 86,023,257	\$ 5,394,856	\$ 15,455,157	(41,066,692)	29,380,577	(11,686,115)
General Revenues:							
Taxes:							
Property Tax					40,709,084	-	40,709,084
Franchise Fees					6,186,091	-	6,186,091
Utility Service Tax					9,814,779	-	9,814,779
Communication Service Tax					2,559,292	-	2,559,292
Gas Tax					3,817,012	-	3,817,012
State Revenue Sharing (unrestricted)					13,090,384	-	13,090,384
Investment Earnings					203,078	137,227	340,305
Miscellaneous					1,505,852	179,345	1,685,197
Transfers					1,387,608	(1,387,608)	-
Total General Revenues/Transfers					79,273,180	(1,071,036)	78,202,144
Change in Net Position					38,206,488	28,309,541	66,516,029
Net Position - Beginning					59,951,210	162,931,555	222,882,765
Net Position - Ending					\$ 98,157,698	\$ 191,241,097	\$ 289,398,794

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

BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2021

	General	ARPA Fund	Bayfront Community Redevelopment Agency Fund	Impact Fee Funds	Debt Service Fund	GO Road Program Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS								
Cash and Cash Equivalents	\$ 8,260,130	\$ -	\$ 377,180	\$ 8,785,327	\$ 825,066	\$ 11,236	\$ 4,330,905	\$ 22,589,844
Investments	20,177,214	6,004,431	1,594,311	22,116,287	4,772,984	67,652,838	4,059,706	126,377,771
Restricted Cash and Equivalents	-	3,003,167	-	-	-	-	926,743	3,929,910
Accounts Receivable	3,177,798	6	-	795	-	-	2,072	3,180,671
Due from Other Governments	3,024,182	-	-	-	945	-	1,079,113	4,104,240
Due from Other Funds	229,026	-	-	-	-	-	184,243	413,269
Land Held for Resale	-	-	-	-	-	-	4,000	4,000
Prepaid Items	98,798	-	-	-	-	-	700	99,498
Inventory	1,504	-	-	-	-	-	-	1,504
Total Assets	\$ 34,968,652	\$ 9,007,604	\$ 1,971,491	\$ 30,902,409	\$ 5,598,995	\$ 67,664,074	\$ 10,587,482	\$ 160,700,707
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts Payable	\$ 1,779,794	\$ -	\$ 18	\$ 495,445	\$ -	\$ 5,128,538	\$ 569,285	\$ 7,973,080
Accrued Liabilities	1,872,024	-	-	-	-	-	-	1,872,024
Due to Other Funds	-	-	-	-	-	252	413,269	413,521
Unearned Revenue	703,052	9,004,932	-	-	-	-	555,863	10,263,847
Advances from Other Funds	-	-	-	-	-	-	437,077	437,077
Due to Other Governments	-	-	-	-	-	-	110,027	110,027
Total Liabilities	4,354,870	9,004,932	18	495,445	-	5,128,790	2,085,521	21,069,576
Fund Balances:								
Nonspendable	100,302	-	-	-	-	-	-	100,302
Restricted	800,000	2,672	1,971,473	30,406,964	5,598,995	62,535,284	1,472,041	102,787,429
Committed	1,815,813	-	-	-	-	-	4,708,861	6,524,674
Assigned	574,580	-	-	-	-	-	2,647,705	3,222,285
Unassigned (Deficit)	27,323,087	-	-	-	-	-	(326,646)	26,996,441
Total Fund Balances	30,613,782	2,672	1,971,473	30,406,964	5,598,995	62,535,284	8,501,961	139,631,131
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 34,968,652	\$ 9,007,604	\$ 1,971,491	\$ 30,902,409	\$ 5,598,995	\$ 67,664,074	\$ 10,587,482	\$ 160,700,707

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



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**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30,2021**

Total fund balances of governmental funds **\$ 139,631,131**

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$259,564,832 and the accumulated depreciation is \$101,312,454. Internal service funds capital assets of \$11,132,128 and accumulated depreciation of \$8,581,825 are included in the internal service funds balances below. 158,252,630

Net pension assets are not financial resources and therefore are not reported in the funds. 3,642,355

Deferred outflows and inflows of resources for changes in Pension assumptions and projections in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Deferred Outflows of Resources	8,130,461
Deferred Inflows of Resources	(25,152,227)

Deferred outflows and inflows of resources for changes in OPEB assumptions and projections in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Deferred Outflows of Resources	1,934,497
Deferred Inflows of Resources	(938,246)

Deferred Inflows of resources for loss on bond refunding (176,930)

Unamortized refunding charges are reported as expenditures in the funds because current financial resources are used. They are amortized over the life of the debt in the government-wide statements. 15,974,491

The internal service fund is used by management to charge the costs of employee benefits and risk management services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 22,132,365

Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the Statement of Net Position. The amount for internal service funds includes compensated absences of \$62,498 (\$10,000 current and \$52,498 long-term) and total OPEB liability of \$246,319

Long-term liabilities at year end consist of :

General Obligation Bonds Payable	\$ 106,887,793
Revenue Bonds Payable	69,982,112
Notes Payable	18,282,000
Accrued Interest Payable	2,643,204
Capital Leases Payable	5,531,621
Net Pension Liability	7,761,926
Total OPEB Liability	9,113,813
Compensated Absences	5,070,360
	(225,272,829)

Total net position of governmental activities **\$ 98,157,698**

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For Fiscal Year Ended September 30, 2021

	General	ARPA Fund	Bayfront Community Redevelopment	Impact Fee Funds	Debt Service Fund	GO Road Program Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES								
Taxes	\$ 52,399,854	\$ -	\$ 1,462,000	\$ -	\$ 3,563,784	\$ -	\$ -	\$ 57,425,638
Impact Fees	-	-	-	18,384,411	-	-	-	18,384,411
Licenses and Permits	6,319,285	-	-	-	-	-	-	6,319,285
Intergovernmental Revenues	14,055,515	-	-	-	-	-	4,261,776	18,317,291
Charges for Services	6,178,834	-	-	-	-	-	1,016,561	7,195,395
Fines and Forfeitures	475,189	-	-	-	-	-	39,342	514,531
Investment Income	55,791	2,672	2,277	32,180	3,633	72,211	8,045	176,809
Miscellaneous Revenues	842,439	-	5,301	-	-	-	16,160	863,900
Total Revenues	80,326,907	2,672	1,469,578	18,416,591	3,567,417	72,211	5,341,884	109,197,260
EXPENDITURES								
Current:								
General Government	18,217,036	-	-	-	48,397	-	-	18,265,433
Public Safety	38,060,988	-	-	34,325	-	-	310,433	38,405,746
Transportation	6,094,995	-	-	8,735	-	348,918	32,871	6,485,519
Economic Environment	-	-	298,135	-	-	-	1,245,380	1,543,515
Culture/Recreation	4,705,577	-	-	7,047	-	-	210,191	4,922,815
Debt Service:								
Principal Retirement	-	-	410,000	-	5,924,540	-	-	6,334,540
Interest and Fiscal Charges	-	-	22,809	-	5,039,297	-	-	5,062,106
Capital Outlay	-	-	-	498,581	-	22,635,272	2,354,992	25,488,845
Total Expenditures	67,078,596	-	730,944	548,688	11,012,234	22,984,190	4,153,867	106,508,519
Excess (Deficiency) of Revenues Over Expenditures	13,248,311	2,672	738,634	17,867,903	(7,444,817)	(22,911,979)	1,188,017	2,688,741
OTHER FINANCING SOURCES (USES)								
Transfers In	2,400,533	-	-	149	7,451,288	-	2,367,401	12,219,371
Transfers Out	(10,354,700)	-	(616,004)	(995,536)	(46,401)	-	-	(12,012,641)
Proceeds from Sale of Capital Assets	779,611	-	943,754	-	-	-	-	1,723,365
Issuance of Refunding Debt	-	-	-	-	4,258,000	-	-	4,258,000
Issuance of Debt	-	-	-	-	-	50,000,000	-	50,000,000
Bond Premium	-	-	-	-	-	6,437,163	-	6,437,163
Payment to Refunded Bond Escrow Agent	-	-	-	-	(4,258,000)	-	-	(4,258,000)
Total Other Financing Sources and (Uses)	(7,174,556)	-	327,750	(995,387)	7,404,887	56,437,163	2,367,401	58,367,258
Net Change in Fund Balances	6,073,755	2,672	1,066,384	16,872,516	(39,930)	33,525,184	3,555,418	61,055,998
Fund Balances - Beginning	24,540,027	-	905,089	13,534,450	5,638,924	29,010,100	4,946,543	78,575,133
Fund Balances - Ending	\$ 30,613,782	\$ 2,672	\$ 1,971,473	\$ 30,406,966	\$ 5,598,994	\$ 62,535,284	\$ 8,501,961	\$ 139,631,131

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



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**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021**

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

Net change in fund balances - total governmental funds.	\$ 61,055,999
Governmental funds report capital purchases as expenditures. However, in the statement of activities, the cost of those assets are depreciated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital purchases (\$26,398,006) exceeds depreciation expense (\$7,252,438) in the current period.	19,145,568
Governmental funds report only the proceeds from the sale of capital assets. However, in the Statement of Activities, the amount of the proceeds (if any) are shown net of the remaining book balance of the assets disposed. This is the amount of the gain or (loss) realized on the current year dispositions: Current Year Net Loss on Disposal	(35,494)
Proceeds from the sale of capital assets increase financial resources, but in the statement of activities, only a gain or loss is reported.	(1,723,365)
Pension contribution made subsequent to the measurement date is an expenditure in the governmental funds, but reported as a deferred outflow of resources in the government-wide financial statements.	5,321
Pension expenses 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.	4,595,179
Capital assets contributed to the City in the current year and recognized as revenue in the statement of activities.	17,780
The repayment of principal is an expenditure in the governmental funds, but reduces liabilities in the statement of net position. In addition, the issuance of bonds and similar long-term debt provides current financial resources to governmental funds and therefore contribute to an increase in fund balance. In the statement of net position, however, issuing debt increases and payment of debt decreases long-term liabilities and does not affect the statement of activities. The amounts of the items that make up these differences in the treatment of long-term debt and related items are: Principal repayments: Revenue Bonds Capital Leases Notes Payable Debt Refunding: Revenue Bonds Debt issued or incurred: Proceeds from Bonds Payable Proceeds from Notes Payable Amortized Refunding Charges Amortized Refunding Gains Accrued Interest Payable on Long-Term Debt	4,321,789 382,132 2,219,000 4,258,000 (56,437,163) (4,258,000) (894,402) (11,796) (539,401)
Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. Compensated Absences Total OPEB Liability	149,510 48,359
The internal service fund is used by management to charge the costs of risk management services to other funds. The decrease in net position of the internal service fund is reported with governmental activities.	5,907,473
Change in net position of governmental activities.	\$ 38,206,488

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2021

	Business Type Activities - Enterprise Funds				Governmental	
	Utilities Fund (Major Fund)	Stormwater (Major Fund)	Solid Waste (Major Fund)	Total Nonmajor Enterprise Funds	Total Enterprise Funds	Activities - Internal Service Funds
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 1,637,685	\$ 1,272,231	\$ -	\$ 1,676,640	\$ 4,586,556	\$ 4,756,046
Investments	16,752,827	7,360,962	1,843,942	8,431,388	34,389,119	18,841,319
Restricted Cash and Cash Equivalents	4,716,489	-	366,409	-	5,082,898	-
Accounts Receivable - (Net)	6,646,785	1,809,221	1,210,216	-	9,666,222	149,140
Due from Other Government	666,672	-	-	-	666,672	13,212
Advances to Other Funds	-	-	-	50,000	50,000	-
Inventory	461,712	-	-	-	461,712	303,612
Prepaid Items	30,200	-	-	18,241	48,441	313,359
Total Current Assets	30,912,370	10,442,414	3,420,567	10,176,269	54,951,620	24,376,688
Noncurrent Assets:						
Restricted Assets:						
Cash and Cash Equivalents	3,160,120	-	-	-	3,160,120	-
Investments	33,999,082	-	-	-	33,999,082	-
Total Restricted Assets	37,159,202	-	-	-	37,159,202	-
Accounts Receivable (Net)	129,532	-	-	-	129,532	-
Advances to Other Funds	-	-	-	387,077	387,077	-
Total Other Noncurrent Assets	129,532	-	-	387,077	516,609	-
Capital Assets:						
Land	5,118,403	19,802	-	-	5,138,205	-
Construction in Progress	24,909,819	1,479,207	-	12,690	26,401,716	-
Building and Improvements	2,886,341	-	-	-	2,886,341	-
Water and Sewer Systems	189,031,729	-	-	-	189,031,729	-
Infrastructure	-	11,130,440	-	-	11,130,440	-
Machinery, Equipment and Vehicles	5,016,205	3,089,812	2,761,770	467,908	11,335,695	11,132,128
Less: Accumulated Depreciation	(86,651,636)	(2,144,910)	(2,638,598)	(126,486)	(91,561,630)	(8,581,825)
Total Capital Assets (Net)	140,310,861	13,574,351	123,172	354,112	154,362,496	2,550,303
Total Noncurrent Assets	177,599,595	13,574,351	123,172	741,189	192,038,307	2,550,303
Total Assets	208,511,965	24,016,765	3,543,739	10,917,458	246,989,927	26,926,991
DEFERRED OUTFLOWS OF RESOURCES						
Unamortized Loss from Bond Refunding	547,711	-	-	-	547,711	-
Deferred Outflows Related to OPEB	418,270	130,708	26,142	52,283	627,403	52,283
Total Deferred Outflows of Resources	965,981	130,708	26,142	52,283	1,175,114	52,283

Continued on the next page

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

STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
September 30, 2021

	Business Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds	
	Utilities Fund (Major Fund)	Stormwater (Major Fund)	Solid Waste (Major Fund)	Total Nonmajor Enterprise Fund	Total Enterprise Funds	
LIABILITIES						
Current Liabilities:						
Accounts Payable	4,769,880	171,699	1,099,411	222,361	6,263,351	584,488
Accrued Liabilities	393,205	94,064	-	115,241	602,510	180,829
Unearned Revenues	7,825	1,809,179	1,210,087	53,818	3,080,909	-
Bonds Payable	589,619	-	-	-	589,619	-
Notes Payable	5,934,000	-	-	-	5,934,000	-
Compensated Absences	119,697	14,400	-	20,569	154,666	10,000
Claims Payable	-	-	-	-	-	1,058,578
Current Liabilities Payable from Restricted Assets:						
Customer Deposits	4,716,488	-	366,409	-	5,082,897	-
Total Current Liabilities	16,530,714	2,089,342	2,675,907	411,989	21,707,952	1,833,895
Noncurrent Liabilities:						
Bonds Payable	4,007,963	-	-	-	4,007,963	-
State Revolving Loan Payable	1,346,123	-	-	-	1,346,123	-
Notes Payable	16,073,000	-	-	-	16,073,000	-
Accreted Interest Payable	9,716,785	-	-	-	9,716,785	-
Total OPEB Liability	1,970,554	615,799	123,159	246,320	2,955,832	246,319
Compensated Absences	628,408	75,597	-	107,990	811,995	52,498
Claims Payable	-	-	-	-	-	2,688,840
Total Noncurrent Liabilities	33,742,833	691,396	123,159	354,310	34,911,698	2,987,657
Total Liabilities	50,273,547	2,780,738	2,799,066	766,299	56,619,650	4,821,552
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows Related to OPEB	202,863	63,395	12,679	25,357	304,294	25,357
Total Deferred Outflows of Resources	202,863	63,395	12,679	25,357	304,294	25,357
NET POSITION						
Net Investment in Capital Assets	108,675,318	13,513,316	123,171	341,502	122,653,307	2,456,558
Restricted:						
Renewal and Replacement	12,534,394	-	-	-	12,534,394	-
Capital Improvements	22,704,781	-	-	-	22,704,781	-
Debt Service	1,920,000	-	-	-	1,920,000	-
Building Fund	-	-	-	9,836,583	9,836,583	-
Employee Benefits	-	-	-	-	-	1,800,000
Unrestricted	13,167,043	7,790,024	634,965	-	21,592,032	17,875,807
Total Net Position	\$ 159,001,536	\$ 21,303,340	\$ 758,136	\$ 10,178,085	\$ 191,241,097	\$ 22,132,365

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



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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For Fiscal Year Ended September 30, 2021

	Business Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds	
	Utilities Fund (Major Fund)	Stormwater (Major Fund)	Solid Waste (Major Fund)	Total Nonmajor Enterprise Fund	Total Enterprise Funds	
Operating Revenues:						
Charges for Services:						
Water	\$ 18,961,889	\$ -	\$ -	\$ -	\$ 18,961,889	\$ -
Sewer	13,631,873	-	-	-	13,631,873	-
Stormwater	-	7,391,131	-	-	7,391,131	-
Solid Waste	-	-	11,276,825	-	11,276,825	-
User Fees	-	-	-	520,626	520,626	26,673,388
Assessments	442,631	78,361	-	-	520,992	-
Licenses and Permits	-	847	-	6,305,774	6,306,621	-
Miscellaneous Income	276,753	119,604	3,190	100,112	499,659	306,918
Total Operating Revenues	33,313,146	7,589,943	11,280,015	6,926,512	59,109,616	26,980,306
Operating Expenses:						
Personal Services	9,658,442	2,327,041	3,272	2,186,201	14,174,956	4,398,366
Material, Supplies, and Operating expenses	8,431,973	1,945,476	12,116,059	1,593,199	24,086,707	4,245,639
Claims/Premium Expense	-	-	-	-	-	13,130,757
Depreciation	4,842,504	299,912	22,450	122,165	5,287,031	707,572
Total Operating Expenses	22,932,919	4,572,429	12,141,781	3,901,565	43,548,694	22,482,334
Operating Income	10,380,227	3,017,514	(861,766)	3,024,947	15,560,922	4,497,972
Nonoperating Revenues (Expenses):						
Interest Income	108,177	11,573	4,101	13,376	137,227	26,271
Interest Expense and Fiscal Charges	(1,907,071)	-	-	-	(1,907,071)	-
Intergovernmental Revenues	2,901,902	13,853	1,400	14,452	2,931,607	53,682
Gain on Sale of Capital Assets	55,861	72,938	45,127	5,419	179,345	97,072
Gain (Loss) on Disposal	-	-	-	(478,838)	(478,838)	51,598
Total Nonoperating Revenues (Expenses)	1,158,869	98,364	50,628	(445,591)	862,270	228,623
Income Before Contributions and Transfers	11,539,096	3,115,878	(811,138)	2,579,356	16,423,192	4,726,595
Capital Contributions	13,273,957	-	-	-	13,273,957	-
Transfers In	11,868,298	309,478	-	187	12,177,963	1,272,309
Transfers Out	(13,350,020)	(132,174)	(48,954)	(34,423)	(13,565,571)	(91,431)
Change in Net Position	23,331,331	3,293,182	(860,092)	2,545,120	28,309,541	5,907,473
Net Position - Beginning of year	135,670,205	18,010,158	1,618,228	7,632,965	162,931,556	16,224,892
Total Net Position - Ending	\$ 159,001,536	\$ 21,303,340	\$ 758,136	\$ 10,178,085	\$ 191,241,097	\$ 22,132,365

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For Fiscal Year Ended September 30, 2021**

	Business Type Activities - Enterprise Funds				Governmental	
	Utilities Fund (Major Fund)	Storm Water Fund (Major Fund)	Solid Waste Fund (Major Fund)	Total Nonmajor Enterprise Fund	Total Enterprise Funds	Activities - Internal Service Funds
Cash Flows from Operating Activities						
Receipts from Customers and Users	\$ 35,682,519	\$ 7,591,418	\$ 11,295,771	\$ 6,926,512	\$ 61,496,220	\$ 26,902,313
Payments to Suppliers	(5,335,336)	(2,462,071)	(11,881,655)	(1,540,835)	(21,219,897)	(17,292,199)
Payments to Employees	(9,564,257)	(2,325,760)	14	(2,130,767)	(14,020,770)	(4,432,109)
Net Cash Provided by Operating Activities	20,782,926	2,803,587	(585,870)	3,254,910	26,255,553	5,178,005
Cash Flows from Noncapital Financing Activities						
Interfund Advances	-	-	-	213,896	213,896	-
Intergovernmental Revenues	2,901,902	13,853	1,400	-	2,917,155	53,682
Transfers to Other Funds	(13,350,020)	309,478	(48,954)	-	(13,089,496)	(91,431)
Transfers from Other Funds	11,868,298	(132,174)	-	187	11,736,311	1,272,309
Net Cash Provided (Used) by Noncapital Financing Activities	1,420,180	191,157	(47,554)	214,083	1,777,866	1,234,560
Cash Flows from Capital and Related Financing Activities						
Acquisition/Construction of Capital Assets	(21,389,232)	(2,548,761)	-	109,780	(21,279,452)	(1,102,245)
Principal Paid on Capital Debt	(1,130,893)	-	-	-	(1,130,893)	-
Interest Paid on Capital Debt	(2,658,507)	-	-	-	(2,658,507)	-
Contributions	13,273,957	-	-	-	13,273,957	-
Principal Paid on Notes Payable	(6,307,000)	-	-	-	(6,307,000)	-
Proceeds from Issuance of Notes	11,507,000	-	-	-	11,507,000	-
Proceeds from Loan	1,346,123	-	-	-	1,346,123	-
Proceeds from Sale of Capital Assets	55,861	72,938	45,128	-	173,927	148,670
Net Cash Used by Capital and Related Financing Activities	(5,302,691)	(2,475,823)	45,128	109,780	(5,074,845)	(953,575)
Cash Flows from Investing Activities						
Investment purchases	(47,579,151)	366,025	(6,245)	(3,801,070)	(51,014,196)	(5,090,474)
Proceeds from Sale and Maturity of Investments	33,426,157	-	-	-	33,426,157	-
Interest Income on Investments	108,177	11,573	4,101	13,376	133,126	146,737
Net Cash Provided (Used) by Investing Activities	(14,044,817)	377,598	(2,144)	(3,787,694)	(17,454,913)	(4,943,737)
Net Increase (Decrease) in Cash and Cash Equivalents	2,855,598	896,519	(590,440)	(208,921)	2,952,756	515,253
Cash and Cash Equivalents at Beginning of Year	6,658,722	375,712	956,849	1,885,561	9,876,844	4,240,793
Cash and Cash Equivalents at End of Year	\$ 9,514,320	\$ 1,272,231	\$ 366,409	\$ 1,676,640	\$ 12,829,600	\$ 4,756,046
Cash and Cash Equivalents Classified As:						
Current Assets	\$ 1,637,685	\$ 1,272,231	\$ -	\$ 1,676,640	\$ 4,586,556	\$ 4,756,046
Restricted Assets	7,876,635	-	366,409	-	8,243,044	-
Total Cash and Cash Equivalents	\$ 9,514,320	\$ 1,272,231	\$ 366,409	\$ 1,676,640	\$ 12,829,600	\$ 4,756,046

Continued on the next page

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

STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
For Fiscal Year Ended September 30, 2021

	Business Type Activities - Enterprise Funds					Governmental
	Utilities Fund (Major Fund)	Storm Water Fund (Major Fund)	Solid Waste Fund (Major Fund)	Total Nonmajor Enterprise Fund	Total Enterprise Funds	Activities - Internal Service Funds
Reconciliation of Operating Income to						
Net Cash Provided by Operating						
Activities						
Operating Income (Loss)	\$ 10,380,227	\$ 3,017,514	\$ (861,766)	\$ 3,024,947	\$ 15,560,922	\$ 4,497,972
Depreciation	4,842,504	299,912	22,450	122,165	5,287,031	707,572
Change in Assets and Liabilities:						
(Increase) in Accounts Receivable	(67,869)	(1,564,428)	(761,789)	-	(2,394,086)	(40,225)
Decrease in Deferred Outflows - OPEB	112,033	35,011	7,002	14,004	168,050	14,004
(Increase) Decrease in Inventories	(33,250)	-	10,013	-	(23,237)	(87,215)
(Increase) in Prepaid Expenses	(21,138)	-	-	(17,915)	(39,053)	(37,943)
Increase (Decrease) in Accounts Payable	3,117,641	(496,200)	227,832	38,427	2,887,700	157,605
Increase (Decrease) in Accrued Liabilities	33,384	(20,395)	(3,442)	54,164	63,711	(22)
(Decrease) in Deferred Inflows - OPEB	(1,201)	(375)	(75)	(150)	(1,801)	(150)
Increase in Customer Deposits	2,437,242	-	15,459	-	2,452,701	-
(Decrease) in Total OPEB Liability	(10,456)	(3,267)	(654)	(1,306)	(15,683)	(1,307)
Increase (Decrease) in Compensated Absences	(6,191)	(30,088)	(2,987)	52,364	13,098	(31,403)
(Decrease) in Claims Payable	-	-	-	-	-	(883)
Increase (Decrease) in Unearned Revenue	-	1,565,903	762,087	(31,790)	2,296,200	-
Total Adjustments	10,402,699	(213,927)	275,896	229,963	10,694,631	680,033
Net Cash Provided by Operating						
Activities	\$ 20,782,926	\$ 2,803,587	\$ (585,870)	\$ 3,254,910	\$ 26,255,553	\$ 5,178,005

There are no noncash investing, capital, and financing activities.

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

STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUND
September 30, 2021

ASSETS	Total
Cash and Cash Equivalents	\$ 8,376,885
Investments, at fair value:	
Common Stock	78,931,821
Domestic Equity Funds	25,885,647
U.S. Government securities	32,432,384
Corporate Bonds	17,313,306
Bond Funds	65,912
International Equity Funds	41,615,203
Real Estate Funds	19,949,816
Convertible Securities	26,842,428
Master Limited Partnership	6,707,847
Total investments	249,744,364
Receivables:	
Accrued Interest and Dividends	311,311
Due from Broker	1,307,818
Other	2,687
Due to/from Other Funds	-
Total Receivables	1,621,816
Other assets:	31,799
Total Assets	259,774,864
LIABILITIES	
Accounts Payable	321,694
Deferred Retirement Option Benefits due and currently payable	423,937
Deferred City Contributions	91,419
Due to broker	2,271,972
Total Liabilities	3,109,022
NET POSITION	
Restricted for Pension Benefits	\$ 256,665,842

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUND
For the Year Ended September 30, 2021

	Total
ADDITIONS	
Contributions:	
Employer	\$ 4,660,443
Employee	1,261,479
State	1,470,571
Employee Buybacks	59,666
Total Contributions	7,452,159
Investment Earnings:	
Net Appreciation in Fair Value of Investments	39,958,093
Interest and Dividends	4,837,100
Miscellaneous	3,579
Total Investment Earnings	44,798,772
Less: Investment Expenses	1,217,737
Net investment Income	43,581,035
Total Additions	51,033,194
DEDUCTIONS	
Benefits	12,284,690
Refunds	117,225
Administrative Expense	541,760
Total Deductions	12,943,675
Change in Net Position	38,089,519
Net Position - Beginning of Year	218,576,323
Net Position - End of Year	\$ 256,665,842

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



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NOTE 1 – Summary of Significant Accounting Policies

The financial statements of the City of Palm Bay, Florida (the “City”) have been prepared in conformity with generally accepted accounting principles (“GAAP”) in the United States of America as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant City accounting policies are described below:

A. The Reporting Entity

The City is a political subdivision incorporated on January 1, 1960, in the State of Florida and located in Brevard County. The legislative branch of the City is composed of a five (5) member elected Council, including a city-wide elected mayor. The City Council is governed by the City Charter, and by state and local laws and regulations. The City Council is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Council appointed city manager.

Accounting principles generally accepted in the United States of America require that the reporting entity include: (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Although they are separate legal entities, blended component units are in substance part of the City’s operations and are reported as an integral part of the City’s financial statements. The City’s component units are described as follows:

The Bayfront Community Redevelopment Agency (the “BCRA”) is an incremental tax district created by City ordinance pursuant to Section 163.356, Florida Statutes. The City Council appoints an advisory board to administer the activities of the BCRA. The Board approves the budget and provides funding. The City performs all accounting functions as well as facilitates operational responsibilities for the activities of the BCRA. Its services are provided exclusively to the City. The BCRA is classified as a special revenue fund.

The Palm Bay Municipal Foundation Inc. is a Florida 501(c)(3) nonprofit public benefit corporation formed in June 2013 by City Council Legislative Memorandum pursuant to Florida Nonprofit Corporation Laws. The Palm Bay Municipal Foundation was established exclusively for charitable, educational, and cultural purposes for the benefit of the City. City Council members serve as the Foundation’s board of directors. They also approve the budget. The City performs all accounting functions and facilitates operational responsibilities for the activities of the Foundation. Palm Bay Municipal Foundation is classified as a special revenue fund.

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 the nonfiduciary activities of the primary government and its blended component units. For the most part, the effect of interfund activity has been removed from these statements to minimize double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties.

The Statement of Activities demonstrates the degree to which the direct expenses and indirect costs of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are those costs that are allocated to functions and activities in accordance with the City’s adopted indirect cost allocation plan. The “expenses” column includes both direct and indirect expenses. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are *restricted* to meeting the operational or capital requirements of a function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NOTE 1 – Summary of Significant Accounting Policies (Continued)**B. Government-wide and Fund Financial Statements (Continued)**

Separate financial statements are provided for governmental funds, proprietary funds, and the fiduciary fund. The fiduciary fund is excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. The internal service funds are included in governmental activities in the government-wide financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**Government-wide Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements 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 comparable items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are user fees between the City's enterprise funds and other governmental functions. Elimination of these charges would distort the direct costs and program revenues reported for 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.

Fund Financial Statements

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 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 four months 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.

Taxes when levied, franchise fees, licenses, intergovernmental revenues when eligibility requirements are met, charges for services, and interest associated with the current fiscal period are all considered to be measurable and if available have been recognized as revenues of the current fiscal period. All other revenue items are measurable and available only when cash is received by the City.

NOTE 1 – Summary of Significant Accounting Policies (Continued)C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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 Bayfront Community Redevelopment Agency Fund is used to account for ad valorem tax increment revenues accumulated for community development in the areas where the taxes were assessed.
- The City has one debt service fund which is used to account for principal and interest payment on the following debts:
 - Taxable Special Obligation Revenue Bonds, Series 2004
 - Public Service Tax Revenue Bonds, Series 2010
 - Taxable Special Obligation Refunding Bonds, Series 2013
 - Local Option Gas Tax Refunding Note, Series 2014
 - Sales Tax Refunding Bonds, Series 2015
 - Franchise Fee Revenue Note, Series 2015
 - Franchise Fee Revenue Note, Series 2016
 - Local Option Gas Tax Revenue Note, Series 2018
 - Special Obligation Refunding Note, Series 2020
 - General Obligation Bonds, Series 2019 & Series 2021
 - Debt service on capital leases.
- The GO Bond Road Program Fund is used to account for bond proceeds earmarked for road rejuvenation, maintenance and repair of citywide roadways.
- The Impact Fee Fund accounts for revenues originating from new development and used for the acquisition and or improvement of police, fire, & recreation facilities and expansion of the City's major road network system.
- The ARPA Fund (American Rescue Plan Act) accounts for federal relief funds granted to mitigate the negative impact resulting from the coronavirus pandemic. The funds are intended to offset revenue loss due to COVID-19, provide premium pay for essential workers, invest in broadband, water, or sewer infrastructure.

The City reports the following major enterprise fund:

- The Utilities Fund, accounts for the fiscal activities of the City's water and wastewater treatment and distribution operations as well as the funding and payment of related debt.
- The Stormwater Utility Fund is used to account for fees and services associated with management of the City's stormwater system.
- The Solid Waste fund is used to account for residential solid waste collection services administered by the City in partnership with Republic Services.

Additionally, the City reports the following fund types:

- The Internal Service Funds account for certain activities of the City's risk management, employee benefit programs and its fleet operations. Activities include premium and benefit payments, legal expenses incurred related to activities not specifically covered by City insurance policies, collections of settlements or refunds from related cases, and charges to City departments for fleet services and a vehicle replacement program.

NOTE 1 – Summary of Significant Accounting Policies (Continued)C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

- The Pension Trust Fund accounts for the activities of the City's Police and Firefighters Retirement System, ("PBP&FPF") which accumulates resources for pension benefit payments to certain general government employees and qualified police and fire employees.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

When both *restricted* and *unrestricted* resources are available for use, it is the City's policy to use *restricted* resources first for their intended purposes, and then *unrestricted* resources, as they are needed.

D. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit, money market accounts, money market funds, Negotiable Order of Withdrawal, and cash with fiscal agent.

E. Investments

Investments are stated at market value, except for investments in the Florida State Board of Administration Local Government Pooled Investment Funds ("SBA"), an external investment pool which complies with criteria set forth in Section 150: *Investments* of the GASB codification. All fair market valuations are based on quoted market prices. SBA pool shares are based on amortized cost of the SBA's underlying portfolio.

F. ReceivablesProperty Taxes Receivable

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The City's millage rate, on which tax collections in fiscal year 2021 are based, is 7.8378.

All real and tangible personal property taxes are due and payable on the levy date of November 1 of each year or as soon thereafter as the assessment roll is certified by the Brevard County Property Appraiser (levy date). The Brevard County Tax Collector collects and distributes all taxes. Taxes may be paid upon receipt of notice from the Tax Collector, with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January, and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount and all unpaid taxes on real and tangible property become delinquent on April 1 and a lien is executed on or before May 30. Property tax revenues are recognized in the fiscal year for which they are budgeted and become due and payable. Virtually all unpaid taxes are collected via tax certificates sold on or prior to June 1; therefore, no material taxes are receivable at fiscal yearend.

Accounts Receivable

Utilities Fund operating revenues are generally recognized based on cycle billings rendered monthly. Revenues for services delivered during the last month of the fiscal year that have not been read by September 30 are accrued based on meter readings for the applicable consumption taken at the beginning of October and billed in October. Accounts receivable balances are shown net of the allowance for

NOTE 1 – Summary of Significant Accounting Policies (Continued)F. Receivables (Continued)

uncollectible accounts. The allowances are determined based on management estimates of uncollectible amounts.

G. Inventories and prepaid items

Inventories in the governmental, enterprise and internal service funds consist primarily of expendable supplies held for consumption. 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. Inventories held for resale are reported at the lower of cost or market.

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. The cost of a prepaid item is recorded as an expenditure/expense when consumed rather than when purchased.

H. Restricted Assets

The uses of certain assets of the Utilities Fund are restricted by specific provisions of bond resolutions and other agreements. Assets so designated are identified as restricted assets on the statement of net position.

I. Encumbrance

Encumbrance accounting is employed in the general, capital project and special revenue funds. Under this method, purchase orders contracts and other commitments outstanding at year-end do not constitute expenditures for liabilities. GASBC 1800: *Classification and terminology*, provides additional guidance on the classification within the Net Position section of the amounts that have been encumbered. Encumbrances of balances within the General fund are classified as *assigned*; Special Revenue and Capital Projects funds are classified as *committed* and *restricted*. These encumbrances are not separately stated in the financial statements.

J. Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, easements, bridges, sidewalks, and related items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. Property, plant, and equipment with initial, individual costs that equal or exceed \$5,000 and estimated useful lives of over one year are recorded as capital assets. Roads, bridges, and sidewalks are capitalized when their initial costs equal or exceed \$250,000 and have estimated useful lives of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art, and similar items and capital assets received in a service concession arrangement are recorded at acquisition value at the date of donation rather than estimated fair market value.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. In governmental funds, capital purchases (capital assets) are reported as expenditures.

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25-50
Utilities System	25-40
Infrastructure	15-20
Equipment	5-20
Vehicles	3-10

NOTE 1 – Summary of Significant Accounting Policies (Continued)**K. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to future periods and so will not be recognized as an expense or expenditure until then. The City has three items that qualify for reporting in this category; they are deferred charges on refunding, deferred outflows related to pensions and deferred outflows related to OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pensions, pursuant to GASBC P20: *Pension Activities* are unrealized contributions and losses related to pension costs. See Note 9 Employee Retirement Systems.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents revenue collected that applies to a future period and will not be recognized as revenue until then. The City has four items in this category, which arises under both the full accrual and modified accrual basis of accounting; unavailable revenue regarding business tax licenses that have been paid in advance, deferred amounts related to pensions, unamortized gain on refunding, pursuant to GASBC P20: *Pension Activities*, and deferred amounts related to OPEB.

L. Pension

For purpose of measuring the net pension liability (asset) and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's Fire and Police Retirement System and Florida Retirement System ('FRS') plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by PBP&FPF and FRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Amortization of Bond Discount and Premium

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 activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the term of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of debt issued is reported as other financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether withheld or not from the actual debt proceeds received, are reported as expenditures/ expenses when incurred.

N. Compensated Absences

All full-time permanent employees accrue sick and vacation benefits according to the following table:

Employee terminating in good standing with unused annual leave will be paid up to a maximum of 240 hours. Sick leave will be paid up to a maximum of 500 hours but based on years of service and position.

Compensated Absences	Vacation			Sick		
	Accrual Per Month	Max	Payout*	Accrual Per Month	Max	Payout*
Employees hired prior to September 1, 2017	8-14 hrs	320**	320**	8-12 hrs	1152***	500
Employees hired after to September 1, 2017	8-10 hrs	240	240	8 hrs	500	500
<p>*Employee must be in good standing upon termination. Sick Payouts based on Years of Service and Position</p> <p>**Max will change to 240 hours once drops below 240 by payouts and use of annual leave</p> <p>***Max will change to 500 once drops below 500 by payouts and use of sick leave</p>						

NOTE 1 – Summary of Significant Accounting Policies (Continued)**N. Compensated Absences (Continued)**

The City records compensated absences in governmental funds as expenditures for the amount accrued during the year that would normally be liquidated with expendable, available financial resources and to the extent they are due as of the end of the fiscal year. The City accrues compensated absences in the period they are earned in the government-wide and enterprise fund financial statements.

O. Fair Value Measurement

The City categorizes its fair value measurements with the hierarchy established by GASBC Section 150: *Investments*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted process in active markets; Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs.

P. Capital Contributions

Capital Contributions consist of amounts from federal and state aid programs, developers, and water and sewer stabilization fees charged to customers for initial hookup to the Utilities System's water and sewer lines. Contributions are recognized when earned or when legal title is transferred to the City for contributed capital assets.

Q. Net Position

In the government-wide financial statements and in the proprietary fund statements, net position is classified in the following categories:

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position – This category represents the net position of the City, which is restricted by constraints placed on the use by external groups such as creditors, grantors, contributors, laws, regulations of other governments, through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents the net position of the City, which can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions. Deficit unrestricted net position if any would require future funding.

R. Fund Balance

Nonspendable – This category includes items that are not in spendable form because they are either legally or contractually required to be maintained intact such as inventory, prepaid and long-term amounts of loans and notes receivable.

Restricted – Includes items that are restricted by external creditors, grantors, or contributors, or restricted by legal constitutional provisions.

Committed – The portion of fund balance that can be constrained for a specific purpose imposed via resolution by the Palm Bay City Council (the highest level of decision-making authority). Commitment of fund balance may be made for such purposes as a) major maintenance and repair projects, b) meeting obligations resulting from a natural disaster, c) accumulating resources pursuant to stabilization arrangements, d) establishing reserves for disasters and or, e) for specific projects. Any changes or removal of committed fund balance must be sanctioned by the Palm Bay City Council through the same process that facilitated the original commitment.

Assigned – Includes items intended for specific uses and authorized by the City Manager and or Finance Director. The Palm Bay City Council designated these representatives as the delegated officials that can assign portions of the fund balance as evidenced by Resolution 2011-34.

NOTE 1 – Summary of Significant Accounting Policies (Continued)**R. Fund Balance (Continued)**

Unassigned – This is the residual classification used for those balances not *assigned* to another category in the General Fund. Deficit fund balance in other governmental funds is also presented as *unassigned*.

SBC 1800: *Classification and terminology* requires the highest legal authority to approve authorized commitments of fund balance and to approve who can authorize assignment of fund balance. On August 4, 2011, City Council by resolution 2011-34 authorized the Finance Director rights to assign resources and ending fund balances. GASBC 1800: *Classification and terminology* also requires a spending policy to ending fund balances. The spending policy states in what order fund balance categories are spent. On August 4, 2011, by resolution 2011-34, the Council approved the following fund balance order of spending: (1) *restricted* fund balance first, and then (2) *committed* fund balance, then (3) *assigned* fund balance, and (4) *unassigned* fund balance. The General Fund maintains a minimum fund balance of 10% of the subsequent year's budgeted expenditures less capital outlay and transfers.

A detailed classification of the City's Fund Balances as of September 30, 2021, are as follows:

Function Balance Classification	Major Funds						Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	ARPA Fund	Bayfront Community Redevelopment Agency	Impact Fee Fund	Debt Service Fund	GO Bond Road Program Fund		
Non-Spendable:								
Items Not In Spendable Form:								
Inventory	\$ 1,504	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,504
Prepaid Items	98,798	-	-	-	-	-	-	98,798
Total Nonspendable Fund Balances	100,302	-	-	-	-	-	-	100,302
Restricted for:								
Debt Service	-	-	-	-	5,598,995	-	-	5,598,995
Citizen Services	-	2,672	-	-	-	-	1,096,285	1,098,957
Forfeited Property	-	-	-	-	-	-	142,765	142,765
Redevelopment Activities	-	-	1,971,473	-	-	-	-	1,971,473
Road Maintenance & Repair Projects	-	-	-	30,406,964	-	62,535,284	-	92,942,248
Other Capital Projects	800,000	-	-	-	-	-	232,991	1,032,991
Total Restricted Fund Balances	800,000	2,672	1,971,473	30,406,964	5,598,995	62,535,284	1,472,041	102,787,429
Committed to:								
Road Maintenance	-	-	-	-	-	-	4,577,482	4,577,482
Various Contracts	1,815,813	-	-	-	-	-	131,379	1,947,192
Total Committed Fund Balances	1,815,813	-	-	-	-	-	4,708,861	6,524,674
Assigned to:								
Citizen Services	-	-	-	-	-	-	706,744	706,744
Various Contracts	574,580	-	-	-	-	-	1,940,961	2,515,541
Total Assigned Fund Balances	574,580	-	-	-	-	-	2,647,705	3,222,285
Unassigned:								
General government	27,323,087	-	-	-	-	-	-	27,323,087
Other governmental fund deficit residuals	-	-	-	-	-	-	(326,646)	(326,646)
Total Unassigned Fund Balances	27,323,087	-	-	-	-	-	(326,646)	26,996,441
Total Fund Balances	\$ 30,613,782	\$ 2,672	\$ 1,971,473	\$ 30,406,964	\$ 5,598,995	\$ 62,535,284	\$ 8,501,961	\$ 139,631,131

NOTE 1 – Summary of Significant Accounting Policies (Continued)**S. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from management’s estimates.

NOTE 2 – Stewardship, Compliance and Accountability**A. Deficit Fund Equity**

At September 30, 2021, the following funds of the City had deficit balances:

Special Revenue Funds:

Environmental Fee Fund	(\$326,646)
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The deficit in the Environment Fee Fund was a result of an upfront payment of mitigation costs which will be repaid with future dedicated revenue sources.

NOTE 3 – Deposits and Investments**A. Cash and Deposits**

At September 30, 2021, the carrying amount of the City’s cash deposit accounts was \$44,281,730 and the bank balance was \$34,973,331. The City’s cash deposits are held by a bank that qualifies as a public depository under the Florida Security for Public Deposits Act as required by Chapter 280, Florida Statutes. The City’s cash deposits are fully insured by the Public Deposits Trust Fund.

Cash Equivalents consist of amounts placed with an intergovernmental investment pool, Florida Public Assets for Liquidity Management (FL PALM), \$76,982,537, A Local Government Surplus- Funds Trust Fund, Florida Prime, \$82,258,718, and money market funds held at US Bank, \$6,068,984. The City’s investment in the State Board of Administration’s (SBA) Local Government Surplus Funds Trust Fund investment pool, the Florida Prime Fund was created by Section 218.405, Florida Statutes. The Florida Prime Fund operates under investment guidelines established by Section 215.47, Florida Statutes.

B. Investment Portfolio

On May 3, 2018, the City of Palm Bay adopted a revised comprehensive investment policy pursuant to Section 218.415, Florida Statutes that updated permitted investments, asset allocation limits, issuer limits, credit rating requirements, and maturity limits to protect the City’s cash and investment assets. The City maintains a common cash and investment pool for the use of all funds.

Section 218.415, Florida Statutes, limits the types of investments that a government can invest in unless specifically authorized in an investment policy. The City’s investment policy allows for the following investments: The Florida PRIME Fund (“SBA”), United States Treasury Securities, United States Government

NOTE 3 – Deposits and Investments (Continued)**B. Investment Portfolio (Continued)**

Agencies, Supranationals, Agency Mortgage-Backed Securities, Interest Bearing Time Deposit and Saving Accounts, Repurchase Agreements, Commercial Paper, Corporates, Asset-Backed Securities, Municipal Securities, Registered Investment Companies Money Market Mutual Funds, and Intergovernmental Investment Pools.

As of September 30, 2021, the City had the following investment types and effective duration presented in terms of years:

Security Type	Fair Value	Effective Duration (Years)
U.S. Treasuries	\$ 10,031,594	2.02
Federal Agency	5,272,353	1.84
Federal Agency Mortgage-Backed Security	924,750	2.22
Federal Agency Commercial Mortgage-Backed Security	882,830	0.85
Federal Agency Collateralized Mortgage Obligation	72,664	2.07
Supranationals	1,331,500	1.92
Municipal	749,020	1.65
Commercial Paper	28,782,332	0.44
Corporate Notes	3,204,351	1.81
Asset-Backed Securities	3,114,703	1.17
JP Morgan Chase Checking Account	35,675,567	0.003
Florida Prime**	82,258,718	49 days**
US Bank Money Market Account	6,068,984	0.003
Florida PALM*	76,982,537	53 days*
Total	\$ 255,351,903	0.24

* The Florida Public Asset for Liquidity Management Trust Fund's Fact Sheet as of September 30, 2021, provided the Weighted Average Maturity (represented in days).

** Florida Prime (SBA)'s September 30, 2021, Financial Statement Disclosure is available on the website, <https://www.sbafla.com/prime/>, is the source of the Fund's Weighted Average Maturity (represented in days).

C. Interest Rate Risk

The City's investment policy sets limits for investment maturities to match known cash needs and anticipated cash flow requirements. Investments of current operating funds shall have maturities of no longer than five-and one-half years (5.5). Investments of bond reserves, construction funds, and other non-operating funds, "core funds", shall have a term appropriate to the need for funds and in accordance with debt covenants, but in no event shall exceed five and one-half (5.5) years. The maturities of the underlying securities of a repurchase agreement will follow the requirements of the Master Repurchase Agreement. The City utilizes "weighted average duration" as a measurement of interest rate risk and as of September 30, 2021, the investment portfolio had an effective duration of 0.24 years.

The City has Corporate Notes, each with an embedded option consisting of the option at the discretion of the issuer to call their obligation or pay a stated increase in the interest rate. The following details the embedded options:

NOTE 3 – Deposits and Investments (Continued)C. Interest Rate Risk (continued)

CUSIP	Description	Maturity		Call Date	Call Schedule	Fair Value
		Date				
172967LG4	Citigroup Corp (Callable)	04/25/22		03/25/22	Continuous	161,926
06406RAM9	Bank of NY Mellon Notes (Callable)	01/27/23		01/02/23	Continuous	76,429
110122DT2	Bristol-Myers Squibb Co (Callable)	11/13/23		01/20/22	Continuous	115,021
6174468W2	Morgan Stanley Corp Notes (Callable)	01/25/24		01/25/23	Continuous	140,101
46647PBZ8	JPMorgan Chase & Co Corp Notes (Callable)	03/16/24		03/16/23	Continuous	150,433
808513BN4	Charles Schwab Corp Notes (Callable)	03/18/24		02/18/24	Continuous	75,356
91324PEB4	United Health Group Inc (Callable)	05/15/24		05/15/22	Continuous	84,912
04636NAC7	Astrazeneca Finance LLC (Callable)	05/28/22		05/28/22	Continuous	115,155
641062AU8	Nestle Holdings Inc Corp Notes (Callable)	09/14/23		09/14/23	Continuous	180,056
46647PBS4	JPMorgan Chase & Co Corp Notes (Callable)	09/16/23		09/16/23	Continuous	100,250
46647PBY1	JPMorgan Chase & Co Corp Notes (Callable)	02/16/25		02/16/24	Continuous	39,834
95000U2T9	Wello Fargo & Co Corp Notes (Callable)	05/19/25		05/19/24	Continuous	50,065
Total						\$ 1,289,539

D. Credit Risk

The City's investment policy permits the following investments, which are limited to credit quality ratings from nationally recognized rating agencies (NRSROs) as described below.

Florida PRIME: Highest Fund Rating by all NRSROs who rate the fund (AAAm/Aaa-mf, or equivalent).

Asset-Backed Securities (ABS): Highest ST or LT Rating (A-1+/P-1, AAA/Aaa or equivalent).

Commercial Paper: Highest ST Rating Category (A-1/P-1, or equivalent).

Corporates: Highest ST or three highest LT Rating Categories (A-1/P-1, A-/A3 or equivalent).

Municipals: Highest ST or three highest LT Rating Categories (SP-1/MIG 1, A-/A3 or equivalent).

Money Market Funds (MMFs): Highest Fund Rating by all NRSROs who rate the fund (AAAm/Aaa-mf or equivalent).

Repurchase Agreements (Repo or RP): Counterparty (or if the counterparty is not rated by an NRSO, then the counterparty's parent) must be rated in the highest ST Rating Category (A-1/P-1 or equivalent). If the counterparty is a Federal Reserve Bank, no rating is required.

Supranationals: Highest ST or highest LT Rating Categories (A-1/P-1, AAA/Aaa or equivalent).

Intergovernmental Investment Pools (LGIPS): Highest Fund Quality and Volatility Rating Categories by all NRSROs that rate the LGIP (AAAm/AAAf, S1 or equivalent).

NOTE 3 – Deposits and Investments (Continued)D. Credit Risk (Continued)

As of September 30, 2021, the City had the following credit exposure as a percentage of total investments:

Security Type	Credit Rating	% of Portfolio
U.S. Treasury Notes	AA+	3.93%
Federal Instrumentalities - Notes	AA+	2.06%
Federal Agency Mortgage-Backed Security	AA+	0.36%
Federal Agency Commerical Mortgage-Backed Security	AA+	0.35%
Federal Agency Collateralized Mortgage Obligation	AA+	0.03%
Commercial Paper	A-1+	4.11%
Commercial Paper	A-1	7.16%
Corporate Notes	AA+	0.06%
Corporate Notes	AA-	0.11%
Corporate Notes	AA	0.12%
Corporate Notes	A+	0.25%
Corporate Notes	A-	0.32%
Corporate Notes	A	0.21%
Corporate Notes*	BBB+	0.20%
Supranationals	AAA	0.52%
Municipals	AA+	0.10%
Municipals	AA	0.02%
Municipals	A+	0.03%
Municipals**	NR	0.14%
Asset Backed Securities	AAA	0.92%
Asset Backed Securities**	NR	0.30%
Florida PALM****	AAAm	30.15%
Florida Prime***	AAAm	32.21%
US Bank Money Market Account	N/A	2.37%
JP Morgan Chase Checking Account	N/A	13.97%
Total		100.00%

* The City's policy requires securities to be rated A-/A3 or better by at least one NRSRO. Five Corporate Notes are rated BBB+ by S&P but two of those securities are rated A3, one is rated A2 and two are rated A1 by Moody's and follow the City's policy.

** Although not rated by S&P, these securities are rated Aaa by Moody's, an NRSRO, in compliance with City policy.

*** Florida Prime (SBA)'s Financial Statement Disclosure for September 30, 2021, available on the website <https://www.sbafla.com/prime/>, is the source of the Fund's Credit Rating from Standard & Poor's.

**** The Florida Public Assets for Liquidity Management Fund's Fact Sheet as of September 30, 2021, provided the credit rating from Standard & Poor's.

NOTE 3 – Deposits and Investments (Continued)**E. Custodial Credit Risk**

The City's investment policy, pursuant to Section 218.415(18), Florida Statutes, requires securities, except for certificates of deposits, shall be held with a third-party custodian; and all securities purchased by, and all collateral obtained by the City should be properly designated as an asset of the City. The securities must be held in an account separate and apart from the assets of the financial institution. A third-party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida as defined in Section 658.12, Florida Statutes, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts, and which is doing business in the State of Florida. Certificates of deposits maintained by book-entry at the issuing bank shall clearly identify the City as the owner.

As of September 30, 2021, the City's investment portfolio was held with a third-party custodian as required by the City's investment policy.

F. Concentration of Credit Risk

The City's investment policy has established asset allocation and issuer limits on the following investments, which are designed to reduce concentration of credit risk of the City's investment portfolio:

Investment	Max % Available Funds	% Limit on Individual Agency or Issuers
Florida PRIME Fund "SBA"	25%	0%
United States Government Securities	100%	0%
United States Government Agencies	75%	40%
Federal Instrumentalities	75%	10%
Mortgage Backed Securities	25%	40%
Non-negotiable Collateralized Bank Deposits or Savings Accounts	50%	0%*
Repurchase Agreements**	25%	10%
Prime Commercial Paper	50%	5%
Corporates	50%	5%
Municipals	25%	5%
Money Market Funds (MMFs)	50%	25%
Intergovernmental Investment Pools (LGIPs)	50%	25%
Supranationals	25%	10%
Asset-backed Securities	25%	5%
*If fully collateralized		
**excluding one business day agreements and overnight sweep agreements		

NOTE 3 – Deposits and Investments (Continued)**F. Concentration of Credit Risk (Continued)**

As of September 30, 2021, the City had the following issuer concentration based on fair value:

Security Type	Fair Value	% of Portfolio
FLORIDA PRIME	\$ 82,258,718	32.21%
FLORIDA PALM	76,982,537	30.15%
JP MORGAN CHASE ACCOUNTS	35,675,567	13.97%
UNITED STATES TREASURY	10,031,594	3.93%
ROYAL BK CDA NY BRH C P	7,494,900	2.94%
WELLS FARGO TREAS PLUS MM	6,068,984	2.38%
FREDDIE MAC	4,976,332	1.95%
ABN AMGO FDG USA LLC CP	4,796,944	1.88%
CREDIT SUISSE FIRST CP	4,646,931	1.82%
BANK MONTREAL CLHICAGO CP	4,547,953	1.78%
CREDIT AGRICOLE CORP CP	3,798,290	1.49%
TOYOTA MTR CR CORP DISC	3,195,566	1.25%
FANNIE MAE	2,073,108	0.81%
JP MORGAN SECS	840,374	0.33%
CARMAX AUTO OWNER	531,530	0.21%
ASIAN DEV BK	419,366	0.16%
INTER AMER BK MTN	374,798	0.15%
AFRICAN DEVELOPMENT	362,660	0.14%
AMAZON COM INC	304,921	0.12%
GM FINANCIAL AUTO TRUST	297,355	0.12%
AMERICAN EXPRESS CO	253,274	0.10%
CITIGROUP INC	252,218	0.10%
BANK OF AMERICA	226,602	0.09%
NEW YORK ST URBAN	220,154	0.09%
NEW YORK ST DORM	190,367	0.07%
NISSAN AUTO RECEIVABLES	186,865	0.07%
NESTLE HLDGS INC	180,056	0.07%
INTL BK MTN	174,676	0.07%
CATERPILLAR FINL MTN	170,152	0.07%
WORLD OMNI AUTO	168,925	0.07%
HONDA AUTO	160,732	0.06%
JOHN DEER MTN	155,490	0.06%
HONOLULU CITY HI	146,847	0.06%
DISCOVER CARD	145,442	0.06%
APPLE INC.	141,022	0.06%
HYUNDAI AUTO REC V	140,891	0.06%
MORGAN STANLEY SR	140,101	0.05%
HARLEY-DAVIDSON	135,377	0.05%
GM FINANCIAL LEASING TRUST	135,063	0.05%
VERIZON OWNER TRUST	126,003	0.05%
PRINCIPAL LIFE MTN	124,625	0.05%
ASTRAZENECAL LP	115,155	0.05%
BRISTOL MYERS SQUIBB	115,021	0.05%
JOHN DEERE OWNER TRUST	114,360	0.04%
CNH EQUIPMENT TRUST	107,037	0.04%
FEDERAL HOME LOAN BANKS	103,156	0.04%
KUBOTA CR OWN TR	99,679	0.04%
BMW FINANCIAL SERVICES LLC.	95,129	0.04%
CHEVRON CORPORATION	90,868	0.04%
VERIZON MASTER	89,818	0.04%
PACCAR FINANCIAL CORP	85,154	0.03%
UNITED HEALTH GROUP	85,006	0.03%
AMERICAN HONDA MTN	84,974	0.03%
BANK OF NY MTN	76,430	0.03%
SCHWAB CHARLES	75,356	0.03%
GOLDMAN SACHS GROUP	75,031	0.03%
FLORIDA ST BRD ADMIN	65,701	0.03%
PEPSICO INC.	65,519	0.03%
TOYOTA LEASE OWNER	64,981	0.03%
NATIONAL RURAL MTN	64,570	0.03%
NEW JERSEY ST TPK	55,039	0.02%
CALIFORNIA	50,374	0.02%
BMW VEH OWNER TR	50,106	0.02%
NISSAN AUTO LEASE	50,085	0.02%
WELLS FARGO CO MTN	50,065	0.02%
CAPITAL ONE PRIME	35,553	0.01%
ADOBE INC.	30,558	0.01%
VOLKSWAGEN AUTO	28,431	0.01%
MERCEDES BENZ AUTO	25,038	0.01%
ALLY AUTO	22,543	0.01%
CONNECTICUT ST	20,539	0.01%
MERCEDES BENZ AUTO	7,317	0.00%
Total	\$ 255,351,903	100.00%

NOTE 3 – Deposits and Investments (Continued)**G. Fair Value Measurement and Application**

Investments are carried at fair value as defined in GASB Statement 72 “Fair Value Measurement and Application”. Consistent with GASBC Section 150: *Investments*, the City categorizes its fair value measurements within the fair value hierarchy. The City has the following fair value measurements as of September 30, 2021.

		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs
Investments by fair value level	9/30/2021	Level 1	Level 2
U.S. Treasury securities	\$ 10,031,594	\$ 10,031,594	\$ -
Federal Agencies and Instrumentalities	5,272,353	-	5,272,353
Federal Agency Mortgage-Backed Securities	924,750	-	924,750
Federal Agency Commercial Mortgage-Backed Securities	882,830	-	882,830
Federal Agency Collateralized Mortgage Obligation	72,664	-	72,664
Supranationals	1,331,500	-	1,331,500
Municipal securities	749,020	-	749,020
Commercial paper	28,782,332	-	28,782,332
Corporate notes	3,204,351	-	3,204,351
Asset-Backed Securities	3,114,703	-	3,114,703
Total investments by fair value level	<u>54,366,097</u>	<u>10,031,594</u>	<u>44,334,503</u>
Investments measured at net asset value (NAV) and Amortized Cost			
Florida Prime Fund (NAV)	82,258,718		
Florida Public Assets - Liquidity Mgmt Fund (Amortized Cost)	76,982,537		
US Bank money market account (Amortized Cost)	6,068,984		
JP Morgan Chase Concentration Account (Amortized Cost)	<u>35,675,567</u>		
Total investments measured at NAV Amortized Cost	<u>200,985,806</u>		
Total investments	<u>\$ 255,351,903</u>		

Level 1 inputs are measured at quoted prices. Level 2 inputs utilize pricing models of similar securities. This includes basing value or yield currently available on comparable securities of issues with similar credit rating.

Level 3 inputs are not traded in an active market. No significant observable market inputs are available as of the reporting date.

The cash equivalents measured at amortized cost meet the requirements under GASBC Section 150: *Investments* to be valued at cost and not fair value. Florida Prime Fund, intergovernmental investment pool and money market account have no unfunded commitments and are redeemed daily with a 1-day minimum holding period.

NOTE 3 – Deposits and Investments (Continued)G. Investments – Fair Value Measurement and Application (Continued)

Investments regarding the City's Police and Fire Pension Plan had the following fair value measurements as of September 30, 2021.

		Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Other Unobservable Inputs
Investments by fair value level	9/30/2021	Level 1	Level 2	Level 3
U.S. Treasury securities	\$ 32,432,384	\$ 7,981,755	\$ 24,450,629	\$ -
Common Stock	78,931,821	78,349,700	582,121	-
Corporate Bonds	17,313,306	-	17,313,306	-
Real Estate Funds	19,949,816	19,949,816	-	-
Convertible Securities	26,842,428	3,092,356	23,750,072	-
Domestic Equity Funds	11,267,790	11,267,790	-	-
International equity funds	2,515,331	-	2,515,331	-
Infrastructure	6,707,847	-	-	6,707,847
Total Investments by net fair value level	195,960,723	120,641,417	68,611,459	6,707,847

Investments measured at net asset value ("NAV")

Domestic Equity Funds	887,971
International Equity Funds	39,099,872
Bond Funds	65,912
Master Limited Partnership	13,729,886
Total investments measured at NAV	53,783,641
Total investments	\$ 249,744,364

The Plan's valuation methods for investments measured at the net asset value ("NAV") per share (or its equivalent) as of September 30, 2021, are as follows:

Investments Measured at the NAV				
		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Mutual funds	\$ 40,053,755	\$ -	Daily	Same Day
Commingled domestic equity funds	13,729,886	-	Monthly	Up to 15 Days
Total investment measured at the NAV	\$ 53,783,641	\$ -		

NOTE 3 – Deposits and Investments (Continued)**H. Investments – Investment in Palm Bay Retirement System****1. Investment Authorization**

The Palm Bay Retirement System's (the "Plan") investment policy is determined by the Board of Trustees (the "Board"). The policy has been identified by the Board as having the greatest expected investment return, and the resulting positive impact on asset values, funded status, and benefits, without exceeding a prudent level of risk. The Board determined this policy after evaluating the implications of increased investment return versus increased variability of return for several potential investment policies with varying commitments to stocks and bonds. The primary investment objective of the plan is the preservation of invested capital. The secondary objective is to achieve moderate long-term real growth of the assets while minimizing the volatility of returns.

The Trustees are authorized to acquire and retain every kind of property, real, personal, or mixed, and every kind of investment specifically including, but not by way of limitation, bonds, debentures, and other corporate obligations, and stocks, preferred or common, which persons of prudence, discretion and intelligence acquire or retain for their own account. Investment in all equity securities shall be limited to those listed on a major U.S. stock exchange and limited to no more than 75% (at market) of the Plan's total asset value with no more than 5% at cost value of an investment manager's equity portfolio invested in the shares of a single corporate issuer. Investments in stocks of foreign companies shall be limited to 25% (at market) of the investment portfolio. Convertible securities shall be limited to 25% of the Plan's total portfolio. Investment in equity securities whose market capitalization is less than \$3 billion dollars shall be limited to 25% of the total equity portfolio. Investments in those corporations whose stock has been publicly traded for less than one year are limited to 15% of the equity portfolio.

The fixed income portfolio shall be comprised of securities rated "BBB" or higher by Standard & Poor's or Baa or higher by Moody's rating services with no more than 10% at cost of an investment manager's total fixed income portfolio invested in the securities of any single corporate issuer. However, investments in securities rated below "A" shall be limited to 20% of the total fixed income portfolio.

Investments in Collateralized Mortgage Obligations (CMOs) shall not exceed 25% of the fixed income portfolio and real estate shall not exceed 15% of the portfolio or market, respectively.

The Plan has contracts with investment counselors who supervise and direct the investment of equity and fixed income securities. In this regard, the Plan does utilize mutual funds as the investment vehicles for all its fixed income investments. In addition, the Plan utilizes an investment advisor who monitors the investing activity. The investments owned are held by custodians in the name of the Plan.

2. Types of Investments

Florida Statutes and Plan investment policy authorize the Trustees to invest funds in various investments. The current target and actual allocation of these investments at market are as follows:

Authorized Investments	Target % of Portfolio	Actual % of Portfolio
Domestic equities	35%	40%
Fixed income	25%	19%
International equities	15%	17%
Convertible securities	10%	10%
Real Estate	10%	8%
Infrastructure	5%	3%
Cash equivalents	0%	3%
	<u>100%</u>	<u>100%</u>

NOTE 3 – Deposits and Investments (Continued)**H. Investments – Investment in Palm Bay Retirement System (Continued)****3. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in the market interest rates. As a means of limiting its exposure to interest rate risk, the Plan diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

Information about the sensitivity of the fair values of the Plan's investments to market interest rate fluctuations are provided by the following tables that show the distribution of the Plan's investment by maturity at September 30, 2021:

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Treasuries	\$ 25,145,922	\$ 2,962,728	\$ 13,846,472	\$ 4,542,284	\$ 3,794,438
U.S. Agencies	7,286,461	-	-	-	7,286,461
Debt Securities	41,063,379	409,393	25,818,435	7,868,445	6,967,106
Bond Funds	65,912	-	65,912	-	-
Total Fixed Income	\$ 73,561,674	\$ 3,372,121	\$ 39,730,819	\$ 12,410,729	\$ 18,048,005

4. Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Plan's investment policy utilizes portfolio diversification to control this risk.

The following tables disclose credit ratings by investment type, at September 30, 2021, as applicable:

Quality Rating of Credit Risk Debt Securities	Fair Value	Percentage of Portfolio
Government	\$ 32,432,383	44.1%
AAA	1,182,584	1.6%
AA+	357,417	0.5%
A+	295,457	0.4%
A	1,064,677	1.4%
A-	1,697,717	2.3%
B+	96,367	0.1%
B	72,624	0.1%
B-	86,277	0.1%
BB+	471,138	0.6%
BB	534,167	0.7%
BB-	63,743	0.1%
BBB+	2,242,356	3.0%
BBB	5,382,686	7.3%
BBB-	2,197,022	3.0%
CCC+	421,567	0.6%
NR	24,963,492	33.9%
Total Credit Risk Debt Securities	\$ 41,129,291	56%
Total Fixed Income Securities	\$ 73,561,674	100%

NOTE 3 – Deposits and Investments (Continued)**H. Investments – Investment in Palm Bay Retirement System (Continued)****5. Concentration of Credit Risk**

The investment policy of the Plan contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of plan net position at September 30, 2021.

6. Custodial Credit Risk

Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Custodial risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its

investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the Plan and are held either by the counterparty or the counterparty's trust department or agent but not in the Plan's name.

Consistent with the Plan's investment policy, substantially all the investments are held by Plan's custodial bank and registered in the Plan's name. All the Plan's deposits are insured and or collateralized by a financial institution separate from the Plan's depository financial institution.

7. Rate of Return

For the year ended September 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 20.09% for Police Officers, 20.31% for Firefighters and 19.52% for General. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amount invested.

NOTE 4 – Receivables

The City's receivables as of September 30, 2021, are summarized as follows:

	Primary Government		
	Governmental	Business-type	Total
Accounts Receivable:			
Accounts receivable	\$ 3,329,811	\$ 9,736,222	\$ 13,066,033
Due from other Governments	4,117,452	666,672	4,784,124
Assessments Receivables	-	136,694	136,694
	7,447,263	10,539,588	17,986,851
Less: Allowances for Uncollectibles	-	(77,162)	(77,162)
Accounts receivable, net	\$ 7,447,263	\$ 10,462,426	\$ 17,909,689

	Governmental Activities			
	General Fund	Other Governmental	Internal Service	Total
Accounts Receivable:				
Accounts receivables	\$ 3,177,798	\$ 2,873	\$ 149,140	\$ 3,329,811
Due from State of Florida	2,949,943	-	13,212	2,963,155
Due from Brevard County	26,628	945	-	27,573
Due from Other Governments	47,611	1,079,113	-	1,126,724
Governmental receivable, net	\$ 6,201,980	\$ 1,082,931	\$ 162,352	\$ 7,447,263

NOTE 4 – Receivables (Continued)

The City's Utilities Fund provides water, sewer, and stormwater services to residents in the City. Customers routinely receive services in advance during the ordinary course of business; however, customers' deposits are available to be applied against amounts owed. Accounts receivable in the Utilities Fund at September 30, 2021, is summarized as follows:

	Business-type Activities			Total
	Utilities Fund (Major Fund)	Stormwater (Major Fund)	Solid Waste (Major Fund)	
Accounts Receivable:				
Accounts receivables	\$ 4,342,534	\$ 1,809,221	\$ 1,210,216	\$ 7,361,971
Unbilled receivables	2,374,251	-	-	2,374,251
Due from other Governments	666,672	-	-	666,672
Assessments receivables	136,694	-	-	136,694
	7,520,151	1,809,221	1,210,216	10,539,588
Less: Allowances for uncollectibles	(77,162)	-	-	(77,162)
Business-type receivable, net	<u>\$ 7,442,989</u>	<u>\$ 1,809,221</u>	<u>\$ 1,210,216</u>	<u>\$ 10,462,426</u>

NOTE 5 – Restricted Assets

The use of certain assets is restricted by specific provisions of bond resolution authorizing the issuance of the utility revenue and refunding bonds. The City restricts funds available for repayment of customer deposits, grantor agreements stipulations as well as funds required to be placed in special construction accounts as required by state statutes. Restricted assets at September 30, 2021, are as follows:

Account Description	Cash and Cash Equivalents
Current:	
Customer Deposits	\$ 5,082,897
Grantor Agreements	3,929,910
Total Current Restricted Assets	<u>9,012,807</u>
Non-Current:	
Renewal, Replacement and Improvement	695,077
Connection Fees	2,465,043
Total Noncurrent Restricted Assets	<u>3,160,120</u>
Total Restricted Assets	<u>\$ 12,172,927</u>

NOTE 6 - Interfund Transfers, Receivables and Payables

Individual Interfund transfers at September 30, 2021, are presented on the table that follows:

Transfers In									
Transfers Out	General	Impact Fee Fund	Debt Service Fund	Nonmajor Governmental	Utilities	Stormwater	Nonmajor Enterprise	Internal Service Fund	Total Transfers Out
General	\$ -	\$ -	\$ 6,409,500	\$ 2,367,401	\$ 51,167	\$ 275,697	\$ 187	\$ 1,250,748	\$ 10,354,700
Impact Fee Fund	-	-	995,536	-	-	-	-	-	995,536
Debt Service Fund	-	149	46,252	-	-	-	-	-	46,401
Bayfront Comm Redevelopment	616,004	-	-	-	-	-	-	-	616,004
Utilities	1,680,236	-	-	-	11,636,003	33,781	-	-	13,350,020
Solid Waste	-	-	-	-	48,954	-	-	-	48,954
Stormwater	-	-	-	-	132,174	-	-	-	132,174
Nonmajor Enterprise	34,423	-	-	-	-	-	-	-	34,423
Internal Service	69,870	-	-	-	-	-	-	21,561	91,431
Total Transfers In	\$ 2,400,533	\$ 149	\$ 7,451,288	\$ 2,367,401	\$ 11,868,298	\$ 309,478	\$ 187	\$ 1,272,309	\$ 25,669,643

The transfer of approximately \$1.7 million from Utilities to the General Fund represents annual return on investments (ROI). This amount is based on a percentage of the Utility System's total gross capital assets and is equivalent to payment in lieu of taxes (PILOT). Transfers from General Fund to the Debt Service Fund totaling \$6.4 million covers interest and principal obligations as does the transfer of \$995,536 from Impact Fees Fund. Transfers within utilities in the amount of \$11.6 million covered debt service obligations, supported capital improvement projects and maintained fund balance in accordance with established policies. Internal Services transfers from General Fund totaling \$1.3 million represents funding for police, fire, public works, and parks vehicle replacement. Nonmajor activities include transfers from General Fund of \$558,492 & \$1.5 million to Community Investment Fund and Road Maintenance Fund for the campground project, and construction & improvement projects respectively.

Advances to/from other funds at September 30, 2021, were as follows:

- \$437,077 – Balance of funds advanced by the Building Inspection Fund in FY07 to the Environmental Fee fund to cover the cost of a Federal Fish and Wildlife permit granted by the U.S. Department of Interior.

General Fund due to/from other funds balances consist of \$456,699 deficit coverage provided on behalf of Development Block Grant, CDBG CV- Coronavirus Fund and the Connector Road I-95 Fund. Nonmajor due to other funds of \$184,243 represents the balance due the SHIP fund from the NSP fund for FY17 expenditures pending grant reimbursement.

NOTE 7 – Capital Assets**A. Changes in Capital Assets**

The following tables show the changes in capital assets by governmental activities and business-type activities. Governmental activities include the capital assets for the Internal Service Funds.

	Beginning Balance 9/30/2020	Increases	Decreases	Ending Balance 9/30/2021
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 16,854,938	\$ 17,780	\$ (760,160)	\$ 16,112,558
Construction In Progress	42,119,098	25,744,775	(41,486,719)	26,377,154
Total Capital Assets, Not Being Depreciated	58,974,036	25,762,555	(42,246,879)	42,489,712
Capital Assets, Being Depreciated:				
Buildings and Improvements	35,644,094	1,189,048	-	36,833,142
Machinery, Equipment and Vehicles	29,185,635	1,746,423	(1,566,042)	29,366,016
Infrastructure	121,710,419	40,297,671	-	162,008,090
Total Capital Assets Being Depreciated	186,540,148	43,233,142	(1,566,042)	228,207,248
Less Accumulated Depreciation For:				
Buildings and Improvements	(19,321,880)	(960,536)	-	(20,282,416)
Machinery and Equipment	(22,747,746)	(1,727,612)	1,530,548	(22,944,810)
Infrastructure	(61,395,191)	(5,271,862)	-	(66,667,053)
Total Accumulated Depreciation	(103,464,817)	(7,960,010)	1,530,548	(109,894,279)
Total Capital Assets, Being Depreciated, Net	83,075,331	35,273,132	(35,494)	118,312,969
Governmental Activities Capital Assets, Net	\$ 142,049,367	\$ 61,035,687	\$ (42,282,373)	\$ 160,802,681

NOTE 7 – Capital Assets (Continued)**A. Changes in Capital Assets (Continued)**

	Ending Balance 9/30/2020	Increases	Decreases	Ending Balance 9/30/2021
Business-type Activities				
<u>Utility System</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 5,118,403	\$ -	\$ -	\$ 5,118,403
Construction In Progress	6,568,701	18,583,705	(242,587)	24,909,819
Total Capital Assets, Not Being Depreciated	11,687,104	18,583,705	(242,587)	30,028,222
Capital Assets, Being Depreciated:				
Buildings and Improvements	2,886,341	-	-	2,886,341
Water and Sewer System	185,907,972	3,123,757	-	189,031,729
Machinery and Equipment	5,073,331	406,760	(463,886)	5,016,205
Total Capital Assets Being Depreciated	193,867,644	3,530,517	(463,886)	196,934,275
Less Accumulated Depreciation For:				
Buildings and Improvements	(1,526,541)	(69,452)	-	(1,595,993)
Water and Sewer System	(77,227,362)	(4,452,687)	-	(81,680,049)
Machinery and Equipment	(3,511,008)	(320,365)	455,779	(3,375,594)
Total Accumulated Depreciation	(82,264,911)	(4,842,504)	455,779	(86,651,636)
Total Capital Assets, Being Depreciated, Net	111,602,733	(1,311,987)	(8,107)	110,282,639
Utility System Capital Assets, Net	\$ 123,289,837	\$ 17,271,718	\$ (250,694)	\$ 140,310,861
 <u>Stormwater Utility</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 19,802	\$ -	\$ -	\$ 19,802
Construction in Progress	3,341,984	2,694,015	(4,556,793)	1,479,206
Total Capital Assets, Not Being Depreciated:	3,361,786	2,694,015	(4,556,793)	1,499,008
Capital Assets, Being Depreciated:				
Infrastructure	6,573,648	4,556,792	-	11,130,440
Machinery and Equipment	3,235,065	-	(145,254)	3,089,811
Total Capital Assets Being Depreciated	9,808,713	4,556,792	(145,254)	14,220,251
Less Accumulated Depreciation For:				
Machinery and Equipment	(1,661,706)	(229,883)	145,254	(1,746,335)
Infrastructure	(183,292)	(215,283)	-	(398,575)
Total Accumulated Depreciation	(1,844,998)	(445,166)	145,254	(2,144,910)
Total Capital Assets, Being Depreciated, Net	7,963,715	4,111,626	-	12,075,341
Stormwater Utility Capital Assets, Net	\$ 11,325,501	\$ 6,805,641	\$ (4,556,793)	\$ 13,574,349

NOTE 7 – Capital Assets (Continued)**A. Changes in Capital Assets (Continued)**

	Ending Balance 9/30/2020	Increases	Decreases	Ending Balance 9/30/2021
Business-type Activities				
<u>Building Inspections</u>				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ -	\$ 12,690	\$ -	\$ 12,690
Total Capital Assets, Not Being Depreciated	-	12,690	-	12,690
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 624,149	\$ 340,717	\$ (496,957)	\$ 467,909
Less Accumulated Depreciation For:				
Machinery and Equipment	(22,441)	(122,165)	18,120	(126,486)
Building Inspections Capital Assets, Net	\$ 601,708	\$ 231,242	\$ (478,837)	\$ 354,113
 <u>Solid Waste</u>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 2,761,770	\$ -	\$ -	\$ 2,761,770
Less Accumulated Depreciation For:				
Machinery and Equipment	(2,616,148)	(22,450)	-	(2,638,598)
Solid Waste Capital Assets, Net	\$ 145,622	\$ (22,450)	\$ -	\$ 123,172

NOTE 7 – Capital Assets (Continued)**A. Changes in Capital Assets (Continued)**

Shown below is a summary of depreciation expense by function. Depreciation expense for the internal service funds is included in the governmental activities amounts.

Depreciation Expense By Function**Governmental Activities:**

General Government	\$	932,952
Public Safety		924,348
Physical Environment		517,059
Transportation		4,517,893
Economic Environment		118,779
Culture/Recreation		948,979
Total Governmental Activities	\$	<u>7,960,010</u>

Business-type Activities:

Utility System	\$	4,842,504
Building Inspection		122,165
Stormwater		445,166
Solid Waste Fund		22,450
Total Business-type Activities	\$	<u>5,432,285</u>

B. Construction Commitments

Projects	Spent-to-Date	Remaining Commitment
Public Works		
Road Maintenance Program	\$ 16,775,450	\$ 1,248,265
GO Bond Road Program	46,870,588	25,105,075
Utility Improvements		
South Regional Water Reclamation Facility	3,599,170	29,067,371
Waste & Wastewater Rehabilitation Improvements	19,381,195	20,013,406
Total	\$ 86,626,403	\$ 75,434,117

NOTE 8 - Long Term Debt**A. Schedule of Changes in Long-Term Debt**

The following is a schedule of changes in the City's long-term debt for the fiscal year ended September 30, 2021:

	Balance 9/30/20	Additions	Reductions	Balance 9/30/21	Due Within One Year	Long-Term Portion
Governmental Activities:						
Bonds Payable:						
<u>General Obligation Bonds</u>						
General Obligation Bonds - Series 2019	\$ 48,345,000		\$ 1,660,000	\$ 46,685,000	\$ 1,740,000	\$ 44,945,000
General Obligation Bonds - Series 2021	-	50,000,000	-	\$ 50,000,000	1,155,000	\$ 48,845,000
Add: Unamortized Premium	4,327,929	6,437,163	562,299	10,202,793	-	10,202,793
Total General Obligation Bonds Payable	52,672,929	56,437,163	2,222,299	106,887,793	2,895,000	103,992,793
<u>Revenue Bonds from Direct Placement & Direct Borrowing:</u>						
Taxable Special Obligation Bonds - Series 2004	402,345	-	61,411	340,934	64,899	276,035
Public Service Tax Revenue Bonds - Series 2010	4,850,000	-	4,850,000	-	-	-
Taxable Special Obligation Bonds - Series 2013	5,760,000	-	565,000	5,195,000	1,250,000	3,945,000
Sales Tax Revenue Bonds - Series 2015	13,240,000	-	570,000	12,670,000	595,000	12,075,000
Taxable Special Obligation Refunding Bonds - Series 2019	51,670,000	-	285,000	51,385,000	615,000	50,770,000
Add: Unamortized Premium	417,257	-	26,079	391,178	-	391,178
Total Revenue Bonds Payable	76,339,602	-	6,357,490	69,982,112	2,524,899	67,457,213
Notes Payable:						
<u>Notes Payable from Direct Placement & Direct Borrowing:</u>						
Bayfront Community Redevelopment Agency Note - Series 2006	752,000	-	410,000	342,000	342,000	-
Local Option Gas Tax Refunding Note - Series 2014	624,000	-	624,000	-	-	-
Franchise Fee Revenue Note - Series 2015	2,964,000	-	469,000	2,495,000	478,000	2,017,000
Franchise Fee Revenue Note - Series 2016	3,583,000	-	174,000	3,409,000	193,000	3,216,000
Local Option Gas Tax Note - Series 2018	8,320,000	-	542,000	7,778,000	557,000	7,221,000
Special Obligation Refunding Note - Series 2020	-	4,258,000	-	4,258,000	248,000	4,010,000
Total Notes Payable	16,243,000	4,258,000	2,219,000	18,282,000	1,818,000	16,464,000
Other Liabilities:						
Capital Leases	5,913,753	-	382,132	5,531,621	398,052	5,133,569
Net Pension Liability	30,501,345	-	22,739,419	7,761,926	-	7,761,926
Total OPEB Liability	9,409,798	-	49,666	9,360,132	-	9,360,132
Compensated Absences	5,320,436	3,995,643	4,183,221	5,132,858	821,257	4,311,601
Claims Payable	3,748,301	-	883	3,747,418	1,058,578	2,688,840
Total Other Liabilities	54,893,633	3,995,643	27,355,321	31,533,955	2,277,887	29,256,068
Total Governmental Activities	\$ 200,149,164	\$ 64,690,806	\$ 38,154,110	\$ 226,685,860	\$ 9,515,786	\$ 217,170,074

NOTE 8 - Long Term Debt (Continued)**A. Schedule of Changes in Long-Term Debt (Continued)**

	Balance 9/30/20	Additions	Reductions	Balance 9/30/21	Due Within One Year	Long-Term Portion
Business-type Activities:						
<u>Utility System</u>						
Bonds Payable:						
<u>Bonds Payable from Direct Placement & Direct Borrowing:</u>						
Utility Capital Improvement Revenue Bonds - Series 2001	\$ 5,222,142	\$ -	\$ 624,560	\$ 4,597,582	\$ 589,619	\$ 4,007,963
Utility Special Assessment Bonds - Series 2003	510,000	-	510,000	-	-	-
Add: Unamortized Discount	(3,667)	-	(3,667)	-	-	-
Total Revenue Bonds Payable	5,728,475	-	1,130,893	4,597,582	589,619	4,007,963
Notes Payable:						
<u>Notes Payable from Direct Placement & Direct Borrowing:</u>						
Utility System Refunding Revenue Note - Series 2014	7,345,000	-	3,635,000	3,710,000	3,710,000	-
Utility System Refunding Revenue Note - Series 2016	8,455,000	-	1,345,000	7,110,000	1,375,000	5,735,000
Special Assessment Refunding Revenue Note - Series 2016	1,007,000	-	742,000	265,000	265,000	-
Utility System Revenue Note, Series 2020	-	11,507,000	585,000	10,922,000	584,000	10,338,000
Total Notes Payable	16,807,000	11,507,000	6,307,000	22,007,000	5,934,000	16,073,000
Other Liabilities:						
Due to other governments:						
State Revolving Loan Payable - Direct Borrowings	-	1,346,123	-	1,346,123	-	1,346,123
Total OPEB Liability	1,981,010	-	10,456	1,970,554	-	1,970,554
Compensated Absences	754,296	608,883	615,074	748,105	119,697	628,408
Total Other Liabilities:	2,735,306	1,955,006	625,530	4,064,782	119,697	3,945,085
Total Utility System	\$ 25,270,781	\$ 13,462,006	\$ 8,063,423	\$ 30,669,364	\$ 6,643,316	\$ 24,026,048
<u>Building Inspection</u>						
Total OPEB Liability	\$ 247,626	\$ -	\$ 1,306	\$ 246,320	\$ -	\$ 246,320
Compensated Absences	76,195	150,341	97,977	128,559	20,569	107,990
Total Building Inspection	\$ 323,821	\$ 150,341	\$ 99,283	\$ 374,879	\$ 20,569	\$ 354,310
<u>Stormwater Utility</u>						
Total OPEB Liability	\$ 619,066	\$ -	\$ 3,267	\$ 615,799	\$ -	\$ 615,799
Compensated Absences	120,085	150,657	180,745	89,997	14,399	75,598
Total Stormwater Utility	\$ 739,151	\$ 150,657	\$ 184,012	\$ 705,796	\$ 14,399	\$ 691,397
<u>Solid Waste</u>						
Total OPEB Liability	\$ 123,813	\$ -	\$ 654	\$ 123,159	\$ -	\$ 123,159
Compensated Absences	2,987	-	2,987	-	-	-
Total Solid Waste	\$ 126,800	\$ -	\$ 3,641	\$ 123,159	\$ -	\$ 123,159

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. For governmental activities, claims and compensated absences are generally liquidated with resources from the General Fund. It is anticipated that future discharge of net pension and postemployment benefit obligations will also be liquidated with General Fund resources.

NOTE 8 - Long Term Debt (Continued)**B. General Obligation Bonds**

On November 6, 2018, voters approved a referendum allowing for the issuance of up to \$150 million in general obligation bonds by the City to finance roadway improvements. The bonds are direct obligations that are backed by the full faith and credit and taxing authority of the City. In the event of default from a) failure to make legally required payment when due, b) bankruptcy, or c) default of any other covenant not cured within 30 days after written notice, any Holder of the Bonds may compel performance of all required duties. However, the right to declare principal and interest to be immediately due and payable shall not be an available remedy.

In July 2019, the City issued General Obligation Bonds, Series 2019, in the amount of \$50 million. For the current year, \$3,527,750 in principal and interest was paid on the Series 2019 bonds. Principal and interest remaining on the Series 2019 bonds is \$63,501,000, with interest rates varying from 3% to 5%.

In February 2021, the City issued General Obligation Bonds, Series 2021, in the amount of \$50 million. For the current year, no principal or interest was paid on the Series 2021 bonds. Principal and interest remaining on the Series 2021 Bonds is \$65,507,776, with interest rates varying from 2% to 5%.

The following schedule represents the future debt principal and interest requirement general obligation bonds outstanding as of September 30, 2021.

Fiscal Year	GO Bonds	
	<u>Principal</u>	<u>Interest</u>
2022	2,895,000	4,077,376
2023	3,710,000	3,267,900
2024	3,890,000	3,082,400
2025	4,085,000	2,887,900
2026	4,295,000	2,683,650
2027-2031	24,895,000	9,976,750
2032-2036	29,805,000	5,080,150
2037-2040	23,110,000	1,267,650
	96,685,000	32,323,776
Add Premium	10,202,793	-
	<u>\$ 106,887,793</u>	<u>\$ 32,323,776</u>

C. Bonds Payable**1. Governmental Activities**

In September 2004, the City issued \$5,376,447 in special obligations bonds secured by pledged state revenue sharing monies, as defined in Chapter 218, Part II, Florida Statutes, in an amount of up to 50% of the state revenue monies received in the preceding fiscal year. Proceeds from the bonds were used to discharge the unfunded actuarial accrued pension liability of the Palm Bay Police and Firefighters Pension Plan. The bonds are payable solely from the state revenue sharing funds and are payable through 2026. In December 2016, the City partially refunded these bonds, providing \$4,013,423 in escrow to redeem principal of \$3,945,000 and interest of \$68,423 in January 2017. Total principal and interest remaining to be paid on the bonds is \$1,055,000. For the current year, principal, and interest of \$155,000 was paid. State revenue sharing monies received in 2021 were \$5,466,964. The bonds are direct obligations. Resolution No.2004-51 authorized the issuance of the special obligation bonds with provisions that in the event of default, for failure to: a) pay principal and interest; b) pay Bond Issuer; c) maintain eligibility to receive State Revenue Sharing money, d) or e) comply with covenant agreement; if not remedied or begun to remedy in 30 days, and so long as the Bond Issuer shall not be in default in its payment obligations, the Bond Insurer may waive any event of default under this Resolution and shall be deemed to be the Holder of all Bonds so secured.

NOTE 8 - Long Term Debt (Continued)C. Bonds Payable (Continued)1. Governmental Activities (Continued)

The City has pledged public services tax revenues to repay \$5,485,000 in revenue bonds issued in October 2010. Proceeds from the bonds were used to finance the cost of expansion and improvement of the City Hall. The bonds were payable solely from public service tax revenues and were payable through 2041. Total principal and interest remaining to be paid on the bonds is zero. Public service tax revenues were \$12,369,777. The bonds were refunded on October 1, 2020, after making the regular principal and interest payments of \$165,000 and \$148,011 respectively, using the existing debt service reserve and proceeds of the Special Obligation Revenue Refunding Note, Series 2020.

The City has pledged certain designated revenues, to repay \$50,855,000 in revenue bonds issued November 2013. Proceeds from the bonds were used to a) refund the City's 2008 Series Taxable Special Obligation Bonds and b) pay termination costs in connection with the associated interest rate SWAP agreement. The bonds are payable principally from communication service and public service tax revenues and are payable through 2040. Total principal and interest remaining to be paid on the bonds is \$5,684,038 due to a partial refunding of \$44,000,000 in December 2019. For the current year, principal, and interest of \$810,129 was paid. Designated Revenues were \$12,374,072. The bonds contain provisions for default resulting from a) payment of interest not made when due, b) payment of principal not made when due, c) default of any other covenants, d) insolvency, e) receipt of written notice from a Credit Bank that following a drawing for the payment of interest on Bonds, the Credit Bank has not been reimbursed, or any other event of default under such reimbursement agreement. If default occurs, the Holders of not less than 25% in aggregate principal amount of Bonds then outstanding may proceed to enforce the rights of the holders, including to sue for and receive all amounts then due for principal, interest, or otherwise under any of the provisions, together with interest on overdue payments and all costs and expenses of collection.

The City has pledged sales tax revenues to repay \$15,375,000 in bonds issued in October 2015. The proceeds from the bonds were used to defease outstanding 2006 Sales Tax Revenue Bonds procured for the acquisition and construction of capital improvement. The bonds are payable from sales tax revenues and are payable through 2037. Principal and interest remaining on the Series 2015 bonds is \$16,592,222. For the current year, principal and interest paid was \$1,040,806. Sales tax revenues were \$7,563,292. Resolution No. 2006-45 provides that any registered owner of the Bonds may compel performance of all required duties. The City is obligated to pay the principal and interest on the Bonds and to make all reserve and other payments.

In December 2019, the City issued the Taxable Special Obligation Refunding Bonds, Series 2019, in the amount of \$51,670,000 to partially refund \$44,000,000 of the City's outstanding Taxable Special Obligation Bonds, Series 2013 and to pay associated issuance costs. The difference in cash flows required to service the old debt versus the new debt is a decrease of \$9,962,373. The economic gain resulting from the refunding is \$7,230,347. The bonds are payable principally from communication service and public service tax revenues and are payable through 2040. For the current year, principal and interest paid was \$1,882,503. Principal and interest remaining on the Series 2019 Bonds is \$72,276,302. The bonds contain provisions for default resulting from a) payment of interest not made when due, b) payment of principal not made when due, c) default of any other covenants, d) insolvency, e) receipt of written notice from a Credit Bank that, following a drawing for the payment of interest on bonds, the Credit Bank has not been reimbursed, or any other event of default under such reimbursement agreement. If default occurs, the Holders of not less than 25% in aggregate principal amount of bonds then outstanding may proceed to enforce the rights of the Holders, including to sue for and receive all amounts then due for principal, interest, or otherwise under any of the provisions, together with interest on overdue payments and all costs and expenses of collection.

NOTE 8 - Long Term Debt (Continued)C. Bonds Payable (Continued)1. Governmental Activities (Continued)

A summary of outstanding governmental revenue bonds payable on September 30, 2021, is as follows:

	<u>Purpose of Issue</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Remaining Interest Rates (Percent)</u>	<u>Annual Maturity To</u>
Governmental Activities:					
Revenue Bonds:					
Taxable Special Obligation Bonds Series 2004	Discharging of unfunded actuarial accrued pension fund liability	\$ 5,376,447	\$ 340,934	5.920-6.040	2026
Taxable Special Obligation Refunding Bonds Series 2013	Refunding of '08 Pension Bonds and finance termination of SWAP	50,855,000	5,195,000	4.205-4.805	2025
Sales Tax Revenue Refunding Bonds Series 2015	Refunding of '06 Sales Tax Bonds	15,375,000	12,670,000	3.000-4.000	2037
Taxable Special Obligation Refunding Bonds Series 2019	Partial refunding of 2013 Taxable Special Obligation Refunding Bonds	51,670,000	51,385,000	2.078-3.476	2041
Total Governmental Activities			<u>\$ 69,590,934</u>		

2. Business-type Activities

All the outstanding bonds of the Utilities Fund are secured by the water and sewer net operating revenues. In addition, mainline extension charges and water connection fees are pledged for debt coverage.

In July 2001, the City issued \$21,311,958 in Capital Improvement Revenue Bonds which were secured by pledged City water and sewer system net operating revenues, including water connection fees. Proceeds from the bonds were used to (1) finance capital improvements to the water portion of the City's Water and Wastewater System (2) pay costs and expenses related to issuance of the Series 2001 Bonds including the municipal bond insurance premium and Reserve Fund Surety Bond premium. The bonds are payable through 2031. Total principal and interest remaining to be paid on the bonds is \$19,183,435. Current year principal and interest payments were \$1,919,540. The City's net operating water and sewer revenues were \$16,413,946. Resolution No. 94-07 provides that each of the following events is an "event of default" if a) any payment of Debt Service is not made when due, b) City becomes incapable of fulfilling its obligations, c) City admits in writing its inability to pay its debts, or files for bankruptcy, or consents to the appointment of a receiver or trustee, d) City is insolvent, or is adjudged bankrupt, e) City seeks reorganization under bankruptcy, f) Default of other covenants. Upon the occurrence and continuance of any event of default, the Holders of not less than 10% in aggregate principal amount and Accreted Value of the Bonds then outstanding may enforce the rights of the Bondholders either for the specific performance of any covenant or agreement contained herein or by any power granted for the enforcement of any proper legal remedy. Upon the happening and continuance of any event of default, Holders of not less than 51% of the aggregate principal amount and Accreted Value of the Bonds then outstanding may declare the principal and Accreted Value of all Bonds then outstanding to be due and payable.

NOTE 8 - Long Term Debt (Continued)C. Bonds Payable (Continued)2. Business-type Activities (Continued)

The City has pledged future special assessment revenues to repay \$3,535,000 in utility special assessment bonds issued in June 2003. Proceeds from the bonds were used to finance water and sewer system improvements. In July 2017, the City used \$620,000 in assessment collections to partially redeem the bonds. This action a) reduced the maturity date of the bonds by two years and they are now payable through 2023 b) reduced cumulative interest expense by \$176,358, and c) reduced required debt service fund reserves. The bonds are payable from proceeds derived from special assessments. Total principal and interest remaining to be paid on the bonds is zero. Principal and interest paid for the current year was \$531,038. During fiscal year ended September 30, 2021, the City collected \$97,886 in special assessments leaving \$3,915 in assessments receivable, net of allowance for uncollectible accounts, to be collected by the City in future years.

The following is a summary of business-type activities bonds payable reflected in the City's Utilities Fund as of September 30, 2021:

Business-type Activities:	Purpose of Issue	Amount Issued	Amount Outstanding	Remaining Interest Rates (Percent)	Annual Maturity To
Revenue Bonds:					
Utility Capital Improvement Revenue Bonds Series 2001	Capital improvements to water system	\$ 21,311,958	\$ 4,597,582	5.630-5710	2031
Total Business-type Activities			<u>\$ 4,597,582</u>		

NOTE 8 - Long Term Debt (Continued)**C. Debt Service Requirements**

The following are the debt service requirements to maturity on the City's long-term debt, excluding general obligation bonds, premiums & discounts, compensated absences as well as claims payable for governmental activities and business-type activities:

Governmental Activities:

Fiscal Year	Revenue/Refunding Bonds		Capital Leases		Notes Payable		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2022	\$ 2,524,899	\$ 2,353,980	\$ 398,051	\$ 130,157	\$ 1,818,000	\$ 470,317	\$ 7,695,404
2023	2,590,888	2,276,203	414,594	122,078	1,520,000	424,870	7,348,633
2024	2,658,286	2,196,421	431,787	113,613	1,570,000	385,203	7,355,310
2025	2,740,221	2,110,887	313,034	104,745	1,613,000	344,170	7,226,057
2026	2,816,640	2,037,492	329,406	97,645	1,663,000	301,777	7,245,960
2027-2031	15,455,000	8,043,372	1,673,314	368,757	7,071,000	838,505	33,449,948
2032-2036	20,695,000	5,274,871	1,766,007	166,641	3,027,000	114,246	31,043,765
2037-2041	20,110,000	1,723,401	205,428	5,238	-	-	22,044,067
Total	\$ 69,590,934	\$ 26,016,627	\$ 5,531,621	\$ 1,108,874	\$ 18,282,000	\$ 2,879,088	\$ 123,409,144

BusinessType Activities:

Fiscal Year	Revenue/Refunding Bonds		Notes Payable		Total
	Principal	Interest	Principal	Interest	
2022	\$ 589,619	\$ 1,326,010	\$ 5,934,000	\$ 434,845	\$ 8,284,474
2023	559,046	1,360,954	5,231,000	298,815	7,449,815
2024	521,064	1,396,464	1,276,000	183,976	3,377,504
2025	492,840	1,425,492	1,300,000	159,752	3,378,084
2026	465,701	7,507,141	1,323,000	138,042	9,433,884
2027-2031	1,969,312	1,569,792	6,943,000	758,264	11,240,368
	\$ 4,597,582	\$ 14,585,853	\$ 22,007,000	\$ 1,973,694	\$ 43,164,129

NOTE 8 - Long Term Debt (Continued)D. Debt Defeasance and Advance Refunding

The City advances, refunds and/or defeases long-term debt primarily to reduce debt service requirements. As of September 30, 2021, the City has no outstanding defeased bonds.

E. Notes Payable

The Bayfront Community Redevelopment Agency ("BCRA") entered a direct borrowing financial arrangement to facilitate a special, limited obligation note with a financial institution for \$6,000,000 to fund redevelopment activities of the BCRA. In May 2019, the City used \$988,000 in unspent bond proceeds to prepay principal on the 2006 BCRA Note. Principal is due annually on August 1st and interest payments are due semi-annually on August 1st and February 1st of each year. The note is collateralized by a lien upon, and pledge of ad valorem taxes designated for the BCRA. The principal and interest balance outstanding as of September 30, 2021, is \$349,167. The note contains provisions that in the event of default resulting from: a) failure by the Agency to make any principal or interest payment within 3 days of the applicable date, b) failure by the Agency to perform any other covenant, c) the making of any material false or misleading representation, d) the filing of a bankruptcy petition against the Agency or the City, e) the filing by the Agency or the City of a voluntary petition in bankruptcy, f) the admission by the Agency or the City of its insolvency or bankruptcy. The Registered Owner may sue to protect and enforce all rights, including the right to specific performance.

In April 2014, the City issued a \$3,885,000 Local Option Gas Tax Refunding Note. Proceeds from the Note were used to advance refund outstanding Local Option Gas Tax Revenue Bond, Series 2004. The note, which has a maturity date of 2021, bore a fixed interest rate of 1.290% and was due semi-annually on April 1 and October 1. The Note was secured by a pledge of Local Option Gas Tax revenues. Principal and interest remaining on the Note is zero. The total principal and interest paid during the current year was \$628,025.

In April 2014, the City issued a \$28,800,000 Utility System Refunding Revenue Note, Series 2014. Proceeds from the Note were used to refund outstanding Utility System Refunding Bonds, Series, 2002, partially refund Utility System Refunding Bonds, Series 2003 and advance refund Utility Capital Improvement Bonds, Series 2004. The Note which has a maturity date of 2022 bears a fixed interest rate of 2.060% and is due semi-annually on April 1 and October 1. The Note is secured by pledged revenues from water and sewer connection fees. Principal and interest remaining on the Note is \$3,786,426. The total principal and interest paid during the current year was \$3,786,307. Resolution 98-54 provides that each of the following qualifies as an event of default if: a) any payment of Debt Service is not made when due, b) City becomes incapable of fulfilling its obligations, c) City admits in writing its inability to pay its debts, or files for bankruptcy, or consents to the appointment of a receiver or trustee, d) City is insolvent, or is adjudged bankrupt, e) City seeks reorganization under bankruptcy, f) Default of other covenants. Upon the occurrence and continuance of any event of default, the Holders of not less than 10% in aggregate principal amount and Accreted Value of the Bonds then outstanding may enforce the rights of the Bondholders either for the specific performance of any covenant or agreement contained herein or by any power granted for the enforcement of any proper legal remedy. Upon the happening and continuance of any event of default, Holders of not less than 51% of the aggregate principal amount and Accreted Value of the Bonds then outstanding may declare the principal and Accreted Value of all Bonds then outstanding to be due and payable.

NOTE 8 - Long Term Debt (Continued)E. Notes Payable (Continued)

In May 2015, the City issued a \$4,744,000 Franchise Fee Revenue Note, Series, 2015. Most of the proceeds of the Note were used to finance mitigation costs relative to the I-95 Interchange Capital Improvement Project. Remaining proceeds shall be used for transportation improvements to include a connector road to the I-95 interchange. The note matures in 2026 and bears a fixed interest rate of 2.100%. Principal and interest remaining on the Note is \$2,628,172. The total principal and interest paid during the year was \$526,319. A summary follows of Resolution No. 2015-24 list of Events of Default: a) default in the payment of principal of amortization installment, redemption premium, or interest when due, b) default in the payment of fees due any provider of a Reserve Account Insurance Policy, c) bankruptcy, d) default of any other covenant. Any Holder of Bonds may enforce performance if acceleration shall not be a remedy unless specifically provided by Supplemental Resolution. Holder(s) of Bonds in an aggregate principal amount of not less than 25% of the Bonds then outstanding may appoint a trustee to represent such Bondholders in any legal proceeding for enforcement of Bondholders rights.

In March 2016, the City issued a \$13,190,000 Utility System Revenue Refunding Note, Series 2016, to refund Utility System Capital Improvement Refunding Bonds, Series 2005B. The Note, which has a maturity date of 2024, bears a fixed interest rate of 2.200%, and is due semi-annually on March 6 and September 6. The note is secured by pledged revenues from main line extension fee revenue and water & sewer operating revenues. Principal and interest remaining on the Series 2016 Refunding Note is \$7,404,690. Total principal and interest paid on the Refunding Note during the year was \$1,531,010. Resolution 98-54 provides that each of the following events is an "event of default" if: a) any payment of Debt Service is not made when due, b) City becomes incapable of fulfilling its obligations, c) City admits in writing its inability to pay its debts, or files for bankruptcy, or consents to the appointment of a receiver or trustee, d) City is insolvent, or is adjudged bankrupt, e) City seeks reorganization under bankruptcy, f) Default of other covenants. Upon the occurrence and continuance of any event of default, the Holders of not less than 10% in aggregate principal amount and Accreted Value of the Bonds then outstanding may enforce the rights of the Bondholders either for the specific performance of any covenant or agreement contained herein or by any power granted for the enforcement of any proper legal remedy. Upon the happening and continuance of any event of default, Holders of not less than 51% of the aggregate principal amount and Accreted Value of the Bonds then outstanding may declare the principal and Accreted Value of all Bonds then outstanding to be due and payable.

In December 2016, the City issued a Utility Special Assessment Revenue Refunding Note, Series 2016, in the par amount of \$2,060,000. The proceeds, along with an issuer contribution of \$544,523, were used to current refund the Utility Special Assessment Note, Series 2009, and pay for issuance costs. The Note, which has a maturity date of 2024, bears a fixed interest rate of 2.42%, and is payable semi-annually on January 1 and July 1. Principal and interest paid on the Note during the year was \$766,369. Principal and interest remaining on the Series 2016 Refunding Note is \$271,106. Resolution 98-54 provides that each of the following events is an "event of default" if: a) any payment of Debt Service is not made when due, b) City becomes incapable of fulfilling its obligations, c) City admits in writing its inability to pay its debts, or files for bankruptcy, or consents to the appointment of a receiver or trustee, d) City is insolvent, or is adjudged bankrupt, e) City seeks reorganization under bankruptcy, f) Default of other covenants. Upon the occurrence and continuance of any event of default, the Holders of not less than 10% in aggregate principal amount and Accreted Value of the Bonds then outstanding may enforce the rights of the Bondholders either for the specific performance of any covenant or agreement contained herein or by any power granted for the enforcement of any proper legal remedy. Upon the happening and continuance of any event of default, Holders of not less than 51% of the aggregate principal amount and Accreted Value of the Bonds then outstanding may declare the principal and Accreted Value of all Bonds then outstanding to be due and payable.

In December 2016, the City issued \$3,983,000 in Taxable Franchise Fee Revenue Refunding Note, Series 2016. The proceeds and City contributions of \$81,518.13, were used to current refund a portion of the Taxable Special Obligation Bonds (Pension Obligation), Series 2004, and cover the costs of issuance. The Note, which has a maturity date in fiscal year 2031, bears a fixed interest rate of 4.07%, and is payable semi-annually on April 1 and October 1. Principal and interest paid on the Refunding Note during the year was \$316,287.

NOTE 8 - Long Term Debt (Continued)**E. Notes Payable (Continued)**

Principal and interest on the Series 2016 Refunding Notes is \$4,188,059. Resolution 2015-24 defines each of the following as an "Event of Default": a) default in the payment of the principal of, Amortization Installment, redemption premium or interest when due, b) default in the payment of fees due any provider of a Reserve Account Insurance Policy, c) bankruptcy, d) default of any other covenants, and such default shall continue to a period of 30 days after written notice received from the Holders of not less than 25% of the aggregate principal amount of Bonds outstanding or the Insurer of such amounts of Bonds. Any Holder of Bonds may compel the performance of all duties required.

In February 2018, the City issued Local Option Gas Tax Revenue Note, Series 2018, in the par amount of \$9,000,000 for the construction of a connector road from Babcock Street to the new I-95 exchange and to cover costs of issuance. The note matures in October 2032 and bears a fixed interest rate of 2.71%. Principal and interest remaining on the Note totals \$9,109,695. Total principal and interest paid during the fiscal year was \$760,626. Resolution No. 2014-08 describes Events of Default as a) failure to make payments when due, b) bankruptcy, c) default of any other covenants. Notwithstanding the foregoing, the Issuer shall not be deemed in default if such default can be cured within a reasonable period and if the Issuer in good faith begins curative action and pursues such action until the default has been corrected. Any Holder may compel the performance of all duties required. The Holder(s) in an aggregate principal amount of not less than 25% of the obligations then outstanding may appoint a trustee to represent such Holders in any legal proceedings. During the period in which an Event of Default shall have occurred or be continuing, the Series 2018 Note shall bear interest at the "Default Rate", calculated at the greater of (i) the published Federal Reserve Bank Prime Rate plus 3%, (ii) the Federal Funds rate plus 5%, or (iii) 7% per annum; however not to exceed the maximum rate permitted by law.

On October 1, 2020, the City issued the Special Obligation Revenue Refunding Note, Series 2020 in the amount of \$4,258,000 to refund the Public Service Tax Bonds, Series 2010, outstanding balance of \$4,258,000 of which \$490,111 came from the Debt Service Reserve Fund related to the refunded bonds. The difference in cash flows required to service the old debt versus the new debt is a decrease of \$1,710,474. The economic gain resulting from the refunding is \$719,828. In the event of default from a) nonpayment of interest when due, b) nonpayment of principal when due, c) insolvency proceedings, d) non-reimbursement of a Credit Bank, or e) default in the performance of any other covenants, then the Holders shall be entitled to sue to enforce payment. For the current year, no principal and \$40,025 in interest was paid. Principal and interest remaining on the 2020 Special Obligation Note is \$4,885,995.

In July 2020, the City entered into a direct borrowing for Equipment Lease/Purchase Agreement, as lessee, with Banc of America Public Capital Corp, lessor, in the amount of \$4,479,235. The purpose of the agreement is to refund Series 2018 Capital Lease which secured equipment to be used for energy savings at City facilities. The lease matures in July 2037 and has a fixed contract rate of 2.55%. The net present value savings is \$284,315. Principal and interest remaining on the Lease is \$5,121,772. Total principal and interest paid during the fiscal year was \$244,770.

On October 29, 2020, the City issued a note in the amount of \$11,507,000 to provide funds for certain capital improvements to the City's water and sewer system and for costs of issuance. Each of the following is deemed an "event of default" if a) any payment of debt service is not made when due, b) the City is rendered incapable of fulfilling its obligations, c) files bankruptcy, d) adjudged insolvent, e) reorganization under bankruptcy laws, f) default in punctual performance of any other covenants. In the event of default, the holders of the bonds then outstanding may protect and enforce the rights of the bondholders, but the remedy of acceleration shall not be available. For the current year, \$585,000 of principal and \$177,221 in interest was paid. Principal and interest remaining on the 2020 Utility Note is \$12,098,381.

In March 2020, The City entered into two direct borrowings for Equipment Lease/Purchase Agreements, as lessee, with Banc of America Public Capital Core, lessor. The first agreement totaled \$661,884 and secured Police equipment. The lease matures in 2024 and has a contract rate of 1.6008%. Principal and interest remaining on the lease is 409,843. Total principal and interest paid during the fiscal year was 136,615. The second lease agreement secured Fire equipment in the amount of \$1,278,000. The lease matures in 2029 and

NOTE 8 - Long Term Debt (Continued)E. Notes Payable (Continued)

has a contract rate of 1.8522%. Principal and interest remaining on the lease is 1,108,880. Total principal and interest paid during the fiscal year was \$138,610.

In 2020, the City entered into a Clean Water State Revolving Loan Funding Agreement with the Florida Water Pollution Control Financing Corporation, which was reviewed by the State of Florida Department of Environmental Protection for funding the South Regional Water Treatment Reclamation Facility Construction project. Estimated project cost is \$38,938,800. The Final Loan Amendment is to be executed upon completion of project. Pledged revenues shall be the gross revenues, together with sewer impact fees, derived yearly from the operation of the water and sewer systems after payment of the operation and maintenance expense and the satisfaction of all yearly payment obligations of the senior revenue debt. The following are events of default are enumerated in the agreement: 1) failure to make monthly loan deposit or to make semi-annual loan payment when due 2) failure to comply with any covenants required by loan agreement 3) any false representation by, or on behalf of, the City contained in loan agreement, 4) an order appointing a receiver of any part of the water or sewer system or gross revenues thereof, 5) any proceeding instituted for the purpose of adjusting the claims of City's creditors if the claims are payable from water or sewer revenues, 6) bankruptcy, 7) charge of criminal violations in the implementation of the Project or the administration of the proceeds from this Loan against one or more officials of the City, 8) failure of City to give immediate written notice of knowledge of a potential default to the Department. Remedies include: 1) By mandamus, 2) Require City to account for all moneys received pursuant to this agreement and to account for the receipt, use, application, or disposition of the pledged revenues, 3) Enjoin any acts or things which may be unlawful or in violation of the rights of the Corporation or the Department, 4) Cause the appointment of a receiver to manage the water and sewer systems, 5) the Department may provide for the payment to the Trustee of the delinquent amount plus a penalty from any unobligated funds due to the City under any revenue or tax sharing fund established by the State, 6) Notifying financial market credit rating agencies and potential creditors 7) By suing for payment of amounts due, 8) By accelerating the repayment schedule or increasing the financing rate on the unpaid principal of the loan to as much as 1.667 times the financing rate. Estimated principal amount of the loan is \$20 million. The loan service fee is estimated at \$400 thousand. Semi-annual loan payments shall be in the amount of \$510 thousand until the payment amount is adjusted by amendment. For the current year, no principal or interest was paid. As of September 30, 2021, the City drew down \$1,346,123 from the available funding.

NOTE 8 - Long Term Debt (Continued)**E. Notes Payable (Continued)**

The following is a summary of the City's notes payable as of September 30, 2021:

Governmental Activities:	Purpose of Issue	Amount Issue	Amount Outstanding	Remaining Interest Rates (Percent)	Annual Maturity To
Bayfront Community Redevelopment Agency Note Series 2006	Funding redevelopment activities of the BCRA	\$ 6,000,000	\$ 342,000	4.100	2022
Franchise Fee Revenue Note Series 2015	Financing of I-95 Interchange Mitigation costs	4,744,000	2,495,000	2.100	2026
Franchise Fee Revenue Note Series 2016	Partial Refunding of Special Obligation Bonds, Series 2004	3,983,000	3,409,000	4.070	2031
Local Option Gas Tax Note Series 2018	Financing I-95 connector road project	9,000,000	7,778,000	2.710	2033
Franchise Fee Revenue Note Series 2016	Refunding of Public Service Tax Bonds Bonds, Series 2004	4,258,000	4,258,000	1.880	2036
Total Governmental Activities			<u>\$ 18,282,000</u>		
Business-type Activities:	Purpose of Issue	Amount Issue	Amount Outstanding	Remaining Interest Rates (Percent)	Annual Maturity To
Utility System Refunding Revenue Note Series 2014	Refunding of Utility Revenue Bonds Series 2002, 2003 & 2004	\$ 28,800,000	\$ 3,710,000	2.060	2022
Utility System Refunding Revenue Note Series 2016	Refunding of Utility Revenue Bonds Series 2005B	13,190,000	7,110,000	2.200	2024
Special Assessment Revenue Note Refunding Note, Series 2016	Refunding of special assessments Note, Series 2009	2,060,000	265,000	2.420	2024
Utility System Revenue Note, Series 2020	Fund Capital Improvements for Water and Sewer system	11,507,000	10,922,000	1.670	2030
Total Business -type Activities			<u>\$ 22,007,000</u>		

F. Capital Lease Obligations

The City has entered into lease agreements as lessee for financing the acquisition of Police & Fire equipment. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of their future minimum lease payments.

Assets acquired through capital leases are as follows:

Governmental Activities

Asset:

Machinery and equipment	\$ 4,960,924
Less: Accumulated depreciation	(1,008,658)
	<u>\$ 3,952,266</u>

NOTE 8 - Long Term Debt (Continued)**F. Capital Lease Obligations (Continued)**

Future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2021, were as follows:

Governmental Activities

Fiscal Year	
2022	528,207
2023	536,673
2024	545,399
2025	417,779
2026	427,051
2027-2031	2,042,070
2032-2036	1,932,649
2037-2041	210,665
Total minimum lease payment	6,640,493
Less: amount representing interest	(1,108,872)
Present value of minimum lease payments	<u>\$ 5,531,621</u>

NOTE 9 – Employee Retirement Systems

All City of Palm Bay full-time employees participate in one of two retirement plans offered by the City. Full-time employees participate in either the Palm Bay Defined Contribution Retirement Plan or the Palm Bay Defined Benefit Police and Firefighters Retirement System. In addition, the City offers elected officials' membership in the Florida Retirement System, which is a cost-sharing, multi-employer defined benefits plan. The pension expense for all pension plans was \$(3,337,680) for the fiscal year ended September 30, 2021.

A. Defined Contribution Retirement Plan

The City of Palm Bay's general employees' retirement plan is a defined contribution plan administered and maintained by ICMA Retirement Corporation. The City has no fiduciary responsibility for this plan and the assets of the plan are not reported as a pension trust fund. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All full-time general employees are eligible to participate upon employment. Effective May 1, 2001, an executive plan was established which includes the City Manager, Deputy City Managers, City Clerk, City Attorney, Deputy City Attorney and all department heads except the police and fire department chiefs who are covered under the defined benefit plan. Employer contributions are vested according to the following schedule: 20% after one year of service and 20% per year thereafter until fully vested. 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.

As of December 2010, the City modified contributions for members covered under the executive plan (executive) and general employees (general). The City contributes a base of 3.75% for executive and 3% for general, to everyone's retirement account. The employee may elect to contribute an additional percentage of their salary, between 0%-9.75% and 0%-6%, for executive and general respectively. The City will match the employee contribution.

As of August 2010, the City's contribution for NAGE Blue and White employees was modified. The employer contributes a base of 3% to everyone's retirement account. The employee may elect zero to six percent (0-6%) to contribute to their account and the City will match the employee contribution.

In fiscal year 2021, employer and employee contributions to the ICMA defined contributions plan were \$1,944,715 and \$1,299,243, respectively.

B. Defined Benefit Plan Palm Bay Police and Firefighter Plan

Plan Description - The City of Palm Bay maintains a single-employer defined benefit pension plan, which covers general employees, police officers and firefighters. The Plan is closed to new general employees and that classification consists of retirees only. Coverage for firefighters and police officers is administered by the Board of Trustees of the City of Palm Bay Police and Firefighters Retirement System (the "Plan"). The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. Benefits under the plan are established in accordance with City Ordinance No. 74-9 as amended and certain provisions of Florida Statutes Chapters 185 (Police Officers) and 175 (Firefighters).

Benefit provisions of the Plan may be amended by the City Council but may not be reduced below the minimum specified by Florida Statutes, unless the plan stops receiving 175 and 185 funds. The Plan's Board of Trustee is comprised of 5 members:

- One Chairman Board Appointee
- One Vice Chairman Police Elected Representative
- One Secretary, Fire Elected Representative
- Two City Council Appointees

The Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing the Board of Trustees:

Board of Trustees of the City of Palm Bay Police and Firefighters Retirement System
1501 Robert J. Conlan Boulevard NE, Suite 240
Palm Bay, Florida 32905-3567 <https://www.pbpfpf.org/>

Employees Covered – Based on the Actuarial Valuation Report as of October 1, 2020, the following employees were covered by the benefit terms for the Plan:

	Police Officers	Fire Fighters	General Employees
Inactive employees or beneficiaries currently receiving benefits	111	90	2
Inactive employees entitled to benefits but not receiving them	23	7	-
Active employees	139	105	-
Total members	273	202	2

Benefits Provided - All regular full-time certified police officers and firefighters are eligible to participate in the Plan.

Police officer members:

Normal retirement shall be the earlier of attainment of (1) age 55, (2) completion of 30 years credited service regardless of age, (3) age 52 with 25 years of credited service (4) for police officers who are employed on or after October 1, 2006, and retire after that date, 28 years of credited service, regardless of age, or (5) for police officers who are employed on or after April 5, 2012, completion of 25 years of credited service, regardless of age. Average Final Compensation (AFC) is one and a half times the average of the highest five years of the last ten years of credited service. Payments for used leave are not included in AFC.

Each police officer member with less than 20 years of credited service will have a monthly normal retirement benefit in an amount equal to 2% of the member's AFC multiplied by the member's credited service performed prior to June 1, 1992, and 2½% of the member's AFC multiplied by the member's credited service performed on and after June 1, 1992. For members who have completed 20 years of credited service as sworn police officers, instead of the amount described in the previous sentence, the member's monthly normal retirement benefit shall be an amount equal to 3% of the member's AFC multiplied by the member's credited service plus

NOTE 9 – Employee Retirement Systems (Continued)**B. Defined Benefit Palm Bay Police and Firefighter Plan (Continued)**

5% of AFC for service after 20 years to a maximum of 100% of the AFC upon completion of 28 years of service. For police officers hired after October 1, 2016, the maximum normal retirement benefit shall be 85% of average final compensation.

Firefighter members:

Tier One members - Firefighters hired prior to March 15, 2012.

Normal retirement shall be the earlier of attainment of (1) age 55, (2) completion of 25 years of credited service at 85% of AFC or 28 years regardless of age, or (3) age 52 with 25 years of credited service effective September 30, 2002. Average Final Compensation (AFC) is one and a half times the average of the highest five years of the last ten years of credited service. Payments for used leave are not included in AFC.

Each firefighter member with less than 20 years of credited service will have a monthly normal retirement benefit in an amount equal to 2% of the member's AFC multiplied by the member's credited service performed prior to October 1, 1991, and 2½% of the member's AFC multiplied by the member's credited service performed on and after October 1, 1991. For members who have completed 20 years of credited service as a firefighter, instead of the amount described in the previous sentence, the member's monthly normal retirement benefit shall be an amount equal to 3% of the member's AFC multiplied by the member's credited service plus 5% of AFC for service after 20 years to a maximum of 100% of the AFC upon completion of 28 years of service.

Tier Two members – Firefighters hired on or after March 12, 2012.

Normal retirement shall be the first day of the month coincident with or next following the completion of 25 years of credited regardless of age. Provided, however that a vested member who terminates prior to attaining 25 years of credited service shall be eligible for normal retirement benefits upon reaching age 55. Average Final Compensation (AFC) is one and a half times the average of the highest five years of the last ten years of credited service. Payments for unused leave are not included in AFC.

Each firefighter with less than 20 years of credited service will have a monthly normal retirement benefit in an amount equal to 2% of the member's AFC multiplied by the member's credited service. For members who have completed 20 years of credited service as a firefighter, instead of the amount described in the previous sentence, the member's monthly normal retirement benefit shall be an amount equal to 3.2% of AFC for service after 20 years to a maximum of 90% of the AFC, excluding supplemental benefits.

Deferred Retirement Option Plan (DROP):

Effective September 30, 2000, for police officers and September 30, 2001, for firefighters, members who continue in employment past the normal retirement date may either accrue larger pensions or freeze their accrued benefit and enter the DROP. Each participant in the DROP has an account credited monthly with benefits not received and quarterly with investment earnings net of expenses based on the Plan's earnings. The DROP is administered by the Board of Trustees. Participation in the DROP is limited to 60 months.

Supplemental Benefits**Police officer members:**

Police officers who retire after October 1, 2006, receive a Supplemental Benefit equal to \$25 per month, times completed years of Credited Service. The benefit shall cease upon the retiree reaching age 65. Members approved for disability retirement are ineligible for the supplemental retirement benefit.

Firefighter members:**Tier One members**

Firefighters receive a Supplemental Benefit of \$189 per month payable over the life of the retiree only.

Firefighters who retire on or after October 1, 2006, receive \$458 per month, instead of \$189. Firefighters who terminate after October 1, 2007, receive a Supplemental Benefit equal to \$25 per month times years of credited service earned prior to March 15, 2012. Effective March 15, 2012, firefighters who have not attained age 55 with 10 or more years of credited service or 25 years of credited service regardless of age on that date

NOTE 9 – Employee Retirement Systems (Continued)**B. Defined Benefit Palm Bay Police and Firefighter Plan (Continued)****Benefits Provided - Firefighter members (Continued)**

who either terminate while vested or terminate upon reaching normal or early retirement shall receive a supplemental benefit of \$12 per month for each year of credited service. The benefit shall cease upon the retiree reaching the age of Medicare eligibility and members approved for disability retirement are ineligible for the supplemental retirement benefit.

Tier Two members

Firefighters are eligible to receive a Supplemental Benefit of \$12 per month for each year of credited service. The benefit shall commence upon entry into the DROP or upon receipt of a retirement benefit and separation from the City. This benefit shall only be payable over the life of the member, will cease upon the member reaching the age of Medicare eligibility and members approved for disability retirement are ineligible for the supplemental retirement benefit.

Cost of Living Adjustment:***Police officer members:***

The Plan provides for cost-of-living adjustment to police officers who retire or enter the DROP on or after September 30, 2000. The retirement benefits will increase by 3% each year commencing with the September 30th following three years of retirement.

Firefighter members:**Tier One members**

The Plan provides for cost-of-living adjustment to firefighters who retire or enter the DROP on or after September 30, 2001. The retirement benefits will increase by 2% each year commencing with the September 30th following six years of retirement.

Tier Two members

The cost-of-living adjustment will increase by 3% commencing with September 30th following six years of retirement.

Contributions - Florida Statutes, Chapters 175 and 185 require members to contribute not less than 0.5% of their annual salary. The Plan, as approved by the City Council, requires member police officers and firefighters to contribute 8.76% of their base annual salary. Funding contributions are determined annually on an actuarial basis as of October 1. The City is required to contribute at an actuarially determined amount necessary to finance current costs and amortized unfunded past service cost as provided by Florida Statute, Chapter 112. The City made contributions of \$4,660,443 in fiscal year 2021.

Municipalities that have established pension plans complying with the provisions of Chapters 175 and 185, Florida Statutes, and that have enacted appropriate taxing legislation are eligible to receive revenues generated from excise taxes on gross receipts of certain insurance premiums from policyholders covering property within the City limits. These are the Firefighters' Pension Fund Excise Tax imposed on the gross receipts of property insurance policy premiums and the Police Officers' Pension Fund Excise Tax imposed on the gross receipts of casualty insurance policy premiums. The City recognized as revenues and expenditures on-behalf of payment relating to pension contributions for its public safety employees by the State. These contributions from excise tax totaled \$1,470,241.

Net Pension Liability (Asset)

The City's net pension liability(asset) for The Plan is measured as the total pension liability less the pension fiduciary net position. The total pension liability, net pension liability(asset) and certain sensitivity information for each of the Plan classification is measured as of October 1, 2020. The total pension liability was rolled

NOTE 9 – Employee Retirement Systems (Continued)**B. Defined Benefit Palm Bay Police and Firefighter Plan (Continued)****Net Pension Liability (Asset) (Continued)**

forward from the valuation date to the Plan's fiscal year ending September 30, 2021, using generally accepted actuarial principles. Components of the net pension liability(asset) of the City at September 30, 2021, are as follows:

	2021			
	Police	Fire	General	Total
Total pension liability	\$ 141,653,598	\$ 119,045,436	\$ 16,952	\$ 260,715,986
Plan fiduciary net pension ending	(145,064,213)	(111,352,937)	(248,692)	(256,665,842)
City's net pension liability (asset)	\$ (3,410,615)	\$ 7,692,499	\$ (231,740)	\$ 4,050,144
Plan fiduciary net pension - actuarial as a percentage of the total pension liability (asset)	102.41%	93.54%	1467.04%	98.45%

Actuarial Assumptions - The total pension liabilities were determined by an actuarial valuation as of October 1, 2020, updated to September 30, 2021, using the following assumptions:

	Police Officers	Fire Fighters	General Employees
Valuation Date	October 1, 2020	October 1, 2020	October 1, 2020
Measurement Date	September 30, 2021	September 30, 2021	September 30, 2021
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Actuarial Assumptions			
Discount Rate	7.65%	7.65%	7.65%
Inflation	2.70%	2.70%	2.70%
Payroll Growth	0.00%	4.00%	N/A
Projected Salary Increase	Varies by age	Varies by age	N/A
Investment Rate of Return	7.65%	7.65%	7.65%
Mortality	PubS.H-2010	PubS.H-2010	PubS.H-2010
	Improvement Scale MP-2018	Improvement Scale MP-2018	Improvement Scale MP-2018
Service Retirement	Members will retire at a rate of 5% per year prior to normal retirement		

Mortality rates are mandated by Chapter 2015-157, Laws of Florida. The assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019, FRS valuation report for special risk employees, with appropriated risk and collar adjustments made based on plan demographics.

Discount Rate - The long-term expected rate of return on pension plan investments were determined using a building block method which best estimates ranges of expected future real rates of return (expected returns, net of pension investment expenses and inflation) are developed for each major asset. 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, 2021, are summarized in the following table:

NOTE 9 – Employee Retirement Systems (Continued)***B. Defined Benefit Palm Bay Police and Firefighter Plan (Continued)******Actuarial Assumptions – Discount Rate (Continued)***

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35%	8.30%
Fixed Income	25%	3.10%
Real Estate	10%	5.50%
International Equity	15%	4.10%
Convertible Security	10%	7.80%
Master Limited Partnership	5%	7.00%
	<u>100%</u>	

The discount rate used to measure the total pension liability was 7.65%. The projection of cash flows used to determine the discount rate assumed the Plan member's contributions will be made at the current contribution rates and that contributions from the City will be made at statutorily required rates as actuarially determined. Based on those assumptions, the 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.

Changes in the Net Pension Liability (Asset)- The changes in the Net Pension Liability (Asset) for The Plan as of the measurement date of September 30, 2021, are as follows:

	Police		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at September 30, 2020	\$ 134,480,630	\$ 123,968,356	\$ 10,512,274
Changes in the year:			
Service Cost	1,748,826	-	1,748,826
Interest on the total pension liability	10,225,054	-	10,225,054
Change in excess state money	756,379	-	756,379
Share Plan Allocation	200,154	-	200,154
Difference between expected and actual	878,416	-	878,416
Changes in assumptions	-	-	-
Contributions - Employer	-	1,825,661	(1,825,661)
Contributions - State	-	921,042	(921,042)
Contributions - Employee	-	713,687	(713,687)
Contributions - Buyback	14,123	14,123	-
Net investment income	-	24,565,999	(24,565,999)
Benefit payments, including refunds of employee contributions	(6,649,984)	(6,649,984)	-
Administration expense	-	(294,671)	294,671
Net Changes	7,172,968	21,095,857	(13,922,889)
Balance at September 30, 2021	\$ 141,653,598	\$ 145,064,213	\$ (3,410,615)

NOTE 9 – Employee Retirement Systems (Continued)***B. Defined Benefit Palm Bay Police and Firefighter Plan (Continued)*****Changes in Net Pension Liability (Asset) (Continued)**

	Fire		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at September 30, 2020	\$ 114,006,210	\$ 94,443,946	\$ 19,562,264
Changes in the year:			
Service Cost	1,784,228	-	1,784,228
Interest on the Total Pension Liability	8,638,064	-	8,638,064
Change in Excess State Money	-	-	-
Share Plan Allocation	-	-	-
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	320,532	-	320,532
Changes in assumptions	-	-	-
Contributions - Employer	-	2,784,081	(2,784,081)
Contributions - State	-	549,529	(549,529)
Contributions - Employee	-	547,792	(547,792)
Contributions - Buyback	45,543	45,543	-
Net Investment Income	-	18,973,828	(18,973,828)
Benefit Payments, Including Refunds of Employee Contributions	(5,749,141)	(5,749,141)	-
Administration Expense	-	(242,641)	242,641
Net Changes	5,039,226	16,908,991	(11,869,765)
Balance at September 30, 2021	\$ 119,045,436	\$ 111,352,937	\$ 7,692,499

	General		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a)-(b)
Balance at September 30, 2020	\$ 16,626	\$ 214,728	\$ (198,102)
Changes in the year:			
Interest on the total pension liability	1,165	-	1,165
Difference between Expected and Actual Experience	1,957	-	1,957
Changes in Assumptions	-	-	-
Net Investment Income	-	41,208	(41,208)
Benefit Payments, Including Refunds of Employee Contributions	(2,796)	(2,796)	-
Administration Expense	-	(4,448)	4,448
Net Changes	326	33,964	(33,638)
Balance at September 30, 2021	16,952	248,692	(231,740)
Total of PBP&PBF Plans	\$ 260,715,986	\$ 256,665,842	\$ 4,050,144

NOTE 9 – Employee Retirement Systems (Continued)**B. Defined Benefit Palm Bay Police and Firefighter Plan (Continued)****Sensitivity of the Net Pension Liability (Asset) (Continued)**

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following chart presents the net pension liability(asset) of the Plan as of September 30, 2021, calculated using the discount rate of 7.65% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percent-point lower (6.65%) or 1-percent-point higher (8.65%) than the current rate.

	Discount Rate - 1% 6.65%	Current Discount 7.65%	Discount Rate + 1% 8.65%
Police Officers	\$ 15,546,790	\$ (3,410,615)	\$ (18,929,728)
Fire Fighters	\$ 22,742,979	\$ 7,692,499	\$ (4,724,402)
General Employees	\$ (231,199)	\$ (231,740)	\$ (232,247)

Pension Plan Fiduciary Net Pension

Detailed information about the pension plan's fiduciary net position is available in the separately issued Police and Fire Pension Plan's financial reports.

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended September 30, 2021, the City recognized combined pension expense of (4,576,362). At September 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Police & Fire and General	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,123,254	\$ 619,802
Changes in assumptions	4,929,714	-
Net difference between projected and actual earning on plan investments	-	24,311,318
Total	<u>\$ 8,052,968</u>	<u>\$ 24,931,120</u>

The amount reported as deferred outflow of resources and deferred inflow of resources related to pensions will be recognized as pension expense as follows:

Police & Fire and General Employees**Year ending September 30:**

2022	\$ (3,324,005)
2023	(3,818,183)
2024	(5,359,045)
2025	(4,430,343)
2026	53,422
	<u>\$ (16,878,154)</u>

NOTE 9 – Employee Retirement Systems (Continued)**B. Defined Benefit Palm Bay Police and Firefighter Plan (Continued)****C. Florida Retirement System**

On June 5, 2008, the City passed Resolution 2008-55, authorizing participation of its elected officials in the Florida Retirement System ("FRS") administered by the State of Florida. Also approved was Resolution 2008-56 providing for membership in the FRS and authorizing execution of all necessary agreements with the administrator of the FRS for extending benefits to elected officials of the City pursuant to Chapters 112 and 121, Florida Statutes.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The reports may be obtained by writing to the State of Florida, Division of Retirement:

State of Florida Division of Retirement
Department of Management Services
P.O. Box 9000
Tallahassee, Florida 32315-9000
www.dms.myflorida.com/workforce_operations/retirement/publications.

Plan Description - The Florida Retirement System is a multiple employer cost sharing public employee retirement system, administered by the Florida Legislature. FRS is available to governmental units within Florida and provides a Deferred Retirement Option Program (DROP) for eligible employees. The Plan affords retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. In addition to the benefits, members of the Florida Retirement System are afforded benefits through the Retiree Health Insurance Subsidy (HIS) Program. HIS was established and is administered in accordance with section 112.363, Florida Statutes.

Benefits Provided - Benefits under the Pension Plan are computed based on age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service,

NOTE 9 – Employee Retirement Systems (Continued)C. Florida Retirement System (Continued)Benefits Provided (Continued)

regardless of age for Elected Officers' class members. The final average compensation for these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is a proportion of 3.0% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3.0%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with an FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS trust Fund and accrue interest. There are no required contributions by DROP participants.

HIS membership is available to all members within the FRS. The benefit is a monthly payment to assist retirees of the state-administered retirement system in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30, and the maximum payment is \$160 per month. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of eligible health insurance coverage, which includes Medicare.

Contributions - Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute 3.0% percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contributions rates established by the Florida Legislature. These rates are updated as of July 1 each year. The employer contribution rates for elected officials for the periods October 1, 2020, through June 30, 2021, and from July 1, 2020, through September 30, 2021, were 47.10% and 47.46% respectively. These percentages include a 1.66% contribution rate for HIS.

Article X, Section 14 of the State Constitution and Part VII, Chapter 112 of the Florida Statutes provide the authority to amend the contribution rates and obligations.

The City's contributions recognized during the fiscal year ended September 30, 2021, by FRS and HIS were \$22,827 and \$1,158 respectively.

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions

The City's proportionate share of net pension liability, pension expense related deferrals as of September 30, 2021, are as follows:

	FRS	HIS	Total
Proportionate Share of Net Pension Liability on June 30, 2021	\$ 45,263	\$ 24,164	\$ 69,427
City's portion at June 30, 2021	0.0005992080	0.0000196991	
City's portion at June 30, 2020	0.0008116170	0.0000199291	
Change in proportion during current year	(0.0002124090)	(0.0000002300)	

NOTE 9 – Employee Retirement Systems (Continued)C. Florida Retirement System (Continued)Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the fiscal year ended September 30, 2021, the City recognized pension expense of \$(18,816). In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS		TOTAL	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 7,758	\$ -	\$ 809	\$ 10	\$ 8,567	\$ 10
Change in assumptions	30,972	-	1,898	996	32,870	996
Change in proportion and differences between City Pension Plan contributions and proportionate share of contributions	26,183	61,660	4,527	528	30,710	62,188
City Pension Plan contributions subsequent to the measurement date	5,047	-	274	-	5,321	-
Net difference between projected actual earnings on plan investments	-	157,913	25	-	25	157,913
Total	<u>\$ 69,960</u>	<u>\$ 219,573</u>	<u>\$ 7,533</u>	<u>\$ 1,534</u>	<u>\$ 77,493</u>	<u>\$ 221,107</u>

Plan contributions made after the measurement date of the net pension liability, but before the end of the City's reporting period of September 30, 2021 are recognized as a reduction of the net pension liability in the subsequent fiscal year rather than the current fiscal year. City contributions to the Plan subsequent to the measurement date totaled \$5,321 and is included in deferred outflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Year ending September 30	FRS	HIS	Net Pension Expense
2022	\$ (20,790)	\$ 2,092	\$ (18,698)
2023	(28,402)	1,786	(26,616)
2024	(42,985)	1,134	(41,851)
2025	(54,586)	463	(54,123)
2026	(7,897)	215	(7,682)
Thereafter	-	35	35
	<u>\$ (154,660)</u>	<u>\$ 5,725</u>	<u>\$ (148,935)</u>

Actuarial Assumptions – Actuarial assumptions for both cost-sharing defined benefit plans were reviewed by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. Because the HIS Program is funded on a pay-as-you-go basis, no experience study was completed for that program. The actuarial assumptions used to determine the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

NOTE 9 – Employee Retirement Systems (Continued)C. Florida Retirement System (FRS) (Continued)Actuarial Assumptions (Continued)

The total pension liability for FRS and HIS on the July 1, 2021, actuarial valuation was determined using the following assumptions:

	FRS	HIS
Valuation Date	July 1, 2021	July 1, 2021
Measurement Date	June 30, 2021	June 30, 2021
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Actuarial Assumptions		
Discount Rate	6.80%	2.16%
Inflation	2.40%	2.40%
Projected Salary Increase	3.25%	3.25%
Investment Rate of Return	6.80%	N/A
Municipal Bond Index	-	2.16%
Mortality	PUB-2010 base table varies by member with category & sex	Generational PUB-2010 with Projected Scale MP-2018

The actuarial assumptions used in the July 1, 2021, valuation was based on the results of an actuarial experience study for the period July 1, 2013, through June 20, 2018.

The following changes in key actuarial assumptions occurred in 2021:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability of 6.80% did not change from the prior year.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 2.21% to 2.16%.

The long-term expected rate of return on Pension Plan investments were based on forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for inflation assumption. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric Return)
Cash	1.00%	2.10%	2.10%
Fixed Income	20.00%	3.80%	3.70%
Global Equity	54.20%	8.20%	6.70%
Real Estate	10.30%	7.10%	6.20%
Private Equity	10.80%	11.70%	8.50%
Strategic Investments	3.70%	5.70%	5.40%
	<u>100.00%</u>		

NOTE 9 – Employee Retirement Systems (Continued)**C. Florida Retirement System (FRS) (Continued)**

Discount Rate - The discount rate used to measure the total pension liability was 6.80%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return. However, because the HIS program uses a pay-as-you-go funding structure, a municipal bond rate of 2.16% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index).

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the City's proportionate share of the net pension liability as of June 30, 2021, calculated using the discount rate, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	FRS Net Pension Liability			HIS Net Pension Liability		
	Current			Current		
	1% Decrease (5.80%)	Discount Rate (6.80%)	1% Increase (7.80%)	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Employer's proportionate share of the net pension liability	\$ 202,427	\$ 45,263	\$ (86,103)	\$ 27,936	\$ 24,164	\$ 21,074

Below is a summary of the net pension liability, deferred inflows and outflows of resources and pension expense for all defined pension plans:

Pension Plan	Net Pension Liability	Net Pension Asset	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Palm Bay Police & Fire	\$ 7,692,499	\$ 3,642,355	\$ 8,052,967	\$ 24,931,121	\$ (4,576,362)
FRS (Proportionate Share)	45,263	-	69,960	219,573	(20,982)
HIS (Proportionate Share)	24,164	-	7,533	1,534	2,166
Total	\$ 7,761,926	\$ 3,642,355	\$ 8,130,460	\$ 25,152,228	\$ (4,595,178)

Pension Plan Fiduciary Net Position - Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

D. Other Post-Employment Benefits Other Than Pensions (OPEB)

The City follows Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("OPEB"), for certain postemployment healthcare benefits provided by the City.

Plan Description - The City of Palm Bay administers an employee group medical insurance plan (the "Plan") is a single-employer 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 Plan. Benefit provisions for the Plan are established and may be amended by

NOTE 9 – Employee Retirement Systems (Continued)**D. Other Post-Employment Benefits Other Than Pensions (OPEB) (Continued)**

the City Council. The retirees pay the full group premium amount for health insurance with no explicit subsidy from the City. The Plan does not issue a publicly available financial report.

Funding Policy - Contribution rates for the Plan 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 towards 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 “implicit” subsidy. This implicit subsidy is an Other Post Employment Benefit (OPEB) obligation of the City and is funded by general assets on a pay-as-you-go basis since there is no Trust Fund or equivalent arrangement into which the City makes contributions. For the year ended September 30, 2021, the City estimated its subsidized contributions towards medical cost on behalf of retirees and their covered dependents to be 245,354.

Employees Covered by Benefit Terms – As of October 1, 2021, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	35
Active Plan Members	642
Total	<u>677</u>

Total OPEB Liability – The City’s total OPEB liability of \$12,315,964 was measured as of September 30, 2021, which was determined by an actuarial valuation as of September 30, 2021.

Significant Actuarial Assumptions and other Inputs – The total OPEB Liability determined in the September 30, 2020, actuarial valuation used the following significant actuarial assumptions and other inputs:

Inflation	5.00%
Payroll Growth	4.00%
Discount Rate	3.75%
Healthcare Trend Rate	5.00%

Retirement Age - 100% at Normal Retirement Eligibility Date

Mortality - Florida Retirement System Mortality Table

General (non-special risk)– For female lives, 100% of the Combined Healthy White-Collar table was used. For male lives, a 50% Combined Healthy White-Collar table, 50% Healthy Blue-Collar table blend was used.

Police & Fire (special risk) - For female lives, 100% of the Combined Healthy White-Collar table was used. For male lives, a 10% Annuitant White-Collar table, 90% Annuitant Blue-Collar table blend was used.

All tables include fully generational adjustments for mortality improvements using improvement scale BB.

Discount Rate – Given the City’s decision not to fund the OPEB plan, all future benefit payments were discounted using a high-quality bond rate of 3.75%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends.

NOTE 9 – Employee Retirement Systems (Continued)**D. Other Post-Employment Benefits Other Than Pensions (OPEB) (Continued)**

Projection of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the type of benefits provided at the time of

each valuation and the historical pattern of sharing benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Changes in Total OPEB Liability

	Total OPEB Liability
Balances at October 1, 2020	\$ 12,381,314
Changes for the year:	
Service Cost (Entry Age Normal Cost) for 1 year	391,754
Interest for 1 year*	527,858
Difference between Expected and Actual Experience	(320,127)
Changes to Assumptions	(245,354)
Benefit Payments	(419,481)
Net Changes	(65,350)
Balances at September 30, 2021	\$ 12,315,964

*Discount rate of 3.75% for the fiscal year ended September 30, 2021.

Sensitivity of the Total OPEB liability to Changes in the Discount Rate

	1% Decrease 2.75%	Current Discount Rate 3.75%	1% Increase 4.75%
Total OPEB Liability	\$ 10,663,193	\$ 12,315,964	\$ 14,359,682

Sensitivity of the Total OPEB liability to Changes in the Healthcare Cost Trend Rates

	1% Decrease 4.0%	Healthcare Costs Trend Rate 5.0%	1% Increase 6.0%
Total OPEB Liability	\$ 10,497,333	\$ 12,315,964	\$ 14,608,574

NOTE 9 – Employee Retirement Systems (Continued)**D. Other Post-Employment Benefits Other Than Pensions (OPEB) (Continued)****OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources**

OPEB expense for the fiscal year ended September 30, 2021, was \$1,259,498. On September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,727,714	\$ 284,560
Change in assumptions	886,469	983,336
Total	<u>\$ 2,614,183</u>	<u>\$ 1,267,896</u>

OPEB Outflows/Inflows of Resources Schedule for Future Years:

Deferred outflow in resources related to OPEB is a result of differences between expected and actual experience while deferred inflows reflect changes in assumptions. These deferred resources will be recognized in OPEB expense as follows:

Year ending September 30	
2022	\$ 260,510
2023	260,510
2024	260,510
2025	393,807
2026	359,446
2027	(62,832)
Thereafter	(125,664)
	<u>\$ 1,346,287</u>

NOTE 10 – Restricted Net Position

The City maintains several special revenue funds to account for external and internal restrictions placed on revenue sources. In addition, the City has one debt service funds which accounts for proceeds that are restricted for repayment of bonds. A summary of restrictions that meet the criteria for restricted net position are as follows:

Governmental Activities

<u>General Fund:</u>	Restricted pursuant to FDOT Contribution agreement	\$ 800,000
<u>Special Revenue Funds:</u>		
Law Enforcement Trust Fund	Forfeited property accounted for and used according to Federal and Florida laws	\$ 142,765
Impact Fee Funds	Levied pursuant to Florida Statutes, must be used for allowable improvements	30,406,964
Bayfront Community Redevelopment Agency	Levied pursuant to County and City Ordinance, must be used for activities of the redevelopment agency	1,971,473
SHIP	Restricted pursuant to grant agreement	498,766
Community Development Block Grant	Restricted pursuant to grant agreement	9,753
HOME	Restricted pursuant to grant agreement	124,598
Neighborhood Stabilization Program	Restricted pursuant to grant agreement	463,168
AARP	Restricted pursuant to grant agreement	2,672
		<u>33,620,159</u>
<u>Debt Service Funds:</u>		
Debt Service Funds	Restricted pursuant to bond covenants for payment of principal and interest	<u>2,955,791</u>
<u>Capital Improvement Funds:</u>		
Capital Improvement Funds	Restricted pursuant to covenants on proceeds for capital improvement projects	<u>62,768,275</u>
<u>Internal Service Funds:</u>		
Employee Health Insurance Fund	Restricted pursuant FS 112.08 requiring 60 days reserve for claims as a safe-harbor regarding self-insured health plans	<u>1,800,000</u>
	Total Restricted Net Position - Governmental Activities	<u>\$ 101,944,225</u>

Business-type Activities

Renewal and Replacement	Funds required to be placed in special construction accounts pursuant to Bond Covenants	\$ 12,534,394
Debt Service Reserve	Funds required to be placed in reserve pursuant to construction Bond Covenants	\$ 1,920,000
Building Fund	Funds required to be spent on building code activities pursuant to Section 166.222, Florida Statutes	9,836,583
Capital Improvements	Water and sewer connection fees and mainline extension charges pledged for repayment of bond debt incurred for capital expansion and system improvements	<u>22,704,781</u>
	Total Restricted Net Position - Business-type Activities	<u>\$ 46,995,758</u>

NOTE 11 – 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; injuries to employees; third party injuries and or property damage; information security and privacy; Law Enforcement Practices and natural disasters. The Risk Management program began on October 1, 1989. Historically under this program, the Risk Management Fund operated primarily as a self-insurance program. Maximum Fund amounts thru December 30, 2009, were as follows:

Coverage	Self-Insured Retentions
Worker's Compensation	\$350,000 each claim
General / Auto Liability	\$250,000 each claim
Theft, Disappearance & Dishonesty	\$ 25,000 each claim
Property Damage – Building	\$ 2,500 each claim
Property Damage – Auto	\$500 each claim / \$1,000 each claim (trucks)

During the first quarter of fiscal year 2010, a decision was made to transition the Worker's Compensation, General Liability and Automobile Liability lines of coverage from a self-insured program with the above-mentioned self-insured retentions, to an essentially fully insured program with no self-insured retention amounts for Worker's Compensation and Automobile Liability. General Liability covered the first \$100,000 as self-insured claims. This program was effective for all claims dated January 1, 2010, and beyond.

Beginning Fiscal year October 1, 2015, the City purchased coverage levels under which the Fund will only provide coverage as follows with self-insured retention amounts once again applying to all lines of coverage:

Coverage	Self-Insured Retentions
Worker's Compensation	\$350,000 each claim
*General / Auto Liability	\$200,000 each claim
Theft, Disappearance & Dishonesty	\$ 5,000 each claim
Property Damage – Building	\$2,500 each claim exception of "Named Storm"
Property Damage – Building	3% of Total Insured Value for "Named Storm" subject to a minimum of \$15,000 per occurrence
Property Damage – Auto	\$500 each claim

Claims exceeding the self-insured retention thresholds are under the umbrella of commercial coverage purchased by the City. Open claims for Worker's Compensation are currently administered by a third-party administrator.

*The City is protected by Section 768.28, Florida Statutes, under the Doctrine of Sovereign Immunity, which limits the amount of liability of governmental entities for tort claims to \$200,000 per claim and \$300,000 per accident.

All departments of the City participate in the program. Payments are made by various funds to the Risk Management Fund based on experience and actuarial estimates of the amounts needed to pay prior and current year claims. The claims liability of \$3,201,000 reported in the Risk Management Fund at September 30, 2021, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The City's claims liability at year end is actuarially determined and includes incurred but not reported losses. Prior years' liabilities are undiscounted. Changes in the fund's claim liability are as follows:

	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Less Claims Payments	Balance at Fiscal Year End
2019-2020	\$ 3,463,000	\$ 1,441,455	\$ (1,716,455)	\$ 3,188,000
2020-2021	3,188,000	2,257,552	(2,244,552)	3,201,000

NOTE 12 – Employee Health Insurance Benefits

The City maintains an Employee Benefit Internal Service Fund to account for the employee health care coverage program. Beginning January 1, 2018, the City transitioned to a self-insured plan. Based on increased employee utilization of benefits, comparative analysis projected substantial cost savings to support the change. Revenues are recognized from employee payroll deductions and city contributions. The plan is evaluated on a quarterly basis by a third-party to ensure viability. As of September 30, 2021, a liability of \$546,418 has been recorded, which represents estimated claims due and unpaid, and claims incurred but not reported. Changes in the first-year liability is as follows:

	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Less Claims Payments	Balance at Fiscal Year End
2019-2020	\$ -	\$ 555,361	\$ 4,940	\$ 560,301
2020-2021	560,301	(17,282)	3,399	546,418

NOTE 13 – Commitments and Contingencies

Intergovernmental Grants – Amounts received or receivable from grantors 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. The City is engaging auditors to audit the grant funds as requested by the Florida Housing Finance Corporation pursuant to their required procedures. The precise amounts are not known and will depend on the outcome of the audit.

Litigation – Various suits and claims arising 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 management, upon consultation with legal counsel, the City has enough insurance coverage to cover any claims and/or the liabilities that may arise from such action. The effect of such losses would not materially affect the financial position of the City or the results of its operations.

Encumbrance – The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts and other commitments are recorded to reserve the portion of applicable appropriations. Outstanding encumbrances at yearend are recorded as *restricted*, *committed*, or *assigned* fund balances, depending on the classification of the resources to be used to liquidate the encumbrance. Encumbrances outstanding as of September 30, 2021, are as follows:

Major Governmental Funds	
General Fund	\$ 2,390,393
ARPA Fund	649,811
Impact Fee Fund	229,098
GO Bond Road Program Fund	703,565
Non-major Governmental Funds	2,120,819
	<u>\$ 6,093,686</u>

NOTE 14 – Tax Abatements

The City provides tax abatements through the Economic Development Ad Valorem Tax Exemption Program subject to Statement No. 77, *Tax Abatement Disclosures*. It enters into tax abatement agreements with local businesses as allowed by Article VII, Section 3 of the Florida Constitution, Chapter 196.1995 F.S., and approved by voter referendum in November 1998, August 2008, and again in November 2018, and by Council Resolution No. 98-55, Ordinance No. 2007-82, Ordinance No. 2009-32, and Ordinance 2011-67. Per Florida Statute, municipalities may exempt up to 100 percent of a business' property tax bill for the purpose of attraction or expansion of businesses within its jurisdiction. The abatements may be granted to any new business or expanding existing business that meets the definition in 196.012, F.S. This statute enumerates the following eligibility criteria to be considered: number of net new full-time jobs to be created, the average wage for the new jobs, the capital investment to be made, the type of business or operation, the environmental impact, the extent to which the applicant intends to source its supplies and materials within the jurisdiction, and any other economic-related characteristics deemed necessary by Council. For the fiscal year ended September 30, 2021, the City abated property taxes totaling \$570,311 under this program.

As part of the agreement, the benefiting businesses shall submit an annual report providing evidence of continued compliance with the definition of a new or existing business planning to expand in the City for each of the ten (10) years during which the businesses are eligible to receive the ad valorem tax exemption. If the annual report is not received, or if the annual report indicates that the business no longer meets the criteria of Section 196.012 Florida Statutes, the City Manager shall make a report to the City Council for consideration of revocation of the ad valorem tax exemption. The City Council may adopt an ordinance revoking the ad valorem tax exemption. The ordinance may provide that the City Council recover any ad valorem taxes abated in favor of the business for the time that was determined that the company no longer met the criteria.

NOTE 15 – Other Required Disclosures***New Pronouncements***

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. Management has determined that the impact of the Statement did not have a material effect on the City.

GASB Statement No. 90 – In August 2018, GASB issued Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. Management has determined that the impact of the Statement did not have a material effect on the City.

Future Accounting Pronouncements

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The Statement is effective for the City's fiscal year ending September 30, 2022.

GASB Statement No. 89 – In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of the Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement is effective for the fiscal year ending September 30, 2022.

NOTE 15 – Other Required Disclosures (Continued)*Future Accounting Pronouncements (Continued)*

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The objective of the Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by the issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of conduit debt obligations; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement is effective for the fiscal year ending September 30, 2023.

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objective this Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: (1) The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports; (2) Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (“OPEB”) plan; (3) The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits; (4) The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements; (5) Measurement of liabilities (and assets, if any) related to asset retirement obligations (“AROs”) in a government acquisition; (6) Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; (7) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; (8) Terminology used to refer to derivative instruments. This Statement is effective for fiscal year ending September 30, 2021.

GASB Statement No. 93 – In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The Objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate (“IBOR”). This Statement achieves that objective by: (1) Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument’s variable payment; (2) Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap; (6) Clarifying the definition of reference rate, as it is used in Statement 53, as amended. This Statement is effective for fiscal year ending September 30, 2022.

GASB Statement No.94 – In March 2020, GASB issued Statement No 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangement (PPPS). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (“APAs”). The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. This Statement is effective for fiscal year ending September 30, 2023.

Management has not determined the impact that these future accounting pronouncements will have on the City’s financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedules:

- General Fund
- Bayfront Community Redevelopment Agency
- ARPA Fund
- Impact Fee Funds

Schedule of Changes in Net Pension Liability & Related Ratios:

- City of Palm Bay Retirement System

Schedule of Proportionate Share of Net Pension Liability:

- City of Palm Bay Retirement System

Schedule of Pension Contributions:

- City of Palm Bay Retirement System

Schedule of Funding Progress:

- Other Post-Employment Benefits

Schedule of Investment Returns:

- City of Palm Bay Retirement System

Notes to Required Supplementary Information

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – GENERAL FUND
For Fiscal Year Ended September 30, 2021**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
REVENUES/TRANSFERS IN				
Taxes:				
Ad Valorem	\$ 35,353,784	\$ 35,662,351	\$ 35,683,300	\$ 20,949
Local Option Fuel	3,620,907	3,842,728	3,817,012	(25,716)
Utility Service	8,920,500	8,979,792	9,814,779	834,987
Communication Service	2,454,678	2,454,678	2,559,292	104,614
Business Tax Receipts	550,200	550,200	525,471	(24,729)
	<u>50,900,069</u>	<u>51,489,749</u>	<u>52,399,854</u>	<u>910,105</u>
Licenses and Permits:				
Franchise Fees	5,936,200	5,936,200	6,186,090	249,890
Other Licenses and Permits	102,280	142,359	133,195	(9,164)
	<u>6,038,480</u>	<u>6,078,559</u>	<u>6,319,285</u>	<u>240,726</u>
Intergovernmental Revenues:				
Federal Grants	253,993	428,087	338,639	(89,448)
State Grants	-	21,548	21,549	1
Local Grants	158,000	606,308	563,007	(43,301)
State Revenue Sharing	9,735,342	10,986,281	13,090,384	2,104,103
Shared Taxes and Licenses	40,330	40,330	41,936	1,606
	<u>10,187,665</u>	<u>12,082,554</u>	<u>14,055,515</u>	<u>1,972,961</u>
Charges for Services:				
General Government Charges	554,170	936,721	966,950	30,229
Public Safety Charges	77,000	77,000	113,887	36,887
Physical Environment Charges	265,000	579,457	579,357	(100)
Transportation Charges	331,309	677,208	598,919	(78,289)
Culture/Recreation Charges	529,630	532,630	604,454	71,824
Charges to Other Funds	3,315,267	3,315,267	3,315,267	-
	<u>5,072,376</u>	<u>6,118,283</u>	<u>6,178,834</u>	<u>60,551</u>
Fines and Forfeitures:				
Court Fines and Costs	437,600	437,600	475,189	37,589
Miscellaneous Revenue:				
Investment income	446,000	446,000	55,791	(390,209)
Rents	300,000	300,000	242,195	(57,805)
Sales of Surplus	17,000	129,853	195,402	65,549
Contributions	30,000	370,860	348,531	(22,329)
Other Revenue	112,000	116,667	56,311	(60,356)
	<u>905,000</u>	<u>1,363,380</u>	<u>898,230</u>	<u>(465,150)</u>
Other Sources:				
Proceeds from Sale of Capital Assets	-	760,577	779,611	19,034
		<u>760,577</u>	<u>779,611</u>	<u>19,034</u>
Transfers In:				
BCRA Fund	-	616,004	616,004	-
Building Fund	-	34,423	34,423	-
Employee Benefits Fund	38,884	38,884	38,884	-
Other Employee Benefits Fund	30,986	30,986	30,986	-
Utilities Operating Fund	1,680,236	1,680,236	1,680,236	-
	<u>1,750,106</u>	<u>2,400,533</u>	<u>2,400,533</u>	<u>-</u>
Total Revenues and Transfers In	75,291,296	80,731,235	83,507,051	2,775,816

Continued on the next page

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)**
For Fiscal Year Ended September 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
EXPENDITURES/TRANSFERS OUT				
General Government:				
Legislative:				
Personal Services	779,264	779,264	626,402	152,862
Operating	137,541	197,595	196,584	1,011
	916,805	976,859	822,986	153,873
City Manager:				
Personal Services	536,037	536,037	479,339	56,698
Operating	34,401	35,460	35,183	277
	570,438	571,497	514,522	56,975
City Attorney:				
Personal Services	222,648	222,648	214,147	8,501
Operating	299,178	299,280	117,111	182,169
	521,826	521,928	331,258	190,670
Procurement:				
Personal Services	651,806	651,806	619,454	32,352
Operating	11,290	11,332	9,713	1,619
	663,096	663,138	629,167	33,971
Finance:				
Personal Services	1,675,950	1,675,950	1,574,492	101,458
Operating	61,886	67,747	52,851	14,896
	1,737,836	1,743,697	1,627,343	116,354
Information and Innovation:				
Personal Services	1,154,059	1,215,746	1,185,972	29,774
Operating	1,725,591	2,304,529	1,863,281	441,248
Capital Outlay	-	217,716	150,680	67,036
	2,879,650	3,737,991	3,199,933	538,058
Human Resources:				
Personal Services	472,651	472,651	447,089	25,562
Operating	148,879	144,473	118,982	25,491
	621,530	617,124	566,071	51,053
Growth Management:				
Personal Services	1,423,624	1,458,047	1,441,254	16,793
Operating	247,734	347,187	176,103	171,084
	1,671,358	1,805,234	1,617,357	187,877
Community & Economic Dev:				
Personal Services	850,912	873,238	707,876	165,362
Operating	464,162	432,950	235,961	196,989
	1,315,074	1,306,188	943,837	362,351
Facility Maintenance				
Personal Services	1,108,433	1,265,818	1,275,165	(9,347)
Operating	1,354,917	1,452,623	1,427,860	24,763
Capital Outlay	-	24,316	24,315	1
	2,463,350	2,742,757	2,727,340	15,417
Non-Departmental:				
Personal Services	-	-	(6,666)	6,666
Operating	4,891,686	5,333,146	5,242,918	90,228
Debt Service	-	970	970	-
	4,891,686	5,334,116	5,237,222	96,894
Total General Government	18,252,649	20,020,529	18,217,036	1,803,493

Continued on the next page

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
For Fiscal Year Ended September 30, 2021**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Public Safety:				
Police:				
Personal Services	21,727,412	22,730,670	20,845,629	1,885,041
Operating	1,084,116	1,142,947	752,453	390,494
	22,811,528	23,873,617	21,598,082	2,275,535
Fire:				
Personal Services	15,322,321	16,428,061	15,752,614	675,447
Operating	521,104	532,222	515,408	16,814
Capital Outlay	-	621,799	194,884	426,915
	15,843,425	17,582,082	16,462,906	1,119,176
Total Public Safety	38,654,953	41,455,699	38,060,988	3,394,711
Transportation:				
Public Works - Transportation				
Personal Services	4,508,416	4,670,019	4,300,133	369,886
Operating	1,599,319	2,643,711	1,729,059	914,652
Capital Outlay	-	154,538	65,803	88,735
Total Transportation	6,107,735	7,468,268	6,094,995	1,373,273
Culture/Recreation:				
Parks & Recreation				
Personal Services	3,444,940	3,444,940	3,272,680	172,260
Operating	1,121,355	1,165,698	958,183	207,515
Capital Outlay	-	1,542,706	474,714	1,067,992
Total Culture / Recreation	4,566,295	6,153,344	4,705,577	1,447,767
Transfers Out:				
Debt Service Fund	6,407,713	6,407,713	6,409,500	(1,787)
Stormwater Fund	275,697	275,697	275,697	-
Fleet Services Fund	179,658	1,250,748	1,250,748	-
Road Maintenance CIP	750,000	1,510,577	1,510,577	-
SHIP Fund	-	1,530	1,530	-
Coronavirus Relief Trust Fund	-	6,057	6,057	-
Environment Fee Fund	50,000	50,000	50,000	-
Utility Operating Fund	46,596	51,167	51,167	-
Community Investment Grant	-	799,237	799,237	-
Building Fund	-	187	187	-
Total Transfers Out	7,709,664	10,352,913	10,354,700	(1,787)
Total Expenditures and Transfers Out	75,291,296	85,450,753	77,433,296	8,017,457
Excess (Deficiency) of Revenues and Transfers In Over (Under) Expenditures and Transfers Out	\$ -	\$ (4,719,518)	\$ 6,073,755	\$ 10,793,273
Fund Balance - Beginning of Year			24,540,027	
Fund Balance - End of Year			\$ 30,613,782	

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – BAYFRONT COMMUNITY REDEVELOPMENT AGENCY
For Fiscal Year Ended September 30, 2021**

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
REVENUES			
Taxes	\$ 1,462,000	\$ 1,462,000	\$ -
Investment Income	6,400	2,277	(4,123)
Miscellaneous Revenue	3,401	5,301	1,900
Total Revenues	1,471,801	1,469,578	(2,223)
EXPENDITURES			
Current:			
Economic Environment	486,976	298,135	188,841
Capital Outlay	-	-	-
Debt Service:			
Principal Retirement	410,000	410,000	-
Interest and Fiscal Charges	22,809	22,809	-
Total Expenditures	919,785	730,944	188,841
Excess (Deficiency) of Revenues Over (Under) Expenditures	552,016	738,634	186,618
OTHER FINANCING SOURCES			
Proceeds from Sales of Capital Assets	943,753	943,754	1
Transfers In	-	-	-
Transfers Out	(616,004)	(616,004)	-
Total Other Financing Sources	327,749	327,750	-
Net Change in Fund Balance	\$ 879,765	\$ 1,066,384	\$ 186,618
Fund Balance - Beginning		905,089	
Fund Balance - Ending		\$ 1,971,473	

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL - ARPA FUND
For the Year Ended September 30, 2021**

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
REVENUES			
Investment Income	\$ -	\$ 2,672	\$ 2,672
Total Revenues	<u>-</u>	<u>2,672</u>	<u>2,672</u>
 Net Change in Fund Balance	 <u>\$ -</u>	 <u>2,672</u>	 <u>\$ 2,672</u>
 Fund Balance - Beginning		<u>-</u>	
 Fund Balance - Ending		<u><u>\$ 2,672</u></u>	

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL - IMPACT FEE TRUST FUND
For the Year Ended September 30, 2021**

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
REVENUES			
Impact Fees	\$ 5,392,152	\$ 18,384,411	\$ 12,992,259
Investment Income	87,712	32,180	(55,532)
Total Revenues	5,479,864	18,416,591	12,936,727
EXPENDITURES			
Current:			
Culture/Recreation	22,438	7,047	15,391
Public Safety	117,840	34,325	83,515
Physical Environment	-	-	-
Transportation	10,500	8,735	1,765
Capital Outlay	2,359,294	498,581	1,860,713
Total Expenditures	2,510,072	548,688	1,961,384
Excess of Revenues Over Expenditures	2,969,792	17,867,903	14,898,111
OTHER FINANCING SOURCES (USES)			
Transfers In	148	148	-
Transfers (Out)	(955,536)	(995,536)	(40,000)
Total Other Financing Sources (Uses)	(955,388)	(995,388)	(40,000)
Net Change in Fund Balance	\$ 2,014,404	16,872,515	\$ 14,858,111
Fund Balance - Beginning		13,534,450	
Fund Balance - Ending		\$ 30,406,965	

CITY OF PALM BAY POLICE AND FIRE RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
September 30, 2021

	Police							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	\$ 1,748,826	\$ 1,690,596	\$ 1,563,897	\$ 1,590,256	\$ 1,571,207	\$ 1,641,528	\$ 1,627,434	\$ 1,682,546
Interest	10,225,054	9,666,537	9,100,104	8,659,017	8,317,177	8,013,990	7,846,279	7,499,442
Change in Excess State Money	-	-	-	(82,053)	(468,527)	82,053	97,949	84,152
Shared Plan Allocation	200,154	187,202	160,785	136,496	186,426	-	-	-
Changes of Benefit Terms	756,379	-	-	-	-	-	-	-
Difference between expected & actual experience	878,416	(1,033,005)	2,401,146	1,385,775	61,339	(1,049,607)	(2,269,835)	-
Changes in assumptions	-	3,966,069	-	-	-	3,811,157	-	-
Contributions Buy Back	14,123	40,406	60,141	17,077	45,396	15,167	5,777	-
Benefit payments, including refunds of member contributions	(6,610,618)	(6,152,166)	(6,055,760)	(6,085,882)	(5,329,528)	(5,107,223)	(5,147,483)	(4,435,345)
Net Change in Total Pension Liability	7,212,334	8,365,639	7,230,313	5,620,686	4,383,490	7,407,065	2,160,121	4,830,795
Total Pension Liability - Beginning	134,480,630	126,114,991	118,884,678	113,263,992	108,880,502	101,473,437	99,313,316	94,482,521
Total Pension Liability - Ending (a)	141,692,964	134,480,630	126,114,991	118,884,678	113,263,992	108,880,502	101,473,437	99,313,316
Plan Fiduciary Net Position								
Contributions - Employer	1,825,661	1,906,845	1,920,794	1,697,726	1,116,672	1,651,022	1,811,984	1,698,539
Contributions - State	921,042	895,138	842,305	793,726	716,530	684,840	618,683	604,886
Contributions - Employee	713,687	690,308	670,948	638,421	621,675	589,865	605,581	599,342
Contributions - Buy Back	14,123	40,406	60,141	17,077	45,396	15,167	5,777	-
Net Investment (loss) income	24,565,999	13,728,562	4,905,418	9,688,752	10,734,486	8,778,963	(435,284)	9,243,488
Benefit payments, including refunds of contributions	(6,610,618)	(6,152,166)	(6,055,760)	(6,085,882)	(5,329,528)	(5,107,223)	(5,147,483)	(4,435,345)
Administrative Expenses	(294,671)	(292,328)	(299,073)	(306,350)	(309,245)	(279,039)	(252,632)	(245,600)
Net Change in Plan Fiduciary Net Pension	21,135,223	10,816,765	2,044,773	6,443,470	7,595,986	6,333,595	(2,793,374)	7,465,310
Plan Fiduciary Net Position - Beginning	123,968,356	113,100,885	111,056,112	104,612,642	97,016,656	90,683,061	93,476,435	86,011,125
Plan Fiduciary Net Position - Ending (b)	145,103,579	123,917,650	113,100,885	111,056,112	104,612,642	97,016,656	90,683,061	93,476,435
Net Pension Liability - Ending (a) - (b)	\$ (3,410,615)	\$ 10,562,980	\$ 13,014,106	\$ 7,828,566	\$ 8,651,350	\$ 11,863,846	\$ 10,790,376	\$ 5,836,881
Plan fiduciary net position as a percentage of the total pension liability	102.41%	92.15%	89.68%	93.41%	92.36%	89.10%	89.37%	94.12%
Covered Payroll	\$ 8,133,762	\$ 7,648,804	N/A	N/A	N/A	N/A	\$ 6,841,804	\$ 6,877,781
Net pension liability as a percentage of covered payroll	-41.93%	138.10%	N/A	N/A	N/A	N/A	157.71%	84.87%

Notes to Schedule:

The Covered Payroll numbers shown are in compliance with GASB 82. For fiscal years 2015 to 2018 the information was not available.

Note: This is the eighth year of implementation for GASBC P20: *Pension Activities*. GASB requires information for 10 years. The City has presented information for those years for which information is available.

CITY OF PALM BAY POLICE AND FIRE RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
September 30, 2021

	Fire							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	\$ 1,784,228	\$ 1,725,051	\$ 1,623,517	\$ 1,563,954	\$ 1,664,642	\$ 1,460,239	\$ 1,396,536	\$ 1,299,634
Interest	8,638,064	8,112,876	7,785,426	7,439,387	7,171,289	6,914,011	6,469,622	6,293,170
Change in Excess State Money	-	-	-	-	(157,840)	-	-	-
Changes of Benefit Terms	-	-	(23,176)	-	-	-	-	-
Shared Plan Allocation	-	-	-	-	7,840	-	-	-
Difference between expected & actual experience	320,532	695,678	752,209	1,124,887	366,711	88,819	2,589,797	-
Changes in assumptions	-	3,825,109	-	-	-	2,358,009	-	-
Contributions Buy Back	45,543	-	-	-	-	18,462	-	-
Benefit payments, including refunds of member contributions	(5,749,141)	(6,619,446)	(5,455,603)	(5,943,601)	(5,357,309)	(4,515,339)	(5,414,256)	(5,553,839)
Net Change in Total Pension Liability	5,039,226	7,739,268	4,682,373	4,184,627	3,695,333	6,324,201	5,041,699	2,038,965
Total Pension Liability - Beginning	114,006,211	106,266,943	101,584,570	97,399,943	93,704,610	87,380,409	82,338,710	80,299,745
Total Pension Liability - Ending (a)	119,045,437	114,006,211	106,266,943	101,584,570	97,399,943	93,704,610	87,380,409	82,338,710
Plan Fiduciary Net Position								
Contributions - Employer	2,784,081	2,699,071	2,535,686	2,463,758	2,195,957	2,065,835	1,976,329	1,889,000
Contributions - State	549,529	526,141	497,478	522,880	506,774	559,910	590,203	639,518
Contributions - Employee	547,792	555,414	533,821	520,927	511,241	500,569	474,486	426,764
Contributions - Buy Back	45,543	-	-	-	-	18,462	-	-
Net Investment (loss) income	18,973,828	9,801,388	3,442,083	6,785,112	8,443,619	5,998,705	(251,532)	7,612,697
Benefit payments, including refunds of contributions	(5,749,141)	(6,619,446)	(5,455,603)	(5,943,601)	(5,357,309)	(4,515,339)	(5,414,256)	(5,553,839)
Administrative Expenses	(242,641)	(233,632)	(244,302)	(245,013)	(239,997)	(224,986)	(205,617)	(187,613)
Net Change in Plan Fiduciary Net Pension	16,908,991	6,728,936	1,309,163	4,104,063	6,060,285	4,403,156	(2,830,387)	4,826,527
Plan Fiduciary Net Position - Beginning	94,443,946	87,715,010	86,405,847	82,301,784	76,241,499	71,838,343	74,668,730	69,842,203
Plan Fiduciary Net Position - Ending (b)	111,352,937	94,443,946	87,715,010	86,405,847	82,301,784	76,241,499	71,838,343	74,668,730
Net Pension Liability - Ending (a) - (b)	\$ 7,692,500	\$ 19,562,265	\$ 18,551,933	\$ 15,178,723	\$ 15,098,159	\$ 17,463,111	\$ 15,542,066	\$ 7,669,980
Plan fiduciary net position as a percentage of the total pension liability	93.54%	82.84%	82.54%	85.06%	84.50%	81.36%	82.21%	90.68%
Covered Payroll	\$ 6,253,060	\$ 6,338,780	\$ 6,093,853	N/A	N/A	N/A	\$ 4,871,735	\$ 4,871,735
Net pension liability as a percentage of covered payroll	123.02%	308.61%	304.44%	N/A	N/A	N/A	N/A	157.44%

Notes to Schedule:

The Covered Payroll numbers shown are in compliance with GASB 82. For the prior years, the information was not available.

Note: This is the eighth year of implementation for GASBC P20: *Pension Activities*. GASB requires information for 10 years. The City has presented information for those years for which information is available.

CITY OF PALM BAY POLICE AND FIRE RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
September 30, 2021

	General							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	1,165	1,277	1,353	1,431	1,510	2,381	2,247	2,564
Difference between expected & actual experience	1,957	1,871	1,775	1,680	1,590	(10,628)	4,093	-
Changes in assumptions	-	(937)	-	-	-	2,080	-	-
Benefit payments, including refunds of member contributions	(2,796)	(4,115)	(4,115)	(4,115)	(4,115)	(4,115)	(5,213)	(7,835)
Net Change in Total Pension Liability	326	(1,904)	(987)	(1,004)	(1,015)	(10,282)	1,127	(5,271)
Total Pension Liability - Beginning	16,626	18,530	19,517	20,521	21,536	31,818	30,691	35,962
Total Pension Liability - Ending (a)	16,952	16,626	18,530	19,517	20,521	21,536	31,818	30,691
Plan Fiduciary Net Position								
Net Investment (loss) income	41,208	22,036	10,497	18,604	20,370	16,561	1,776	18,826
Benefit payments, including refunds of contributions	(2,796)	(4,115)	(4,115)	(4,115)	(4,115)	(4,115)	(5,213)	(7,835)
Administrative Expenses	(4,448)	(4,359)	(4,315)	(4,692)	(4,370)	(4,796)	(6,130)	(455)
Net Change in Plan Fiduciary Net Pension	33,964	13,562	2,067	9,797	11,885	7,650	(9,567)	10,536
Plan Fiduciary Net Position - Beginning	214,728	201,166	199,099	189,302	177,417	169,767	179,334	168,798
Plan Fiduciary Net Position - Ending (b)	248,692	214,728	201,166	199,099	189,302	177,417	169,767	179,334
Net Pension Liability - Ending (a) - (b)	\$ (231,740)	\$ (198,102)	\$ (182,636)	\$ (179,582)	\$ (168,781)	\$ (155,881)	\$ (137,949)	\$ (148,643)
Plan fiduciary net position as a percentage of the total pension liability	1467.04%	1291.52%	1085.62%	1020.13%	922.48%	823.82%	533.56%	584.32%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: This is the eighth year of implementation for GASBC P20: *Pension Activities*. GASB requires information for 10 years. The City has presented information for those years for which information is available.

CITY OF PALM BAY FLORIDA RETIREMENT SYSTEM (FRS)
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
September 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's proportion of the net pension liability (asset)	0.000599208%	0.000811617%	0.000850780%	0.000840355%	0.000620674%	0.000314544%
City's proportionate share of the net pension liability (asset)	\$ 45,263	\$ 351,767	\$ 292,997	\$ 253,119	\$ 183,591	\$ 79,423
City's covered payroll	\$ 81,392	\$ 80,542	\$ 79,251	\$ 74,676	\$ 58,992	\$ 30,877
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	55.61%	436.75%	369.71%	338.96%	311.21%	257.22%
Plan fiduciary net position as a percentage of the total pension liability	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%

Note: 1) This is the eighth year of implementation for GASBC P20: *Pension Activities*. GASB requires information for 10 years. The City has presented information for those years for which information is available.

2) The Plan's fiduciary net position as a percentage of total pension liability is published in Note 4 of the Plan's Annual Comprehensive Financial Report.

3) These amounts are of June 30, the Plan's fiscal year end.

CITY OF PALM BAY HEALTH INSURANCE SUBSIDY (HIS)
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
September 30, 2021

	2021	2020	2019	2018	2017	2016
City's proportion of the net pension liability (asset)	0.000196991%	0.000199291%	0.000202312%	0.000202913%	0.000152400%	0.000777202%
City's proportionate share of the net pension liability (asset)	\$ 24,164	\$ 24,333	\$ 22,715	\$ 21,477	\$ 16,295	\$ 9,058
City's covered payroll	\$ 81,392	\$ 80,542	\$ 79,251	\$ 74,676	\$ 58,992	\$ 30,877
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	29.69%	30.21%	28.66%	28.76%	27.62%	29.34%
Plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

Note: 1) This is the eighth year of implementation for GASBC P20: *Pension Activities*. GASB requires information for 10 years. The City has presented information for those years for which information is available.

2) The Plan's fiduciary net position as a percentage of total pension liability is published in Note 4 of the Plan's Annual Comprehensive Financial Report.

3) These amounts are of June 30, the Plan's fiscal year end.

CITY OF PALM BAY POLICE AND FIRE RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
September 30, 2021

	Police							
	2021	2020	2019	2018	2017	2016	2015	
Actuarially determined contributions	\$ 2,597,252	\$ 2,677,671	\$ 2,493,163	\$ 2,356,572	\$ 2,195,741	\$ 2,171,756	\$ 2,332,718	
From Excess State Money Reserve	-	-	-	-	-	-	-	
Contributions in relation to the actuarially determined contribution	(2,585,915)	(2,665,487)	(2,556,052)	(2,354,956)	(2,115,304)	(2,253,809)	(2,332,718)	
Contribution deficiency (excess)	\$ 11,337	\$ 12,184	\$ (62,889)	\$ 1,616	\$ -	\$ -	\$ -	
Actuarially computed - covered payroll	\$ 8,133,762	\$ 7,874,027	\$ 7,648,804	N/A	N/A	\$ 6,841,804	\$ 6,877,781	
Contributions as a percentage of covered payroll	31.79%	33.85%	33.42%	N/A	N/A	31.74%	33.92%	

Notes to Schedule

Valuation Date 10/1/2019
 Actuarially determined contributions 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 rate:

Actuarial cost method	Frozen Entry Age Cost Method
Amortization method	
Remaining amortization period	30 years
Asset valuation method	
Inflation	2.70%
Salary Increase	Varies by age
Investment Rate of Return	7.65%
Retirement age	52-55
Mortality - Healthy Active & Retiree	PubS.H-2010
- Beneficiary	PubG.H-2010
	Improvement Scale MP-2018

The mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The rates are outlined in Milliman's July 1, 2019, FRS valuation report for non-special-risk employees.

Note: This is the eighth year of implementation for GASBC P20: *Pension Activities*. GASB requires information for 10 years. The City has presented information for those years for which information is available.

CITY OF PALM BAY POLICE AND FIRE RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
September 30, 2021

	Fire						
	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contributions	\$ 3,333,608	\$ 3,225,212	\$ 3,049,270	\$ 2,970,532	\$ 2,852,731	\$ 2,625,745	\$ 2,566,532
Contribution from Reserve	-	-	-	-	-	-	-
Contributions in relation to the actuarially determined contribution	(3,385,659)	(3,225,212)	(3,033,164)	(2,986,638)	(2,852,731)	(2,625,745)	(2,566,532)
Contribution deficiency (excess)	\$ (52,051)	\$ -	\$ 16,106	\$ (16,106)	\$ -	\$ -	\$ -
Actuarially computed - covered payroll	\$ 6,253,060	\$ 6,338,780	\$ 6,093,853	N/A	N/A	\$ 4,871,735	\$ 4,871,735
Contributions as a percentage of covered payroll	54.14%	50.88%	49.77%	N/A	N/A	N/A	52.68%

Notes to Schedule

Valuation Date 10/1/2019

Actuarially determined contributions 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 rate:

Actuarial cost method Entry age normal cost method

Amortization method

Remaining amortization period 30 years

Asset valuation method

Inflation 2.70%

Salary Increase Varies by age

Investment Rate of Return 7.65%

Retirement age 52-55

Mortality - Healthy Active & Retiree PubS.H-2010

- Beneficiary PubG.H-2010

Improvement Scale MP-2018

The mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The rates are outlined in Milliman's July 1, 2019, FRS valuation report for non-special-risk employees.

Note: This is the eighth year of implementation for GASBC P20: *Pension Activities*. GASB requires information for 10 years. The City has presented information for those years for which information is available.

CITY OF PALM BAY POLICE AND FIRE RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
September 30, 2021

	General						
	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Actuarially computed - covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation Date 10/1/2019

Actuarially determined contributions rates are calculated as of October 1, two years prior to the

the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rate:

Actuarial cost method Aggregate Actuarial Cost Method.

Amortization method

Asset valuation method

Inflation 2.70%

Investment Rate of Return 7.65%

Mortality PubG.H-2010

Improvement Scale MP-2018

The mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The rates are outlined in Milliman's July 1, 2019, FRS valuation report for non-special-risk employees.

Note: This is the eighth year of implementation for GASBC P20: *Pension Activities*. GASB requires information for 10 years. The City has presented information for those years for which information is available.

CITY OF PALM BAY FLORIDA RETIREMENT SYSTEM (FRS)
SCHEDULE OF CONTRIBUTIONS
September 30, 2021

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 22,827	\$ 26,966	\$ 26,380	\$ 23,949	\$ 16,158	\$ 7,671	\$ 8,561
Contributions in relation to the contractually required contribution	\$ (22,827)	\$ (26,966)	\$ (26,380)	\$ (23,949)	\$ (16,158)	\$ (7,671)	\$ (8,561)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 80,324	\$ 80,894	\$ 79,507	\$ 75,838	\$ 66,722	\$ 30,877	\$ 30,885
Contributions as a percentage of covered payroll	28.42%	33.33%	33.18%	31.58%	24.22%	24.84%	27.72%

Note: This is the eighth year of implementation for GASBC P20: *Pension Activities*. GASB requires information 10 years. The city has presented information for those years for which information is available.

CITY OF PALM BAY HEALTH INSURANCE SUBSIDY (HIS)
SCHEDULE OF CONTRIBUTIONS
September 30, 2021

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,158	\$ 1,148	\$ 1,127	\$ 1,100	\$ 807	\$ 398	\$ 302
Contributions in relation to the contractually required contribution	\$ (1,158)	\$ (1,148)	\$ (1,127)	\$ (1,100)	\$ (807)	\$ (398)	\$ (302)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 80,324	\$ 80,894	\$ 79,507	\$ 75,838	\$ 66,772	\$ 30,877	\$ 30,885
Contributions as a percentage of covered payroll	1.44%	1.42%	1.42%	1.45%	1.21%	1.29%	0.98%

Note: This is the eighth year of implementation for GASBC P20: *Pension Activities*. GASB requires information for 10 years. The City has presented information for those years for which information is available.

CITY OF PALM BAY POLICE AND FIRE RETIREMENT SYSTEM
SCHEDULE OF INVESTMENT RETURNS
 September 30, 2021

Annual money-weighted rate of return, net of investment expense		Police	Fire	General
	2021	20.09%	20.31%	19.52%
	2020	12.29%	11.37%	11.19%
	2019	4.47%	4.03%	5.39%
	2018	9.41%	8.38%	10.06%
	2017	11.25%	11.25%	11.76%
	2016	9.81%	8.44%	10.02%
	2015	-0.47%	-0.34%	1.02%

Note: This is the eighth year of implementation for GASBC P20: *Pension Activities*. GASB requires information for 10 years. The City has presented information for those years for which information is available.

**CITY OF PALM BAY OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF CHANGES IN THE TOTAL OTHER POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS**

September 30, 2021

Reporting Period Ending Measurement Date	9/30/2021 <u>10/1/2020</u>	9/30/2020 <u>10/1/2019</u>	9/30/2019 <u>10/1/2018</u>	9/30/2018 <u>10/1/2017</u>
Total OPEB Liability				
Service Cost	\$ 391,754	\$ 427,206	\$ 496,906	\$ 256,771
Interest for 1 years	527,858	437,473	662,485	300,970
Differences Between Expected & Actual Experiences	(320,127)	-	2,179,786	-
Changes of Assumptions	(245,354)	-	1,198,439	274,884
Benefits Payments	(419,481)	(298,609)	(556,419)	(233,756)
Net Change in Total OPEB Liability	(65,350)	566,070	3,981,197	598,869
Total OPEB Liability - Beginning	12,381,314	11,815,244	7,834,047	7,559,163
Total OPEB Liability - Ending	\$ 12,315,964	\$ 12,381,314	\$ 11,815,244	\$ 8,158,032
Covered-Employee Payroll	\$ 33,436,695	\$ 31,948,733	\$ 31,948,733	\$ 33,060,253
Total OPEB Liability as a Percentage of Covered-Employee Payroll	36.83%	38.75%	36.98%	24.68%

Notes to Schedule:

The following are the discount rates used in each period:

FY2021	3.75%
FY2020	3.75%
FY2019	3.75%
FY2018	3.90%

The difference between the ending balance at 10/30/17 of \$8,158,032 and the beginning balance of \$7,834,047 at 10/01/2018 is due to the change in mortality recognized as of 10/01/17

Plan Assets:

The City's OPEB obligations are funded on a pay-as-you-go basis. Assets are not accumulated in a trust that meet the criteria set forth in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Note: This is the fourth year of implementation for GASB 75. GASB requires information for 10 years. The City has presented information for those years for which information is available.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 – BUDGETARY REQUIREMENTS**A. Budgetary Information**

The following procedures are used to establish the budgetary data reflected in the financial statements:

- 1) No later than August 10th of each year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1.
- 2) Public hearings are held to obtain taxpayer comments.
- 3) Prior to October 1, the budget is legally enacted through the passage of an ordinance.
- 4) Budgets are legally adopted, and formal budgetary integration is employed as a management control device during the year for the general fund, all special revenue funds (except for the miscellaneous donations fund), all capital projects fund, and all debt service funds. The budgets adopted for the enterprise fund and internal service funds are for managerial control purposes.
- 5) Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- 6) The City Manager is authorized to transfer part or all unencumbered appropriation balance between activities of a department within a fund; however, any revisions that alter the total appropriations of any department or fund must be approved by the City Council. The classification detail at which expenditures may not legally exceed appropriations is at the fund level. During the fiscal year ended, various appropriations were approved in accordance with this policy. Budgeted amounts shown in the financial statements are as originally adopted and as further amended.
- 7) Appropriations lapse at the close of the fiscal year.



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OTHER SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule:

- Debt Service Fund
- GO Road Program Fund

Nonmajor Governmental Funds:

Combining Financial Statements for All Nonmajor Governmental Funds and Individual Budgetary Comparison Schedules for All Budgeted Nonmajor Governmental Funds

Nonmajor Enterprise Funds:

Combining Financial Statements for All Nonmajor Enterprise Funds

Nonmajor Enterprise Funds:

Combining Financial Statements for All Nonmajor Enterprise Funds

Fiduciary Funds:

Combining Statements for Fiduciary Funds



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**BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended September 30, 2021**

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
REVENUES			
Taxes	\$ 3,527,750	\$ 3,563,784	\$ 36,034
Investment Income	44,100	3,633	(40,467)
Total Revenues	3,571,850	3,567,417	(4,433)
EXPENDITURES			
Current:			
General Government	49,096	48,397	699
Debt Service:			
Principal Retirement	5,924,540	5,924,540	-
Interest and Fiscal Charges	5,039,298	5,039,297	1
Total Expenditures	11,012,934	11,012,234	700
Deficiency of Revenues Under Expenditures	(7,441,084)	(7,444,817)	(3,733)
OTHER FINANCING SOURCES			
Transfers In	7,453,265	7,451,288	(1,977)
Transfers Out	(46,401)	(46,401)	-
Issuance of Refunding Debt	4,258,000	4,258,000	-
Payment to Refunded Bond Escrow Agent	(4,258,000)	(4,258,000)	-
Total Other Financing Sources	7,406,864	7,404,887	(1,977)
Net Change in Fund Balance	\$ (34,220)	(39,930)	\$ (5,710)
Fund Balance - Beginning		5,638,924	
Fund Balance - Ending		\$ 5,598,994	

**BUDGET AND ACTUAL
GO ROAD PROGRAM FUND
For the Year Ended September 30, 2021**

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
REVENUES			
Investment Income	\$ 400,000	\$ 72,211	\$ (327,789)
Total Revenues	400,000	72,211	(327,789)
EXPENDITURES			
Current:			
Physical Environment			
Transportation	360,114	348,918	11,196
Capital Outlay	41,037,759	22,635,272	18,402,487
Total Expenditures	41,397,873	22,984,190	18,413,683
Excess of Revenues Over Expenditures	(40,997,873)	(22,911,979)	18,085,894
OTHER FINANCING SOURCES (USES)			
Issuance of Debt	50,000,000	50,000,000	-
Bond Premium	6,437,163	6,437,163	-
Total Other Financing Sources	56,437,163	56,437,163	-
Net Change in Fund Balance	\$ 15,439,290	33,525,184	\$ 18,085,894
Fund Balance - Beginning		29,010,100	
Fund Balance - Ending		\$ 62,535,284	



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NONMAJOR GOVERNMENTAL FUNDS**SPECIAL REVENUE FUNDS**

Special Revenue Funds account for revenues from specific taxes or other earmarked revenue sources which, by law are designated to finance functions or activities of government. The City has the following nonmajor special revenue funds:

Law Enforcement Trust – This fund is used to account for proceeds obtained through the sale of confiscated and unclaimed property turned over to the City through court judgments. The proceeds are to be used solely for crime fighting purposes.

Palm Bay Municipal Foundation Fund – Established under Section 501(c)(3). This component unit was established to raise funds for charitable, educational, scientific, and literary pursuits. It avails contributors to tax write-offs; and is the beneficiary of revenues generated from Red Light Camera violations.

Code Nuisance Fund – This fund is used to account for transactions related to properties with code violations where the owners are unwilling to abate the problems.

SHIP Program – This fund is used to account for proceeds received from the State for the City's State Housing Initiative Partnership (SHIP) program.

Community Development Block Grant – This fund is used to account for proceeds received from a Housing and Community Development Grant program for common residential improvements.

HOME Grant – This fund is used to account for the proceeds received from the State for the City's HOME Grant.

Neighborhood Stabilization Program – This fund accounts for Neighborhood Stabilization Program (NSP) transactions which is a federally funded initiative. NSP 1 authorized funding of \$5.2M to acquire and or rehabilitate up to 45 residential properties, NSP 3 authorized \$1.7M in funding for the purchase of foreclosed or abandoned homes and to rehabilitate, resell or redevelop these homes to promote equipoise in local areas.

Coronavirus Relief Fund – This account is used to account for grant funds designated for citizen assistance due to COVID-19.

CDBG CV - Coronavirus Fund – This account is used to account for federal funding related to Community Development Block Grant (CDBG) to assist eligible residents to prepare, prevent and respond to the impact of Coronavirus.

Miscellaneous Donations – This fund is used to account for proceeds received as donations to the Police, Fire and Parks Departments.

Environmental Fee Fund – This fund is used to account for transactions related to the City's Incidental Take Permit issued by the United States Fish and Wildlife Service.



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CAPITAL PROJECTS FUNDS

Community Investment Fund - This fund is used to account for financial resources earmarked for the acquisition or construction of major capital facilities or other project-oriented activities.

I-95 Interchange Fund - This fund is used to account for financial resources earmarked for the construction of an interchange between St. John's Heritage Parkway (Palm Bay Parkway) and Mico Road.

Road Maintenance CIP Fund - This fund is used to account for financial resources earmarked for the maintenance and repair of existing roadways.

Connector Road I-95 – This fund is used to account for resources earmarked for the acquisition and construction of a connector road at the intersection of Babcock Road and the newly constructed I-95 interchange.



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COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
September 30, 2021

Special Revenue Funds										
	Law Enforcement Trust	PB Municipal Foundation Fund	Code Nuisance Fund	SHIP Program	Community Development Block Grant	HOME Grant	Neighborhood Stabilization Program	Coronavirus Relief	CDBG Coronavirus Fund	
ASSETS										
Cash and Cash Equivalents	\$ 59,016	\$ 26,793	\$ 295,768	\$ -	\$ -	\$ -	\$ 463,743	\$ 4,277	\$ -	
Investments	175,162	-	305,368	-	-	-	-	-	-	
Restricted Cash and Equivalents	-	-	-	533,939	-	392,804	-	-	-	
Accounts Receivable	2,072	-	-	-	-	-	-	-	-	
Due from Other Governments	-	-	-	-	210,114	4,971	184,243	-	204,949	
Due from Other Funds	-	-	-	184,243	-	-	-	-	-	
Land Held for Resale	-	4,000	-	-	-	-	-	-	-	
Prepaid Items	-	-	-	-	-	700	-	-	-	
Total Assets	\$ 236,250	\$ 30,793	\$ 601,136	\$ 718,182	\$ 210,114	\$ 398,475	\$ 647,986	\$ 4,277	\$ 204,949	
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts Payable	\$ 1,112	\$ -	\$ 13,570	\$ 33,380	\$ 77,158	\$ 700	\$ 575	\$ -	\$ 110,081	
Accrued Liabilities	-	-	-	-	-	-	-	-	-	
Due to Other Funds	-	-	-	-	123,203	-	184,243	-	94,868	
Advances from Other Funds	-	-	-	-	-	-	-	-	-	
Due to Other Governments	-	-	-	-	-	-	-	-	-	
Unearned Revenue	92,373	-	-	186,036	-	273,177	-	4,277	-	
Total Liabilities	93,485	-	13,570	219,416	200,361	273,877	184,818	4,277	204,949	
Fund Balances:										
Nonspendable	-	-	-	-	-	-	-	-	-	
Restricted	142,765	-	-	498,766	9,753	124,598	463,168	-	-	
Committed	-	-	-	-	-	-	-	-	-	
Assigned	-	30,793	587,566	-	-	-	-	-	-	
Unassigned (Deficit)	-	-	-	-	-	-	-	-	-	
Total Fund Balances (Deficit)	142,765	30,793	587,566	498,766	9,753	124,598	463,168	-	-	
Total Liabilities and Fund Balances	\$ 236,250	\$ 30,793	\$ 601,136	\$ 718,182	\$ 210,114	\$ 398,475	\$ 647,986	\$ 4,277	\$ 204,949	

COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
September 30, 2021

	Special Revenue Funds				Capital Project Funds				
	Misc. Donations	Environmental Fee Fund	Community Investment Fund	I-95 Interchange Fund	Road Maintenance Fund	Connector Road I-95 Fund	Total Nonmajor Governmental Funds		
ASSETS									
Cash and Cash Equivalents	\$ 88,622	\$ 220,883	\$ 1,510,985	\$ 204,702	\$ 1,456,116	\$ -	\$ 4,330,905		
Investments	-	-	283,595	-	3,114,182	181,399	4,059,706		
Restricted Cash and Equivalents	-	-	-	-	-	-	926,743		
Accounts Receivable	-	-	-	-	-	-	2,072		
Due from Other Governments	-	-	474,836	-	-	-	1,079,113		
Due from Other Funds	-	-	-	-	-	-	184,243		
Accrued Interest Receivable	-	-	-	-	-	-	-		
Land Held for Resale	-	-	-	-	-	-	4,000		
Prepaid Items	-	-	-	-	-	-	700		
Other Assets	-	-	-	-	-	-	-		
Total Assets	\$ 88,622	\$ 220,883	\$ 2,269,416	\$ 204,702	\$ 4,570,298	\$ 181,399	\$ 10,587,482		
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts Payable	\$ 237	\$ 425	\$ 197,076	\$ 6,301	\$ (7,184)	\$ 135,854	\$ 569,285		
Accrued Liabilities	-	-	-	-	-	-	-		
Due to Other Funds	-	-	-	-	-	10,955	413,269		
Advances from Other Funds	-	437,077	-	-	-	-	437,077		
Due to Other Governments	-	110,027	-	-	-	-	110,027		
Unearned Revenue	-	-	-	-	-	-	555,863		
Total Liabilities	237	547,529	197,076	6,301	(7,184)	146,809	2,085,521		
Fund Balances:									
Nonspendable	-	-	-	-	-	-	-		
Restricted	-	-	-	198,401	-	34,590	1,472,041		
Committed	-	-	131,379	-	4,577,482	-	4,708,861		
Assigned	88,385	-	1,940,961	-	-	-	2,647,705		
Unassigned (Deficit)	-	(326,646)	-	-	-	-	(326,646)		
Total Fund Balances (Deficit)	88,385	(326,646)	2,072,340	198,401	4,577,482	34,590	8,501,961		
Total Liabilities and Fund Balances	\$ 88,622	\$ 220,883	\$ 2,269,416	\$ 204,702	\$ 4,570,298	\$ 181,399	\$ 10,587,482		

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2021

	Special Revenue Funds					
	Law Enforcement Trust	PB Municipal Foundation Fund	Code Nuisance Fund	SHIP Program	Community Development Block Grant	HOME Grant
REVENUES						
Intergovernmental Revenues	\$ -	\$ -	\$ -	465,288	\$ 1,013,005	\$ 4,971
Charges for Services	-	-	285,764	196,623	885	-
Fines and Forfeitures	39,342	-	-	-	-	-
Investment Income	349	3	874	1,204	-	-
Miscellaneous Revenues	829	395	-	-	-	-
Total Revenues	40,520	398	286,638	663,115	1,013,890	4,971
EXPENDITURES						
Current:						
Public Safety	56,239	-	245,566	-	-	-
Economic Environment	-	241	-	664,645	212,375	-
Culture/Recreation	-	-	-	-	-	-
Capital Outlay	44,943	-	-	-	424,046	4,971
Total Expenditures	101,182	241	245,566	664,645	636,421	4,971
Excess (Deficiency) of Revenues Over (Under) Expenditures	(60,662)	157	41,072	(1,530)	377,469	-
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	1,530	-	-
Total Other Financing Sources (Uses)	-	-	-	1,530	-	-
Net Change in Fund Balances	(60,662)	157	41,072	-	377,469	-
Fund Balances (Deficit) - Beginning	203,427	30,636	546,494	498,766	(367,716)	124,598
Fund Balances (Deficit) - Ending	\$ 142,765	\$ 30,793	\$ 587,566	\$ 498,766	\$ 9,753	\$ 124,598

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
For the Year Ended September 30, 2021

	Special Revenue Funds				
	Neighborhood Stabilization Program	Coronavirus Relief Fund	CDBG Coronavirus Fund	Misc. Donations	Environmental Fee Fund
REVENUES					
Intergovernmental Revenues	\$ -	\$ 362,589	\$ 210,191	\$ -	\$ -
Charges for Services	427,811	-	-	-	105,478
Fines and Forfeitures	-	-	-	-	-
Investment Income	-	-	-	-	-
Miscellaneous Revenues	-	-	-	14,937	-
Total Revenues	427,811	362,589	210,191	14,937	105,478
EXPENDITURES					
Current:					
Public Safety	-	-	-	8,628	-
Transportation	-	-	-	-	-
Economic Environment	(7,527)	368,646	-	-	7,000
Culture/Recreation	-	-	210,191	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	(7,527)	368,646	210,191	8,628	7,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	435,338	(6,057)	-	6,308	98,478
OTHER FINANCING SOURCES (USES)					
Transfers In	-	6,057	-	-	50,000
Total Other Financing Sources (Uses)	-	6,057	-	-	50,000
Net Change in Fund Balances	435,338	-	-	6,308	148,478
Fund Balances (Deficit) - Beginning	27,830	-	-	82,076	(475,124)
Fund Balances (Deficit) - Ending	\$ 463,168	\$ -	\$ -	\$ 88,385	\$ (326,646)

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
For the Year Ended September 30, 2021

	Capital Project Funds					
	Community Investment Fund	I-95 Interchange Fund	Road Maintenance Fund	Connector Road I-95 Fund	Total Nonmajor Governmental Funds	
REVENUES						
Intergovernmental Revenues	\$ 2,205,732	\$ -	\$ -	\$ -	\$ 4,261,776	
Charges for Services	-	-	-	-	1,016,561	
Fines and Forfeitures	-	-	-	-	39,342	
Investment Income	1,390	4	3,733	487	8,045	
Miscellaneous Revenues	-	-	-	-	16,160	
Total Revenues	2,207,122	4	3,733	487	5,341,884	
EXPENDITURES						
Current:						
Public Safety	-	-	-	-	310,433	
Transportation	19,063	13	13,774	21	32,871	
Economic Environment	-	-	-	-	1,245,380	
Culture/Recreation	-	-	-	-	210,191	
Capital Outlay	1,697,845	16,999	9,048	157,140	2,354,992	
Total Expenditures	1,716,908	17,012	22,822	157,161	4,153,867	
Excess (Deficiency) of Revenues Over (Under) Expenditures	490,214	(17,008)	(19,089)	(156,674)	1,188,017	
OTHER FINANCING SOURCES (USES)						
Transfers In	799,237	-	1,510,577	-	2,367,401	
Total Other Financing Sources (Uses)	799,237	-	1,510,577	-	2,367,401	
Net Change in Fund Balances	1,289,451	(17,008)	1,491,488	(156,674)	3,555,418	
Fund Balances (Deficit) - Beginning	782,889	215,409	3,085,994	191,264	4,946,543	
Fund Balances (Deficit) - Ending	\$ 2,072,340	\$ 198,401	\$ 4,577,482	\$ 34,590	\$ 8,501,961	



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**BUDGETARY COMPARISON SCHEDULE
LAW ENFORCEMENT TRUST
For the Year Ended September 30, 2021**

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
REVENUES			
Fines and Forfeitures	\$ 5,000	\$ 39,342	\$ 34,342
Investment Income	-	349	349
Miscellaneous Revenues	-	829	829
Total Revenues	5,000	40,520	35,520
EXPENDITURES			
Current:			
Public Safety	100,365	56,239	44,126
Capital Outlay	45,269	44,943	326
Total Expenditures	145,634	101,182	44,452
Excess (Deficiency) of Revenues Over (Under) Expenditures	(140,634)	(60,662)	79,972
Net Change in Fund Balance	\$ (140,634)	(60,662)	\$ 79,972
Fund Balance - Beginning		203,427	
Fund Balance - Ending		\$ 142,765	

BUDGETARY COMPARISON SCHEDULE
PALM BAY MUNICIPAL FOUNDATION
For the Year Ended September 30, 2021

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
REVENUES			
Investment Income	\$ -	\$ 3	\$ 3
Miscellaneous Revenues	-	395	395
Total Revenues	-	398	398
EXPENDITURES			
Current:			
Economic Enviromnent	30,000	241	29,759
Total Expenditures	30,000	241	29,759
Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,000)	157	30,157
Net Change in Fund Balance	<u>\$ (30,000)</u>	157	<u>\$ 30,157</u>
Fund Balance - Beginning		<u>30,636</u>	
Fund Balance - Ending		<u>\$ 30,793</u>	

BUDGETARY COMPARISON SCHEDULE
CODE NUISANCE FUND
For the Year Ended September 30, 2021

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
REVENUES			
Charges for Services	\$ 235,000	\$ 285,764	\$ 50,764
Investment Income	4,000	874	(3,126)
Total Revenues	239,000	286,638	47,638
EXPENDITURES			
Current:			
Public Safety	264,000	245,566	18,434
Total Expenditures	264,000	245,566	18,434
Excess of Revenues Over Expenditures	(25,000)	41,072	66,072
Net Change in Fund Balance	\$ (25,000)	41,072	\$ 66,072
Fund Balance - Beginning		546,494	
Fund Balance - Ending		\$ 587,566	

**BUDGETARY COMPARISON SCHEDULE
SHIP PROGRAM
For the Year Ended September 30, 2021**

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
REVENUES			
Intergovernmental Revenues	\$ -	\$ 465,288	\$ 465,288
Charges for Services	-	196,623	196,623
Investment Income	4,500	1,204	(3,296)
Total Revenues	4,500	663,115	658,615
EXPENDITURES			
Current:			
Economic Environment	738,463	664,645	73,818
Total Expenditures	738,463	664,645	73,818
Excess (Deficiency) of Revenues Over (Under) Expenditures	(733,963)	(1,530)	732,433
OTHER FINANCING USES			
Transfers In	1,530	1,530	-
Total Other Financing Sources	1,530	1,530	-
Net Change in Fund Balance	\$ (732,433)	-	\$ 732,433
Fund Balance - Beginning		498,766	
Fund Balance - Ending		\$ 498,766	

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
For the Year Ended September 30, 2021**

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
REVENUES			
Intergovernmental Revenues	\$ 945,474	\$ 1,013,005	\$ 67,531
Charges for Services	590	885	295
Total Revenues	946,064	1,013,890	67,826
EXPENDITURES			
Current:			
Economic Environment	245,294	212,375	32,919
Capital Outlay	810,089	424,046	386,043
Total Expenditures	1,055,383	636,421	418,962
Excess (Deficiency) of Revenues Over (Under) Expenditures	(109,319)	377,469	486,788
Net Change in Fund Balance	\$ (109,319)	377,469	\$ 486,788
Fund Balance (Deficit) - Beginning		(367,716)	
Fund Balance (Deficit) - Ending		\$ 9,753	

**BUDGETARY COMPARISON SCHEDULE
HOME GRANT
For the Year Ended September 30, 2021**

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
REVENUES			
Intergovernmental Revenues	\$ 189,248	\$ 4,971	\$ (184,277)
Charges for Services	58,086	-	(58,086)
Total Revenues	247,334	4,971	(242,363)
EXPENDITURES			
Current:			
Capital Outlay	90,650	4,971	85,679
Total Expenditures	90,650	4,971	85,679
Excess (Deficiency) of Revenues Over (Under) Expenditures	156,684	-	(156,684)
Net Change in Fund Balance	\$ 156,684	-	\$ (156,684)
Fund Balance - Beginning		124,598	
Fund Balance - Ending		\$ 124,598	

**BUDGETARY COMPARISON SCHEDULE
NEIGHBORHOOD STABILIZATION PROGRAM
For the Year Ended September 30, 2021**

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
REVENUES			
Charges for Services	\$ 229,642	\$ 427,811	\$ 198,169
Total Revenues	<u>229,642</u>	<u>427,811</u>	<u>198,169</u>
EXPENDITURES			
Current:			
Economic Environment	229,642	(7,527)	237,169
Total Expenditures	<u>229,642</u>	<u>(7,527)</u>	<u>237,169</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>435,338</u>	<u>435,338</u>
 Net Change in Fund Balance	 <u>\$ -</u>	 435,338	 <u>\$ 435,338</u>
 Fund Balance - Beginning		<u>27,830</u>	
Fund Balance - Ending		<u>\$ 463,168</u>	

**BUDGETARY COMPARISON SCHEDULE
CORONAVIRUS RELIEF**
For the Year Ended September 30, 2021

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
REVENUES			
Intergovernmental Revenues	\$ 225,515	\$ 362,589	\$ 137,074
Total Revenues	<u>225,515</u>	<u>362,589</u>	<u>137,074</u>
EXPENDITURES			
Current:			
Economic Environment	464,666	368,646	96,020
Total Expenditures	<u>464,666</u>	<u>368,646</u>	<u>96,020</u>
Excess of Revenues Over Expenditures	<u>(239,151)</u>	<u>(6,057)</u>	<u>233,094</u>
OTHER FINANCING SOURCES			
Transfers In	6,057	6,057	-
Total Other Financing Sources	<u>6,057</u>	<u>6,057</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (233,094)</u>	<u>-</u>	<u>\$ 233,094</u>
Fund Balance - Beginning		<u>-</u>	
Fund Balance - Ending		<u>\$ -</u>	

BUDGETARY COMPARISON SCHEDULE
CDBG - CV CORONAVIRUS FUND
For the Year Ended September 30, 2021

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
REVENUES			
Intergovernmental Revenues	\$ 210,191	\$ 210,191	\$ -
Total Revenues	210,191	210,191	-
EXPENDITURES			
Current:			
Economic Environment	272,767	210,191	62,576
Total Expenditures	272,767	210,191	62,576
Excess of Revenues Over Expenditures	(62,576)	-	62,576
Net Change in Fund Balance	\$ (62,576)	-	\$ 62,576
Fund Balance - Beginning		-	
Fund Balance - Ending		\$ -	

**BUDGETARY COMPARISON SCHEDULE
MISCELLANEOUS DONATIONS
For the Year Ended September 30, 2021**

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
REVENUES			
Miscellaneous Revenues	\$ 9,124	\$ 14,937	\$ 5,812
Total Revenues	<u>9,124</u>	<u>14,937</u>	<u>5,812</u>
EXPENDITURES			
Public Safety	9,404	8,628	776
Total Expenditures	<u>9,404</u>	<u>8,628</u>	<u>776</u>
Excess of Revenues Over Expenditures	<u>(280)</u>	<u>6,309</u>	<u>6,588</u>
Net Change in Fund Balance	<u>\$ (280)</u>	<u>6,309</u>	<u>\$ 6,588</u>
Fund Balance - Beginning		<u>82,076</u>	
Fund Balance - Ending		<u>\$ 88,385</u>	

**BUDGETARY COMPARISON SCHEDULE
ENVIRONMENTAL FEE
For the Year Ended September 30, 2021**

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
REVENUES			
Charges for Services	\$ 22,000	\$ 105,478	\$ 83,478
Total Revenues	22,000	105,478	83,478
EXPENDITURES			
Current:			
Physical Environment	18,000	7,000	11,000
Total Expenditures	18,000	7,000	11,000
Excess of Revenues Over Expenditures	4,000	98,478	94,478
OTHER FINANCING (USES)			
Transfers In	50,000	50,000	-
Total Other Financing Sources	50,000	50,000	-
Net Change in Fund Balance	\$ 54,000	148,478	\$ 94,478
Fund Balance (Deficit) - Beginning		(475,124)	
Fund Balance (Deficit) - Ending		\$ (326,646)	

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY INVESTMENT FUND
For the Year Ended September 30, 2021**

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
REVENUES			
Intergovernmental Revenues	\$ 7,192,312	\$ 2,205,732	\$ (4,986,580)
Investment Income	2,000	1,390	(610)
Total Revenues	7,194,312	2,207,122	(4,987,190)
EXPENDITURES			
Current:			
Transportation	160,000	19,063	140,937
Capital Outlay	2,453,930	1,697,845	756,085
Total Expenditures	2,613,930	1,716,908	897,022
Excess of Revenues Over Expenditures	4,580,382	490,214	(4,090,168)
OTHER FINANCING SOURCES (USES)			
Transfers In	799,237	799,237	-
Total Other Financing Sources (Uses)	799,237	799,237	-
Net Change in Fund Balance	\$ 5,379,619	1,289,451	\$ (4,090,168)
Fund Balance - Beginning		782,889	
Fund Balance - Ending		\$ 2,072,340	

BUDDGETARY COMPARISON SCHEDULE
I-95 INTERCHANGE FUND
For the Year Ended September 30, 2021

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
REVENUES			
Investment Income	\$ -	\$ 4	\$ 4
Total Revenues	<u>-</u>	<u>4</u>	<u>4</u>
EXPENDITURES			
Current:			
Transportation	-	13	(13)
Capital Outlay	197,644	16,999	180,645
Total Expenditures	<u>197,644</u>	<u>17,012</u>	<u>180,632</u>
Excess of Revenues Over Expenditures	<u>(197,644)</u>	<u>(17,008)</u>	<u>180,636</u>
Net Change in Fund Balance	<u>\$ (197,644)</u>	<u>(17,008)</u>	<u>\$ 180,636</u>
Fund Balance - Beginning		<u>215,409</u>	
Fund Balance - Ending		<u>\$ 198,401</u>	

BUDGETARY COMPARISON SCHEDULE
ROAD MAINTENANCE CIP FUND
For the Year Ended September 30, 2021

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
REVENUES			
Investment Income	\$ 20,000	\$ 3,733	\$ (16,267)
Total Revenues	20,000	3,733	(16,267)
EXPENDITURES			
Current:			
Transportation	27,500	13,774	13,726
Capital Outlay	1,218,459	9,048	1,209,411
Total Expenditures	1,245,959	22,822	1,223,137
(Deficiency) of Revenues (Under) Expenditures	(1,245,959)	(19,089)	1,206,870
OTHER FINANCING SOURCES (USES)			
Transfers In	1,510,577	1,510,577	-
Total Other Financing Sources (Uses)	1,510,577	1,510,577	-
Net Change in Fund Balance	\$ 264,618	1,491,488	\$ 1,206,870
Fund Balance - Beginning		3,085,994	
Fund Balance - Ending		\$ 4,577,482	

BUDGETARY COMPARISON SCHEDULE
CONNECTOR ROAD I-95 CIP FUND
For the Year Ended September 30, 2021

	Budget	Actual Amounts	Variance with Budget - Positive (Negative)
REVENUES			
Investment Income	\$ -	\$ 487	\$ 487
Total Revenues	<u>-</u>	<u>487</u>	<u>487</u>
EXPENDITURES			
Current:			
Physical Environment			
Transportation	-	21	(21)
Capital Outlay	<u>466,749</u>	<u>157,140</u>	<u>309,609</u>
Total Expenditures	<u>466,749</u>	<u>157,161</u>	<u>309,588</u>
Excess of Revenues Over Expenditures	<u>(466,749)</u>	<u>(156,674)</u>	<u>310,075</u>
Net Change in Fund Balance	<u>\$ (466,749)</u>	<u>(156,674)</u>	<u>\$ 310,075</u>
Fund Balance - Beginning		<u>191,264</u>	
Fund Balance - Ending		<u>\$ 34,590</u>	



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NONMAJOR ENTERPRISE FUNDS

Enterprise Funds are used to account for the acquisition, operation and maintenance of government facilities and services, which are entirely or predominantly self-supported, by user fee and charges. The operations of Enterprise Funds are accounted for in such a manner as to show a profit or loss like comparable private enterprises.

The City maintains the following Nonmajor Enterprise Fund:

Building Inspection Fund – This fund is used to account for building-related activities within the City. Revenues are primarily generated by user licenses and permits.

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
September 30, 2021

	<u>Nonmajor Enterprise Fund</u>
	<u>Building Inspection Fund</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,676,640
Investments	8,431,388
Advances to Other Funds	50,000
Prepaid Items	18,241
Total Current Assets	<u>10,176,269</u>
Noncurrent Assets:	
Advances to Other Funds	387,077
Capital Assets:	
Construction in Progress	12,690
Machinery, Equipment and Vehicles	467,908
Less: Accumulated Depreciation	(126,486)
Total Capital Assets (Net)	<u>354,112</u>
Total Noncurrent Assets	<u>741,189</u>
Total Assets	<u>10,917,458</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to OPEB	52,283
Total Deferred Outflows of Resources	<u>52,283</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	222,361
Accrued Liabilities	115,241
Unearned Revenues	53,818
Compensated Absences	20,569
Total Current Liabilities	<u>411,989</u>
Noncurrent Liabilities:	
Total OPEB Liability	246,320
Compensated Absences	107,990
Total Noncurrent Liabilities	<u>354,310</u>
Total Liabilities	<u>766,299</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to OPEB	25,357
Total Deferred Outflows of Resources	<u>25,357</u>
NET POSITION	
Net Investment in Capital Assets	341,502
Restricted:	
Building Fund	9,836,583
Total Net Position	<u>\$ 10,178,085</u>

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For Fiscal Year Ended September 30, 2021

	<u>Nonmajor Enterprise Fund</u>
	Building Inspection Fund
Operating Revenues:	
Charges for Services:	
User Fees	520,626
Licenses and Permits	6,305,774
Miscellaneous Income	100,112
Total Operating Revenues	6,926,512
Operating Expenses:	
Personal Services	2,186,201
Material, Supplies, and Operating expenses	1,593,199
Depreciation	122,165
Total Operating Expenses	3,901,565
Operating Income (Loss)	3,024,947
Nonoperating Revenues (Expenses):	
Interest Income	13,376
Intergovernmental Revenues	14,452
Sale of Capital Assets	5,419
Gain (Loss) on Disposal	(478,838)
Total Nonoperating Revenues	(445,591)
Income Before Contributions and Transfers	2,579,356
Transfers In	187
Transfers Out	(34,423)
Change in Net Position	2,545,120
Total Net Position - Beginning	7,632,965
Total Net Position - Ending	\$ 10,178,085

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For Fiscal Year Ended September 30, 2021

	<u>Nonmajor Enterprise Funds</u>
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 6,926,512
Payments to Suppliers	(1,540,835)
Payments to Employees	(2,130,767)
Net Cash Provided (Used) by Operating Activities	<u>3,254,910</u>
Cash Flows from Noncapital Financing Activities	
Interfund Advances	213,896
Transfers from Other Funds	187
Net Cash Provided (Used) by Noncapital Financing Activities	<u>214,083</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition/Construction of Capital Assets	109,780
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>109,780</u>
Cash Flows from Investing Activities	
Invest Purchases	(3,801,070)
Interest Income on Investments	13,376
Net Cash Used by Investing Activities	<u>(3,787,694)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(208,921)
Cash and Cash Equivalents at Beginning of Year	<u>1,885,561</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 1,676,640</u></u>
Cash and Cash Equivalents Classified As:	
Current Assets	\$ 1,676,640
Restricted Assets	-
Total Cash and Cash Equivalents	<u><u>\$ 1,676,640</u></u>

STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS (CONTINUED)
For Fiscal Year Ended September 30, 2021

	<u>Nonmajor Enterprise Funds</u>
	<u>Building Inspection Fund</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	
Operating Income (Loss)	\$ 3,024,947
Depreciation	122,165
Change in Assets and Liabilities:	
Decrease in Deferred Outflows - OPEB	14,004
(Increase) in Prepaid Expenses	(17,915)
Increase in Accounts Payable	38,427
Increase in Accrued Liabilities	54,164
(Decrease) in Total OPEB Liability	(1,306)
Increase in Compensated Absences	52,364
(Decrease) Unearned Revenue	(31,790)
(Decrease) Deferred Inflow - OPEB	(150)
Total Adjustments	229,963
Net Cash Provided (Used) by Operating Activities	\$ 3,254,910



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INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods and services provided by one department or agency to other departments or agencies of the government and to other government units on a cost reimbursement basis.

Risk Management – This fund is used to account for the expenses incurred for workers' compensation claims, general and auto liability claims and property damage claims and the related administrative expenses to operate the City's risk management program. Revenues are generated by charges to the various departments and funds based on experience and actuarial estimates.

Employee Benefit – This fund is used to account for expenses incurred for insured and self-insured benefits under the City's Section 125 "cafeteria" benefits plan maintained for City employees.

Fleet Services – This fund is used to account for the fiscal activity related to meeting the automotive and other vehicular needs of the City. This fund purchase vehicles, maintains them and charges user departments for the vehicular usage.

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2021

	Risk Management	Employee Benefit	Fleet Services	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 1,467,159	\$ 2,485,084	\$ 803,803	\$ 4,756,046
Investments	5,954,233	9,519,348	3,367,738	18,841,319
Accounts Receivable (Net)	2,999	85,816	60,325	149,140
Due From Other Government	-	-	13,212	13,212
Inventory	-	-	303,612	303,612
Prepaid Items	240,350	35,101	37,908	313,359
Total Current Assets	7,664,741	12,125,349	4,586,598	24,376,688
Capital Assets:				
Machinery, Equipment and Vehicles	-	-	11,132,128	11,132,128
Less Accumulated Depreciation	-	-	(8,581,825)	(8,581,825)
Total Capital Assets (Net)	-	-	2,550,303	2,550,303
Total Assets	7,664,741	12,125,349	7,136,901	26,926,991
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows Related to OPEB	-	-	52,283	52,283
Total Deferred Outflows of Resources	-	-	52,283	52,283
LIABILITIES				
Current Liabilities:				
Accounts Payable	191,809	141,136	251,543	584,488
Accrued Liabilities	49,950	82,796	48,083	180,829
Compensated Absences	-	-	10,000	10,000
Claims Payable	512,160	546,418	-	1,058,578
Total Current Liabilities	753,919	770,350	309,626	1,833,895
Noncurrent Liabilities:				
Total OPEB Liability	-	-	246,319	246,319
Compensated Absences	-	-	52,498	52,498
Claims Payable	2,688,840	-	-	2,688,840
Total Noncurrent Liabilities	2,688,840	-	298,817	2,987,657
Total Liabilities	3,442,759	770,350	608,443	4,821,552
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows related to OPEB	-	-	25,357	25,357
Total Deferred Outflows of Resources	-	-	25,357	25,357
NET POSITION				
Net Investment in Capital Assets	-	-	2,456,558	2,456,558
Restricted:				
Employee Benefits	-	1,800,000	-	1,800,000
Unrestricted	4,221,982	9,554,999	4,098,826	17,875,807
Total Net Position	\$ 4,221,982	\$ 11,354,999	\$ 6,555,384	\$ 22,132,365

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For Fiscal Year Ended September 30, 2021

	Risk Management	Employee Benefit	Fleet Services	Total
Operating Revenues:				
Charges for Services	\$ 4,639,663	\$ 18,350,608	\$ 3,683,117	\$ 26,673,388
Miscellaneous Income	25,219	261,105	20,594	306,918
Total Operating Revenues	4,664,882	18,611,713	3,703,711	26,980,306
Operating Expenses:				
Personal Services	1,087,411	2,339,776	971,179	4,398,366
Contracted Services	67,896	1,537,938	4,099	1,609,933
Supplies and Materials	2,726	8,314	1,433,273	1,444,313
Repairs and Maintenance	-	-	336,987	336,987
Other Services and Charges	232,732	105,742	515,932	854,406
Claims/Premium Expense	1,950,652	11,180,105	-	13,130,757
Depreciation	-	-	707,572	707,572
Total Operating Expenses	3,341,417	15,171,875	3,969,042	22,482,334
Operating Income (Loss)	1,323,465	3,439,838	(265,331)	4,497,972
Nonoperating Revenues (Expenses)				
Interest Income	9,328	11,545	5,398	26,271
Intergovernmental Revenues	-	3,012	50,670	53,682
Gain on Sale of Capital Assets	-	-	97,072	97,072
Gain (Loss) on Disposal of Capital Assets	-	-	51,598	51,598
Total Nonoperating Revenues (Expenses)	9,328	14,557	204,738	228,623
Income (Loss) Before Transfers	1,332,793	3,454,395	(60,593)	4,726,595
Transfers In	-	21,561	1,250,748	1,272,309
Transfers Out	-	(91,431)	-	(91,431)
Change in Net Position	1,332,793	3,384,525	1,190,155	5,907,473
Total Net Position - Beginning	2,889,189	7,970,474	5,365,229	16,224,892
Total Net Position - Ending	\$ 4,221,982	\$ 11,354,999	\$ 6,555,384	\$ 22,132,365

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For Fiscal Year Ended September 30, 2021

	Risk Management	Employee Benefit	Fleet Services	Total
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 4,667,015	\$ 18,630,601	\$ 3,604,697	\$ 26,902,313
Payments to Suppliers	(2,149,692)	(12,835,660)	(2,306,847)	(17,292,199)
Payments to Employees	(1,074,411)	(2,353,659)	(1,004,039)	(4,432,109)
Net Cash Provided (Used) by Operating Activities	1,442,912	3,441,282	293,811	5,178,005
Cash Flows from Noncapital Financing Activities				
Intergovernmental Revenues	-	3,012	50,670	53,682
Transfers from Other Funds	-	21,561	1,250,748	1,272,309
Transfers to Other Funds	-	(91,431)	-	(91,431)
Net Cash Provided (Used) by Noncapital Financing Activities	-	(66,858)	1,301,418	1,234,560
Cash Flows from Capital and Related Financing Activities				
Acquisition/Construction of Capital Assets	-	-	(1,102,245)	(1,102,245)
Proceeds from Sales of Capital Assets	-	-	148,670	148,670
Net Cash Used by Capital and Related Financing Activities	-	-	(953,575)	(953,575)
Cash Flows from Investing Activities				
Investment purchases	(245,044)	(3,445,308)	(1,400,122)	(5,090,474)
Interest Income on Investments	129,794	11,545	5,398	146,737
Net Cash Provided (Used) by Investing Activities	(115,250)	(3,433,763)	(1,394,724)	(4,943,737)
Net Increase (Decrease) in Cash and Cash Equivalents	1,327,662	(59,339)	(753,070)	515,253
Cash and Cash Equivalents at Beginning of Year	139,497	2,544,423	1,556,873	4,240,793
Cash and Cash Equivalents at End of Year	\$ 1,467,159	\$ 2,485,084	\$ 803,803	\$ 4,756,046

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
INTERNAL SERVICE FUNDS
For Fiscal Year Ended September 30, 2021

	Risk Management	Employee Benefit	Fleet Services	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating Income (Loss)	\$ 1,323,465	\$ 3,439,838	\$ (265,331)	\$ 4,497,972
Depreciation	-	-	707,572	707,572
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	2,133	18,888	(61,246)	(40,225)
Decrease in Deferred Outflows - OPEB	-	-	14,004	14,004
(Increase) in Inventory	-	-	(87,215)	(87,215)
(Increase) in Prepaid Expenses	(175)	-	(37,768)	(37,943)
Increase (Decrease) in Accounts Payable	101,117	(1,521)	58,009	157,605
Increase (Decrease) in Accrued Liabilities	3,372	(2,040)	(1,354)	(22)
(Decrease) in Total OPEB Liability	-	-	(1,307)	(1,307)
(Decrease) in Compensated Absences	-	-	(31,403)	(31,403)
Increase (Decrease) in Claims Payable	13,000	(13,883)	-	(883)
(Decrease) in Deferred Inflows - OPEB	-	-	(150)	(150)
Total Adjustments	119,447	1,444	559,142	680,033
Net Cash Provided by (Used) in Operating Activities	\$ 1,442,912	\$ 3,441,282	\$ 293,811	\$ 5,178,005

There are no noncash investing, capital, and financing activities.

PENSION TRUST FUNDS

Pension Trust Funds hold assets to be used to pay pension benefits to participants of the City's Police and Firefighters Retirement System.

Police Officers – This trust fund holds, invests, and disburses funds to participants in the Plan who are Police Officers.

Fire Fighters – This trust fund holds, invests, and disburses funds to participants in the Plan who are Fire Fighters.

General Employees – This trust fund holds, invests, and disburses funds to participants in the Plan who are General Employees.

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
September 30, 2021

ASSETS	Police Officers	Fire Fighters	General Employees	Total
Cash and Cash Equivalents	\$ 4,199,101	\$ 4,151,915	\$ 25,869	\$ 8,376,885
Investments, at fair value:				
Common Stock	49,075,394	29,856,427	-	78,931,821
Domestic Equity Funds	14,590,429	11,129,561	165,657	25,885,647
U.S. Government securities	19,601,610	12,830,774	-	32,432,384
Corporate Bonds	10,194,741	7,118,565	-	17,313,306
Bond Funds	-	-	65,912	65,912
International Equity Funds	21,019,434	20,595,769	-	41,615,203
Real Estate Funds	9,974,908	9,974,908	-	19,949,816
Convertible Securities	13,571,279	13,271,149	-	26,842,428
Master Limited Partnership	3,475,224	3,232,623	-	6,707,847
Total investments	141,503,019	108,009,776	231,569	249,744,364
Receivables:				
Accrued Interest and Dividends	180,845	130,466	-	311,311
Due from Broker	772,717	535,101	-	1,307,818
Other	1,389	1,298	-	2,687
Due to/from Other Funds	5,061	3,686	(8,747)	-
Total Receivables	960,012	670,551	(8,747)	1,621,816
Other assets:	17,884	13,853	62	31,799
Total Assets	146,680,016	112,846,095	248,753	259,774,864
LIABILITIES				
Accounts Payable	183,185	138,448	61	321,694
Deferred Retirement Option Benefits due and currently payable	-	423,937	-	423,937
Deferred City Contributions	39,368	52,051	-	91,419
Due to broker	1,393,250	878,722	-	2,271,972
Total Liabilities	1,615,803	1,493,158	61	3,109,022
NET POSITION				
Restricted for Pension Benefits	\$ 145,064,213	\$ 111,352,937	\$ 248,692	\$ 256,665,842

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
For Fiscal Year Ended September 30, 2021**

	Police Officers	Fire Fighters	General Employees	Total
ADDITIONS				
Contributions:				
Employer	\$ 1,876,364	\$ 2,784,079	\$ -	\$ 4,660,443
Employee	713,687	547,792	-	1,261,479
State	921,042	549,529	-	1,470,571
Employee Buybacks	14,123	45,543	-	59,666
Total Contributions	3,525,216	3,926,943	-	7,452,159
Investment Earnings:				
Net Appreciation in Fair Value of Investments	22,654,883	17,265,169	38,041	39,958,093
Interest and Dividends	2,598,142	2,235,577	3,381	4,837,100
Miscellaneous	2,019	1,557	3	3,579
Total Investment Earnings	25,255,044	19,502,303	41,425	44,798,772
Less: Investment Expenses	689,047	528,473	217	1,217,737
Net investment Income	24,565,997	18,973,830	41,208	43,581,035
Total Additions	28,091,213	22,900,773	41,208	51,033,194
DEDUCTIONS				
Benefits	6,551,827	5,730,066	2,797	12,284,690
Refunds	98,153	19,072	-	117,225
Administrative Expense	294,670	242,643	4,447	541,760
Total Deductions	6,944,650	5,991,781	7,244	12,943,675
Change in Net Position	21,146,563	16,908,992	33,964	38,089,519
Net Position - Beginning of Year	123,917,650	94,443,945	214,728	218,576,323
Net Position - End of Year	\$ 145,064,213	\$ 111,352,937	\$ 248,692	\$ 256,665,842



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STATISTICAL SECTION**FINANCIAL TRENDS**

These schedules contain tend information to help the reader understand how the City's financial performance and condition have changed over time.

1. Net Position by Component
2. Changes in Net Position
3. Fund Balances of Governmental Funds
4. Changes in Fund Balances, Governmental Funds

REVENUE CAPACITY

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

5. Assessed and Estimated Actual Value of Taxable Property
6. Direct and Overlapping Property Tax Rates
7. Principal Property Taxpayers
8. Property Tax Levies and Collections

DEBT CAPACITY

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

9. Ratios of Outstanding Debt by Type
10. Direct and Overlapping Bonded Debt – General Obligation Bonds
11. Pledged Revenue Coverage

DEMOGRAPHIC, ECONOMIC AND OPERATING INFORMATION

These schedules offer demographic and economic indicators in addition to service and infrastructure data to help the reader understand the environment within which the City's financial activities take place and how the information in the report relates to services provided and activities performed.

12. Demographic and Economic Statistics
13. Principal Employers in the City of Palm Bay
14. FTEs of City Government Employees by Function/Program
15. Capital Asset Statistics
16. Operating Indicators by Function/Program

OTHER

These schedules offer additional financial information and the data required to be disclosed for the City's outstanding debt.

17. Impact Fee Revenues Collections and Balances
18. Utilities Debt Service Applicable to Transportation Projects
19. Historical Public Service Tax Collections by Category
20. Gallons of Taxable Fuel Sold Brevard County
21. Certified LOGT Revenues
22. Utility Debt Service Coverage
23. Utility Rate Comparison with Neighboring Utilities
24. Ten Largest Water and Wastewater System Customers

ADDITIONAL NOTES

The following schedules were omitted because they do not apply to the City:

- Ratios of General Bonded Debt Outstanding
- Legal Debt Margin Information

The City has not issued General Bonded Debt for the last (10) years. Neither the City Charter or Code, nor the Florida Statutes limit the amount of debt the City can issue, therefore tables showing the legal debt limit and debt margins are not applicable.



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NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net Investment in Capital Assets	\$ 62,197,018	\$ 66,933,138	\$ 71,988,153	\$ 70,258,921	\$ 84,756,657	\$ 78,676,964	\$ 87,256,566	\$ 84,229,260	\$ 83,302,221	\$ 83,057,349
Restricted	7,900,735	7,587,515	5,964,416	5,746,759	5,763,641	7,966,761	11,792,213	19,981,407	33,155,823	78,615,720
Unrestricted	47,211	(3,145,670)	(6,747,290)	(53,586,502)	(57,691,625)	(55,471,045)	(64,588,210)	(59,297,467)	(56,506,834)	(63,515,371)
Total Governmental Activities Net Position	\$ 70,144,964	\$ 71,374,983	\$ 71,205,279	\$ 22,419,178	\$ 32,828,673	\$ 31,172,680	\$ 34,460,569	\$ 44,913,200	\$ 59,951,210	\$ 98,157,698
Business-Type Activities										
Net Investment in Capital Assets	\$ 60,343,032	\$ 62,299,381	\$ 61,749,179	\$ 58,896,518	\$ 67,665,318	\$ 74,985,257	\$ 83,110,556	\$ 99,514,931	\$ 113,663,888	\$ 122,653,307
Restricted	14,318,054	14,614,847	16,204,682	17,373,682	17,669,639	19,153,725	20,540,196	26,023,818	30,300,551	46,995,758
Unrestricted	9,337,659	8,798,590	8,693,892	13,934,194	11,060,046	9,705,692	14,962,808	15,738,652	18,967,116	21,592,032
Total Business-Type Activities Net Position	\$ 83,998,745	\$ 85,712,818	\$ 86,647,753	\$ 90,204,394	\$ 96,395,003	\$ 103,844,674	\$ 118,613,560	\$ 141,277,401	\$ 162,931,555	\$ 191,241,097
Primary Government										
Net Investment in Capital Assets	\$ 122,540,050	\$ 129,232,519	\$ 133,737,332	\$ 129,155,439	\$ 152,421,975	\$ 153,662,221	\$ 170,367,122	\$ 183,744,191	\$ 196,966,109	\$ 205,710,656
Restricted	22,218,789	22,202,362	22,169,098	23,120,441	23,433,280	27,120,486	32,332,409	46,005,225	63,456,374	125,611,478
Unrestricted	9,384,870	5,652,920	1,946,602	(39,652,308)	(46,631,579)	(45,765,353)	(49,625,402)	(43,558,815)	(37,539,718)	(41,923,339)
Total Primary Government Net Position	\$ 154,143,709	\$ 157,087,801	\$ 157,853,032	\$ 112,623,572	\$ 129,223,676	\$ 135,017,354	\$ 153,074,129	\$ 186,190,601	\$ 222,882,765	\$ 289,398,795

Note: In FY2015, the City implemented the provisions of GASB 68 *Accounting and Financial Reporting for Pensions*. Additionally, in FY2018 the City implemented the provision of GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. The impact of these Statements caused a negative balance in the City's unrestricted Net Position

**CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental Activities:										
General Government	\$ 7,838,165	\$ 15,899,479	\$ 11,320,574	\$ 12,492,364	\$ 18,278,547	\$ 18,030,253	\$ 18,031,358	\$ 24,380,488	\$ 18,919,703	\$ 17,519,522
Public Safety	33,687,869	33,939,602	34,103,180	32,769,687	31,933,038	33,513,185	30,947,636	34,160,050	34,253,417	31,171,376
Physical Environment	872,935	769,669	677,359	585,508	570,447	536,267	545,462	510,564	492,951	517,059
Transportation	12,984,446	9,036,843	8,442,089	8,363,210	9,065,890	10,938,430	11,737,057	9,226,210	9,611,992	10,429,829
Economic Environment	1,576,831	2,337,960	1,154,870	1,313,271	1,181,876	1,406,369	1,751,250	748,663	1,421,940	1,662,294
Culture/Recreation	3,890,650	3,899,965	4,098,455	4,873,978	3,988,802	5,392,682	4,804,488	4,865,004	5,293,102	5,428,966
Interest on Long-Term Debt	3,441,661	3,149,007	5,263,276	5,017,788	5,102,968	4,321,154	5,208,624	1,916,027	5,998,985	5,895,736
Total Governmental Activities Expenses	64,292,557	69,032,525	65,059,803	65,415,806	70,121,568	74,138,340	73,025,875	75,807,006	75,992,090	72,624,782
Business-Type Activities:										
Water and Wastewater	23,238,071	22,726,306	22,780,534	22,319,745	21,842,674	22,352,343	23,474,356	23,687,045	23,662,920	24,839,990
Building Inspections & Permitting	712,026	703,220	694,894	761,991	948,470	1,203,472	1,723,865	2,059,136	2,612,624	4,380,403
Stormwater Utility	3,164,194	3,408,174	3,547,693	3,684,940	3,635,942	4,087,303	5,562,055	5,744,908	5,814,390	4,572,429
Solid Waste	-	5,050,744	5,107,458	5,332,128	5,367,656	5,378,107	5,042,519	5,919,240	6,207,723	12,141,781
Total Business-Type Activities Expenses	27,114,291	31,888,444	32,130,579	32,098,804	31,794,742	33,021,225	35,802,795	37,410,329	38,297,657	45,934,603
Total Primary Government Expenses	\$ 91,406,848	\$ 100,920,969	\$ 97,190,382	\$ 97,514,610	\$ 101,916,310	\$ 107,159,565	\$ 108,828,670	\$ 113,217,335	\$ 114,289,747	\$ 118,559,385
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 2,902,743	\$ 2,927,501	\$ 3,196,240	\$ 3,014,113	\$ 3,024,578	\$ 3,107,163	\$ 3,510,018	\$ 4,074,433	\$ 4,376,161	\$ 5,297,015
Public Safety	1,383,344	1,269,430	2,050,531	764,000	824,263	1,015,504	1,074,778	1,050,036	1,649,367	3,619,819
Physical Environment	5,136,773	223,441	226,297	232,242	281,573	314,000	421,054	434,255	525,415	684,835
Transportation	1,055,081	952,387	597,809	1,710,317	1,871,355	2,511,864	3,420,947	4,575,752	5,839,498	12,248,174
Economic Environment	27,433	72,764	139,089	103,081	109,255	299,757	272,945	57,055	158,824	1,006,626
Culture/Recreation	259,619	336,261	383,348	460,205	870,841	1,776,798	1,746,744	1,733,944	2,194,690	4,057,172
Operating Grants and Contributions	3,139,324	1,938,613	1,095,233	780,996	1,713,078	1,797,091	3,238,810	3,586,892	1,285,813	2,463,249
Capital Grants and Contributions	610,535	10,132,184	6,137,400	3,187,506	14,539,432	156,824	383,046	132,180	950,180	2,181,200
Total Governmental Activities Program Revenues	14,514,852	17,852,581	13,825,947	10,252,460	23,234,375	10,979,001	14,068,342	15,644,547	16,979,948	31,558,090
Business-Type Activities:										
Charges for Services	26,861,196	33,812,755	34,289,146	35,731,792	37,513,330	39,583,404	49,570,994	50,058,912	51,886,498	59,109,616
Operating Grant and Contributions	54,425	-	19,965	-	-	264,422	924,986	177,515	384,333	2,931,607
Capital Grants and Contributions	921,157	259,698	562,976	1,211,678	1,690,644	2,072,222	2,679,813	10,365,135	7,592,339	13,273,957
Total Business-Type Activities Program Revenues	27,836,778	34,072,453	34,872,087	36,943,470	39,203,974	41,920,048	53,175,793	60,601,562	59,863,170	75,315,180
Total Primary Government Program Revenues	\$ 42,351,630	\$ 51,925,034	\$ 48,698,034	\$ 47,195,930	\$ 62,438,349	\$ 52,899,049	\$ 67,244,135	\$ 76,246,109	\$ 76,843,118	\$ 106,873,270
Net (Expense)/Revenue										
Governmental Activities	\$ (49,777,705)	\$ (51,179,944)	\$ (51,233,856)	\$ (55,163,346)	\$ (46,887,193)	\$ (63,159,339)	\$ (58,957,533)	\$ (60,162,459)	\$ (59,012,142)	\$ (41,066,692)
Business-Type Activities	722,487	2,184,009	2,741,508	4,844,666	7,409,232	8,898,823	17,372,998	23,191,233	21,565,513	29,380,577
Total Primary Government Net Expense	\$ (49,055,218)	\$ (48,995,935)	\$ (48,492,348)	\$ (50,318,680)	\$ (39,477,961)	\$ (54,260,516)	\$ (41,584,535)	\$ (36,971,226)	\$ (37,446,629)	\$ (11,686,115)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 22,759,737	\$ 22,247,692	\$ 22,257,795	\$ 23,657,324	\$ 24,728,117	\$ 27,050,557	\$ 29,893,290	\$ 33,081,759	\$ 38,668,807	\$ 40,709,084
Franchise Fees	4,935,960	4,958,135	5,330,303	5,414,637	5,367,504	5,440,630	5,588,373	5,811,170	5,691,227	6,186,091
Utility Service Taxes	6,865,192	7,304,617	7,883,592	7,978,611	8,288,194	8,529,879	8,878,776	9,111,670	9,347,939	9,814,779
Communication Service Taxes	3,446,340	3,313,753	3,014,756	2,953,713	2,756,084	2,569,293	2,638,032	2,540,717	2,613,856	2,559,292
Gas Tax	3,105,994	3,284,506	3,287,172	3,490,076	3,854,156	4,089,629	3,744,098	4,147,267	3,706,202	3,817,012
State Revenue Sharing	7,633,919	8,282,875	8,848,921	9,691,968	10,074,949	10,910,021	11,579,482	11,702,036	10,987,149	13,090,384
Investment Earnings	90,002	33,628	72,435	108,870	129,394	283,435	675,851	1,311,729	1,591,414	203,078
Miscellaneous	486,691	1,146,588	783,037	560,143	548,241	840,762	653,012	1,117,075	547,059	1,505,852
Transfers	1,326,699	903,994	1,170,069	1,607,411	1,549,049	1,789,140	2,087,287	1,791,667	896,499	1,387,608
Total Governmental Activities	50,650,534	51,475,788	52,648,080	55,462,754	57,295,688	61,503,346	65,738,201	70,615,090	74,050,152	79,273,180
Business-Type Activities:										
Investment Earnings	473,724	399,973	246,593	287,353	318,936	316,365	454,585	1,253,244	956,975	137,227
Miscellaneous	17,459	34,085	21,271	32,033	11,490	23,623	31,314	11,031	28,165	179,345
Transfers	(1,326,699)	(903,994)	(1,170,069)	(1,607,411)	(1,549,049)	(1,789,140)	(2,087,287)	(1,791,667)	(896,499)	(1,387,608)
Total Business-Type Activities	(835,516)	(469,936)	(902,205)	(1,288,025)	(1,218,623)	(1,449,152)	(1,601,388)	(527,392)	88,641	(1,071,036)
Total Primary Government	\$ 49,815,018	\$ 51,005,852	\$ 51,745,875	\$ 54,174,729	\$ 56,077,065	\$ 60,054,194	\$ 64,136,813	\$ 70,087,698	\$ 74,138,793	\$ 78,202,144
Special Item	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Position										
Governmental Activities	\$ 872,829	\$ 295,844	\$ 1,414,224	\$ 299,407	\$ 10,409,495	\$ (1,655,993)	\$ 6,780,668	\$ 10,452,631	\$ 15,038,010	\$ 38,206,488
Business-Type Activities	(113,029)	1,714,073	1,839,303	3,556,641	6,190,609	7,449,671	15,771,610	22,663,841	21,654,154	28,309,541
Total Primary Government	\$ 759,800	\$ 2,009,917	\$ 3,253,527	\$ 3,856,048	\$ 16,600,104	\$ 5,793,678	\$ 22,552,278	\$ 33,116,472	\$ 36,692,164	\$ 66,516,029

Source: City of Palm Bay Finance Department

FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nondisposable	\$ 5,743	\$ 1,647,185	\$ 61,938	\$ 46,334	\$ 39,002	\$ 21,112	\$ 32,134	\$ 92,969	\$ 81,503	\$ 100,302
Restricted	-	-	-	-	-	-	-	800,000	800,000	800,000
Committed	-	-	227,109	184,176	184,628	193,358	3,032,788	255,356	2,793,774	1,815,813
Assigned	1,525,044	525,456	82,644	152,211	50,883	149,855	154,098	302,040	342,873	574,580
Unassigned	7,069,823	9,833,161	9,668,623	7,899,629	8,900,069	8,267,662	11,753,606	17,648,421	20,521,877	27,323,087
Total General Fund	\$ 8,600,610	\$ 12,005,802	\$ 10,040,314	\$ 8,282,350	\$ 9,174,582	\$ 8,631,987	\$ 14,972,626	\$ 19,098,786	\$ 24,540,027	\$ 30,613,782
All Other Governmental Funds										
Nondisposable	\$ -	\$ -	\$ 1,048,796	\$ 15,980	\$ 17,289	\$ 870	\$ 4,979	\$ 3,595	\$ -	\$ -
Restricted	12,669,953	10,664,652	9,875,846	14,941,367	9,604,137	11,745,717	13,495,777	73,692,646	50,349,857	101,987,429
Committed	11,126	-	22,320	2,717,649	2,991,029	3,193,172	11,568,282	2,251,588	3,093,642	4,708,861
Assigned	391,769	-	82,497	144,627	647,747	692,699	659,468	797,146	1,434,447	2,647,705
Unassigned	(1,945,502)	(1,849,913)	(883,982)	(1,109,237)	(831,310)	(639,711)	(640,598)	(573,794)	(842,840)	(326,646)
Total All Other Governmental Funds	\$ 11,127,346	\$ 8,814,739	\$ 10,145,477	\$ 16,710,386	\$ 12,428,892	\$ 14,992,747	\$ 25,087,908	\$ 76,171,181	\$ 54,035,106	\$ 109,017,349

The City implemented the provisions of GASBC 1800: *Classification and terminology* in fiscal year 2011. Prior fiscal years have not been retroactively restated.

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	\$ 36,710,391	\$ 36,679,583	\$ 36,976,223	\$ 38,618,035	\$ 40,176,777	\$ 42,789,546	\$ 45,720,435	\$ 49,444,711	\$ 54,890,449	\$ 57,425,638
Impact Fees	372,457	720,155	639,943	1,877,655	2,176,573	2,963,444	3,849,450	5,261,719	7,880,081	18,384,411
Licenses and Permits	4,955,478	4,970,086	5,335,605	5,423,766	5,376,631	5,449,708	5,605,873	5,829,324	5,747,984	6,319,285
Intergovernmental Revenues	11,413,620	20,481,781	16,274,115	13,756,149	14,579,032	13,694,884	15,871,102	16,138,666	14,014,090	18,317,291
Charges for Services	9,237,360	3,975,672	3,555,264	3,060,208	3,381,246	3,897,960	4,613,847	4,651,704	4,885,233	7,195,395
Fines and Forfeitures	1,011,608	791,871	1,553,992	527,797	553,825	580,173	604,150	574,090	509,531	514,531
Investment Income	88,203	32,488	72,233	105,157	120,831	240,902	597,276	1,081,119	1,383,384	176,809
Miscellaneous Revenues	745,030	1,213,985	1,050,804	674,725	669,186	970,787	700,513	969,610	490,782	863,900
Total Revenues	64,534,147	68,865,621	65,458,179	64,043,492	67,034,101	70,587,404	77,562,646	83,950,943	89,801,534	109,197,260
Expenditures										
General Government	7,526,638	7,753,501	10,628,283	10,823,743	14,493,101	15,234,453	18,191,610	20,061,644	17,694,839	18,265,433
Public Safety	32,154,990	33,402,862	33,218,144	32,918,077	31,307,440	32,606,478	33,194,023	35,878,114	36,453,290	38,405,746
Physical Environment	92,382	990	12,711	-	-	-	-	-	-	-
Transportation	9,429,373	5,282,387	4,580,076	4,624,274	4,599,336	6,509,086	7,901,067	5,100,262	5,610,373	6,485,519
Economic Environment	1,574,094	1,096,703	988,309	1,001,717	691,830	491,654	802,224	748,663	1,421,940	1,543,515
Culture/Recreation	3,392,219	3,510,980	3,791,612	4,550,190	3,610,577	4,519,649	4,293,661	4,235,530	4,771,475	4,922,815
Debt Service:										
Principal Retirement	2,221,789	2,217,335	2,460,197	1,967,805	2,344,046	2,564,622	2,506,898	4,398,095	5,645,088	6,334,540
Interest and Fiscal Charges	3,339,325	3,219,159	3,959,193	4,505,412	4,431,182	4,387,618	4,261,115	5,451,823	5,697,114	5,062,106
Capital Outlay	6,696,831	14,120,928	8,360,630	4,788,835	11,238,697	3,175,468	4,361,160	9,263,528	31,252,195	25,488,845
Total Expenditures	66,427,641	70,604,845	67,999,155	65,180,053	72,716,209	69,489,028	75,511,758	85,137,659	108,546,314	106,508,519
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,893,494)	(1,739,224)	(2,540,976)	(1,136,561)	(5,682,108)	1,098,376	2,050,888	(1,186,816)	(18,744,780)	2,688,741
Other Financing Sources (Uses)										
Transfers In	7,048,290	9,253,219	11,746,077	10,416,938	11,192,306	10,210,916	10,230,312	12,616,664	14,210,874	12,219,371
Transfers Out	(7,547,405)	(7,915,475)	(10,484,089)	(9,217,429)	(10,262,545)	(9,669,517)	(9,753,116)	(11,742,301)	(13,953,980)	(12,012,641)
Proceeds From Sale of Capital Assets	-	-	-	-	409,500	330,390	566,866	713,075	134,185	1,723,365
Issuance of Debt	-	-	-	4,744,000	-	-	9,000,000	50,000,000	-	50,000,000
Bond Premium	-	-	-	-	-	-	-	4,808,811	-	6,437,163
Bond Discount	-	-	-	-	-	-	(22,500)	-	-	-
Issuance of Refunding Debt	-	2,268,000	54,740,000	-	15,922,652	3,983,000	-	-	51,670,000	4,258,000
Proceeds From Capital Leases	-	506,890	-	-	754,000	-	4,363,350	-	6,419,119	-
Payment to Refunded Bond Escrow Agent	-	(2,215,000)	(54,095,765)	-	(15,723,067)	(3,931,905)	-	-	(56,430,252)	(4,258,000)
Total Other Financing Sources (Uses)	(499,115)	1,897,634	1,906,223	5,943,509	2,292,846	922,884	14,384,912	56,396,249	2,049,946	58,367,258
Net Change in Fund Balances	\$ (2,392,609)	\$ 158,410	\$ (634,753)	\$ 4,806,948	\$ (3,389,262)	\$ 2,021,260	\$ 16,435,800	\$ 55,209,433	\$ (16,694,834)	\$ 61,055,999
Debt Service as a Percentage of Noncapital Expenditures	9.36%	9.73%	10.79%	10.76%	11.08%	10.61%	9.82%	13.61%	15.00%	14.23%

Bond principal retirement in fiscal year 2011 includes the prepayment of the Palm Bay Road Loan fund.

Source: City of Palm Bay Finance Department

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years**

Fiscal Year Ended September 30	Centrally Assessed	Real Property	Personal Property	Total Estimated Actual Value	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2021	\$ 4,381,074	\$ 8,710,327,220	\$ 356,690,043	\$ 9,071,398,337	\$ 4,227,618,210	\$ 4,843,780,127	8.5894
2020	4,432,723	8,101,501,430	319,025,182	8,424,959,335	4,039,242,345	4,385,716,990	8.9675
2019	4,439,296	7,351,414,300	307,274,133	7,663,127,729	3,675,352,667	3,987,775,062	8.4500
2018	4,286,855	6,557,914,630	292,093,163	6,854,294,648	3,257,123,697	3,597,170,951	8.4500
2017	4,043,730	5,826,201,100	302,075,674	6,132,320,504	2,864,512,704	3,267,807,800	8.4500
2016	3,680,327	5,004,843,870	285,414,593	5,293,938,790	2,325,206,127	2,968,732,663	8.5000
2015	2,770,508	4,482,050,210	305,316,609	4,790,137,327	1,994,187,604	2,794,652,213	8.6326
2014	2,339,055	3,974,742,930	302,825,423	4,279,907,408	1,640,796,077	2,639,111,331	8.6326
2013	2,845,608	3,742,718,710	299,963,912	4,045,528,230	1,531,359,937	2,514,168,293	9.0000
2012	3,045,632	3,881,723,920	267,824,965	4,152,594,517	1,565,788,444	2,586,806,073	9.0000

Source: Brevard County Property Appraiser

PROPERTY TAX RATES – DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years

Fiscal Year	City of Palm Bay Direct Rates			Overlapping Rates Brevard County			Total Direct and Overlapping Rates
	Operating Millage	Debt Service Millage	Total Direct Rates	Operating Millage	School District	Special Districts	
2021	7.8378	0.7516	8.5894	4.9681	5.9420	0.3403	19.8398
2020	8.1379	0.8296	8.9675	5.1891	6.0860	0.3565	20.5991
2019	8.4500	-	8.4500	5.3540	6.2990	0.3759	20.4789
2018	8.4500	-	8.4500	5.6025	6.5680	0.3981	21.0186
2017	8.4500	-	8.4500	5.8548	6.9160	0.4212	21.6420
2016	8.5000	-	8.5000	6.0692	7.2750	0.4412	22.2854
2015	8.6326	-	8.6326	6.2310	7.3390	0.4633	22.6659
2014	8.6326	-	8.6326	6.3979	7.6060	0.4752	23.1117
2013	9.0000	-	9.0000	6.5199	8.0960	0.4782	24.0941
2012	9.0000	-	9.0000	6.5199	8.1120	0.4782	24.1101

Source: Brevard County Tax Collector

PRINCIPAL PROPERTY TAXPAYERS
September 30, 2021

Taxpayers	2021			2012		
	Taxes Assessed	Rank	Percentage of Total Taxes Levied	Taxes Assessed	Rank	Percentage of Total Taxes Levied
L3Harris Corporation	\$ 360,320	1	0.9%	\$ 279,837	1	1.2%
Braxton AL LP	142,256	2	0.3%	74,700	5	0.3%
WRH Madalyn Landing LLLP	141,214	3	0.3%	-	-	-
WE Lighthouse Pointe Owner LLC	140,179	4	0.3%	54,000	15	-
Renasas Electronics America Inc	135,073	5	0.3%	117,000	3	0.5%
The Pavilions at Monterey LLC	134,316	6	0.3%	-	-	-
CAPE, LLC	130,676	7	0.3%	-	-	-
Wal-Mart Stores East LP	114,661	8	0.3%	72,000	6	0.3%
WSL Glenbrooke Investors V LLC	113,648	9	0.3%	123,513	2	0.5%
Palm Bay West LLC	110,784	10	0.3%	99,000	4	0.4%
Rivera Terrace Properties LLC	98,458	11	0.2%	53,100	17	0.2%
Sutton Properties of Palm Bay	97,378	12	0.2%	65,169	8	0.3%
H F Partnership LLP	94,671	13	0.2%	55,800	12	0.2%
Malabar Associates, Ltd	82,922	14	0.2%	62,343	11	0.3%
Jaws Palm Bay LLC	81,779	15	0.2%	-	-	-
Villas at Palm Bay LLC	73,025	16	0.2%	54,000	16	0.2%
Palm Bay Shopping Plaza LLC	69,268	17	0.2%	64,225	9	0.3%
WP Palm Bay SR-FL Owner LLC	66,963	18	0.2%	-	-	-
Palm Bay Storage 18 (FL) LLC	66,631	19	0.2%	-	-	-
Southern Malabar Cove	65,446	20	0.2%	-	-	-
Bayside Lakes LLP	-	18	0.0%	69,300	7	0.3%
Palm Bay Partners LLC	-	19	0.0%	54,000	14	0.2%
Lowes Home Center Inc	-	20	0.0%	45,900	20	0.2%
Portfolio Real Estate Palm Bay	-	21	0.0%	51,874	18	0.2%
PB/ES LLC	-	-	-	63,953	10	0.3%
5200 Professional Center LLC	-	-	-	49,500	19	0.2%
2501 LLC	-	-	-	55,350	13	0.2%
Total	\$ 2,319,668		5.8%	\$ 1,564,564		6.2%

Source: Brevard County Tax Collector

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2021	\$ 41,659,836	\$ 40,592,718	97.4%	\$ 116,366	\$ 40,709,084	97.7%
2020	39,385,383	38,517,192	97.8%	151,615	38,668,807	98.2%
2019	33,696,699	32,987,945	97.9%	93,814	33,081,759	98.2%
2018	30,396,095	29,713,617	97.8%	179,673	29,893,290	98.3%
2017	27,612,976	26,938,819	97.6%	111,738	27,050,557	98.0%
2016	25,234,228	24,629,466	97.6%	99,651	24,729,117	98.0%
2015	24,125,115	23,528,650	97.5%	128,673	23,657,323	98.1%
2014	22,782,392	22,130,096	97.1%	127,699	22,257,795	97.7%
2013	22,627,515	21,817,153	96.4%	430,539	22,247,692	98.3%
2012	23,281,255	22,608,173	97.1%	151,563	22,759,737	97.8%

Source: City of Palm Bay Finance Department

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities										Business-Type Activities								% of Personal Income
	Municipal Service Tax Bonds	Local Option Gas Tax Bonds	Taxable Special Obligation Bonds	Sales Tax Revenue Bonds	2013 TSO Refunding Bonds	Sales Tax Refunding Bonds*	General Obligation Bonds**	2019 TSO Refunding Bonds	Capital Leases	BCRA Notes Payable	PST Loan Payable	LOGT Refunding Notes	Franchise Fee Revenue Notes	2020 Special Revenue Refunding Notes	Utility Revenue Bonds	Utility Notes	Capital Leases	Total Primary Government	
2021	\$ -	\$ -	\$ 340,936	\$ -	\$ 5,195,000	\$ 13,061,178	\$ 106,870,853	\$ 51,385,000	\$ 5,531,622	\$ 342,000	\$ -	\$ 7,778,000	\$ 5,904,000	\$ 4,258,000	\$ 4,597,582	\$ 22,007,000	\$ -	\$ 227,271,171	7.54%
2020	4,850,000	-	402,345	-	5,760,000	13,657,257	52,672,929	51,670,000	5,913,753	752,000	-	8,944,000	6,547,000	-	5,728,475	16,807,000	-	173,704,759	5.85%
2019	5,015,000	-	462,065	-	50,320,000	14,233,336	54,568,370	-	4,231,728	1,142,000	-	10,086,000	7,165,000	-	6,580,885	21,932,000	273,247	176,009,631	6.47%
2018	5,175,000	-	519,121	-	50,855,000	14,789,415	-	-	4,624,767	2,505,000	-	10,846,000	3,873,000	-	7,459,667	26,957,000	561,614	128,165,584	5.16%
2017	5,330,000	-	573,305	-	50,855,000	15,330,494	-	-	793,941	2,865,000	-	2,446,000	4,313,000	-	8,373,342	31,935,000	840,174	123,655,256	5.34%
2016	5,485,000	-	4,652,695	-	50,855,000	15,896,573	-	-	1,382,836	3,210,000	-	3,041,000	4,744,000	-	9,953,729	37,200,000	1,109,260	137,530,093	6.04%
2015	5,485,000	-	4,784,387	15,853,121	50,855,000	-	-	-	965,385	3,545,000	761,000	3,625,000	4,744,000	-	26,940,143	28,000,000	1,369,194	146,927,230	6.46%
2014	5,485,000	-	4,917,880	15,890,000	50,855,000	-	-	-	379,686	3,865,000	1,519,000	3,885,000	-	-	29,197,731	31,590,000	1,620,288	149,204,585	7.03%
2013	5,485,000	4,455,000	42,999,258	16,285,000	-	-	-	-	606,146	4,170,000	2,268,000	-	-	-	63,561,079	-	-	139,829,483	6.56%
2012	8,370,000	4,905,000	43,226,447	16,665,000	-	-	-	-	2,436,369	4,465,000	-	-	-	-	68,586,012	-	-	148,653,828	7.37%

Debt Limitation: The City does not have a legal debt limit

*Includes unamortized premium

**Includes unamortized premium/discount

Source: City of Palm Bay Finance Department

DIRECT AND OVERLAPPING BONDED DEBT – GENERAL OBLIGATION BONDS
September 30, 2021

<u>Taxing District</u>	<u>Assessed Valuation</u>	<u>Net Debt Outstanding</u>	<u>Overlapping</u>	<u>City's Share of Debt</u>
Brevard County	\$ 46,975,130,599	\$ 35,205,000	10.31%	\$ 3,630,118
City of Palm Bay Governmental Activities Direct Debt				
Bonds Payable		\$ 176,852,967		
Notes Payable		18,282,000		
Capital Leases		5,531,622		<u>200,666,589</u>
Total Direct and Overlapping Governmental Activities Debt				<u>\$ 204,296,707</u>

Notes: Based on 2021 estimated taxable assessed valuation.
The percentage of overlapping debt is estimated using taxable property values.
The calculation was derived by dividing the City's total taxable value by the total
Outstanding debt for Brevard County

Sources: City of Palm Bay Finance Department
Brevard County Finance Department

PLEDGED REVENUE COVERAGE
Last Ten Fiscal Years

Water and Sewer System Revenue Bonds							
Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2021	\$ 32,962,002	\$ 16,548,056	\$ 16,413,946	\$ 6,189,560	\$ 1,809,518	2.05	
2020	31,768,978	16,616,785	15,152,193	5,544,082	1,690,235	2.09	
2019	29,993,764	16,310,408	13,683,356	5,485,672	1,750,593	1.89	
2018	28,248,280	15,678,734	12,569,546	5,420,748	1,809,119	1.74	
2017	28,099,716	14,188,214	13,911,502	5,367,565	1,862,622	1.92	
2016	26,930,542	13,565,725	13,364,817	4,622,371	2,072,108	2.00	
2015	25,606,702	13,713,299	11,893,403	5,365,152	2,282,307	1.56	
2014	24,556,798	13,261,955	11,294,843	4,608,347	2,937,545	1.50	
2013	23,869,662	12,972,795	10,896,867	4,874,933	3,679,346	1.27	
2012	23,351,079	12,772,311	10,578,768	4,503,899	3,396,741	1.34	

Notes:

(1) Operating Revenue includes interest income.

(2) Direct Operating Expenses are operating expenses excluding depreciation and amortization.

Calculations for item (1) and (2) exclude construction and assessment fund activities; therefore, it will not tie directly to the Statement of Revenues, Expenses and Change in Fund Positions Proprietary Funds

This table does not include the full provisions of the bond covenants.

Source: City of Palm Bay Finance Department

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Years

Year	Population	Personal Income (thousands)	Per Capita Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
2021	122,765	\$ 3,012,800	\$ 25,011	41.6	14.2	13,731	3.9%
2020	119,530	2,968,746	24,954	41.2	14.3	14,595	5.7%
2019	115,322	2,718,947	23,577	41.2	14.1	14,587	3.1%
2018	112,703	2,483,072	22,032	40.8	14.1	14,587	3.1%
2017	110,623	2,316,335	20,939	43.0	14.1	14,711	3.8%
2016	109,162	2,277,447	20,863	40.7	14.1	14,661	5.4%
2015	107,481	2,276,018	21,176	40.6	14.0	14,896	5.9%
2014	105,815	2,121,273	20,047	40.3	14.0	14,618	6.5%
2013	104,693	2,130,607	20,351	39.9	14.0	14,386	7.4%
2012	103,681	2,017,529	19,459	38.7	14.1	14,422	9.4%

Sources:
 Florida Department of Education
 Bureau of Economics and Business Research, University of Florida
 US Department of Labor
 City of Palm Bay Growth Management Department

PRINCIPAL EMPLOYERS IN THE CITY OF PALM BAY
Current Year and Nine Years Ago

<u>Employer</u>	2021			2012		
	Number of Employees	Rank	% of Total Employment	Number of Employees	Rank	% Total Employment
3LHarris Corporation	3,450	1	6.16%	5,613	1	12.15%
Brevard County School Board	1,306	2	2.33%	1,535	2	3.32%
City of Palm Bay	813	3	1.45%	805	3	1.74%
Palm Bay Hospital	610	4	1.09%	575	5	1.24%
Publix (3 of 3 locations reported)	514	5	0.92%	360	8	0.78%
Wal*Mart	400	6	0.71%	400	7	0.87%
Renesas (Formerly Intersil)	370	7	0.66%	482	6	1.04%
Eastern Florida State College	182	8	0.33%	237	9	0.51%
Winn Dixie (2 locations)	200	9	0.36%	200	10	0.43%
Home Depot	150	10	0.27%			0.00%
MC Assembly			0.00%	686	4	1.48%
Totals	7,995		14.29%	10,893		23.58%

Note:
Number of employees listed is employed within the City of Palm Bay

Sources:
US Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics
City of Palm Bay Growth Management Department
City of Palm Bay Budget Division

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government										
Legislative	4	4	4	4	4	4	4	4	4	4
Management	6	9	5	5	5	5	6	6	7	7
Finance	19	19	16	16	16	22	20	19	18	36
Procurement	7	7	7	6	6					
Community Planning	0	2	2	2	2	2	2	2	2	2
Other	58	57	61	61	59	58	38	36	32	29
Public Safety										
Police	257	251	243	236	236	243	249	249	251	250
Fire	132	132	137	137	136	136	134	133	133	138
Code Enforcement	9	11	11	9	9					
Building	8	38	33	30	23	17	15	14	13	14
Physical Environment										
Utilities	152	149	145	141	132	135	135	134	133	118
Economic Environment										
Economic /Neighborhood Development	13	5	7	7	8	7	4	4	5	6
Transportation										
Public Works	124	131	132	128	128	126	120	120	121	117
Culture/Recreation										
Parks	55	55	54	54	55	52	52	50	50	54
Total	844	870	857	836	819	807	768	771	769	775

Source: City of Palm Bay Budget Division

CAPITAL ASSETS STATISTICS
Last Ten Fiscal Years

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol Units	110	123	122	118	125	125	125	127	127	127
Policemen and Officers	172	172	166	160	159	160	160	160	152	160
Fire										
Stations	6	6	6	6	6	6	6	6	5	5
Firefighters and Officers	114	112	122	122	125	123	135	123	122	122
Public Works										
Streets (miles)	864,423	863.31	865.37	865.37	865	865	865	865	862	862
Street lights	4,061	5109	5108	5108	5108	5108	3968	3960	3960	3960
Parks and Recreation										
Community Centers	3	3	3	3	2	2	1	1	1	1
Developed Parks	33	32	32	32	32	32	31	31	31	31
Acreage of developed parks	520	515	515	515	515	515	315	314	314	314
Acreage of all park land	2,225	2225	2225	2225	2225	2225	2025	2025	2025	2025
Water System										
Water mains (miles)	629	623	622	618	619	617	614	614	604	603
Fire hydrants	3,047	2978	2960	2908	2913	2899	2888	2888	2886	2886
Treatment plants	3	3	3	3	3	3	3	3	3	3
Service connections	38,186	36262	35158	34439	33840	33221	32812	32495	32232	31811
Capacity (mgd)	16	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5
Wastewater System										
Sanitary sewer lines (miles)	306	300	300	296	307	301	295	295	295	290
Treatment plants	2	2	2	2	2	2	2	2	2	2
Service connections - sewer	18,269	17841	17377	17075	16858	16484	16221	16023	15323	15031
Service connections - reclaimed water	533	486	455	427	427	427	425	425	424	421
Treatment capacity (mgd)	5	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2

Source: Various City Department

OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Police										
Physical Arrests	1,669	2,278	2,799	3,273	3,770	2,530	3,076	3,612	3,295	3,504
Parking Violations	-	-	-	-	1	-	11	11	5	10
Traffic Tickets	4,273	3,541	4,520	4,577	4,185	3,842	4,847	5,765	6,361	6,626
Total Traffic Stops	15,497	15,280	17,493	17,760	14,524	11,075	10,568	12,731	12,009	22,117
Calls for Service	81,326	93,335	95,862	100,309	98,155	87,635	143,882	159,576	148,938	229,903
Fire										
Number of calls for service	16,894	15,138	15,066	14,713	14,761	14,443	13,408	12,285	11,683	11,317
Number of fires extinguished	365	301	472	430	465	405	280	275	275	251
Public Works										
Canal Clearing (2)	-	1,458,312	1,081,080	986,836	498,088	716,105	16,888	4,820	34,071	67,238
New Street (1)	-	1	-	-	-	-	-	1	-	-
Potholes repaired	739	1,164	1,329	1,245	1,294	1,275	1,441	1,286	1,108	888
Parks and Recreation (3)										
Community Center Attendance	34,914	4,264	23,191	19,000	17,340	12,989	18,690	20,341	18,827	15,614
Camp Programs	4,381	78	1,404	960	877	1,160	790	566	457	405
Program Membership	1,008	2,027	24,565	6,000	5,157	6,764	4,363	4,344	2,031	928
Water System										
New Connections	1,530	1,104	719	668	559	409	317	263	421	181
Water main breaks	19	6	5	4	-	-	1	1	1	1
Average daily consumption (millions of gallons)	7	7	7	7	7	7	6	6	6	6
Active accounts	37,792	36,262	35,158	34,439	33,840	33,221	32,812	32,495	32,232	31,811
Wastewater System										
Average daily sewage treatment (millions of gallons)	4	4	4	4	3	3	3	3	3	3
Active Accounts	18,632	17,841	17,377	17,075	16,858	16,484	16,221	16,023	15,323	15,031
Building										
Total Inspections	17,394	24,068	22,077	26,035	16,455	12,874	10,461	9,783	8,006	7,990
Permits Issued	12,955	10,845	9,320	11,415	7,696	6,328	5,468	4,823	4,131	3,980

Source: Various City Departments

(1) Information could not be retrieved for years prior to 2020

(2) Started tracking in 2012 - decrease in 2014 due to concentration on drainage cleaning.

In 2016, canal cleaning transitioned to a more accurate GIS information tracking system.

This accounts for the large variance.

In 2021, the City did not have a canal cleaning contract.

Source: Various City Departments

IMPACT FEE COLLECTIONS AND BALANCES
Last Ten Fiscal Years

Collections					
Fiscal Year	Police Impact Fees	Fire Impact Fees	Parks Impact Fees	Transportation Impact Fees	Total Collections
2021	\$ 1,169,860	\$ 1,825,074	\$ 3,749,856	\$ 11,671,949	\$ 18,416,739
2020	360,552	684,556	1,474,498	5,449,526	7,969,132
2019	44,516	295,657	661,635	4,402,272	5,404,080
2018	30,022	217,586	508,618	3,147,058	3,903,284
2017	28,369	193,301	437,373	2,326,002	2,985,045
2016	21,970	145,907	325,258	1,688,950	2,182,085
2015	19,636	121,065	189,269	1,574,917	1,904,887
2014	10,714	61,972	119,130	454,802	646,618
2013	7,621	54,444	128,377	529,713	720,155
2012	2,396	15,885	42,650	311,526	372,457

Balances				
Type	Balance at beginning of Fiscal Year	Collections	Uses	Balance at end of Fiscal Year
Police Impact Fees	\$ 434,213	\$ 1,169,860	\$ 169,917	\$ 1,434,156
Fire Impact Fees	1,007,659	1,825,074	207,353	2,625,380
Parks Impact Fees	2,837,923	3,749,856	103,404	6,484,375
Transportation Impact Fees	9,254,655	11,671,949	1,063,550	19,863,054
Totals	\$ 13,534,450	\$ 18,416,739	\$ 1,544,224	\$ 30,406,965

Significant Usage	
Police vehicle purchases	\$ 141,575
Fire vehicle & caterpillar generator	89,822
Parks Wake Forest Basketball Court - Project 18PR04	75,917
Transportation Emerson NW & Glencove - Project 20PW03	52,075
Transportation Transfer to Debt Service for Sales Tax Bonds, Series 2015	227,752
Transportation Transfers to Debt Service for LOGT Note, Series 2018	767,784

Note: Collections include interest earnings

Sources: City of Palm Bay Finance Department

UTILITIES DEBT SERVICE APPLICABLE TO TRANSPORTATION PROJECTS
Last Ten Fiscal Years

Fiscal Year	Debt Service			Portion Related To Road Improvements
	Refunding Bonds Series 2005B	Refunding Notes Series 2016	Special Assessment Bonds Series 2003	
2021	\$ -	\$ 1,531,010	\$ 531,038	\$ 881,370
2020	-	1,335,760	214,351	664,404
2019	-	1,285,000	271,068	666,399
2018	-	1,275,000	302,178	675,165
2017	-	1,363,250	870,250	951,703
2016	3,182,706	476,211	246,850	1,677,011
2015	1,777,681		248,250	868,668
2014	1,774,082		248,365	867,169
2013	1,818,251		248,053	886,030
2012	1,465,189		247,403	733,941

Note:

Portion of project costs related to roadway restoration and drainage improvements:

43% for 1998 Utility Revenue Bonds

42% for 2003 Utility Assessment Bonds

Portion of principal for Special Assessment Bonds was prepaid in fiscal year 2006.

Source: City of Palm Bay Utilities

Last Ten Fiscal Years						Last Ten Fiscal Years			
Fiscal Year	Electricity	Communication Services	Gas	Water	Total	Fiscal Year	Sales Tax Revenue	Max Annual Debt Service 2015 Bonds	Debt Service Coverage
2021	\$ 8,050,678	\$ 2,559,292	\$ 124,899	\$ 1,639,203	\$ 12,374,072	2021	\$ 7,563,292	\$ 1,054,406	7.17
2020	7,702,572	2,613,855	113,410	1,531,957	11,961,794	2020	6,599,351	1,054,406	6.26
2019	7,570,916	2,540,717	124,903	1,415,851	11,652,387	2019	6,751,673	1,054,406	6.40
2018	7,356,613	2,638,032	128,314	1,393,850	11,516,809	2018	6,822,769	1,054,406	6.47
2017	7,050,646	2,569,292	112,092	1,367,141	11,099,171	2017	6,311,425	1,054,406	5.99
2016	6,862,108	2,756,084	97,281	1,328,805	11,044,278	2016	5,900,650	1,054,406	5.60
2015	6,597,099	2,953,713	100,256	1,281,256	10,932,324	2015	5,627,552	1,162,250	4.84
2014	6,533,657	3,014,756	115,725	1,234,210	10,898,348	2014	5,245,081	1,162,250	4.51
2013	5,994,198	3,313,753	91,033	1,219,386	10,618,370	2013	5,012,444	1,162,250	4.31
2012	5,538,018	3,446,340	120,661	1,206,514	10,311,533	2012	4,790,989	1,162,250	4.12

Historical Pledged State Revenue Sharing Funds

Last Ten Fiscal Years	
Fiscal Year	State Revenue Sharing
2021	\$ 5,466,964
2020	4,316,688
2019	4,885,364
2018	4,690,878
2017	4,525,840
2016	4,109,953
2015	3,997,325
2014	3,603,840

Source: City of Palm Bay Finance Department

**CERTIFIED GALLONS OF TAXABLE FUEL SOLD IN BREVARD COUNTY, FLORIDA AND LOCAL
OPTION GAS TAX REVENUE
Last Ten Fiscal Years**

Fiscal Year	Motor Fuel	Diesel Fuel	Total	Annual Local Option Gas Tax Revenue
2021	\$ 247,284,877	\$ 187,607,808	\$ 434,892,685	\$ 3,817,013
2020	250,055,588	194,640,059	444,695,647	3,706,201
2019	269,240,363	179,364,276	448,604,639	4,147,267
2018	263,674,585	136,285,660	399,960,245	3,744,098
2017	259,014,856	149,535,894	408,550,750	3,854,156
2016	251,459,738	149,535,894	400,995,632	3,854,156
2015	235,247,029	127,886,050	363,133,079	3,490,076
2014	132,380,145	19,992,183	152,372,328	3,287,172
2013	234,444,633	115,596,498	350,041,132	3,284,506
2012	236,330,147	106,207,434	342,537,581	3,105,994

Sources:
Florida Department of Revenue
City of Palm Bay Finance Department

DISTRIBUTION OF BREVARD COUNTY LOCAL OPTION GAS TAX REVENUES
Fiscal Year Ended September 30, 2021

Jurisdiction	Percent Share Total	Percent Share Municipalities	2021 Revenue Share
Brevard County	47.14	0.000%	\$ 8,716,245
Cape Canaveral	1.45	2.833%	267,526
Cocoa	2.38	4.620%	440,868
Cocoa Beach	1.39	2.668%	257,652
Grant-Valkaria	0.61	1.219%	112,931
Indialantic	0.54	1.060%	100,023
Indian Harbor Beach	1.41	2.699%	260,533
Malabar	0.47	0.877%	86,584
Melbourne	14.65	27.225%	2,708,440
Melbourne Beach	0.44	0.718%	80,713
Melbourne Village	0.08	0.139%	14,528
Palm Bay	15.98	29.955%	2,954,730
Palm Shores	0.11	0.210%	20,230
Rockledge	3.59	6.905%	663,531
Satellite Beach	1.98	3.596%	366,515
Titusville	4.52	8.952%	834,832
West Melbourne	3.27	6.324%	604,228
Total	100.00	100.000%	\$ 18,490,109

Source: Brevard County Board of County Commissioners

UTILITIES DEBT SERVICE COVERAGE
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Operating Revenues	\$ 22,931,067	\$ 23,488,824	\$ 24,336,022	\$ 25,381,193	\$ 26,654,593	\$ 27,831,857	\$ 27,927,138	\$ 29,143,681	\$ 31,049,923	\$ 32,870,515
Interest Income	420,012	380,838	220,776	225,509	275,950	267,859	321,142	850,083	668,859	91,487
Operating Expenses (excl. depreciation/amortization)	(12,772,311)	(12,972,795)	(13,261,955)	(13,713,299)	(13,565,725)	(14,188,214)	(15,678,734)	(16,310,408)	(16,616,785)	(16,548,056)
Net Revenues	\$ 10,578,768	\$ 10,896,867	\$ 11,294,843	\$ 11,893,403	\$ 13,364,818	\$ 13,911,502	\$ 12,569,546	\$ 13,683,356	\$ 15,101,997	\$ 16,413,946
Restricted MLE Account Balance	1,683,700	1,683,700	1,683,700	1,771,681	1,768,801	1,363,250	1,364,490	1,345,180	1,335,760	1,531,010
MLE Portion Attributable to MLE Expansion %	1,465,189	1,773,251	1,774,082	1,777,681	342,706	1,363,250	-	1,345,180	1,335,760	1,531,010
Connection Fees Available for Debt Service	3,666,511	3,665,453	3,662,264	3,133,651	3,372,758	3,363,377	3,363,207	3,171,095	3,175,938	3,057,999
Parity Debt Service	\$ 7,900,640	\$ 8,205,614	\$ 7,545,892	\$ 7,647,459	\$ 6,694,479	\$ 7,230,186	\$ 7,229,866	\$ 7,236,265	\$ 7,234,317	\$ 7,999,077
2001 Revenue Bonds	1,920,000	1,920,000	1,920,000	1,920,000	1,920,000	1,917,135	1,917,675	1,916,926	1,920,000	1,919,539
2002 Refunding Bonds	534,863	535,175	72,658	-	-	-	-	-	-	-
2003 Refunding Bonds	3,787,900	3,784,500	3,298,600	-	-	-	-	-	-	-
2004 Revenue Bonds	192,688	192,688	28,744	-	-	-	-	-	-	-
2005 A Revenue Bonds	-	-	-	-	-	-	-	-	-	-
2005 B Refunding Bonds	1,465,189	1,773,251	1,774,082	1,777,681	342,706	-	-	-	-	-
2014 Refunding Note	-	-	451,808	3,949,778	3,955,562	3,949,801	3,947,701	3,974,159	3,978,557	3,786,307
2016 Refunding Note	-	-	-	-	476,211	1,363,250	1,364,490	1,345,180	1,335,760	1,531,010
2020 Revenue Note	-	-	-	-	-	-	-	-	-	762,221
Total Debt Service	7,900,640	8,205,614	7,545,892	7,647,459	6,694,479	7,230,186	7,229,866	7,236,265	7,234,317	7,999,077
DEBT SERVICE COVERAGE										
PART A: Parity Debt Service										
Test 1										
Net Revenues	10,578,768	10,896,867	11,294,843	11,893,403	13,364,818	13,911,502	12,569,546	13,683,356	15,101,997	16,413,946
Parity Debt Service Less Portion Attributable to MLE Expansion %	6,435,451	6,432,363	5,771,810	5,869,778	6,351,773	5,866,936	7,229,866	5,891,085	5,898,557	6,468,067
Actual	1.64	1.69	1.96	2.03	2.10	2.37	1.74	2.32	2.56	2.54
Required	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
and										
Test 2										
Net Revenues	\$ 10,578,768	\$ 10,896,867	\$ 11,294,843	\$ 11,893,403	\$ 13,364,818	\$ 13,911,502	\$ 12,569,546	\$ 13,683,356	\$ 15,101,997	\$ 16,413,946
Restricted MLE Account Balance	1,683,700	1,683,700	1,683,700	1,771,681	1,768,801	1,363,250	1,364,490	1,345,180	1,335,760	1,531,010
Total	\$ 12,262,468	\$ 12,580,567	\$ 12,978,543	\$ 13,665,084	\$ 15,133,619	\$ 15,274,752	\$ 13,934,036	\$ 15,028,536	\$ 16,437,757	\$ 17,944,956
Parity Debt Service	7,900,640	8,205,614	7,545,892	7,647,459	6,694,479	7,230,186	7,229,866	7,236,265	7,234,317	7,999,077
Actual	1.55	1.53	1.72	1.79	2.26	2.11	1.93	2.08	2.27	2.24
Required	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
or										
PART B: Parity Debt Service										
Test 1										
Net Revenues	\$ 10,578,768	\$ 10,896,867	\$ 11,294,843	\$ 11,893,403	\$ 13,364,818	\$ 13,911,502	\$ 12,569,546	\$ 13,683,356	\$ 15,101,997	\$ 16,413,946
Connection Fees Available for Debt Service	3,666,511	3,665,453	3,662,264	3,133,651	3,372,758	3,363,377	3,363,207	3,171,095	3,175,938	3,057,999
Total	\$ 14,245,279	\$ 14,562,320	\$ 14,957,107	\$ 15,027,054	\$ 16,737,576	\$ 17,274,879	\$ 15,932,753	\$ 16,854,451	\$ 18,277,935	\$ 19,471,945
Parity Debt Service Less Portion Attributable to MLE Expansion %	6,435,451	6,432,363	5,771,810	5,869,778	6,351,773	5,866,936	7,229,866	5,891,085	5,898,557	6,468,067
Actual	2.21	2.26	2.59	2.56	2.64	2.94	2.20	2.86	3.10	3.01
Required	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
and										
Test 2										
Net Revenues	\$ 10,578,768	\$ 10,896,867	\$ 11,294,843	\$ 11,893,403	\$ 13,364,818	\$ 13,911,502	\$ 12,569,546	\$ 13,683,356	\$ 15,101,997	\$ 16,413,946
Connection Fees Available for Debt Service	3,666,511	3,665,453	3,662,264	3,133,651	3,372,758	3,363,377	3,363,207	3,171,095	3,175,938	3,057,999
Restricted MLE Account Balance	1,683,700	1,683,700	1,683,700	1,771,681	1,768,801	1,363,250	1,364,490	1,345,180	1,335,760	1,531,010
Total	\$ 15,928,979	\$ 16,246,020	\$ 16,640,807	\$ 16,798,735	\$ 18,506,377	\$ 18,638,129	\$ 17,297,243	\$ 18,199,631	\$ 19,613,695	\$ 21,002,955
Parity Debt Service	7,900,640	8,205,614	7,545,892	7,647,459	6,694,479	7,230,186	7,229,866	7,236,265	7,234,317	7,999,077
Actual	2.02	1.98	2.21	2.20	2.76	2.58	2.39	2.52	2.71	2.63
Required	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
and										
Proviso										
Net Revenues	10,578,768	10,896,867	11,294,843	11,893,403	13,364,818	13,911,502	12,569,546	13,683,356	15,101,997	16,413,946
Parity Debt Service	\$ 7,900,640	\$ 8,205,614	\$ 7,545,892	\$ 7,647,459	\$ 6,694,479	\$ 7,230,186	\$ 7,229,866	\$ 7,236,265	\$ 7,234,317	\$ 7,999,077
Actual	1.34	1.33	1.50	1.56	2.00	1.92	1.74	1.89	2.09	2.05
Required	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Note: The calculation of Net Revenue only includes utility water and sewer fund activities

Source: City of Palm Bay Billing & Collections Division

UTILITY RATE COMPARISON WITH NEIGHBORING UTILITIES
September 30, 2021

<u>Neighboring Utilities</u>	<u>Water</u>	<u>Wastewater</u>
City of West Melbourne	\$ 45.85	\$ 39.45
City of Daytona Beach	41.62	55.63
City of Port St. Lucie	32.67	56.43
City of Palm Bay	34.33	53.42
City of Melbourne	30.85	46.08
City of Cocoa	31.90	53.70
City of Edgewater	44.47	63.56
City of Holly Hill	42.40	48.77
Brevard County	28.16	46.12
Indian River County	20.49	29.90
City of Vero Beach	17.75	37.84
City of New Smyrna Bch	16.92	38.96
City of Ormond Beach	25.12	32.58
City of Port Orange	24.50	33.45
Average of Neighboring Utilities	\$ 30.98	\$ 44.81

Note:
Amounts shown are for 5,000 gallons monthly service and reflect standard residential single-family rates effective October 1, 2020, are exclusive of taxes.

Source: City of Palm Bay Billing & Collections Division

TEN LARGEST WATER AND WASTEWATER SYSTEM CUSTOMERS
September 30, 2021

Water Customers	12-Month Usage (1)	Percent of Total	Revenue Generated	Percent of Total
3LHarris Corporation	30,768	1.48%	\$ 259,907	1.62%
Woodlake Village Apartments	28,264	1.36%	209,564	1.31%
Palm Bay Community Hospital	19,260	0.93%	152,774	0.95%
School Board of Brevard County	18,893	0.91%	81,775	0.51%
WE Lighthouse Point Owner LLC	17,804	0.86%	128,714	0.80%
The Park at Palm Bay	14,060	0.68%	88,412	0.55%
The Braxton AL LP	13,434	0.65%	47,573	0.30%
Palm City Investment FH, LLC	12,943	0.62%	92,717	0.58%
WRH Madalyn Landing	9,307	0.45%	55,988	0.35%
Creative Choice Homes	9,249	0.44%	67,126	0.42%
Total	173,982	8.36%	\$ 1,184,550	7.38%

Wastewater Customers	12-Month Usage (1)	Percent of Total	Revenue Generated	Percent of Total
3LHarris Corporation	30,768	2.92%	\$ 227,884	1.95%
Woodlake Village Apartments	28,264	2.68%	199,162	1.71%
Palm Bay Community Hospital	11,352	1.08%	79,922	0.68%
School Board of Brevard County	16,798	1.59%	100,295	0.86%
WE Lighthouse Point Owner LLC	17,804	1.69%	121,800	1.04%
The Park at Palm Bay	14,060	1.33%	109,507	0.94%
The Braxton AL LP	13,434	1.27%	69,647	0.60%
Palm City Investment FH, LLC	8,310	0.79%	71,764	0.61%
WRH Madalyn Landing	9,307	0.88%	79,652	0.68%
Creative Choice Homes	9,249	0.88%	68,122	0.58%

(1) In thousands of gallons

Source: City of Palm Bay



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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the year ended September 30, 2021

FEDERAL AWARDS				
<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Assistance Listing No.</u>	<u>Contract No. / Grant No.</u>	<u>Federal Expenditures</u>	<u>Pass Through to Subrecipients</u>
<u>U.S. Department of Housing & Urban Development</u>				
Community Development Block Grant / Entitlement Grant	14.218	B-19-MC-12-0032	412,725	
Community Development Block Grant / Entitlement Grant	14.218	B-20-MC-12-0032	216,812	107,482
Community Development Block Grant / Entitlement Grant CARES CV	14.218	B-20-MC-12-0032	210,191	176,242
Total Community Development Block Grant Cluster			839,728	283,724
Neighborhood Stabilization Program - NSP 1	14.256	B-08-MN-12-0021	7,526	-
Passed through Brevard County:				
HOME Grant	14.239	M-20-DC-12-0200	4,971	-
Total Passed through Brevard County:			12,497	-
Total Department of Housing & Urban Development			852,225	283,724
<u>U.S. Department of Justice</u>				
Passed through the Florida Office of the Attorney General:				
Victim Crime Assistance	16.575	D-00262	42,278	-
Total Passed through the Florida Office of the Attorney General:				-
Equitable Sharing Program	16.922	FL0051200	49,119	-
Total U.S. Department of Justice			91,397	-
<u>U.S. Department of the Treasury</u>				
Passed through the Florida Housing Finance Corporation :				
Coronavirus Relief Fund	21.019	133-2020	368,646	-
Total Passed through Florida Housing Finance Corporation:			368,646	-
Total U.S. Department of Treasury			368,646	-
<u>U.S. Department of Transportation</u>				
Passed through Florida Department of Transportation:				
P&D Study for Malabar Road Widening	20.205	G1F62	237,026	-
Safe Routes to School - Port Malabar Elementary	20.205	G1I6I	14,405	-
Safe Routes to School - Columbia Elementary	20.205	G1I62	79,395	-
Safe Routes to School - Christa McAuliffe Elementary	20.205	G1I63	386,441	-
Safe Routes to School - Discovery Elementary	20.205	G1I64	338,167	-
Safe Routes to School - Jupiter Elementary	20.205	G1I65	876,686	-
Total Passed through Florida Department of Transportation			1,932,120	-
Total U.S. Department of Transportation			1,932,120	-
<u>U.S. Department of Homeland Security - FEMA</u>				
Passed through Florida Division of Emergency Management				
Public Assistance Subgrant - TS Fay	97.036	09-PA-B9-06-15-13-701	9,884	
Disaster Grants - Public Assistance				
Hazard Mitigation Grant - Hardening, Wind Retrofit	97.036	4337-44-R	58,496	-
Disaster Grants - Public Assistance				
(Presidentially Declared Disaster) - Hurricane Dorian	97.036	FEMA-4468-DR-FL	151,589	-
Total U.S. Department of Homeland Security			219,969	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,464,356	\$ 283,724

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONTINUED)
For the year ended September 30, 2021

STATE AWARDS	Assistance	Contract No. /	State	Pass Through
<u>Agency/Program</u>	<u>Listing No.</u>	<u>Grant No.</u>	<u>Expenditure</u>	<u>to</u>
				<u>Subrecipients</u>
<u>Florida Department of Environmental Protection</u>				
Statewide Surface Water Restoration (Turkey Creek Restoration)	37.039	LPA0067	17,594	-
Wastewater Treatment Facility Construction	37.077	WW050720	3,829,745	-
Total Florida Department of Environmental Protection			3,847,339	-
<u>Florida Department of Transportation</u>				
P&D Study for Malabar Road Widening	55.026	G1F62	237,026	-
Total Florida Department of Transportation			237,026	-
<u>Florida Housing Finance Agency</u>				
State Housing Initiatives Partnership Program	40.901	N/A	664,645	-
Total Florida Housing Finance Agency			664,645	-
TOTAL STATE EXPENDITURES			\$ 4,749,010	\$ -
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			\$ 8,213,366	\$ 283,724

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE ASSISTANCE
For Fiscal Year Ended September 30, 2021****NOTE 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards is presented using the modified basis of accounting for grants accounted for in governmental funds and the accrual basis of accounting for grants accounted for in proprietary funds.

NOTE 2 - Indirect Cost Rate

The Uniform Guidance allows a City to elect a 10% de minimus indirect cost rate. For the year ended September 30, 2021, the City elected not to use this rate.

NOTE 3 - Non-cash Awards

The City did not receive any non-cash federal awards.



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

The Honorable Mayor and
Members of the City Council
City of Palm Bay, 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 Palm Bay, Florida, (the "City") as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 24, 2022. Our report includes a reference to other auditors who audited the financial statements of the Police and Firefighters' Retirement System, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that were reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

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

The Honorable Mayor and
Members of the City Council
City of Palm Bay, Florida

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, grant agreements and contracts, noncompliance with which could have a direct and material effect on the financial statements. 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*.

We noted certain matters that we reported to management of the City in a separate letter dated June 24, 2022.

Purpose of this Report

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

MSL, P.A.

Certified Public Accountants

Orlando, Florida
June 24, 2022



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

The Honorable Mayor and
Members of the City Council
City of Palm Bay, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited the compliance of the City of Palm Bay, Florida (the "City") with the types of compliance requirements described in the OMB *Compliance Supplement* and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and state projects for the fiscal year ended September 30, 2021. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program and State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the fiscal year ended September 30, 2021.

The Honorable Mayor and
Members of the City Council
City of Palm Bay, Florida

Report on Internal Control over Compliance

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon June 24, 2022, which contained unmodified opinions on those financial statements. Our report on the basic financial statements also contained references to the reports of other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements.

The Honorable Mayor and
Members of the City Council
City of Palm Bay, Florida

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

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis, as required by the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting, and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and State Financial Assistance is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
June 24, 2022

CITY OF PALM BAY, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2021

SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued:

Unmodified Opinion

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards and State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Type of report issued on compliance for major federal programs:

Unmodified Opinion

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

☐ Yes ☒ No

Identification of Major Federal Program and Major State Projects:

AL Number(s)

Name of Federal Program(s)

14.218 Community Development Block Grant/Entitlement Grant
21.019 Coronavirus Relief Fund
20.205 Highway Planning and Construction

CFSFA Number(s)

Name of State Project(s)

37.077 Wastewater Treatment Facility Construction

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

\$750,000

State

\$750,000

Auditee qualified as low-risk auditee pursuant to
the Uniform Guidance?

☐ Yes ☒ No

CITY OF PALM BAY, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

For the Year Ended September 30, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS SECTION

None reported.

SECTION IV - PRIOR-YEAR AUDIT FINDINGS

**IC 2020-001 - Payroll Documentation - CFDA 14.218 CDBG
Significant Deficiency in Internal Control over Compliance**

Status: Resolved and not repeated.

**IC 2020-002 - Payroll Allocation - CFDA 14.218 CDBG
Material Weakness in Internal Control over Compliance**

Status: Resolved and not repeated.



INDEPENDENT ACCOUNTANT'S REPORT

The Honorable Mayor and
Members of the City Council
City of Palm Bay, Florida

We have examined the City of Palm Bay, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2021. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City is in accordance with those requirements, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2021.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
June 24, 2022



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

The Honorable Mayor and
Members of the City Council
City of Palm Bay, Florida

Report on the Financial Statements

We have audited the basic financial statements of the City of Palm Bay, Florida (the "City") as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 24, 2022.

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

Other Reporting Requirements

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

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial report. Corrective actions have been taken to address the IC 2020-001 and IC 2020-002 findings and we consider the findings resolved.

The Honorable Mayor and
Members of the City Council
City of Palm Bay, Florida

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes. The information below has not been subject to auditing procedures, therefore no assurance is given on the provided information.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.544(1)(i)6, *Rules of the Auditor General*, the Bayfront Community Redevelopment Agency reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as zero.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as zero.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as zero.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as zero.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as zero.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as \$389,181.

The Honorable Mayor and
Members of the City Council
City of Palm Bay, Florida

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Mayor, City Council, and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
June 24, 2022