

2018

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SERVING THE COMMUNITY WITH P.R.I.D.E!



CITY OF COCOA, FLORIDA
FISCAL YEAR ENDED SEPTEMBER 30, 2018
PREPARED BY: FINANCE DEPARTMENT

CITY OF COCOA, FLORIDA

COMPREHENSIVE

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2018

Prepared by:
Finance Department

CITY OF COCOA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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March 29, 2018

The Honorable Mayor,
City Council Members, and
Citizens of the
City of Cocoa, Florida

The Comprehensive Annual Financial Report of the City of Cocoa, Florida (the “City”), for the fiscal year ended September 30, 2018, as presented by the Finance Department of the City, is hereby submitted pursuant to Florida Statutes Chapter 166.241, Chapter 218.3, and Chapter 10.500 of the Rules of the Auditor General of the State of Florida and Article XIV, Section 1 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. Proper management of the government requires establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City has established an internal control structure designed to provide reasonable, but not absolute, assurance that the financial statements will be free from material misstatements. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and presents fairly the financial position and the results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City’s financial activities have been included.

The City’s financial statements have been audited by the City’s independent Certified Public Accountants, Moore, Stephens Lovelace, PA. The goal of the independent audit is to provide a reasonable assurance that the financial statements of the City for the year ended September 30, 2018 are free of material misstatements. The independent 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 auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City’s financial statements for the fiscal year ended September 30, 2018, are fairly presented in conformity with GAAP. The Independent Auditors’ Report is presented as the first component of the financial 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). The MD&A provides additional narrative and analysis of the basic financial statements; it complements this letter of transmittal and should be read in conjunction with it.



GOVERNMENT PROFILE

The City of Cocoa has a population of 19,286 and is located in central Brevard County, Florida, midway between the cities of Titusville to the north and Melbourne to the south. It was incorporated as a village in 1895 and as a City in 1913. The City Charter, as adopted in 1959, provides for a Council-City Manager form of government. The elected council consists of a Mayor and four Council Members. The City Manager is appointed by the City Council.

The City provides a wide range of services normally associated with a municipality. These services include police and fire protection, the construction and maintenance of highways, streets, and infrastructure (public works), community services, recreational activities, and cultural events. In addition to the general government activities, the governing body exercises, or has the ability to exercise, oversight of the Water and Sewer Utility Systems; therefore, these activities are included in the reporting entity.

The City of Cocoa has a regional water system that provides and sells water for a profit within an area extending approximately 268 square miles. The City has supplied water to the residents of Cocoa and adjacent communities since 1927 and is the sole supplier of water to Central Brevard County between the NASA and Pineda Causeways, including the cities of Cocoa, Rockledge, Cocoa Beach and Cape Canaveral as well as unincorporated areas on the mainland, Merritt Island, Port Canaveral and the beach area. Federal facilities serviced include Patrick Air Force Base, Kennedy Space Center and Cape Canaveral Air Force Station. The City owns, operates and maintains 48 wells, groundwater pretreatment plant, intake structure/surface water pretreatment plant, two water treatment trains, aquifer storage and recovery system, a transmission and distribution system, and five water storage tanks. The Water Treatment System has a ground water capacity of 48 million gallons per day and a surface water capacity of 12 million gallons per day, although our current consumptive use permit allows for withdrawals of 31 million gallons per day groundwater and 8.83 million gallons per day surface water. The City also provides sanitary sewer service to Cocoa and unincorporated areas adjacent to Cocoa. A water reuse system distributes reclaimed water for irrigation purposes and is available to both residential and commercial customers.

The Cocoa Community Redevelopment Agency (CRA) came into existence in 1981. Currently the agency is overseen by its own governing board consisting of the City of Cocoa, Florida, City Council and two additional members, appointed by the City Council, who reside in, own property in, or are engaged in business in the area of the Agency's operation. The CRA is included within the governmental activities in the City's financial statements. The Agency uses property tax incremental revenues derived from taxable real property within the geographic boundaries of the redevelopment area to finance streetscape and façade programs as well as other redevelopment projects within the redevelopment area. During fiscal year 1998, the City created two new redevelopment agencies: The Diamond Square Community Redevelopment Agency and the U.S. 1 Corridor Community Redevelopment Agency. The governing boards of these agencies are appointed by the Cocoa City Council and are made up of City residents and/or Cocoa business and property owners. These agencies also make use of property tax incremental revenues derived from taxable real property within the geographic boundaries of the areas to finance redevelopment of those areas.

The annual budget serves as the foundation for the City of Cocoa, Florida's financial planning and control. Budgetary control is maintained to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The Capital Improvement Program

(CIP) is a short range plan which identifies capital projects and equipment purchases, provides a planning schedule, and identifies options for financing the plan. The link between the CIP and the budget is essential and in fiscal year 2015, the City began including the CIP in the annual budget. All departments are required to submit their requests to the City Manager who uses these requests as a starting point for developing a proposed budget to submit to the City Council. The City Council is required to hold two public hearings and adopt a final budget, by Resolution, no later than September 30th of each year.

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

FACTORS AFFECTING FINANCIAL CONDITIONS

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

LOCAL ECONOMY

The City of Cocoa is located on the scenic Indian River Lagoon in east central Florida. With direct access to Interstate-95, US Highway 1, State Road 528 and State Road 520, Cocoa is positioned to take advantage of its close proximity to Port Canaveral, Orlando International Airport and Melbourne International Airport. With just a short trip to the beaches, theme parks, Kennedy Space Center and a variety of other local attractions, the City of Cocoa is the perfect location to live, work, play, and do business.

Eastern Florida State College has four campuses in Brevard County, the oldest of which is located in Cocoa and houses the administrative and business offices of the College. The City of Cocoa is also the home of the University of Central Florida (UCF) Brevard Campus, offering convenient, cost-effective educational opportunities to earn Bachelor's and Master's Degrees in high-demand fields of study including Business Administration, Education and Human Performance, Engineering and Computer Science, and Health and Public Affairs. Adjacent to and in conjunction with UCF is the Florida Solar Energy Center which is primarily engaged in the research and development of alternative energy technologies. Also located in the City of Cocoa are the Brevard Museum of History and Natural Science, UCF's Observatory and Planetarium, and Florida Historical Society's Museum and Headquarters.

After another year of solid job growth, declining unemployment, and high consumer confidence, the Florida economy is expected to continue to strengthen in 2019. Florida's job market continues to be strong, with the State unemployment rate decrease of .3% from a 3.8% rate in September 2017 to 3.5% in September 2018. This trend is also evident in the local unemployment rate (Palm Bay-Melbourne-Titusville, Florida metropolitan statistical area) which dropped from 3.6% to 2.9% in the same time frame, an annual decrease of .7%. While the City has higher levels of unemployment and poverty and the City's ad valorem tax base is growing at a slower rate than other Brevard municipalities, the economic recovery for Cocoa steadily continues. It should be noted that the City experienced strong new construction activity during the year. In fiscal year 2018, 1503 building permits were issued with a permit valuation of \$30,064,955. The City's fiscal year 2018 certified assessed property valuation experienced an increase of \$32,007,975 from the fiscal year 2017 final valuation, an increase of 3.7%. Of that, \$12,363,420 was attributable to new construction. For fiscal year 2018, the City adopted a tax millage rate of 5.9790 mills. The millage



rate has remained at 5.9790 mills since fiscal year 2015. This millage rate, coupled with property value increases and new construction, provides sufficient revenue to fund the current level of services to the citizens and business owners of Cocoa.

It is the City's continuous goal is to preserve essential and critical services, maintain the adequate funding of reserves and provide resources to promote affordable and sustainable growth in the City of Cocoa. The City faces the challenges of meeting multi-year labor contract obligations and the continued rise in operating costs despite the slower than average increase in revenue trends. In May of 2016 Cocoa City Council adopted a community-based strategic plan (2016-2021). The strategic plan serves as a guiding document for the City to ensure resources are strategically allocated to achieve the community vision. A number of the initiatives within the plan have been implemented, and the success of the implementation can be seen within the organization as well as in the community.

LONG-TERM FINANCIAL PLANNING

The City adopts a multi-year Capital Improvement Program (CIP) annually as part of the budgetary process. The CIP is a planning tool to recognize when major cash expenditures may be necessary. The revenue sources for these projects may come from the issuance of debt, grants, new revenue sources, impact fees and/or fund reserves. Some of the major projects included in the CIP for 2019-2022 that will impact the future are:

- SR 520 Interim Safety Improvements
- Fiske Boulevard Streetscape
- Harrison Street Streetscape Project
- 6 Forrest Avenue Gateway Feature Project
- Brevard Avenue Streetscape Project
- Riverfront Park Improvement Project
- Southern Gateway Traffic Circle Project
- Pineda Street Roadway and Sidewalk Reconstruction
- Cocoa Civic Center Building Improvements
- Construction of new Joe Lee Smith Center for Justice
- City Fiber Expansion Project
- Dyal Plant Chemical Conversion & Reliability Improvement Project
- Replacement, Repair and Improvements to Utility Infrastructure
- Vehicle and Machinery Replacements

RELEVANT FINANCIAL POLICIES

The Fund Balance Reserve Policy was revised in October 2011 to comply with the new fund balance reporting requirements defined in GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. This policy, utilized by management as a budgetary tool, establishes a Capital Replacement Reserve (not less than 5% of total capital outlay reported in the prior year audited CAFR) and a Stabilization Reserve (no less than \$9.5 M or 33% of the total operating expenditures reported in the prior year audited CAFR, whichever is greater) for the General Fund. These reserves are approved by Council by a resolution and are reported in the CAFR as Committed Fund Balances. The policy states that reserves should only be used for one-time emergency expenditures. The reserves also should not be used for ongoing



expenditures unless a viable revenue plan designated to sustain the expenditures is simultaneously adopted. In the event the funds are not available to establish or replenish the minimum required balances, the target goals shall be achieved by adding a designated amount to the budget to cover the deficiencies over a period not to exceed five years.

MAJOR INITIATIVES

The City recognizes the need for repair, maintenance and replacement of streets and roads throughout the City for which the City is responsible. Some of these street projects include the Fiske Boulevard Streetscape, the Pineda Street Reconstruction, and the State Road 520 Interim Safety Improvements. These projects are in addition to the annual street paving program.

In 2018 the City and the Cocoa Redevelopment Agency constructed an attractive riverfront pedestrian walkway that is intended to provide a safe, pleasant, walkable/bikeable connection to Historic Cocoa Village from the north side of State Road 520 via an underpass of the Hubert H. Humphrey Bridge. This walkway improves access to the Village and develop the use of the City's riverfront. The City is partnered with the Florida Inland Navigation District (FIND) to fund 50% of the project.

The City also undertook the beginning of Lee Wenner Park restoration in fiscal year 2018, which was damaged due to Hurricane Irma. The restoration of the shoreline was underway as of the end of fiscal year 2018. Upon completion of the shoreline restoration, T-docks and day slips will be constructed. These amenities will provide short and long-term water access to the Historic Cocoa Village.

The City also completed construction of three (3) new fire stations in fiscal year 2018. These stations were built at a cost of over \$10 million, with \$8 million funded through debt issuance and \$2 million funded with current reserves. The construction and relocation of these stations will provide reduced call times. They are state of the art buildings that replaced aged buildings that could not meet the needs of the community.

The City operates an Employee Health Center to manage the cost of offering health care benefits to eligible employees, retirees, and family members. During the second full year of operation (FY2016), the City experienced a 38% reduction in physician visits from prior to the clinic opening and a 17% decrease in prescription utilization. This is in addition to reductions in urgent care visits and testing visits. The City saved \$2.08 for every \$1.00 spent to operate the Employee Health Center which has proven to be very popular with employees. In FY2017 the City entered into Interlocal Agreements with the Cities of Cocoa Beach, Rockledge, and Satellite Beach to share the Cocoa Employee Health Center and add a second location in Satellite Beach. These partnerships have added operating hours at both locations, providing enhanced access for City employees with no additional cost to the City.

The City refunded Series 2009A and Series 2009B Water and Sewer Utility Fund bonds with the issuance of the Series 2018A-1 bonds in the fiscal year in order to achieve cost savings. This refunding resulted in net present value savings of \$1,314,987.



OTHER INFORMATION

State Statutes require an annual audit by independent certified public accountants. The accounting firm of Moore, Stephens, Lovelace PA, was selected by the City Council to perform the audit. The Independent Auditors' Report on the financial statement, which included an unmodified ("clean") opinion, is located at the front of the financial section of this report.

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cocoa for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2017. In order 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 only. Management believes that the City's fiscal year 2018 comprehensive annual financial report (CAFR) continues to meet the Certificate of Achievement Program's requirements. This CAFR is being submitted to GFOA to determine its eligibility for award of a certificate for the fiscal year 2018 CAFR.

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Finance Department. Sincere appreciation for the contributions made in the preparation of this report are extended to each member of the Finance Department.

Sincerely,



John A. Titkanich, Jr.
City Manager



Rebecca J. Bowman
Finance Director



Government Finance Officers Association

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

Presented to

**City of Cocoa
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morrill

Executive Director/CEO



Serving the Community

COUNCIL

Henry U. Parrish, III	Mayor
Jeri Blanco	Deputy Mayor
Brenda Warner	Council Member
Clarence Whipple Jr.	Council Member
Donald Boisvert	Council Member

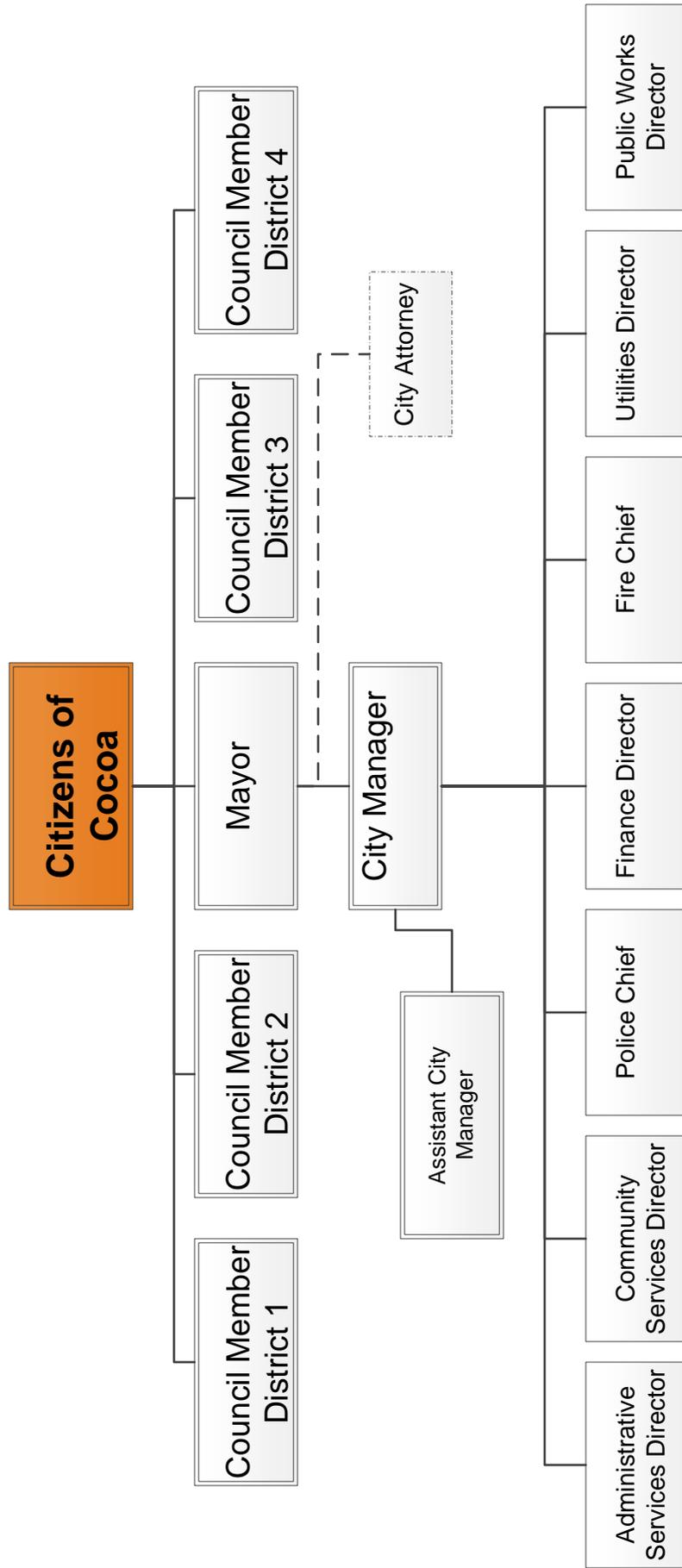
EXECUTIVE MANAGEMENT TEAM

John A. Titkanich, Jr., AICP, ICMA-CM	City Manager
Anthony Garganese	City Attorney
Matthew Fuhrer	Assistant City Manager
Rebecca Bowman, CGFO, CGFM	Finance Director
Karen D. Hamilton	Community Services Director
Gene Prince	Fire Chief
Mike Cantaloupe	Police Chief
John Walsh II, P.E.	Utilities Director
Everett J. Wegerif, P.E.	Public Works/Stormwater Director
Tammy Gemmati, PHR	Administrative Services Director

As of September 30, 2018



City of Cocoa Organizational Chart



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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Cocoa, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cocoa, Florida (the "City") as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable Mayor and
Members of the City Council
City of Cocoa, Florida

INDEPENDENT AUDITOR'S REPORT
(Concluded)

Emphasis-of-Matter – Change in Accounting Principle

As discussed in Note 3-G to the financial statements, in the fiscal year ended September 30, 2018, the City adopted the provisions of Government Accounting Standards Board Statement (GASBS) No 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of the implementation of GASBS 75, the City reported a restatement for the change in accounting principle as of October 1, 2017. Our opinions are not modified with respect to this matter.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



MOORE STEPHENS LOVELACE, P.A.

Certified Public Accountants

Orlando, Florida
March 28, 2019

Management's Discussion and Analysis

As management of the City of Cocoa (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal.

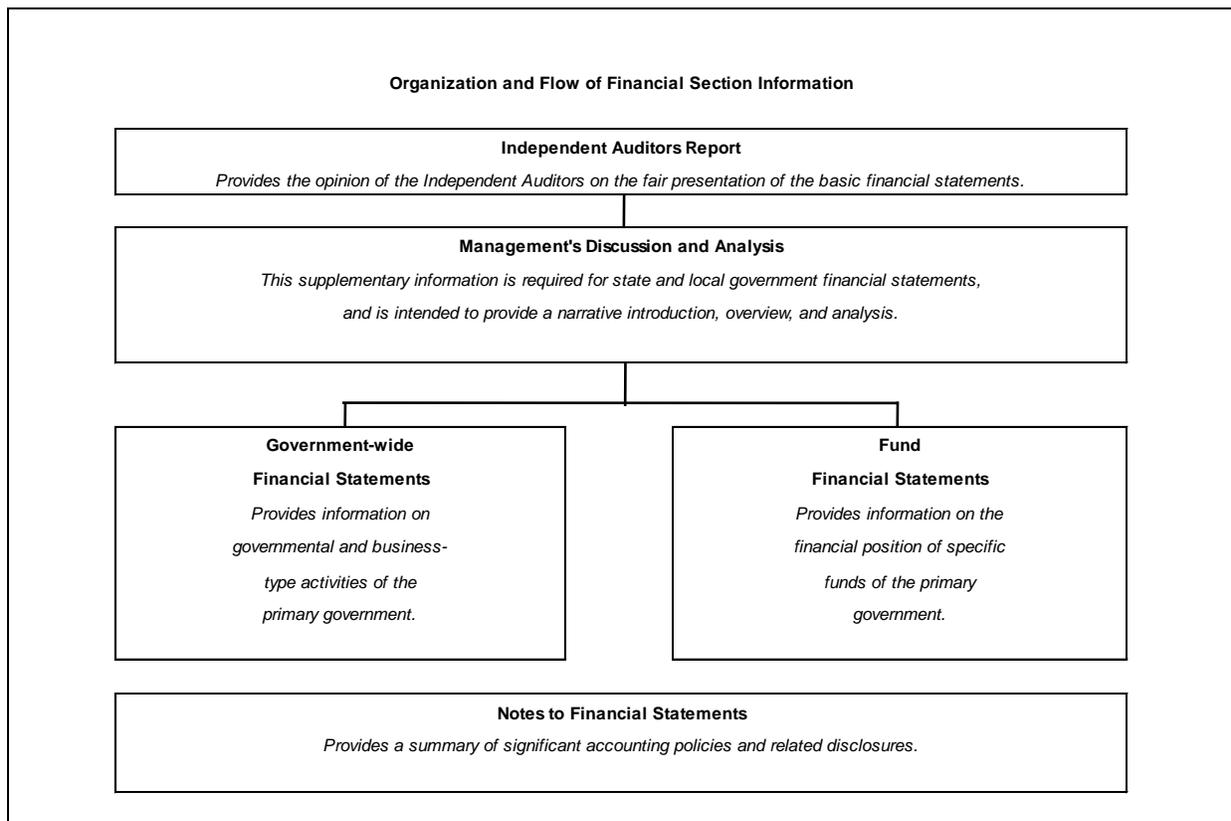
Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$186,035,259 (net position). Of this amount, \$6,936,072 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The primary government's total net position decreased \$3,320,301 or 1.8% from the previous year. This decrease was attributed to the decrease of \$7,144,401 in the governmental activities and an increase of \$3,824,100 in the business-type activities.
- At September 30, 2018, the City's governmental funds reported combined ending fund balance of \$37,084,562, a decrease of \$2,915,771 compared to the prior year. The City's governmental fund balance consists of the following:

Non-spendable	\$	1,772,972	(inventory, prepaid items and certain long-term receivables)
Restricted	\$	2,551,525	(grants and other restricted revenue sources)
Committed	\$	13,117,375	(stabilization and capital replacement reserves)
Assigned	\$	14,494,250	(community improvement projects/debt service payments)
Unassigned	\$	5,148,440	(available for spending at the government's discretion)
- At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$5,148,440 or 15.7% of total General Fund expenditures.
- The City's total long-term liabilities increased \$10,495,683 (7.0%) during the current fiscal year. The governmental activities long-term liabilities increased by \$7,071,485 due mainly to the increase in revenue bonds payable, OPEB liability, accrued claims payable and compensated absences, offset by the normal reductions resulting from annual debt service payments on notes payable and a reduction in net pension liabilities. The business-type activities long-term liabilities increased by \$3,424,198 due to the increase in the net pension liability, OPEB liability, and compensated absences, offset by the normal reductions resulting from annual debt service payments.

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 are comprised of 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.



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

The *Statement of Net Position* presents information on all of the City’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between the assets and liabilities is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities reflect the City’s basic services, including general government, public safety, physical environment, economic environment and recreation. The business-type activities of the City include the Water and Sewer Utility System and the Stormwater Utility System.

The government-wide financial statements include the City itself (known as the primary government), and two legally separate redevelopment agencies for which the City is financially accountable – Diamond Square Community Redevelopment Agency and U.S. 1 Corridor Community Redevelopment Agency. Financial information for these component units are reported separately from the financial information presented for the primary government itself. The Cocoa Community Redevelopment Agency, although also legally separate, functions for all practical purposes as a department of the City and, therefore, has been included as an integral part of the primary government.

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

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

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

The City maintains nine individual governmental funds: the General Fund, Cocoa Community Redevelopment Agency, Capital Projects Fund, and six non-major funds. The non-major funds are the Community Development Block Grant, Brevard County Home Program, Police Confiscated Funds, Police Special Education Fund, Cocoa Housing Assistance Trust Fund, and the Debt Service Fund. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Capital Projects Fund, and the Cocoa Community Redevelopment Agency, each of which is considered to be a major fund. Data from the other six 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 elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund and Special Revenue Funds. A budgetary comparison statement has been provided for the General Fund and each major Special Revenue Fund to demonstrate compliance with this budget.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise 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 its Water and Sewer Utility System and Stormwater Utility System activities. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses Internal Service Funds to account for the activity of its workers' compensation and health self-insurance plans. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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 statements because the resources of those funds are not available to support the City's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required Supplementary Information can be found in a separate section of this report.

The combining statements referred to earlier in connection with Non-major Governmental Funds and Enterprise Funds are presented immediately following the required supplementary information on pensions.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$186,035,259 at the close of fiscal year September 30, 2018.

By far, the largest portion of the City's net position (\$167,175,254 or 89.9%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure and improvements, and intangibles), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Cocoa's Net Position

An additional portion of the City's net position (\$11,923,933 or 6.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$6,936,072, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole and for its separate governmental and business-type activities. The same situation held true for the prior fiscal year. The chart below provides information on the City's net position:

	City of Cocoa Net Position					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 45,635,661	\$ 49,851,504	\$ 55,861,422	\$ 49,980,199	\$ 101,497,083	\$ 99,831,703
Capital assets (net)	48,495,915	44,195,314	209,984,868	208,813,828	258,480,783	253,009,142
Total assets	94,131,576	94,046,818	265,846,290	258,794,027	359,977,866	352,840,845
Deferred outflows of resources						
Deferred outflows related to refundings	-	-	2,160,243	-	2,160,243	-
Deferred outflows for OPEB	7,471,926	-	3,527,271	-	10,999,197	-
Deferred outflows for pensions	763,218	7,001,024	518,192	4,995,064	1,281,410	11,996,088
Total deferred outflows of resources	8,235,144	7,001,024	6,205,706	4,995,064	14,440,850	11,996,088
Noncurrent liabilities	64,846,121	57,774,636	96,165,662	92,741,464	161,011,783	150,516,100
Other liabilities	3,270,908	3,861,321	17,406,487	17,752,438	20,677,395	21,613,759
Total liabilities	68,117,029	61,635,957	113,572,149	110,493,902	181,689,178	172,129,859
Deferred inflows of resources						
Deferred inflows for OPEB	972,076	-	636,465	-	1,608,541	-
Deferred inflows for pensions	3,480,998	2,470,867	1,604,740	880,647	5,085,738	3,351,514
Total deferred inflows of resources	4,453,074	2,470,867	2,241,205	880,647	6,694,279	3,351,514
Net Position:						
Net investment in capital assets	28,913,932	19,280,723	138,261,322	132,683,806	167,175,254	151,964,529
Restricted	695,990	260,393	11,227,943	12,395,504	11,923,933	12,655,897
Unrestricted	186,695	17,399,902	6,749,377	7,335,232	6,936,072	24,735,134
Total net position	\$ 29,796,617	\$ 36,941,018	\$ 156,238,642	\$ 152,414,542	\$ 186,035,259	\$ 189,355,560

City of Cocoa's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
REVENUES						
Program revenues:						
Charges for services and fees	\$ 14,252,008	\$ 15,062,295	\$ 64,187,799	\$ 61,177,310	\$ 78,439,807	\$ 76,239,605
Operating grants and contributions	1,953,430	2,862,670	-	762,202	1,953,430	3,624,872
Capital grants and contributions	72,781	946,130	3,783,027	5,098,296	3,855,808	6,044,426
General revenues:						
Property taxes	5,168,838	5,000,611	-	-	5,168,838	5,000,611
Shared revenues	3,706,378	2,340,469	-	-	3,706,378	2,340,469
Other taxes and fees	4,083,556	3,608,198	-	-	4,083,556	3,608,198
Unrestricted investment earnings	142,396	56,406	217,198	175,279	359,594	231,685
Other	404,879	550,203	5,549	96,108	410,428	646,311
Total revenues	29,784,266	30,426,982	68,193,573	67,309,195	97,977,839	97,736,177
EXPENSES						
General government	14,324,743	13,131,276	-	-	14,324,743	13,131,276
Public safety	16,768,238	16,180,830	-	-	16,768,238	16,180,830
Physical environment	2,304,779	3,144,201	-	-	2,304,779	3,144,201
Transportation	774,532	-	-	-	774,532	-
Economic environment	1,192,366	1,534,682	-	-	1,192,366	1,534,682
Culture/recreation	1,476,661	1,404,532	-	-	1,476,661	1,404,532
Interest on long-term debt	676,437	1,180,788	-	-	676,437	1,180,788
Water and sewer	-	-	47,733,339	46,549,681	47,733,339	46,549,681
Stormwater	-	-	1,218,376	1,152,168	1,218,376	1,152,168
Unallocated depreciation	-	129,012	-	-	-	129,012
Total expenses	37,517,756	36,705,321	48,951,715	47,701,849	86,469,471	84,407,170
Increase/(decrease) in net position before transfers/special items	(7,733,490)	(6,278,339)	19,241,858	19,607,346	11,508,368	13,329,007
Transfers	7,280,466	6,590,172	(7,280,466)	(6,590,172)	-	-
Increase/(decrease) in net position	(453,024)	311,833	11,961,392	13,017,174	11,508,368	13,329,007
Net Position - Beginning of Year (as restated)	30,249,641	36,629,185	144,277,250	139,397,368	11,508,368	176,026,553
Net Position - End of Year	\$ 29,796,617	\$ 36,941,018	\$ 156,238,642	\$ 152,414,542	\$ 186,035,259	\$ 189,355,560

Governmental activities. Governmental activities decreased the City's net position by \$453,024. Key elements of this decrease are as follows:

- The City's total governmental revenues, excluding transfers, decreased by \$642,716 (2.1%) from the prior year. Charges for services, operating and capital grants and contributions experienced decreases. Property taxes, other taxes, shared revenues and miscellaneous income experienced increases of \$2,095,484 (19.0%).
- Expenses related to governmental activities increased by \$812,435 (2.2%) from the prior year. This increase can be attributed to an increase in capital spending.
- Although governmental expenditures exceeded revenues by \$7,733,490, the net contributions from other funds (transfers) of \$7,280,466 decreased the deficit to \$453,024.

Business-type activities. Business-type activities increased the City's net position by \$11,961,392. Key elements of this increase are as follows:

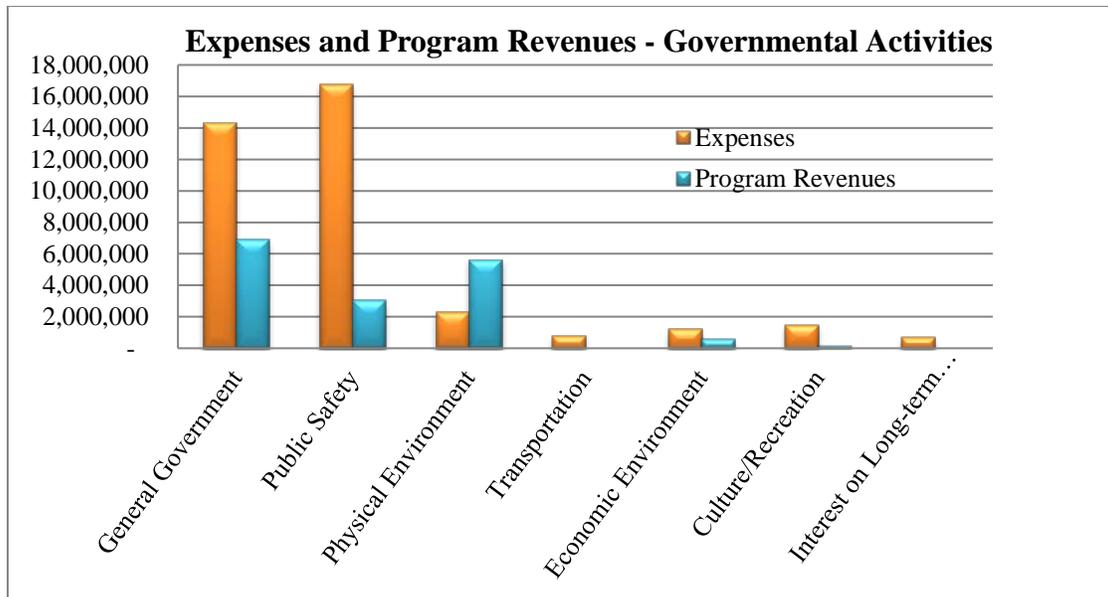
- Business-type activities reflect a 1.3% increase in revenues in the amount of \$884,378. This increase can be attributed to an increase in charges for services of \$3,010,489. The increase was offset by a decrease of \$2,077,471 in capital and operating grants and contributions.
- Business-type revenues exceeded expenses by \$19,241,858 before transfers to the General Fund. Expenses, before transfers, related to business-type activities increased \$1,249,866 (2.6%) from the previous year. This increase can be attributed to the increases in the overall cost of doing business in the utility system.

The following charts and graphs show the results of governmental activities for fiscal year ended 2018:

Expenses and Program Revenues - Governmental Activities

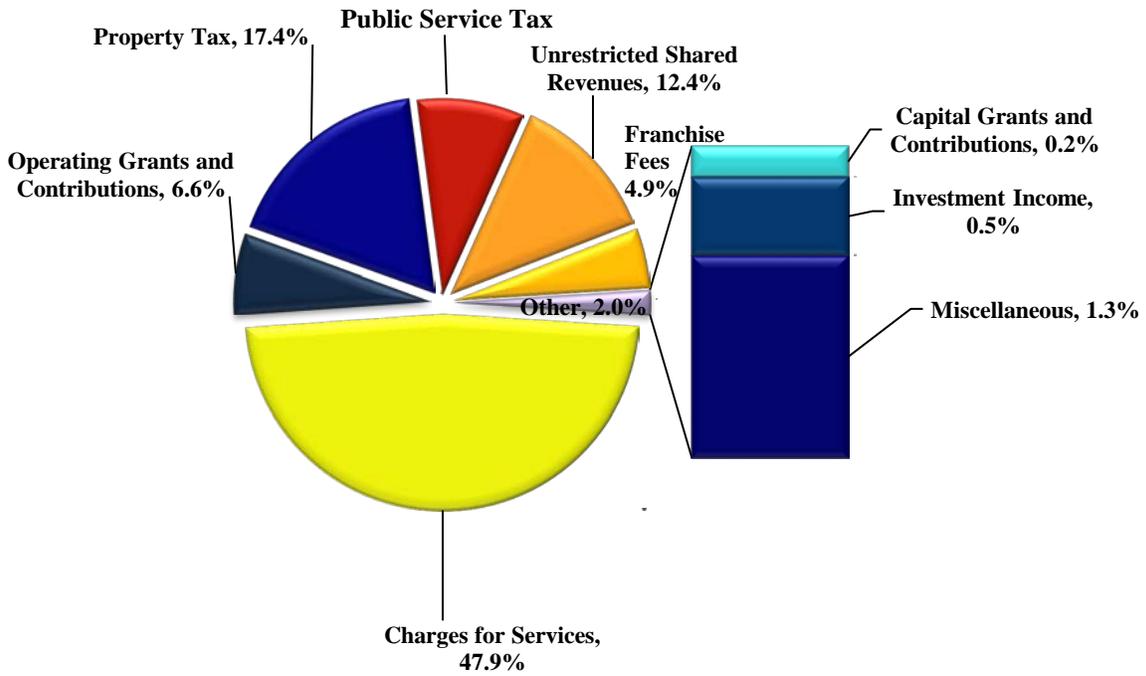
For the Year Ended September 30, 2018

Functions/Programs	Expenditures	% of Total	Program Revenues	% of Total	Net (Expense) Revenue
General government	\$ 14,324,743	38.2%	\$ 6,910,833	42.4%	\$ (7,413,910)
Public safety	16,768,238	44.7%	3,021,440	18.6%	(13,746,798)
Physical environment	2,304,779	6.1%	5,651,834	34.7%	3,347,055
Transportation	774,532	2.1%	-	0.0%	(774,532)
Economic environment	1,192,366	3.2%	570,367	3.5%	(621,999)
Culture/recreation	1,476,661	3.9%	123,745	0.8%	(1,352,916)
Interest on long-term debt	676,437	1.8%	-	0.0%	(676,437)
	<u>\$ 37,517,756</u>	<u>100.0%</u>	<u>\$ 16,278,219</u>	<u>100.0%</u>	<u>\$ (21,239,537)</u>

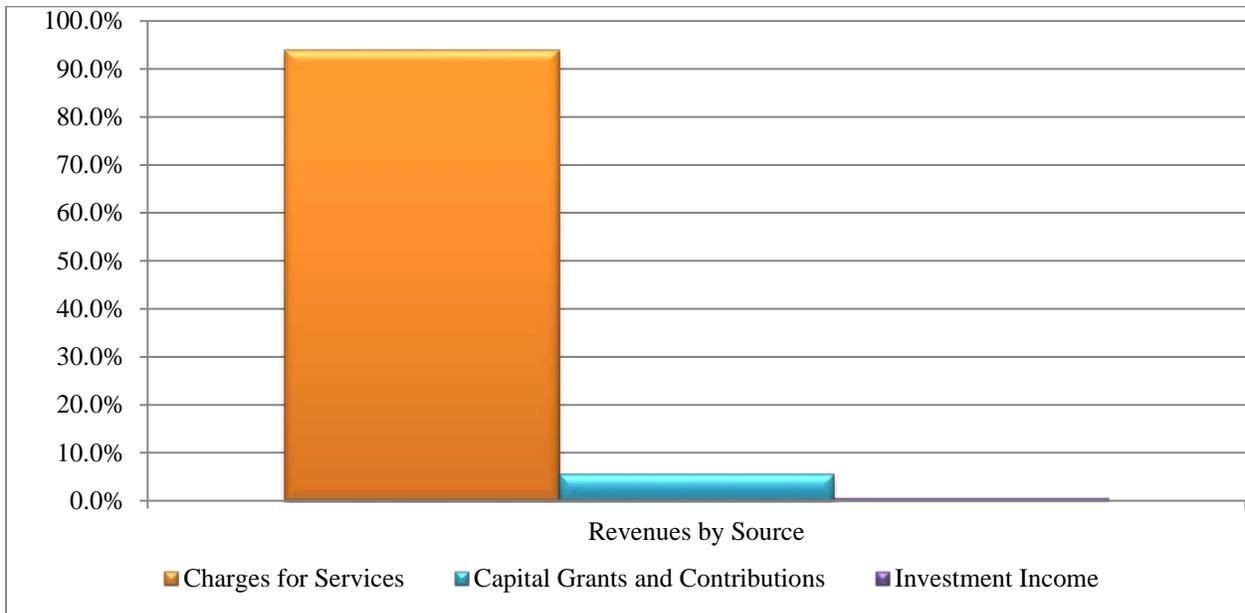


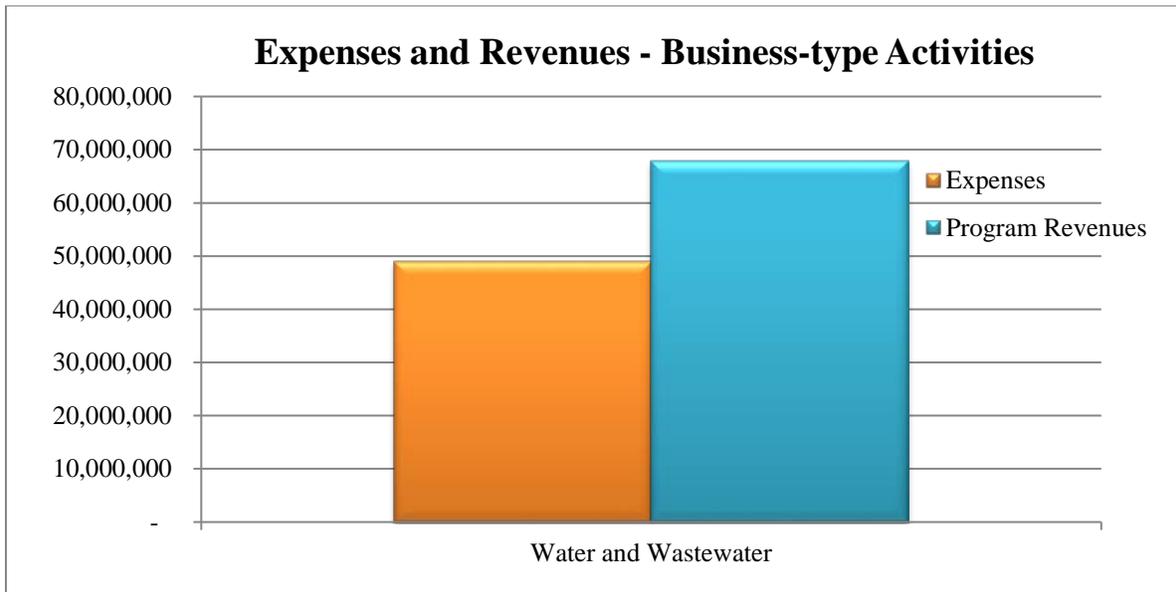
Description	Revenues	% of Total
Charges for services	\$ 14,252,008	47.9%
Operating grants and contributions	1,953,430	6.6%
Capital grants and contributions	72,781	0.2%
Property tax	5,168,838	17.4%
Public service tax	2,628,618	8.8%
Unrestricted shared revenues	3,706,378	12.4%
Gain on sale of capital assets	9,271	0.0%
Franchise fees	1,454,938	4.9%
Investment revenue	142,396	0.5%
Miscellaneous	395,608	1.3%
	<u>\$ 29,784,266</u>	<u>100.0%</u>

Revenues by Source - Governmental Activities



Revenues by Source - Business-type Activities





The largest portion of revenues for business-type funds are charges for services. This is comprised of charges for water and sewer services in the Water and Sewer System and stormwater fees in the Stormwater Fund.

Financial Analysis of the Government’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. The equity section indicates the extent to which the government is bound to honor constraints on the specific purpose for which amounts in the fund can be spent. The five components of fund balance are as follows:

- Non-spendable fund balance – the portion of the fund balance that cannot be spent because of its form or must be maintained intact. Examples are inventory, prepaid items and certain long-term receivables.
- Restricted fund balance – the portion of the fund balance subject to externally enforceable legal restrictions. Examples are grants, contributions and restricted debt service requirements.
- Committed fund balance – the portion of the fund balance constrained by limitations imposed by the City Council, by resolution, for specific purposes. Examples are stabilization reserve, capital replacement reserve and health insurance reserve.
- Assigned fund balance – the portion of the fund balance assigned to specific projects or items by the City Council or City Manager. Examples are reserves dedicated to future specific projects and debt service reserves that are not legally restricted.
- Unassigned fund balance – the remaining portion of the fund balance available for spending at the government’s discretion.

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balance of \$37,084,562, a decrease of \$2,915,771 in comparison to the prior year. The amount of \$5,148,440 constitutes the unassigned portion of the fund balance which is available for spending at the government’s discretion. The remainder of the fund balance is non-spendable, restricted, committed or assigned to indicate restriction requirements depending on the classification. Major restrictions, commitments or assignments include 1) \$2,551,525 is restricted by grant requirements and State Statutes, 2) \$13,117,375 is committed for capital replacement and unanticipated events adversely affecting the financial condition of the City and jeopardizing the continuation of necessary public services, and 3) \$14,494,250 is assigned for future expenses for Fiske Boulevard streetscape improvements, Dr. Joe Lee Smith Center, City-wide software upgrade, city-wide roadway construction, economic development catalyst projects and economic incentives.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance of the General Fund was \$32,811,490, an increase of \$633,145 from the previous year, primarily due to an increase in operating expenditures, offset by a decrease in capital outlay. As a measure of the General Fund’s liquidity, it may be useful to compare the unassigned fund balance to total expenditures. This amount represents 15.7% of total General Fund expenditures.

The Cocoa Community Redevelopment Agency Fund has a total fund balance of \$1,293,913. The increase in fund balance of \$347,937 over the prior year is primarily due to an increase in tax increment financing, due to higher taxable values, offset by decreases in capital outlay and other expenditures.

The Capital Projects Fund has a total fund balance of \$1,716,632. The net decrease in fund balance during the current year in the Capital Projects Fund was \$4,138,766. The decrease in fund balance is due to completion of three (3) fire stations in the current year.

Proprietary Funds. The City’s Proprietary Funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Fund at the end of the current fiscal year amounted to \$6,306,295, a decrease of \$640,552. This decrease can be attributed to decreased capital spending, offset by increases in operating costs and increases in charges for services.

General Fund Budgetary Highlights

	Original Budget	Final Budget	Change
General government	\$ 12,770,863	\$ 13,103,953	\$ 333,090
Public safety	15,237,767	15,352,147	114,380
Physical environment	2,388,840	2,712,728	323,888
Transportation	3,550,369	3,751,953	201,584
Culture/recreation	1,537,191	1,549,222	12,031
Economic environment	1,568,988	1,554,988	(14,000)
Other sources/(uses)	7,500,095	6,680,390	(819,705)
	<u>\$ 44,554,113</u>	<u>\$ 44,705,381</u>	<u>\$ 151,268</u>

The net differences between the original budget and the final amended budget expenditures resulted in an increase in the amount appropriated for expenditures, including transfers out, of \$151,268, which is a result of an increase in transfers out to other funds, and the following unanticipated revenues or use of fund balance reserves:

- Transfer out to Capital Projects Fund - \$433,202
- Transfer out to Workers' Comp Insurance Fund - \$105,921
- Reserves – New Phone System - \$167,505
- Reserves – Fire Engine Refurbishment - \$121,000
- Reserves - Additional budget for emergency management - \$132,547

	Actual			Percent
	Expenditures	Final Budget	Change	Change
General government	\$ 12,639,764	\$ 13,103,953	\$ 464,189	3.5%
Public safety	14,483,163	15,352,147	868,984	5.7%
Economic environment	375,520	1,554,988	1,179,468	75.9%
Physical environment	2,315,399	2,712,728	397,329	14.6%
Transportation	1,680,310	3,751,953	2,071,643	55.2%
Culture/recreation	1,295,547	1,549,222	253,675	16.4%
Other sources/(uses)	6,870,273	6,680,390	(189,883)	-2.8%
	<u>\$ 39,659,976</u>	<u>\$ 44,705,381</u>	<u>\$ 5,045,405</u>	

The actual expenditures were \$5,045,405 under the final budget projections. There was an economic incentive budgeted for \$1,000,000 that did not occur during the fiscal year as anticipated. In addition, the \$1,750,000 for the Fiske Blvd. project was not used because the project was delayed, \$121,000 was not completed for a fire truck refurbishment, and the police department underspent \$479,970 in personnel services due to open positions not being filled. There were other minor cost savings throughout all departments in personnel services and operating expenses.

Actual resources available for appropriation were more than the final budget. The final revenue budgeted for the General Fund was \$32,609,451; actual receipts of \$34,113,087 indicated an excess of 14.8% from anticipated revenues. This was due to an anticipated payment for economic incentives (\$1,000,000) not occurring and (\$1,859,961) in capital activity in the Public Works division not occurring, in addition to other position vacancies and other various cost savings.

Capital Asset and Long-term Liabilities

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2018, amounts to \$258,480,783 (net of accumulated depreciation). This represents a net increase of \$5,471,641 (2.2%) from the previous year, a \$4,300,601 (9.7%) increase for governmental activities, and a \$1,171,040 (.6%) increase for business-type activities. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, intangibles and construction in progress.

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

- Additional costs for completion of three (3) fire stations - \$4,551,461
- Lee Wenner Park renovation - \$523,339
- Stone Street streetscape - \$845,397
- Fiske Blvd. improvements - \$64,719
- Riverfront Park connector - \$361,975
- Heart of Cocoa meeting room - \$134,719
- Equipment - Fire - \$489,089
- Equipment - Streets and grounds - \$208,987
- Equipment - Fleet - \$87,894
- Telemetry Control System - \$928,337
- Vehicles - Water and Sewer - \$508,963
- Pineda Causeway Pipeline - \$969,760
- Water Capital Improvements Software - \$662,506
- BNR Efficiency Improvement - \$723,637
- Sewer Lines - \$441,935

These asset additions were offset by depreciation expense.

City's Capital Assets (Net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 6,876,215	\$ 6,698,756	\$ 2,919,197	\$ 2,919,197	\$ 9,795,412	\$ 9,617,953
Wastewater disposal rights, net	-	-	-	-	-	-
Buildings and improvements	25,865,248	18,163,369	354,556,024	346,034,073	380,421,272	364,197,442
Machinery and equipment	16,430,915	15,444,544	24,407,342	23,189,489	40,838,257	38,634,033
Software	2,123,750	2,113,907	2,707,027	2,680,072	4,830,777	4,793,979
Infrastructure	71,793,763	69,382,481	-	-	71,793,763	69,382,481
Construction in progress	679,916	4,999,551	34,960,230	32,708,101	35,640,146	37,707,652
	123,769,807	116,802,608	419,549,820	407,530,932	543,319,627	524,333,540
Less: accumulated depreciation	(75,273,892)	(72,607,294)	(209,564,952)	(198,717,104)	(284,838,844)	(271,324,398)
Capital assets, net	\$ 48,495,915	\$ 44,195,314	\$ 209,984,868	\$ 208,813,828	\$ 258,480,783	\$ 253,009,142

Long-term Liabilities. At the end of the current fiscal year, the City had total debt outstanding of \$91,159,569. The entire amount of the City’s bonded debt represents bonds secured by specified revenue sources (i.e., revenue bonds).

**City of Cocoa
Outstanding Long-term Debt**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Bonds payable	\$ 16,410,421	\$ 16,889,602	\$ 53,625,144	\$ 57,739,956	\$ 70,035,565	\$ 74,629,558
Notes and loans payable	3,103,000	3,700,000	17,952,442	19,919,095	21,055,442	23,619,095
Capital leases	68,562	-	-	-	68,562	-
	\$ 19,581,983	\$ 20,589,602	\$ 71,577,586	\$ 77,659,051	\$ 91,159,569	\$ 98,248,653

The City’s long-term debt decreased by \$7,089,084 (7.2%) during the current fiscal year. The primary reasons for the increase are due to scheduled debt service payments.

Economic Factors and Next Year’s Budgets and Rates

Local, national and international economic factors influence the City’s revenues in a variety of ways. Positive economic growth is correlated with increased revenues from property taxes, sales taxes, fuel taxes, charges for services, and state revenue sharing, as well as state and federal grants. Economic growth may be measured by a variety of indicators, such as employment growth, new construction, assessed property values and enterprise fund revenues and net asset growth. The local economy has continued its recovery since the Great Recession. In spite of the steady recovery, local revenue sources have still not recovered to pre-recession amounts. The City maintained its millage rate of 5.979 mills, and, as a result, no reduction in the level of services were required for the FY 2019 budget. This was accomplished by adhering to the City’s comprehensive financial policies, a thorough reassessment of the base budget and a critical review of all proposed additions to the budget.

The unemployment rate for the City and the surrounding area at September 30, 2018, was 2.9%, a .7% drop from the previous year. This compares to an unemployment rate of 3.5% for the state of Florida and 3.7% nationally.

The City Council adopted the tax millage rate of 5.979 in fiscal year 2018 to sufficiently fund the current level of services to the citizens and business owners of Cocoa. The taxable value of real property increased 3.7% in 2018. Other revenue increases in FY 2019 are attributable to planned rate increases for fire assessment, water and sewer, and stormwater rates.

Requests for Information

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 65 Stone Street, Cocoa, Florida 32922.

BASIC FINANCIAL STATEMENTS

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

	Primary Government			Component Units	
	Governmental Activities	Business- Type Activities	Total	Diamond Square Redevelopment Agency	U.S. 1 Corridor Redevelopment Agency
Assets:					
Cash and cash equivalents	\$ 31,347,621	\$ 5,423,516	\$ 36,771,137	\$ 180,635	\$ 15,039
Investments	11,373,669	16,233,003	27,606,672	-	-
Receivables	1,369,489	7,914,176	9,283,665	17	19
Receivables, earned but not billed	65,811	5,331,317	5,397,128	-	-
Interest receivable	51,564	138,897	190,461	-	-
Tax receivable	34,639	-	34,639	-	-
Due from other governments	560,898	-	560,898	-	-
Deposits	4,350	-	4,350	-	-
Inventory	54,048	934,098	988,146	-	-
Prepaid items	501,681	239,691	741,372	4,826	4,390
Restricted assets:					
Cash and cash equivalents	-	4,171,182	4,171,182	-	-
Investments	-	15,475,542	15,475,542	-	-
Other receivable	271,891	-	271,891	-	-
Capital assets:					
Land	6,876,215	2,919,197	9,795,412	181,192	286,391
Buildings	25,865,248	10,918,043	36,783,291	-	-
Improvements other than buildings	-	343,637,981	343,637,981	-	-
Machinery and equipment	16,430,915	24,407,342	40,838,257	-	-
Infrastructure	71,793,763	-	71,793,763	430,362	692,313
Intangibles	2,123,750	2,707,027	4,830,777	-	-
Construction in progress	679,916	34,960,230	35,640,146	-	-
Less accumulated depreciation	(75,273,892)	(209,564,952)	(284,838,844)	(72,687)	(140,606)
Total assets	<u>94,131,576</u>	<u>265,846,290</u>	<u>359,977,866</u>	<u>724,345</u>	<u>857,546</u>
Deferred Outflows of Resources:					
Deferred outflows related to refundings	-	2,160,243	2,160,243	-	-
Deferred outflows related to pensions	7,471,926	3,527,271	10,999,197	-	-
Deferred outflows related to OPEB	763,218	518,192	1,281,410	-	-
Total deferred outflows of resources	<u>8,235,144</u>	<u>6,205,706</u>	<u>14,440,850</u>	<u>-</u>	<u>-</u>
Liabilities:					
Accounts, contracts and retainage payable	2,222,419	12,900,683	15,123,102	18,611	-
Accrued payroll and related liabilities	561,391	273,361	834,752	884	375
Accrued interest payable	-	159,051	159,051	-	-
Due to other governments	2,574	8,152	10,726	-	-
Payable from restricted assets:					
Customer and developer escrow deposits	-	2,420,765	2,420,765	-	-
Escrow deposits	27,156	1,644,475	1,671,631	-	-
Unearned revenue	344,950	-	344,950	-	-
Other liabilities	112,418	-	112,418	-	-
Noncurrent liabilities:					
Due within one year:					
Revenue bonds payable	470,000	2,940,000	3,410,000	-	-
Notes payable	611,000	-	611,000	-	-
Capital lease	32,910	-	32,910	-	-
State revolving loans payable	-	2,014,283	2,014,283	-	-
Accrued claims payable	2,359,650	-	2,359,650	-	-
Compensated absences	498,892	250,556	749,448	-	-
Due in more than one year:					
Revenue bonds payable	15,940,421	52,845,387	68,785,808	-	-
Notes payable	2,492,000	-	2,492,000	-	-
Capital lease	35,652	-	35,652	-	-
State revolving loans payable	-	15,938,159	15,938,159	-	-
Accrued claims payable	2,361,000	-	2,361,000	-	-
Total OPEB liability	20,586,425	13,319,026	33,905,451	-	-
Compensated absences	658,276	332,816	991,092	-	-
Net pension liability	18,799,895	8,525,435	27,325,330	-	-
Total liabilities	<u>68,117,029</u>	<u>113,572,149</u>	<u>181,689,178</u>	<u>19,495</u>	<u>375</u>
Deferred Inflows of Resources:					
Deferred inflows related to pensions	3,480,998	1,604,740	5,085,738	-	-
Deferred inflows related to OPEB	972,076	636,465	1,608,541	-	-
Total deferred inflows of resources	<u>4,453,074</u>	<u>2,241,205</u>	<u>6,694,279</u>	<u>-</u>	<u>-</u>
Net Position:					
Net investment in capital assets	28,913,932	138,261,322	167,175,254	538,867	838,098
Restricted for:					
Public safety	131,598	-	131,598	-	-
Housing assistance	564,392	-	564,392	-	-
Debt service	-	5,123,716	5,123,716	-	-
Renewal and replacement	-	6,104,227	6,104,227	-	-
Unrestricted	186,695	6,749,377	6,936,072	165,983	19,073
Total net position	<u>\$ 29,796,617</u>	<u>\$ 156,238,642</u>	<u>\$ 186,035,259</u>	<u>\$ 704,850</u>	<u>\$ 857,171</u>

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

City of Cocoa, Florida
Statement of Activities
Year Ended September 30, 2018

Functions/Programs:	Net (Expense) Revenue and Changes in Net Position									
	Expenses	Program Revenues			Primary Government			Component Units		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total	Diamond Square Redevelopment Agency	U.S. 1 Corridor Redevelopment Agency	
Primary Government										
Governmental activities:										
General government	\$ 14,324,743	\$ 6,254,900	\$ 655,933	\$ -	\$ (7,413,910)	\$ -	\$ (7,413,910)	\$ -	\$ -	
Public safety	16,768,238	2,560,844	460,596	-	(13,746,798)	-	(13,746,798)	-	-	
Recreation	1,476,661	123,745	-	-	(1,352,916)	-	(1,352,916)	-	-	
Economic development	1,192,366	-	497,586	72,781	(621,999)	-	(621,999)	-	-	
Physical environment	2,304,779	5,312,519	339,315	-	3,347,055	-	3,347,055	-	-	
Transportation	774,532	-	-	-	(774,532)	-	(774,532)	-	-	
Interest on long-term debt	676,437	-	-	-	(676,437)	-	(676,437)	-	-	
Total governmental activities	<u>37,517,756</u>	<u>14,252,008</u>	<u>1,953,430</u>	<u>72,781</u>	<u>(21,239,537)</u>	<u>-</u>	<u>(21,239,537)</u>	<u>-</u>	<u>-</u>	
Business-type activities:										
Water and sewer	47,733,339	62,391,805	-	3,783,027	-	18,441,493	18,441,493	-	-	
Stormwater utility	1,218,376	1,704,541	-	-	-	486,165	486,165	-	-	
Total business-type activities	<u>48,951,715</u>	<u>64,096,346</u>	<u>-</u>	<u>3,783,027</u>	<u>-</u>	<u>18,927,658</u>	<u>18,927,658</u>	<u>-</u>	<u>-</u>	
Total primary government	<u>\$ 86,469,471</u>	<u>\$ 78,348,354</u>	<u>\$ 1,953,430</u>	<u>\$ 3,855,808</u>	<u>\$ (21,239,537)</u>	<u>\$ 18,927,658</u>	<u>\$ (2,311,879)</u>	<u>\$ -</u>	<u>\$ -</u>	
Component Units										
Diamond Square										
Redevelopment Agency	\$ 61,546	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (61,546)	\$ -	
U.S. 1 Corridor										
Redevelopment Agency	202,957	-	-	-	-	-	-	-	(202,957)	
Total component units	<u>\$ 264,503</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (61,546)</u>	<u>\$ (202,957)</u>	
General revenues:										
Property taxes					\$ 5,168,838	\$ -	\$ 5,168,838	\$ -	\$ -	
Public utility and communication taxes					2,628,618	-	2,628,618	-	-	
Franchise fees					1,454,938	-	1,454,938	-	-	
Shared revenues not restricted to specific programs					3,706,378	-	3,706,378	151,037	180,501	
Gain on sale of capital assets					9,271	97,002	106,273	-	-	
Unrestricted investment earnings					142,396	217,198	359,594	244	188	
Miscellaneous					395,608	-	395,608	8,000	-	
Transfers, net					7,280,466	(7,280,466)	-	-	-	
Total general revenues					<u>20,786,513</u>	<u>(6,966,266)</u>	<u>13,820,247</u>	<u>159,281</u>	<u>180,689</u>	
Change in net position					<u>(453,024)</u>	<u>11,961,392</u>	<u>11,508,368</u>	<u>97,735</u>	<u>(22,268)</u>	
Net position, beginning (as restated)					<u>30,249,641</u>	<u>144,277,250</u>	<u>174,526,891</u>	<u>607,115</u>	<u>879,439</u>	
Net position, ending					<u>\$ 29,796,617</u>	<u>\$ 156,238,642</u>	<u>\$ 186,035,259</u>	<u>\$ 704,850</u>	<u>\$ 857,171</u>	

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

City of Cocoa, Florida
Balance Sheet - Governmental Funds
September 30, 2018

	General Fund	Cocoa Redevelopment Agency	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 25,739,041	\$ 2,336,036	\$ 1,053,161	\$ 414,448	\$ 29,542,686
Investments	7,768,399	-	-	561,782	8,330,181
Accounts receivable, net	1,060,341	-	-	308,174	1,368,515
Accounts receivable earned, but not billed	65,811	-	-	-	65,811
Interest receivable	34,894	224	69	2,555	37,742
Tax receivable	34,639	-	-	-	34,639
Due from other funds	54,458	-	54,320	-	108,778
Due from other governments	555,656	-	-	5,242	560,898
Inventory	54,048	-	-	-	54,048
Prepaid items	346,452	4,915	-	-	351,367
Deposits	-	4,350	-	-	4,350
Deferred charges	-	1,500,000	-	-	1,500,000
Other receivable	-	271,891	-	-	271,891
Advance to other funds	1,367,557	-	788,135	-	2,155,692
Total assets	\$ 37,081,296	\$ 4,117,416	\$ 1,895,685	\$ 1,292,201	\$ 44,386,598
Liabilities:					
Liabilities					
Accounts payable	\$ 1,725,035	\$ 283,792	\$ 179,053	\$ 493	\$ 2,188,373
Accrued payroll and related liabilities	557,176	3,350	-	865	561,391
Unearned revenue	344,950	-	-	-	344,950
Due to other funds	-	108,778	-	-	108,778
Due to other governments	2,574	-	-	-	2,574
Escrow deposits	1,278	-	-	25,878	27,156
Other liabilities	112,418	-	-	-	112,418
Advance from other funds	-	2,155,692	-	-	2,155,692
Total liabilities	2,743,431	2,551,612	179,053	27,236	5,501,332
Deferred Inflows of Resources:					
Deferred inflows - sale of building	1,500,000	-	-	-	1,500,000
Deferred inflows - unavailable grant revenue	26,375	-	-	2,438	28,813
Deferred inflow - Whitley Marina settlement revenue	-	271,891	-	-	271,891
Total deferred inflows of resources	1,526,375	271,891	-	2,438	1,800,704
Fund Balances:					
Nonspendable	1,768,057	4,915	-	-	1,772,972
Restricted	-	1,288,998	-	1,262,527	2,551,525
Committed	11,400,743	-	1,716,632	-	13,117,375
Assigned	14,494,250	-	-	-	14,494,250
Unassigned	5,148,440	-	-	-	5,148,440
Total fund balances	32,811,490	1,293,913	1,716,632	1,262,527	37,084,562
Total liabilities and fund balances	\$ 37,081,296	\$ 4,117,416	\$ 1,895,685	\$ 1,292,201	\$ 44,386,598

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

City of Cocoa, Florida
Reconciliation of Balance Sheet to the Statement of Net Position
Year Ended September 30, 2018

Total fund balances of governmental funds		\$ 37,084,562
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred inflows (related to the Whitley Marina settlement) recorded in the funds was previously recorded as revenue in governmental activities but deferred in governmental funds.		271,891
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		48,495,915
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in governmental funds.		
Deferred outflows of resources for pensions	\$ 7,471,926	
Deferred inflows of resources for pensions	<u>(3,480,998)</u>	3,990,928
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in governmental funds.		
Deferred outflows of resources for OPEB	\$ 763,218	
Deferred inflows of resources for OPEB	<u>(972,076)</u>	(208,858)
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. Long-term liabilities at year-end consist of:		
Bonds payable	(15,965,000)	
Add: Deferred charge on refunding (to be amortized as interest expense)	(445,421)	
Notes payable	(3,103,000)	
Capital lease	(68,562)	
Accrued interest payable	-	
Other postemployment benefits	(20,586,425)	
Net pension liability	(18,799,895)	
Compensated absences	<u>(1,157,168)</u>	(60,125,471)
Internal service funds are used by management to charge the costs of certain activities, such as workers' compensation and health insurance to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position		258,837
Deferred inflows from federal and state grants recognized as revenue of the current period.		<u>28,813</u>
Total net position of governmental activities		<u><u>\$ 29,796,617</u></u>

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

City of Cocoa, Florida
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
Year Ended September 30, 2018

	General Fund	Cocoa Redevelopment Agency	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 7,226,518	\$ -	\$ -	\$ 570,938.00	\$ 7,797,456
Licenses, permits, and fees	3,307,073	-	-	815,611	4,122,684
Intergovernmental	3,346,176	1,185,970	-	810,550	5,342,696
Charges for services	11,376,107	-	-	-	11,376,107
Fines and forfeitures	34,056	-	-	9,587	43,643
Investment earnings	65,030	2,677	2,805	3,013	73,525
Miscellaneous	1,197,610	39,027	-	32,875	1,269,512
Total revenues	26,552,570	1,227,674	2,805	2,242,574	30,025,623
Expenditures:					
Current:					
General government	11,940,914	-	-	-	11,940,914
Public safety	14,249,945	-	-	-	14,249,945
Economic development	374,080	307,544	-	321,731	1,003,355
Recreation	1,231,144	-	-	-	1,231,144
Physical environment	2,100,555	-	97,892	-	2,198,447
Transportation	621,326	-	-	-	621,326
Capital outlay	2,307,386	477,717	4,416,551	8,871	7,210,525
Debt service:					
Principal	32,910	-	-	1,052,000	1,084,910
Interest	-	-	-	700,618	700,618
Total expenditures	32,858,260	785,261	4,514,443	2,083,220	40,241,184
Excess (deficiency) of revenues over (under) expenditures	(6,305,690)	442,413	(4,511,638)	159,354	(10,215,561)
Other Financing Sources (Uses):					
Transfers in	7,435,272	-	472,872	82,559	7,990,703
Transfers out	(621,682)	(94,476)	(100,000)	-	(816,158)
Proceeds from sales of capital assets	23,773	-	-	-	23,773
Capital lease	101,472	-	-	-	101,472
Total other financing sources (uses)	6,938,835	(94,476)	372,872	82,559	7,299,790
Net change in fund balances	633,145	347,937	(4,138,766)	241,913	(2,915,771)
Fund Balances, Beginning of Year	32,178,345	945,976	5,855,398	1,020,614	40,000,333
Fund Balances, End of Year	\$ 32,811,490	\$ 1,293,913	\$ 1,716,632	\$ 1,262,527	\$ 37,084,562

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

City of Cocoa, Florida
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended September 30, 2018

Net change in fund balances - total governmental funds		\$ (2,915,771)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital purchases as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.		
Expenditures for capital assets	\$ 7,214,088	
Less current year depreciation	<u>(2,898,985)</u>	4,315,103
In the statement of activities, only the gain or loss on the sale of capital assets are reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the capital assets sold or disposed.		
Proceeds from sale of capital of assets		(23,773)
Gain on sale of capital assets		9,271
Cash pension contributions reported in the funds were greater than the calculated pension expense on the statement of activities and therefore increased net position.		
		(1,261,331)
Internal service funds are used by management to charge the costs of certain activities, such as workers' compensation and health insurance to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		
		(867,749)
The issuance of long-term debt (e.g., bonds and notes payable) provide current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas those amounts are deferred and amortized in the statement of activities.		
Principal payments	1,084,910	
Issuance of capital lease	(101,472)	
Amortization of premium and discount	<u>24,181</u>	1,007,619
Some revenues are recorded in the statement of activities, but since they do not provide current financial resources are not reported as revenues in the funds. This is the net amount of revenues recorded in the statement of activities in the current year.		
		(319,500)
Some expenses reported in the statement of activities (e.g., compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
		21,864
The increase in the other post-employment benefit obligation reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.		
		<u>(418,757)</u>
Change in Net Position of Governmental Activities		<u><u>\$ (453,024)</u></u>

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

City of Cocoa, Florida
Statement of Net Position -
Proprietary Funds
September 30, 2018

	Business-type Activities - Enterprise Funds			Governmental
	Water and Sewer System	Stormwater Fund	Total	Activities - Internal Service Funds
Assets:				
Current assets:				
Cash and cash equivalents	\$ 4,798,995	\$ 624,521	\$ 5,423,516	\$ 1,804,935
Restricted current assets:				
Cash and cash equivalents	4,171,182	-	4,171,182	-
Investments	16,038,654	194,349	16,233,003	3,043,488
Accounts receivable, net	7,690,110	224,066	7,914,176	974
Accounts receivable earned, but not billed	5,284,969	46,348	5,331,317	-
Interest receivable	137,984	913	138,897	13,822
Inventory	934,098	-	934,098	-
Prepaid items	233,752	5,939	239,691	150,314
Total current assets	<u>39,289,744</u>	<u>1,096,136</u>	<u>40,385,880</u>	<u>5,013,533</u>
Noncurrent assets:				
Restricted noncurrent assets:				
Investments	15,475,542	-	15,475,542	-
Capital assets:				
Land	2,795,148	124,049	2,919,197	-
Buildings	10,918,043	-	10,918,043	-
Improvements other than buildings	338,090,657	5,547,324	343,637,981	-
Machinery and equipment	22,663,802	1,743,540	24,407,342	-
Intangibles	2,707,027	-	2,707,027	-
Construction in progress	34,902,838	57,392	34,960,230	-
Less accumulated depreciation/amortization	(207,058,421)	(2,506,531)	(209,564,952)	-
Total capital assets, net of accumulated depreciation/amortization	<u>205,019,094</u>	<u>4,965,774</u>	<u>209,984,868</u>	<u>-</u>
Total noncurrent assets	<u>220,494,636</u>	<u>4,965,774</u>	<u>225,460,410</u>	<u>-</u>
Total assets	<u>259,784,380</u>	<u>6,061,910</u>	<u>265,846,290</u>	<u>5,013,533</u>
Deferred Outflows of Resources:				
Deferred outflows related to refundings	2,160,243	-	2,160,243	-
Deferred outflows related to pensions	3,396,434	130,837	3,527,271	-
Deferred outflows related to OPEB	513,036	5,156	518,192	-
Total deferred outflows of resources	<u>6,069,713</u>	<u>135,993</u>	<u>6,205,706</u>	<u>-</u>

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

City of Cocoa, Florida
Statement of Net Position -
Proprietary Funds (Continued)
September 30, 2018

	Business-type Activities - Enterprise Funds			Governmental
	Water and Sewer System	Stormwater Fund	Total	Activities - Internal Service Funds
Liabilities:				
Current liabilities (payable from current assets):				
Accounts and claims payable	\$ 3,368,159	\$ 282,985	\$ 3,651,144	\$ 34,046
Contracts payable	8,956,194	-	8,956,194	-
Retainage payable	293,345	-	293,345	-
Accrued payroll and related liabilities	264,403	8,958	273,361	-
Compensated absences	244,876	5,680	250,556	-
Accrued claims payable	-	-	-	2,359,650
Due to other governments	8,152	-	8,152	-
State revolving loan payable	2,014,283	-	2,014,283	-
Current liabilities (payable from restricted assets):				
Accrued interest	159,051	-	159,051	-
Customer and developer deposits	2,420,765	-	2,420,765	-
Other deposits	1,644,475	-	1,644,475	-
Revenue bonds payable	2,940,000	-	2,940,000	-
Total current liabilities	<u>22,313,703</u>	<u>297,623</u>	<u>22,611,326</u>	<u>2,393,696</u>
Noncurrent liabilities:				
State revolving loan payable	15,938,159	-	15,938,159	-
Compensated absences	325,924	6,892	332,816	-
Accrued claims payable	-	-	-	2,361,000
Total OPEB Liability	13,170,566	148,460	13,319,026	-
Net pension liability	8,225,797	299,638	8,525,435	-
Revenue bonds payable, net of unamortized bond discount/premium	52,845,387	-	52,845,387	-
Total noncurrent liabilities	<u>90,505,833</u>	<u>454,990</u>	<u>90,960,823</u>	<u>2,361,000</u>
Total liabilities	<u>112,819,536</u>	<u>752,613</u>	<u>113,572,149</u>	<u>4,754,696</u>
Deferred Inflows of Resources:				
Deferred inflows related to pensions	1,575,867	28,873	1,604,740	-
Deferred inflows related to OPEB	628,904	7,561	636,465	-
Total deferred inflows of resources	<u>2,204,771</u>	<u>36,434</u>	<u>2,241,205</u>	<u>-</u>
Net Position:				
Net investment in capital assets	133,295,548	4,965,774	138,261,322	-
Restricted for:				
Debt service	5,123,716	-	5,123,716	-
Renewal and replacement	6,104,227	-	6,104,227	-
Unrestricted	6,306,295	443,082	6,749,377	258,837
Total net position	<u>\$ 150,829,786</u>	<u>\$ 5,408,856</u>	<u>\$ 156,238,642</u>	<u>\$ 258,837</u>

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

City of Cocoa, Florida
Statement of Revenues, Expenses and Changes in Net Position -
Proprietary Funds
Year Ended September 30, 2018

	Business-type Activities - Enterprise Funds			Governmental
	Water and Sewer System	Stormwater Fund	Total	Activities - Internal Service Funds
Operating revenues:				
Charges for services	\$ 59,180,536	\$ 1,545,918	\$ 60,726,454	\$ 6,884,374
Contributions	-	101,988	101,988	-
Physical environment	-	56,635	56,635	-
Impact fees	3,129,936	-	3,129,936	-
Other charges and fees	81,333	-	81,333	1,524,507
	<u>62,391,805</u>	<u>1,704,541</u>	<u>64,096,346</u>	<u>8,408,881</u>
Operating expenses:				
Water/sewer treatment	11,796,088	-	11,796,088	-
Administration	11,096,354	930,502	12,026,856	-
Depreciation/amortization	10,971,712	287,874	11,259,586	-
Insurance claims and expenses	-	-	-	9,451,422
Transmission and distribution	8,342,572	-	8,342,572	-
Lift stations and lines	1,653,657	-	1,653,657	-
	<u>43,860,383</u>	<u>1,218,376</u>	<u>45,078,759</u>	<u>9,451,422</u>
Operating income (loss)	<u>18,531,422</u>	<u>486,165</u>	<u>19,017,587</u>	<u>(1,042,541)</u>
Nonoperating revenues (expenses):				
Intergovernmental	-	-	-	-
Gain (loss) on disposal of assets	91,453	5,549	97,002	-
Investment earnings	215,905	1,293	217,198	68,871
Interest expense	(3,872,956)	-	(3,872,956)	-
	<u>(3,565,598)</u>	<u>6,842</u>	<u>(3,558,756)</u>	<u>68,871</u>
Income before contributions and transfers	<u>14,965,824</u>	<u>493,007</u>	<u>15,458,831</u>	<u>(973,670)</u>
Capital contributions and transfers				
Capital contributions	3,783,027	-	3,783,027	-
Transfers in	-	-	-	105,921
Transfers out	(7,270,871)	(9,595)	(7,280,466)	-
	<u>(3,487,844)</u>	<u>(9,595)</u>	<u>(3,497,439)</u>	<u>105,921</u>
Change in net position	11,477,980	483,412	11,961,392	(867,749)
Net position, beginning (as restated)	<u>139,351,806</u>	<u>4,925,444</u>	<u>144,277,250</u>	<u>1,126,586</u>
Net position, ending	<u>\$ 150,829,786</u>	<u>\$ 5,408,856</u>	<u>\$ 156,238,642</u>	<u>\$ 258,837</u>

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

City of Cocoa, Florida
Statement of Cash Flows -
Proprietary Funds
Year Ended September 30, 2018

	Business-type Activities - Enterprise Funds			Governmental
	Water and Sewer System	Stormwater Fund	Total	Activities - Internal Service Funds
Cash flows from operating activities:				
Cash received from customers for sales and services	\$ 61,899,912	\$ 1,751,850	\$ 63,651,762	\$ 8,547,445
Cash payments to suppliers for goods and services	(20,804,420)	(443,360)	(21,247,780)	-
Cash payments to employees	(12,627,103)	(549,289)	(13,176,392)	-
Cash payments for insurance and claims expense	-	-	-	(8,910,163)
Net cash provided by (used in) operating activities	<u>28,468,389</u>	<u>759,201</u>	<u>29,227,590</u>	<u>(362,718)</u>
Cash flows from noncapital financing activities:				
Cash transfers in from other funds	-	-	-	105,921
Cash transfers out to other funds	(7,270,871)	(9,595)	(7,280,466)	-
Net cash provided by (used in) noncapital financing activities	<u>(7,270,871)</u>	<u>(9,595)</u>	<u>(7,280,466)</u>	<u>105,921</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(8,527,266)	(731,681)	(9,258,947)	-
Proceeds from sale of capital assets	91,453	5,549	97,002	-
Principal paid on revenue bonds and loans	(6,081,465)	-	(6,081,465)	-
Capital contributions - grant	611,348	-	611,348	-
Interest paid on long-term debt	(2,358,311)	-	(2,358,311)	-
Net cash used in capital and related financing activities	<u>(16,264,241)</u>	<u>(726,132)</u>	<u>(16,990,373)</u>	<u>-</u>
Cash flows from investing activities:				
Investment income	215,905	1,293	217,198	68,871
Proceeds from sale/maturity of investments	-	805	805	-
Purchase of investments	(1,933)	-	(1,933)	(164)
Net cash provided by investing activities	<u>213,972</u>	<u>2,098</u>	<u>216,070</u>	<u>68,707</u>
Net increase (decrease) in cash and cash equivalents	<u>5,147,249</u>	<u>25,572</u>	<u>5,172,821</u>	<u>(188,090)</u>
Cash and cash equivalents, beginning	<u>3,822,928</u>	<u>598,949</u>	<u>4,421,877</u>	<u>1,993,025</u>
Cash and cash equivalents, ending	<u>\$ 8,970,177</u>	<u>\$ 624,521</u>	<u>\$ 9,594,698</u>	<u>\$ 1,804,935</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 18,531,422	\$ 486,165	\$ 19,017,587	\$ (1,042,541)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation/amortization	10,971,712	287,874	11,259,586	-
Change in assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	(798,963)	47,309	(751,654)	138,564
Due from other governments	155,364	-	155,364	-
Inventory	24,002	-	24,002	-
Prepaid items	(140,249)	(4,062)	(144,311)	(4,377)
Overfunded pension costs	9,325	-	9,325	-
Deferred outflows of resources - pensions	(59,364)	(1,872)	(61,236)	-
Deferred outflows of resources - OPEB	(75,292)	(98)	(75,390)	-
Increase (decrease) in liabilities:				
Accounts and claims payable	(1,052,193)	(80,291)	(1,132,484)	(22,557)
Contracts payable	2,180,102	-	2,180,102	-
Accrued payroll and related liabilities	136,002	(1,009)	134,993	-
Accrued claims payable	-	-	-	568,193
Due to other governments	(1,622,344)	-	(1,622,344)	-
OPEB Liability	(418,295)	(2,710)	(421,005)	-
Net pension liability	(867,893)	10,684	(857,209)	-
Deferred inflows of resources - pensions	714,443	9,650	724,093	-
Deferred inflows of resources - OPEB	628,904	7,561	636,465	-
Deposits	151,706	-	151,706	-
Total adjustments	<u>9,936,967</u>	<u>273,036</u>	<u>10,210,003</u>	<u>679,823</u>
Net cash provided by (used in) operating activities	<u>\$ 28,468,389</u>	<u>\$ 759,201</u>	<u>\$ 29,227,590</u>	<u>\$ (362,718)</u>
Noncash capital and related financing activities:				
Acquisition of capital assets through contributions from property owners, developers and other governments	<u>\$ 3,171,679</u>	<u>\$ -</u>	<u>\$ 3,171,679</u>	<u>\$ -</u>

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

City of Cocoa, Florida
Statement of Net Position -
Fiduciary Funds
September 30, 2018

	Employee Pension Trust Funds	Taylor Creek Project Agency Fund
Assets:		
Cash and cash equivalents	\$ 2,753,801	\$ 3,519
Investments at fair value:		
Equity funds	14,486,540	-
Fixed income funds	8,452,532	-
Common stock	40,143,033	-
US real estate investment fund	1,894,878	-
Accounts receivable	678,308	-
Interest receivable	110,152	-
Total assets	68,519,244	\$ 3,519
Liabilities:		
Accounts payable	53,869	\$ -
Refundable deposits	-	3,519
Deferred contributions	584	-
Total liabilities	54,453	\$ 3,519
Net Position:		
Restricted for pension benefits	\$ 68,464,791	

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

City of Cocoa, Florida
Statement of Changes in Fiduciary Net Position -
Fiduciary Funds
Year Ended September 30, 2018

	<u>Employee Pension Trust Funds</u>
Additions	
Contributions:	
Employer contributions	\$ 2,782,036
Employee contributions	396,964
Employee voluntary contributions	1,755
State contributions	<u>281,473</u>
Total contributions	<u>3,462,228</u>
Investment earnings:	
Net increase in the fair value of investments	4,109,649
Interest and dividends	1,954,148
Miscellaneous	<u>2,553</u>
Total investment earnings	6,066,350
Less investment expense	<u>318,747</u>
Net investment earnings	<u>5,747,603</u>
Total Additions	<u>9,209,831</u>
Deductions	
Benefit payments	4,812,814
Administrative expenses	<u>234,417</u>
Total deductions	5,047,231
Change in net position	4,162,600
Net position, beginning of year	<u>64,302,191</u>
Net position, end of year	<u><u>\$ 68,464,791</u></u>

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

CITY OF COCOA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The City of Cocoa, Florida (the “City”) was incorporated as a village in 1895 and as a city in 1913. The City of Cocoa was re-created pursuant to House Bill 1348, as set forth in Chapter 59-1186, Laws of Florida. The City has a population of approximately 19,290 and is located on the central east coast of Florida. The City operates under a charter adopted in 1959 and provides for a Council-City Manager form of government. The governing body is a five-member elected City Council comprised of a Mayor and four Council members. The City Council appoints the City Manager who is responsible for the administration of all City services.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although separate legal entities, are, in substance, part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended Component Units

1. Cocoa Redevelopment Agency (the “Agency”) – The Agency was organized under Section 163 of the Florida Statutes and formally came into existence in 1981. The Agency uses property tax incremental revenues derived from taxable real property within the geographic boundaries of the community redevelopment area to finance the rehabilitation, conservation, and re-development of affordable housing and related facilities for residents of low or moderate income. The Agency’s Board is comprised of the City Council and two additional members who reside in, or are engaged in business in, the area of the Agency’s operation.
2. Cocoa Public Safety Employees’ Retirement Systems – The City’s public safety employees participate in two Public Safety Employees’ Retirement Systems (“PSERS”). Each single- employer PSERS plan (firefighters and police officers) functions for the benefit of its employees and is governed by a five-member pension Board, consisting of two City employees, two legal residents of the City, and one member appointed by the other four. The City and PSERS participants are obligated to fund all PSERS costs based upon actuarial valuations. The pension Board is authorized to establish benefit levels and to approve the actuarial assumptions used in the determination of contribution levels.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended component units (Continued)

3. Cocoa General Employees' Retirement System – City employees not participating in the PSERS or the 401(a) Defined Contribution Plan are covered under the General Employees' Retirement System (“GERS”), unless they opted out as of March 1, 2009, to be included in the Florida Retirement System (see Note IV.C.). The GERS functions for the benefit of its employees and is governed by a five-member pension board consisting of three elected City employees and two City Council appointees residing in the City. The City and GERS participants are obligated to fund all GERS costs based upon actuarial valuations. The pension Board is authorized to establish benefit levels and to approve the actuarial assumptions used in the determination of contribution levels.

Stand-alone financial statements for the PSERS and the GERS are contained in the annual actuarial reports that are prepared by an external consultant and can be obtained from the City Clerk.

Discretely Presented Component Units

1. Diamond Square Redevelopment Agency – The Diamond Square Redevelopment Agency was organized under Section 163 of the Florida Statutes and formally came into existence in 1998. The Diamond Square Redevelopment Agency uses property tax incremental revenues derived from taxable real property within the geographic boundaries of the community redevelopment area to finance development within that area. The Board is appointed by the City Council and is comprised of seven members who reside in, or are engaged in business in, the area of the Diamond Square Redevelopment Agency's operation. There is a potential for the Agency to provide specific financial benefits to, or impose specific financial burdens on, the City.
2. U.S. 1 Corridor Redevelopment Agency – The U.S. 1 Corridor Redevelopment Agency was organized under Section 163 of the Florida Statutes and formally came into existence in 1998. The U.S. 1 Corridor Redevelopment Agency uses property tax incremental revenues derived from taxable real property within the geographic boundaries of the community redevelopment area to finance development within that area. The Board is appointed by the City Council and is comprised of seven members who reside in, or are engaged in business in, the area of the U.S. 1 Corridor Redevelopment Agency's operation. There is a potential for the Agency to provide specific financial benefits to, or impose specific financial burdens on, the City.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate component units for which the primary government is financially accountable.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses 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. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. The agency fund has no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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 government'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 *Cocoa Redevelopment Agency Fund* accounts for incremental tax revenues within the downtown Cocoa Village area. The monies are restricted by State Statute to specific projects or a class of projects within this geographical area.

The *Capital Projects Fund* accounts for acquisition of capital assets or the construction of major capital projects

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund types:

The *internal service funds* account for the activity of the City's workers' compensation self-insurance fund and healthcare self-insurance fund. Services are provided to various City departments on a cost-reimbursement basis.

The *pension trust funds* account for assets, liabilities, revenues and expenses of the pension plans of the City's general employees, firefighters and police officers and the defined contribution plan. The activities of these funds are subject to state mandatory regulations, local ordinances and the policies of the governing boards.

The *Taylor Creek project agency fund* accounts for funds received for the consumptive use permitting information development related to the Taylor Creek Water Supply Project via a Memorandum of Agreement with Orlando Utilities Commission; East Central Florida Services, Inc.; and Farmland Reserve, Inc. The monies are restricted for funding the above-mentioned project.

The City's nonmajor governmental funds consist of special revenue funds (Community Development Block Grant, Cocoa Housing Assistance Trust Fund, Brevard County Home Program, police confiscated funds and police special education, and a debt service fund. The City's nonmajor enterprise fund consists of the stormwater utility fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (*Continued*)

As a rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported in the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, *general revenues* include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and providing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise fund and the City's internal service funds are charges to customers for sales and services. The Water and Sewer System fund also recognizes as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and the internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity

1. Cash, Cash Equivalents and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Deposits available within various funds, except pension trust funds, were consolidated for investment purposes. Substantially all deposits at September 30, 2018, were invested using the pooled investment concept. Interest earned was allocated to the various funds based on their average cash and investment balances.

Cash and cash equivalents for the purpose of the proprietary fund statement of cash flows include cash, short-term investments with original maturities of three months or less from the date of acquisition, and money market funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

1. Cash, Cash Equivalents and Investments (Continued)

Investments are reported at fair value, with the exception of external investment pools that comply with criteria set forth in Section I50: *Investments* of the GASB Codification and have elected to measure their investments at amortized cost. Accordingly, the fair value of the City's position in the external investment pools having met these criteria is equal to the value of pooled shares.

The City is authorized to invest surplus funds as follows:

- a. The State Pool, administered by the Florida State Board of Administration;
- b. U.S. Government securities and agencies of the U.S. Government;
- c. U.S.-sponsored agencies, including Federal Farm Credit Bank ("FFCB"), Federal Home Loan Bank or its City banks ("FHLB"), Federal National Mortgage Association ("FNMA"), Federal Home Loan Mortgage Corporation ("Freddie-Macs"), and Federal Home Loan Mortgage Corporation participation certificates;
- d. Interest-bearing time deposits or savings accounts;
- e. Repurchase agreements, commercial paper and bankers' acceptances;
- f. Corporate notes issued by corporations operating in the United States or by depository institutions licensed by the United States;
- g. State or local government taxable or tax-exempt debt, general obligation debt, or revenue bonds;
- h. Money market mutual funds, which are open-end, no load funds, where the share value of funds is equal to \$1.00;
- i. Intergovernmental investment pools that are authorized pursuant to the Florida Interlocal Cooperation Act, provided said funds contain no derivatives.

The General Employees' Pension Fund is authorized to invest surplus funds as follows:

- a. Corporate fixed income securities rated "BAA" or higher by Moody's or "BBB" by Standard & Poor's;
- b. Corporate fixed income securities rated "BAA" or higher by Moody's or "BBB" by Standard & Poor's;
- c. Collateralized mortgage obligations whose collateral is secured by Government National Mortgage Association ("GNMA"), Federal Home Loan Mortgage Corporation ("FHLMC") or Federal National Mortgage Association ("FNMA");
- d. The money market or short-term investment fund ("STIF") provided by the fund's custodian;
- e. Direct obligations of the U.S. Government with a maturity of one year or less;
- f. Commercial paper with a maturity of 270 days or less that is rated "A-1" by Moody's or "P-1" by Standard & Poor's; and
- g. Bankers acceptances issued by the 50 largest banks in the United States (in terms of total assets).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

1. Cash, Cash Equivalents and Investments (Continued)

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

- a. Time, savings and money market deposit accounts of a national bank, a state bank or a savings and loan institution, insured by the Federal Deposit Insurance Corporation (“FDIC”), provided the amount deposited does not exceed the insured amount, and cash instruments that have a quality rating of at least Standard & Poor’s “P-1” or Moody’s “A-1”;
- b. Obligations issued by the United States Government or obligations guaranteed as to principal and interest by the United States Government or by an agency of the United States Government;
- c. Bonds issued by the State of Israel;
- d. Bonds or other evidences or indebtedness issued or guaranteed by a corporation organized under the laws of the United States or the District of Columbia and the corporation is listed on one or more of the recognized national exchanges or on the National Market System of the NASDAQ stock market, provided the issuer has a quality rating of at least “A” by Standard & Poor’s or Moody’s;
- e. Equity investments (common stock, convertible bonds, and preferred stock) in a corporation listed on one or more of the recognized national exchanges or on the National Market System of the NASDAQ stock market;
- f. Commingled stock, bond or money market funds whose investments are restricted to securities meeting the requirements of Section 3 of the Investment policy related to liquidity, custodian, bid requirement and risk diversification;
- g. Investments in real estate are limited to real estate investment trusts (“REITs”); and
- h. Repurchase agreements adhering to the requirements of the Master Repurchase Agreement.

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

- a. At all times, the Board’s investments are subject to the limitations set forth in Florida Statute Sections 215.47(1-8), (10), and (16), except as otherwise permitted by Chapter 175 or by local ordinance;
- b. Equity investments (common stock, convertible bonds, and preferred stock) in a corporation listed on one or more of the recognized national exchanges or on the National Market System of the NASDAQ stock market;
- c. Fixed income investments shall be permitted in obligations of the United States or obligations guaranteed as to principal and interest by the Government of the United States, with a minimum quality rating of “A” or equivalent, as rated by one or more recognized bond rating services at the time of purchase;
- d. Fixed income investments in bonds issued by the State of Israel;
- e. Money market funds, short-term investment funds; securities rated “A-1” or better by Moody’s or “P-1” or better by Standard & Poor’s; and

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

1. Cash, Cash Equivalents and Investments (Continued)

- f. Time or savings accounts of a national bank, a state bank insured by the Bank Insurance Fund, or a savings, building, and loan association insured by the Savings Association Insurance Fund which is administered by the FDIC.

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

2. Receivables and Payables

Outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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

The City is permitted by State law to levy taxes up to 10 mills on assessed valuation. However, Chapter 74-430, Laws of Florida, a special act applicable only to governmental units in Brevard County, limits the annual increase to 10% of the prior year’s millage. Pursuant to Ch. 200.065(5)(a), F.S. the maximum millage rate that the City may levy is a rolled-back rate based on the amount of taxes which would have been levied in the prior year if the maximum millage rate had been applied, adjusted for the change in per capita Florida personal income, unless a higher rate is adopted, in which case the maximum is the adopted rate. The Cocoa City Council levy for the fiscal year ended September 30, 2018 was 5.9790 mills, which represents an increase over the rolled back rate.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

3. Inventories and Prepaid Items

All inventories are valued at cost. The cost is recorded in inventory at the time of purchase and is charged to the appropriate department when consumed using an average cost method. Inventories of the governmental funds consist principally of supplies for City vehicles and fuel. Inventories of the proprietary funds consist principally of maintenance supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid, using the consumption method, in both the government-wide and fund financial statements. Expenditures are incurred during the period benefited by the prepayment.

4. Deferred Outflows of Resources

The deferred amount for advance refunding of debt in the Water and Sewer fund is classified as deferred outflows of resources.

The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Total deferred outflows of resources related to pensions were \$10,999,197 for the year ended September 30, 2018.

The deferred outflows related to OPEB are an aggregate of items related to OPEB as calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Total deferred outflows of resources related to OPEB were \$1,281,410 for the year ended September 30, 2018.

5. Restricted Assets

Certain assets of the City's proprietary and general funds are classified as restricted assets on the statements of net position because their use is limited for specified purposes other than normal operations. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets, as follows:

- a) **Debt Service Accounts** – Includes proceeds from issuance of revenue bonds and state revolving loan draws to be used to pay future debt service costs.
- b) **Renewal and Replacement Account** – Includes water and sewer area-specific connection charges to be used for improvements to and rehabilitation of the utility system.
- c) **Community Development Projects** – Includes incremental revenue to be used to develop affordable housing and related facilities.
- d) **Public Safety** – Includes police confiscated funds and a portion of revenue from traffic fines used for police special education programs.
- e) **Housing Assistance** – Includes funds received to expand production of and preserve affordable housing.
- f) **Other** – Includes restriction of funds to be used on environmental betterment projects.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

6. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, pipelines, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by the government as assets with an estimated useful life in excess of one year and an individual cost of \$1,000 or more for equipment or an individual cost of \$25,000 or more for buildings, improvements other than buildings, and infrastructure. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated and confiscated capital assets are recorded at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Buildings	30 years
Infrastructure	11 to 30 years
Equipment	3 to 20 years
Vehicles	5 to 20 years

The City recognizes amortization of software over a period of 3 years using the straight-line method.

7. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and a portion of sick pay is accrued when incurred in the government-wide and proprietary fund type financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

8. Unearned Revenues

Unearned revenues include amounts collected before the revenue recognition criteria are met. The unearned items consist of grant and other revenues received in excess of amounts earned since the work has not been performed and, therefore, expenditures not incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

9. Deferred Inflows of Resources

Unavailable revenues and resources received before time requirements are met are classified as deferred inflows of resources.

The deferred inflows related to pensions are an aggregate of items related to pensions, as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Total deferred inflows of resources related to pensions were \$5,085,738 for the year ended September 30, 2018.

The deferred inflows related to OPEB are an aggregate of items related to OPEB, as calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Total deferred inflows of resources related to OPEB were \$1,608,541 for the year ended September 30, 2018.

10. Long-term Obligations

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

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 sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

11. Defined Benefit Pension Plans

The City participates in cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State, the Florida Retirement System. Additionally, the City participates in three separate single-employer defined benefit pension plans for firefighters, police officers and those full-time employees who did not elect to be in the Florida Retirement System. For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the City and state-administered defined benefit pension plans and additions to/deductions from the City and state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the City and state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City's employer contributions are recognized when due and the City has a legal requirement to provide the contributions. Benefits and refunds are recognized when due, and payable in accordance with the terms of the City and state-administered defined benefit pension plans.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

12. Fund Equity

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Non-spendable Fund Balance – Amounts that are inherently not spendable because of their form (such as inventory) and/or that cannot convert or are not readily convertible to cash (such as prepaid assets or the long-term portion of loans receivable).

Restricted Fund Balance – Amounts that have externally enforceable limitations on their use. These amounts are constrained to the specific purposes by their providers (such as grantors, bondholders, or higher levels of government pursuant to enabling legislation, e.g., gas tax revenues that must be used for road repairs).

Committed Fund Balance – Amounts that have self-imposed limitations established through actions of the City Council (the City's highest level of decision-making authority) set in place prior to the end of a financial reporting period. These amounts cannot be used for any other purpose, unless the City Council takes action by Resolution to remove or change the limitation.

Assigned Fund Balance – Amounts that the City intends to use for a specific purpose. The authority for such intent may be expressed by the City Council, the finance committee or the City Manager in accordance with the City's Fund Balance Reserve Policy.

Unassigned Fund Balance – The remaining portion of fund balance which is spendable and not obligated or specifically designated and, therefore, available for any purpose.

The City will use restricted amounts to be spent first when both restricted and unrestricted fund balance is available, unless there are legal documents or contracts that prohibit doing this, such as in grant agreements requiring dollar-for-dollar spending. Additionally, the City would first use Unassigned Fund Balance, unless the expenditure is identified as a component of the Committed or Assigned Fund Balance, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

12. Fund Equity (Continued)

At September 30, 2018, the City's fund balances were classified as follows:

September 30, 2018	General	Cocoa Redevelopment Agency	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Fund balances:					
Non-spendable:					
Inventory	\$ 54,048	\$ -	\$ -	\$ -	\$ 54,048
Prepays	346,452	4,915	-	-	351,367
Long-term receivable	1,367,557	-	-	-	1,367,557
Restricted:					
Public safety	-	-	-	131,598	131,598
Housing assistance	-	-	-	206,928	206,928
Community improvement projects	-	1,288,998	-	357,464	1,646,462
Debt service payments	-	-	-	566,537	566,537
Committed:					
Encumbrances rolled from prior year	578,785	-	-	-	578,785
Other Community Improvements	-	-	-	-	-
Stabilization fund	10,321,958	-	-	-	10,321,958
Capital replacement	500,000	-	-	-	500,000
Capital Projects	-	-	1,716,632	-	1,716,632
Assigned:					
Economic incentives	500,000	-	-	-	500,000
Economic development catalyst project	3,000,000	-	-	-	3,000,000
City wide software upgrade	1,500,000	-	-	-	1,500,000
City wide roadway construction	1,250,000	-	-	-	1,250,000
Pineda Street Improvements	500,000	-	-	-	500,000
Sustainability/Resiliency Initiatives	1,000,000	-	-	-	1,000,000
Fiske Blvd Streetscape	1,500,000	-	-	-	1,500,000
Riverfront Park/Lee Wenner Park	1,719,250	-	-	-	1,719,250
Joe Lee Smith Center for Justice	3,525,000	-	-	-	3,525,000
Unassigned	5,148,440	-	-	-	5,148,440
Total fund balances	<u>\$ 32,811,490</u>	<u>\$ 1,293,913</u>	<u>\$ 1,716,632</u>	<u>\$ 1,262,527</u>	<u>\$ 37,084,562</u>

13. Fund Deficit

At September 30, 2018, the Health Insurance Internal Service fund had a deficit fund balance of \$448,735. As more historical information becomes available, adjustments in fees will be made.

e. 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 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The City invests certain surplus funds in an external investment pool, the Local Government Surplus Funds Trust Fund (the “Florida Prime”). The State Pool is administered by the Florida State Board of Administration (“SBA”), who provides regulatory oversight.

Under GASB Codification I50: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost, it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool’s authority to impose liquidity fees or redemption gates) in notes to the financial statements.

As of September 30, 2018, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the City’s access to 100 percent of its account value in either external investment pool.

At September 30, 2018, the City’s carrying amount of cash deposits was \$38,705,722 and the bank balance was \$39,970,986. In addition, the City holds \$2,975 of petty cash. The component units’ carrying amount of deposits with banks was \$195,674 and the bank balance was \$195,674. The Agency Fund has deposits with a carrying amount and bank balance of \$3,519. As of September 30, 2018, \$250,000 of the City’s bank balances is covered by the FDIC. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the City pursuant to Section 280.08, Florida Statutes.

Credit Risk

The City’s investment policy and the investment policies for the City’s General Employees, Police Officers and Firefighters Pension Funds limit investments to securities with specific ranking criteria.

Interest Rate Risk

The City’s investment policy limits interest rate risk by requiring that investment maturities shall not be greater than seven years. In addition, the overall required weighted average duration is required to be less than three years. The City’s General Employee, Police Officers and Firefighters Pension Funds do not address interest rate risk.

Concentration of Credit Risk

The City’s Police Officers and Firefighters Pension Funds do not allow for an investment in any one issuer that is in excess of five percent of the respective funds’ total investments, except for securities issued by the U.S. Government or its agencies, which may be held without limitation. The City’s investment policy and the investment policy of the City’s General Employees’ Pension Fund do not address concentration of credit risk.

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Foreign Currency Risk

The City's pension funds contain investments in foreign stock mutual funds and foreign corporate bonds; however, all of the investments are denominated in U.S. Dollars and are not exposed to foreign currency risk.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's investment policy does not contain requirements that would limit exposure to custodial credit risk for investments. Pension plans operate under separate investment policies. The fiduciary funds' U.S. Real Estate Investments are not covered by the SIPC (Securities Investor Protection Corporation) insurance, are uncollateralized and held by the pension funds' broker-dealer (counterparty); therefore, the balance as of September 30, 2018 of \$1,894,878 is subject to custodial credit risk. The fiduciary funds' remaining investments are covered by SIPC insurance.

At September 30, 2018, the City had the following investments:

Investment Type	Fair Value	Less than 1	1 - 5	6 - 10	6 - 10	Rating	Agency	Level
SBA (Florida Prime)	\$ 739,008	\$ 739,008	\$ -	\$ -	\$ -	AAAm	S&P	-
Money Market Fund								
Money Market Fund	303,067	303,067	-	-	-	Aaa	Moody	-
Money Market Fund	2,081,632	2,081,632	-	-	-	Not Rated		-
Corporate Stock	5,342	5,342	-	-	-	Not Rated		L1
Commercial Paper								
Commercial Paper	59,264	59,264	-	-	-	P-1	Moody	L2
Corporate Bonds								
Corporate Bonds (Aaa - A1)	2,499,724	1,024,490	1,475,234	-	-	Aaa - A1	Moody	L2
Asset-Backed Securities								
Asset-Backed Securities (Aaa)	134,564	134,564	-	-	-	Aaa	Moody	L2
Asset-Backed Securities	11,250	11,250	-	-	-	Not Rated		L2
US Treasuries								
US Treasuries (Aaa-Aa1)	20,807,395	1,363,051	19,444,344	-	-	Aaa	Moody	L2
US Treasuries (P-1)	217,737	217,737	-	-	-	P-1	Moody	L2
US Agencies								
US Agencies (Aaa)	16,394,596	2,111,567	14,283,029	-	-	Aaa	Moody	L2
US Agencies (P-1)	408,746	408,746	-	-	-	Not Rated	Moody	L2
US Agencies Not Rated	1,382,007	1,168,511	213,496	-	-	Not Rated		L2
Miscellaneous Not Rated	422,582	422,582	-	-	-	Not Rated		L2
Total primary government cash equivalents and investments	<u>\$ 45,466,914</u>	<u>\$ 10,050,811</u>	<u>\$ 35,416,103</u>	<u>\$ -</u>	<u>\$ -</u>			

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

At September 30, 2018, the fiduciary funds had the following investments

Investment Type	Fair Value	Less than 1	1 - 5	6 - 10	More than 10	Rating	Agency	Level
Bond Mutual Fund	\$ 351,280	\$ -	\$ 201,955	\$ 149,325	\$ -	Aa&Aaa	Moody	L1
Fixed Income US Government (AAA)	962,435	-	275,470	394,891	292,074	AAA	Moody	L2
Stable VT Plus Fund	3,006	3,006	-	-	-	Aa2	Moody	L2
Corporate Fixed Income	2,118,061	339,796	1,076,848	460,052	241,365	AAA - A3, Baa1-B1, Caaa1	Moody	L2
Foreign Bonds	123,044	-	123,044	-	-	Aaa - A1	Moody	L2
Master Limited Partnership	519,146	519,146	-	-	-	Not Rated		L1
Mutual Funds	37,008,121	37,008,121	-	-	-	Not Rated		L1
Equities	16,427,596	16,427,596	-	-	-	Not Rated		L1
Fixed Income	2,991,737	651,013	1,718,966	421,611	200,147	Not Rated		L2
Mortgage-Backed Securities	1,650,959	152	30,096	36,381	1,584,330	Not Rated		L2
Real Estate Investment Fund	1,894,878	1,894,878	-	-	-	Not Rated		L3
Alternative Investments	453,995	453,995	-	-	-	Not Rated		-
Global Fixed Income	472,726	472,726	-	-	-	Not Rated		-
Money Market Funds	2,753,801	2,753,801	-	-	-	Not Rated		-
Total Fiduciary Fund Cash Equivalents and Investments	<u>\$ 67,730,785</u>	<u>\$ 60,524,230</u>	<u>\$ 3,426,379</u>	<u>\$ 1,462,260</u>	<u>\$ 2,317,916</u>			
Total Cash Equivalents, at cost	<u>2,753,801</u>							
Total Investments	<u>\$ 64,976,984</u>							

GASB Codification Section 3100: *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

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

Level 1 (L1): Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 (L2): Inputs to the valuation methodology include

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

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

Level 3 (L3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2018.

Equities: Valued at quoted market prices.

Mutual Funds: Valued at quoted market prices for Level 2 investments and net asset value if the quoted market price is unavailable.

U.S. Real Estate Investment: Valued at net asset value, which approximates fair value.

American Core Realty: Valued using pricing models maximizing the use of observable inputs for similar securities.

Fixed Income Funds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yield currently available on comparable securities of issuers with similar credit ratings.

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

Level Three Financial Instruments

The following table summarizes the City's Fiduciary Funds' Level 3 financial instruments, the value technique used to measure the fair value of those financial instruments as of September 30, 2018, and the significant unobservable inputs and the ranges of those values for those inputs.

Instrument	Fair Value 09/30/2018	Principal Valuation Technique	Significant Unobservable Inputs	Range of Significant Input Values	Weighted Average
Pooled Real Estate	\$ 1,894,878	Discounted Cash Flow	Going-in Cap Rate	-1.17% to 5.98%	3.71%
			Exit Cap Rate	4.00% to 7.75%	5.44%
			Discount Rate	5.25% to 8.75%	6.23%
			PSA Purchase Price	N/A	

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Fair Value of Investments in Entities that Use Net Asset Value (NAV)

The following table summarizes investments measured at fair value based on NAV per share as of September 30, 2018:

	Fair Value	Unfunded Commitments	Redemption Frequency (If currently eligible)	Redemption Notice Period
SEI Investments Stock Mutual Fund	\$ 3,587,210	N/A	Monthly	None
Adelante-FKA Lend Lease Stock Mutual Fund Specialty Real Estate	\$ 1,351,076	N/A	Monthly	None
Westwood Trust Large Cap Value Equity	\$ 3,230,753	N/A	Monthly	None
Westwood Trust Master Limited Partnership	\$ 519,146	N/A	Monthly	None

B. Receivables

Receivables as of September 30, 2018, for the government's individual major funds and nonmajor, enterprise major and non-major, and internal service funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General Fund	Cocoa Redevelopment Agency	Capital Projects Fund	Nonmajor Governmental Funds	Water and Sewer System Fund	Nonmajor Enterprise Fund	Internal Service Funds	Total
Accounts receivable	\$ 1,217,879	\$ -	\$ -	\$ 308,174	\$ 7,809,928	\$ 235,859	\$ 974	\$ 9,572,814
Accounts receivable earned, but not billed	65,811	-	-	-	5,284,969	46,348	-	5,397,128
Interest receivable	34,894	224	69	2,555	137,984	913	13,822	190,461
Tax receivable	34,639	-	-	-	-	-	-	34,639
Gross receivables	1,353,223	224	69	310,729	13,232,881	283,120	14,796	15,195,042
Less: allowance for uncollectible accounts	(157,538)	-	-	-	(196,292)	(11,793)	-	(365,623)
Total net receivables	<u>\$ 1,195,685</u>	<u>\$ 224</u>	<u>\$ 69</u>	<u>\$ 310,729</u>	<u>\$ 13,036,589</u>	<u>\$ 271,327</u>	<u>\$ 14,796</u>	<u>\$ 14,829,419</u>

The City provides an allowance for accounts receivable that may become uncollectible. At September 30, 2018, this allowance was \$157,538 in the general fund, \$196,292 in the water and sewer system fund, and \$11,793 in the stormwater fund. No other allowances for doubtful accounts are maintained since all other accounts receivable are considered collectible at September 30, 2018

C. Restricted Net Position

The balance of the restricted net position at September 30, 2018, in the enterprise funds are as follows:

Debt service – revenue bonds	\$ 4,553,226
Debt service – State revolving loans	570,490
Renewal and replacement	<u>6,104,227</u>
Total restricted net position	<u>\$ 11,227,943</u>

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the year ended September 30, 2018 was as follows:

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 6,698,756	\$ 177,459	\$ (1)	\$ 6,876,214
Construction in progress	4,999,551	3,648,784	(7,968,419)	679,916
Total capital assets, not being depreciated/amortized	<u>11,698,307</u>	<u>3,826,243</u>	<u>(7,968,420)</u>	<u>7,556,130</u>
Capital assets, being depreciated/amortized:				
Buildings	18,163,369	7,701,879	-	25,865,248
Equipment	15,444,544	1,233,260	(246,889)	16,430,915
Intangibles	2,113,907	9,843	-	2,123,750
Infrastructure	69,382,481	2,411,282	-	71,793,763
Total capital assets being depreciated/amortized	<u>105,104,301</u>	<u>11,356,264</u>	<u>(246,889)</u>	<u>116,213,676</u>
Less accumulated depreciation/amortization for:				
Buildings	(6,530,331)	(778,838)	-	(7,309,169)
Equipment	(9,860,091)	(1,403,980)	232,387	(11,031,684)
Intangibles	(2,062,752)	(29,430)	-	(2,092,182)
Infrastructure	(54,154,120)	(686,737)	-	(54,840,857)
Total accumulated depreciation/amortization	<u>(72,607,294)</u>	<u>(2,898,985)</u>	<u>232,387</u>	<u>(75,273,892)</u>
Total capital assets being depreciated/amortized, net	<u>32,497,007</u>	<u>8,457,279</u>	<u>(14,502)</u>	<u>40,939,784</u>
Governmental activities capital assets, net	<u>\$ 44,195,314</u>	<u>\$ 12,283,522</u>	<u>\$ (7,982,922)</u>	<u>\$ 48,495,914</u>

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

Governmental activities:	
General government	\$ 1,596,153
Public safety	873,984
Recreation	151,518
Economic development	141,845
Physical environment	3,011
Transportation	132,474
Total depreciation/amortization expense – governmental activities	<u>\$ 2,898,985</u>

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
Business-type activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 2,919,197	\$ -	\$ -	\$ 2,919,197
Construction in progress	32,708,101	7,615,857	(5,363,728)	34,960,230
Total capital assets, not being depreciated/amortized	<u>35,627,298</u>	<u>7,615,857</u>	<u>(5,363,728)</u>	<u>37,879,427</u>
Capital assets, being depreciated/amortized:				
Buildings	10,918,043	-	-	10,918,043
Improvements other than buildings	335,116,030	8,521,951	(1)	343,637,980
Equipment	23,189,489	1,643,182	(425,329)	24,407,342
Intangibles	2,680,072	26,955	-	2,707,027
Total capital assets, being depreciated/amortized	<u>371,903,634</u>	<u>10,192,088</u>	<u>(425,330)</u>	<u>381,670,392</u>
Less accumulated depreciation/amortization for:				
Buildings	(4,597,610)	(280,341)	-	(4,877,951)
Improvements other than buildings	(175,263,737)	(9,018,283)	-	(184,282,020)
Equipment	(16,899,022)	(1,586,777)	411,738	(18,074,061)
Intangibles	(1,956,735)	(374,185)	-	(2,330,920)
Total accumulated depreciation/amortization	<u>(198,717,104)</u>	<u>(11,259,586)</u>	<u>411,738</u>	<u>(209,564,952)</u>
Total capital assets, being depreciated/amortized, net	<u>173,186,530</u>	<u>(1,067,498)</u>	<u>(13,592)</u>	<u>172,105,440</u>
Business-type activities capital assets, net	<u>\$ 208,813,828</u>	<u>\$ 6,548,359</u>	<u>\$ (5,377,320)</u>	<u>\$ 209,984,867</u>

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

Business-type activities:	
Water and Sewer System	\$ 10,971,712
Stormwater Utility	287,874
Total depreciation/amortization expense - business-type activities	<u>\$ 11,259,586</u>

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Discretely Presented Component Units

Activity for the Diamond Square Redevelopment Agency for the year ended September 30, 2018, was as follows:

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 181,192	\$ -	\$ -	\$ 181,192
Construction in progress	81,500	78,795	(160,295)	-
Total capital assets, not being depreciated	<u>262,692</u>	<u>78,795</u>	<u>(160,295)</u>	<u>181,192</u>
Capital assets, being depreciated:				
Improvements other than buildings	270,067	160,295	-	430,362
Less accumulated depreciation for:				
Improvements other than buildings	(58,471)	(14,216)	-	(72,687)
Total capital assets, being depreciated, net	<u>211,596</u>	<u>146,079</u>	<u>-</u>	<u>357,675</u>
Diamond Square Agency capital assets, net	<u>\$ 474,288</u>	<u>\$ 224,874</u>	<u>\$ (160,295)</u>	<u>\$ 538,867</u>

Activity for the U.S. 1 Corridor Redevelopment Agency for the year ended September 30, 2018, was as follows:

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 286,391	\$ -	\$ -	\$ 286,391
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>286,391</u>	<u>-</u>	<u>-</u>	<u>286,391</u>
Capital assets, being depreciated:				
Improvements other than buildings	692,313	-	-	692,313
Less accumulated depreciation for:				
Improvements other than buildings	(121,107)	(19,499)	-	(140,606)
Total capital assets, being depreciated, net	<u>571,206</u>	<u>(19,499)</u>	<u>-</u>	<u>551,707</u>
U.S. 1 Corridor Agency capital assets, net	<u>\$ 857,597</u>	<u>\$ (19,499)</u>	<u>\$ -</u>	<u>\$ 838,098</u>

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction Commitments

The City has active construction commitments as of September 30, 2018. At fiscal year-end, the City's commitments with such contracts are summarized by project as follows:

Project	Spent-to-Date	Remaining Commitment
Industrial Park Pump Station Improvements	\$ (5,150,159)	\$ 425,811
Valve Replacement & Test Program System-Wide	(311,623)	247,407
Biological Nutrient Removal Improvements at Sellers	(5,702,419)	222,949
Ground/Surface Water Clearwell Separation at Dyal	(11,702,955)	118,300
Install Redundant Finish Flow Pipe & Meter Vault at Dyal	(609,596)	2,326,021
Flow Improvements at Sellers	(59,256)	140,744
Replace Automatic Transfer Switch at Reservoir	(414,377)	528,544
Rehab Groundwater Filters at Dyal	(546,958)	507,254
Replace Bar Screen at Sellers	-	155,000
	<u> </u>	<u> </u>
Total capital assets, being depreciated, net	<u>\$ (24,497,343)</u>	<u>\$ 4,672,030</u>

The above remaining commitment balances include accounts and retainages payable recorded in the City's financial statements as of September 30, 2018.

E. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2018, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Cocoa Redevelopment Agency	\$ 54,458
Capital Projects Fund	Cocoa Redevelopment Agency	54,320
Total		<u>\$ 108,778</u>

Advance to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Cocoa Redevelopment Agency	\$ 1,367,557
Capital Projects Fund	Cocoa Redevelopment Agency	788,135
Total		<u>\$ 2,155,692</u>

The balance due to the General Fund by the Cocoa Redevelopment Agency fund represents a loan to pay for the purchase of certain real property within the boundaries of the redevelopment area. The balance due to the Capital Projects Fund by the Cocoa Redevelopment Agency represents a loan to pay for certain capital improvement projects within the boundaries of the redevelopment area. All remaining interfund receivables and payables within the primary government represent cash transfers for operating and capital purposes.

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables and Transfers

Interfund Transfers:

Transfers in	Transfers out	Amount
General	Cocoa Redevelopment Agency	\$ 54,806
General	Water and Sewer System	7,270,871
General	Capital Projects	100,000
General	Nonmajor - Enterprise Funds	9,595
Capital Projects	General	433,202
Nonmajor Debt Service	General	82,559
Capital Projects	Cocoa Redevelopment Agency	39,670
Internal Service Funds	General	<u>105,921</u>
Total		<u>\$ 8,096,624</u>

Transfers from the Water and Sewer System Fund to the General Fund for operations are allowable under the City's revenue bond debt covenants. The City makes actual transfers during the year based on the original budgeted amount approved by the City Council. Total allowable transfers are calculated based on the net revenues of the water and sewer system. For the year ended September 30, 2018, total actual transfers were less than the allowable transfers by \$4,782,317.

The transfer from the Cocoa Redevelopment Agency to the General Fund was for an interest payment due to the interfund loan for the old City Hall.

The transfer from the Water and Sewer System to the General Fund was for copier lease costs (\$12,721), Contribution (\$6,157,822), and 6% in lieu of franchise fees (\$1,100,328).

The transfer from the Capital Projects Fund to the General Fund was for the purchase of capital equipment.

The transfer from the Nonmajor Stormwater Fund to the General Fund was for copier lease costs.

The transfer from the General Fund to the Capital Projects Fund was to cover the construction costs for the three new fire stations (\$433,202) and the transfer to the Nonmajor Debt Service Fund was to cover debt service payments (\$82,559).

The transfer from the Cocoa Redevelopment Agency to the Capital Projects Fund was for an interest payment due on the Interfund Loan for FDOT US1 Widening and Streetscaping project.

The transfer from the General Fund to the Internal Service Fund-Workers Compensation was to cover certain settlement costs.

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

F. Contracts Payable and Due to Other Governments

The City bills and collects charges for sewer and other services on behalf of Brevard County; the Cities of Cape Canaveral, Cocoa Beach, Rockledge, and Titusville; and Sun Lake and Merritt Island Utility Company. Cash collections are remitted to these entities monthly. At September 30, 2018, the balance recorded as contracts payable due to these entities was \$8,956,194, which includes amounts billed but not yet collected of \$3,223,314 and revenue earned but not yet billed of \$2,547,350. Amounts collected and not yet remitted to these entities at year-end totaled \$3,185,529 in the Water and Sewer System fund. The City has collected for and not yet remitted to the County permit fees totaling \$8,152.

G. Long-term Debt

Revenue Bonds

Revenue bonds in the City's Water and Sewer System Fund are secured by and payable from the gross revenues of the City's water and sewer system. The bond resolutions provide that certain revenues in excess of debt service requirements may be used for general operating purposes.

The resolutions applicable to the revenue bonds require the establishment of various bond principal and interest sinking funds and reserve accounts with various requirements for deposit. These requirements have been met for the fiscal year ended September 30, 2018. Revenue bonds outstanding at year-end are as follows:

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term Debt (Continued)

Governmental Activities

Capital Improvement Refunding Revenue Bond, Series 2016, original issuance amount of \$8,865,000 to the Capital Projects Fund, due \$295,000 to \$590,000 annually through 2037; interest at 2.000% to 4.000% (plus bond premium \$486,065)*	\$ 8,731,065
Fire Protection Assessment Revenue Bond, Series 2016, original issuance amount of \$8,000,000 to the Debt Service Fund, due \$160,000 to \$445,000 annually through 2046; interest at 2.000% to 4.125% (less bond discount of \$40,644)	<u>7,679,356</u>
Total governmental activities	<u>\$ 16,410,421</u>

Business-type Activities

Water and Sewer System Refunding Revenue Bonds, Series 2003, original issuance amount of \$23,985,000, due \$1,370,000 to \$1,790,000 annually through 2023; interest at 2.000% to 5.500% (plus bond premium of \$245,567)*	\$ 8,065,000
Water and Sewer System Refunding Revenue Bonds, Series 2009B, original issuance amount of \$13,820,000, due \$1,495,000 in 2019; interest at 3.75%	1,495,000
Water and Sewer System Revenue Bonds, Series 2010 (Federally Taxable-Build America Bonds-Direct Subsidy), original issuance amount of \$24,770,000, due \$1,110,000 to \$3,195,000 annually in 2027 through 2040; interest at 7.375% to 7.625% (less bond discount of \$258,200)	24,770,000
Water and Sewer System Taxable Refunding Revenue Bond, Series 2018A-1, original issuance amount of \$21,805,000, due \$3,645,000 to \$1,175,000 annually in 2018 through 2031; interest at 3.63% (issued at par value)	<u>21,805,000</u>
Total business-type activities	<u>\$ 56,135,000</u>

*Subject to Federal Arbitrage

Annual debt service requirements to maturity for revenue bonds outstanding are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 470,000	\$ 604,775	\$ 2,940,000	\$ 3,600,990
2020	480,000	590,675	2,775,000	3,021,935
2021	495,000	576,275	2,905,000	2,892,684
2022	510,000	561,425	3,045,000	2,757,219
2023	535,000	541,025	3,190,000	2,614,897
2024-2028	2,990,000	2,369,406	15,160,000	11,073,957
2029-2033	3,640,000	1,745,369	10,780,000	7,758,800
2034-2038	3,740,000	1,008,744	9,930,000	4,424,031
2039-2043	1,825,000	493,369	5,410,000	656,131
2044-2048	1,280,000	107,044	-	-
Totals	<u>\$15,965,000</u>	<u>\$ 8,598,107</u>	<u>\$ 56,135,000</u>	<u>\$38,800,644</u>

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term Debt (Continued)

On August 22, 2018, the City issued \$21,750,000 Water and Sewer System Revenue Refunding Bonds, Series 2018A-1, a refunding bond. These bonds were sold to: (1) fully refund \$8,795,000 of Outstanding Water and Sewer Revenue Bonds, Series 2009A maturing October 1, 2039 and defeasing the lien on all of the Series 2009B bonds and \$12,325,000 of Water and Sewer System Refunding Revenue Bonds, Series 2009B maturing October 1, 2031 and defeasing the lien on all of the Series 2009B bonds and (2) paying certain costs and expenses relating to the issuance of the Series 2018A-1 Bonds. The City completed the refunding to obtain an economic gain (the difference between the present values of the old and new debt service payments) of \$1,369,098. The City's decision to advance refund the Water and Sewer Revenue Bonds, Series 2009A and the Water and Sewer System Refunding Revenue Bonds, Series 2009B resulted in a reduction of total debt service payments over the next thirteen years of \$2,965,093. The Series 2018A-1 Bonds will be exchanged for a 2018A-2 Tax Exempt Bond on July 15, 2019. The Series 2018A-1 bonds bear taxable fixed interest at 3.1% until the exchange date, payable semi-annually on April 1 and October 1. The interest rate has been fixed to change from the Exchange Date to the Maturity Date to a tax-exempt rate of 3.63%. The principal amount of the 2018 Tax-Exempt Bond Series A-2 will be payable beginning October 1, 2020. Final maturity of the SeriesA-2 tax-exempt bond will be October 1, 2031.

This refunding constituted an economic defeasance, but did not legally release the City from its obligation to repay the Water and Sewer Revenue Bonds, Series 2009A and the Water and Sewer System Refunding Revenue Bonds, Series 2009B. Under the terms of the refunding bond, sufficient assets to pay all principal and interest on the fully refunded bond issues were placed into an irrevocable trust at a commercial bank. The assets, liabilities and financial transactions of this trust account are not reflected in the financial statements of the City.

On November 1, 2016, the City issued \$8,865,000 Capital Improvement Refunding Revenue Bonds, Series 2016, a refunding bond. These bonds were sold to: (i) fully refund \$9,550,000 of outstanding Capital Improvement Revenue Bonds, Series 2007, maturing on and after October 1, 2018, and defeasing the lien on all of the Series 2007 Bonds, and (ii) paying certain costs and expenses relating to the issuance of the Series 2016 Bonds. The City completed the refunding to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$925,052. The City's decision to advance refund the Capital Improvement Revenue Bonds, Series 2007, resulted in a reduction of total debt service payments over the next twenty years of \$2,230,407. The Series 2016 bonds bear interest at 2.00% to 4.00% per annum, payable semi-annually on April 1 and October 1. Principal is due annually beginning October 1, 2017, in amounts that range from \$295,000 to \$590,000, until final maturity on October 1, 2037.

This refunding constituted an economic defeasance, but did not legally release the City from its obligation to repay the Capital Improvement Revenue Bonds, Series 2007. Under the terms of the refunding bond, sufficient assets to pay all principal and interest on the fully refunded bond issue were placed into an irrevocable trust account at a commercial bank. The assets, liabilities and financial transactions of this trust account are not reflected in the financial statements of the City.

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term Debt (Continued)

On December 20, 2016, the City issued \$8,000,000 in Fire Protection Assessment Revenue Bonds, Series 2016, with interest rates ranging from 2.000% to 4.125%. The total amount of the debt, principal of \$8,000,000 and interest of \$5,763,711, is to be paid through fiscal year 2047, with annual debt service payments ranging from \$160,000 to \$445,000 beginning in fiscal year 2017. The Series 2016 Bonds were issued by the City for the purpose of, together with other available funds of the City, (i) financing a portion of the costs of acquisition and construction of three fire station facilities and other equipment for the City's fire protection services, (ii) making a deposit to the Series 2016 Reserve Fund Subaccount, and (iii) paying certain costs and expenses relating to the issuance of the Series 2016 Bonds. Debt service will be paid from certain non-ad valorem special assessments (fire protection assessments), with the rates established each year by Resolution.

Water and Sewer System Revenue Bonds, Series 2010 (Federally Taxable-Build America Bonds - Direct Subsidy) are subject to redemption prior to their stated dates of maturity, at the option of the City, in whole or in part, on October 1, 2020, or any date thereafter, in such order as may be determined by the City and, by lot, within a maturity, at the redemption price of the principal amount to be redeemed, plus accrued interest to the redemption date. The Series 2010 Bonds maturing on October 1, 2030 are subject to mandatory redemption prior to maturity, by lot, in such manner as the paying agent may deem appropriate, at 100% of the principal amount to be redeemed plus accrued interest to the date of redemption, without premium, on October 1, 2027 and on each October 1 thereafter. The Series 2010 Bonds maturing on October 1, 2035 are subject to mandatory redemption prior to maturity, by lot, in such manner as the paying agent may deem appropriate, at 100% of the principal amount to be redeemed plus accrued interest to the date of redemption, without premium, on October 1, 2031 and on each October 1 thereafter. The Series 2010 Bonds maturing on October 1, 2040 are subject to mandatory redemption prior to maturity, by lot, in such manner as the paying agent may deem appropriate, at 100% of the principal amount to be redeemed plus accrued interest to the date of redemption, without premium, on October 1, 2036 and on each October 1 thereafter. The Series 2010 Bonds are subject to extraordinary optional redemption prior to their maturity date at the option of the City, in whole or in part, on any date prior to October 1, 2020 in such maturities as the City shall determine, only upon the occurrence of an extraordinary event (as defined in the bond agreement), at a redemption price equal to the greater of: (1) 100% of the principal amount of the Series 2010 Bonds to be redeemed; or (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2010 Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2010 Bonds are to be redeemed, discounted to the date on which the Series 2010 Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year, consisting of twelve 30-day months, at the treasury rate (as defined in the bond agreement), plus 100 basis points; plus, in each case, accrued interest on the Series 2010 Bonds to be redeemed to the redemption date.

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term Debt (Continued)

The Water and Sewer System Revenue Bonds, Series 2009A, are subject to redemption prior to their respective stated dates of maturity at the option of the City, in whole or in part, on or after October 1, 2019, at 100% of the principal amount of the bond to be redeemed, together with accrued interest to the date set for redemption. Bonds maturing on October 31, 2034 are subject to mandatory redemption prior to maturity, at the option of the paying agent, at 100% of the principal amount of the bond to be redeemed, on October 1, 2030 and on each October 1 thereafter, through and including October 1, 2034. In addition, bonds maturing on October 1, 2039 are subject to mandatory redemption prior to maturity, at the option of the paying agent, at 100% of the principal amount of the bond to be redeemed, on October 1, 2035 and on each October 1 thereafter, through and including October 1, 2039.

The Water and Sewer Revenue Refunding Bonds, Series 2009B, maturing in the year 2019 are not subject to optional maturity prior to their stated date of maturity. Bonds maturing on or after October 1, 2020, are subject to redemption prior to their respective stated dates of maturity at the option of the City, in whole or in part, on or after October 1, 2019, at 100% of the principal amount of the bond to be redeemed, together with accrued interest to the date set for redemption.

The Water and Sewer Revenue Refunding Bonds, Series 2009C, are not subject to optional maturity prior to their stated date of maturity. The Water and Sewer System Refunding Revenue Bonds, Series 2003, are not subject to redemption prior to maturity at the option of the City. However, bonds maturing on October 1, 2019 are subject to mandatory redemption prior to maturity, at the option of the paying agent, at 100% of the principal amount of the bond to be redeemed, on October 1, 2018. In addition, bonds maturing on October 1, 2023 are subject to mandatory redemption prior to maturity, at the option of the paying agent, at 100% of the principal amount of the bonds to be redeemed, on October 1, 2018 and on each October 1 thereafter, through and including October 1, 2023.

The Water and Sewer System Refunding Revenue Bonds, Series 1999, maturing in the years 2006 to 2018, both inclusive, are not subject to redemption prior to their stated dates of maturity. The bonds maturing on October 1, 2022 and October 1, 2026 are redeemable prior to their stated dates, at the option of the City, on October 1, 2009, or any date thereafter, in whole or in part, in such order as may be determined by the City and, by lot, within a maturity, at 100% of the principal amount of the bonds to be redeemed, together with accrued interest to the date set for redemption.

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term Debt (Continued)

Notes Payable

On December 7, 2010, the City entered into a Capital Improvement Refunding Note, Series 2010, in the principal amount of \$3,200,000 to refund the remaining amount of the Capital Improvement Revenue Bonds, Series 1998, outstanding and to finance certain costs of capital expenditures for the City's public purposes. The note bears interest at a fixed rate of 2.50%.

On November 14, 2012, the City entered into a Transportation Improvement Revenue Note, Series 2012, in the principal amount of \$1,250,000 for the purpose of financing the City's payment obligations under a funding agreement with the Florida Department of Transportation. The note bears interest at a fixed rate of 1.90%.

On November 26, 2014, the City entered into a Capital Improvement Revenue Note, Series 2014, in the principal amount of \$2,010,000 in order to finance the City's purchase of three fire vehicles, consisting of one ladder truck and two rescue pumper trucks. The note bears interest at a fixed rate of 2.20%.

Notes payable outstanding at year-end are as follows:

Governmental Activities

Capital Improvement Refunding Note, Series 2010, original issuance amount of \$3,200,000, payments range from \$277,000 to \$303,000 annually through 2022; interest at 2.5%	\$ 1,168,000
Transportation Revenue Note, Series 2012, original issuance amount of \$1,250,000, payments range from \$125,000 to \$135,000 annually through 2023; interest at 1.9%	660,000
Capital Improvement Revenue Note, Series 2014, original issuance amount of \$2,010,000, payments range from \$195,000 to \$225,000 annually through 2024; interest at 2.20%	<u>1,275,000</u>
Total governmental activities	<u>\$ 3,103,000</u>

Annual debt service requirements to maturity for the notes are as follows:

Year Ending September 30,	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 611,000	\$ 68,555
2020	625,000	54,660
2021	634,000	40,430
2022	653,000	25,943
2023	355,000	11,073
2024-2028	<u>225,000</u>	<u>4,950</u>
Totals	<u>\$ 3,103,000</u>	<u>\$ 205,611</u>

The note agreements provide for certain debt covenant requirements, including debt service and reserve requirements. The City is currently in compliance with each of these covenants.

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term Debt (Continued)

State Revolving Fund Loans

On March 20, 2001, the City was awarded financial assistance from the Florida Department of Environmental Protection in the form of a Drinking Water State Revolving Fund Loan (DW0517010), for the purpose of financing construction of the Banana River 36-inch Water Main project. The amount of the loan payable at September 30, 2018, is \$1,185,197. The loan bears interest at fixed rates ranging from 3.05% to 3.27% per annum, with principal and interest payments due in January and July of each fiscal year until the loan is paid in full in fiscal year 2022.

During 2003, the City was awarded an additional construction loan under the Florida Department of Environmental Protection's Drinking Water State Revolving Fund Loan (DW0517020), for the purpose of financing Phase I of a 54-inch water main from State Road 524 to the St. John's River. The amount of the loan payable at September 30, 2018, is \$1,479,257. The loan bears interest at fixed rates ranging from 2.67% to 2.93% per annum, with principal and interest payments due in February and August of each fiscal year until the loan is paid in full in fiscal year 2024.

During 2003, the City was awarded an additional construction loan under the Florida Department of Environmental Protection's Clean Water State Revolving Fund (WWG12081202P), for the purpose of preconstruction activities, which consist of the planning, administrative, and engineering work necessary for the City to qualify for Clean Water State Revolving Fund financing, for construction of wastewater transmission, collection, reuse, and treatment facilities. The amount of the loan payable at September 30, 2018, is \$1,272,949. The loan bears interest at fixed rates ranging from 1.89% to 2.04% per annum, with principal and interest payments due in June and December of each year until the loan is paid in full in fiscal year 2025.

During 2004, the City was awarded an additional construction loan under the Florida Department of Environmental Protection's State Revolving Fund (DW0517030), in order to finance the City's 54-inch Water Transmission Main Phase 2 construction project. The amount of the loan payable at September 30, 2018, is \$3,969,861. The loan bears interest at fixed rates ranging from 2.58% to 2.96% per annum, with principal and interest payments due in February and August of each year until the loan is repaid in full in fiscal year 2025.

During 2009, the City was awarded an additional construction loan under the Florida Department of Environmental Protection Clean Water State Revolving Fund (WW812030), for the waste water portion related to the Widening of US 1 from Park to Rosa L. Jones and from Rosa L. Jones to Pine, including a force main and reclaimed water main. The amount of the loan payable at September 30, 2018 is \$34,567,319. The loan bears interest at 2.92% per annum, with 40 principal and interest payments due in April and October of each fiscal year until the loan is repaid in full in fiscal year 2031.

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term Debt (Continued)

State Revolving Fund Loans (Continued)

During 2009, the City was awarded an additional construction loan under the Florida Department of Environmental Protection Drinking Water State Revolving Fund (DW0517040), for the water main portion related to the widening of US 1 from Park to Rosa L. Jones and from Rosa L. Jones to Pine. The maximum amount of the loan is \$3,200,000. The amount of the loan payable at September 30, 2018 is \$1,444,562. The loan bears interest at 2.77% per annum, with 40 principal and interest payments due in June and December of each fiscal year until the loan is repaid in full in fiscal year 2031.

During 2009, the City was awarded an additional construction loan under the Florida Department of Environmental Protection Drinking Water State Revolving Fund (DW0517050), for South Mainland 42-inch Water Main Project. The maximum amount of the loan is \$6,400,000. The amount of the loan payable at September 30, 2018 is \$4,348,786. The loan bears interest at fixed rates ranging from 2.77% to 2.84% per annum, with 40 principal and interest payments due in April and October of each fiscal year until the loan is repaid in full in fiscal year 2030.

During 2009, the City was awarded an additional construction loan under the Florida Department of Environmental Protection Drinking Water State Revolving Fund (DW0517060), for the South Atlantic Avenue Water Main Replacement Phase I Project. The amount of the loan payable at September 30, 2018 is \$84,511. The loan bears interest at fixed rates ranging from 2.57% to 2.82% per annum, with 40 principal and interest payments due in June and December of each fiscal year until the loan is repaid in full in fiscal year 2031.

The balances outstanding under State Revolving Loan Funds as of September 30, 2018 are as follows:

Year Ending September 30,	Business-type Activities	
	Principal	Interest
2019	\$ 2,014,283	\$ 491,237
2020	2,075,388	434,092
2021	2,134,170	375,309
2022	2,014,250	314,839
2023	1,887,305	261,392
2024-2028	5,798,687	690,758
2029-2033	2,028,358	86,677
Totals	<u>\$17,952,441</u>	<u>\$ 2,654,304</u>

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term Debt (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2018, is as follows:

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance	Due Within One Year
Governmental Activities					
Bond payable:					
Revenue bonds payable	\$ 16,420,000	\$ -	\$ (455,000)	\$ 15,965,000	\$ 470,000
Less deferred amounts:					
For issuance discounts	(42,045)	-	1,401	(40,644)	-
For issuance premium	511,647	-	(25,582)	486,065	-
Total bonds payable	16,889,602	-	(479,181)	16,410,421	470,000
Notes payable	3,700,000	-	(597,000)	3,103,000	611,000
Capital leases	-	101,472	(32,910)	68,562	32,910
Accrued claims payable	4,152,457	9,451,426	(8,883,233)	4,720,650	2,359,650
OPEB liability	21,466,925	157,987	(1,038,487)	20,586,425	-
Net pension liability	18,168,396	3,022,298	(2,390,799)	18,799,895	-
Compensated absences	1,179,032	1,882,339	(1,341,832)	1,719,539	498,892
Governmental activities long-term liabilities	\$ 65,556,412	\$ 14,615,522	\$ (14,763,442)	\$ 65,408,492	\$ 3,972,452
	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance	Beginning Balance
Business-type Activities					
Bond payable:					
Revenue bonds payable	\$ 58,120,000	\$ 21,805,000	\$ (23,790,000)	\$ 56,135,000	\$ 2,940,000
Less deferred amounts:					
For issuance discounts	(674,725)	-	79,132	(595,593)	-
For issuance premium	294,681	-	(49,114)	245,567	-
Total bonds payable	57,739,956	21,805,000	(23,759,982)	55,784,974	2,940,000
Due to other governments:					
State revolving loans payable	19,919,095	-	(1,966,653)	17,952,442	2,014,283
OPEB liability	5,159,937	73,718	(51,912)	5,181,743	-
Net pension liability	9,382,644	349,448	(1,206,657)	8,525,435	-
Compensated absences	539,832	844,808	(801,268)	583,372	249,501
Business-type activities long-term liabilities	\$ 92,741,464	\$ 23,072,974	\$ (27,786,472)	\$ 88,027,966	\$ 5,203,784

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

Principal and interest paid in the current fiscal year for the Fire Protection Revenue Bonds, Series 2016, was \$464,663 and pledged gross revenue was \$2,463,048. As of September 30, 2018, principal and interest to maturity in 2046 to be paid from pledged future revenues totaled \$12,939,369. Principal and interest paid in the current fiscal year for the Capital Improvement Revenue Bond, Series 2016, was \$608,766 and pledged gross revenue was \$4,083,555. As of September 30, 2018, principal and interest to maturity in 2037 to be paid from pledged future revenues totaled \$11,623,738.

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term Debt (Continued)

Changes in Long-term Liabilities (Continued)

Principal and interest paid in the current fiscal year for the Water and Sewer System Revenue Bonds, Capital Improvement Revenue Notes, and the State Revolving Loan Funds was \$8,250,086 and pledged net revenue and impact fees was \$30,591,373. As of September 30, 2018, principal and interest to maturity in 2040 to be paid from pledged future revenues totaled \$115,542,389.

Capital Leases

The City has entered into a lease agreement as lessee for financing the acquisition of certain equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The assets acquired through capital lease are as follows:

<u>Year Ending September 30,</u>	
2019	\$ 32,910
2020	32,910
2021	<u>2,742</u>
Total minimum future rental expense	<u>\$ 68,562</u>

H. Operating Leases

The City leases various equipment under operating leases. The following schedule represents minimum future rental expense related to the leases:

<u>Year Ending September 30,</u>	
2019	\$ 12,424
2020	10,642
2021	<u>888</u>
Total minimum future rental expense	<u>\$ 23,954</u>

NOTE 3 - OTHER INFORMATION

A. Risk Management

The City adopted a self-insurance program for workers' compensation, effective January 1, 1990. The City is self-insured during each one-year liability period for the first \$650,000 of each workers' compensation claim and for any losses incurred exceeding \$25,000,000 per incident. For the year ended September 30, 2018, the City had an estimated \$2,713,889 in claims expense, including \$18,665 in incurred but not reported claims, and \$211,416 in administrative costs recorded in the self-insurance fund. At September 30, 2018, the actuarially determined net loss reserve for all fund years is \$4,310,000 (undiscounted). On a discounted basis (discounted at 3.0%), the actuarial net loss reserve is \$3,615,000. This liability is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. To estimate this liability, the incurred but not reported factors are applied to trended claims history. Settled claims have not exceeded coverage in any of the past three fiscal years.

Effective October 1, 2015, the City changed from a hybrid fully insured healthcare plan to a self-funded healthcare plan, engaging Cigna Health and Life Insurance Company ("Cigna") to act as third-party administrator in exchange for a medical administrative fee per covered employee. Funds are deposited into an imprest account from which Cigna, as third-party administrator, pays plan claims in accordance with plan benefits. The City has obtained Specific Stop Loss Insurance and Aggregate Stop Loss Insurance to protect its assets in the event of a large individual claim (greater than \$125,000) or in the event claim costs exceed a predetermined amount (125% of the expected annual claims amount). For the year ended September 30, 2018, the City had \$5,504,130 in claims expense, including \$277,117 in incurred but not reported claims and \$1,021,991 in administrative costs recorded in the self-insurance fund. At September 30, 2018, the actuarially determined net loss reserve is \$1,105,650. This liability is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. To estimate this liability, the incurred but not reported factors are applied to trended claims history. Settled claims have not exceeded coverage in the past fiscal year.

Changes in the estimated accrued claims payable in fiscal years 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Balance at beginning of year	\$ 4,152,457	\$ 3,358,637
Current year claims and changes in estimate	9,451,426	6,423,071
Claims payments	<u>(8,883,233)</u>	<u>(5,629,251)</u>
Balance at end of fiscal year	4,720,650	4,152,457
Less: amount due within one year	<u>(2,359,650)</u>	<u>(2,162,457)</u>
Noncurrent portion	<u>\$ 2,361,000</u>	<u>\$ 1,990,000</u>

There have been no significant reductions in insurance coverage during fiscal year 2018.

NOTE 3 - OTHER INFORMATION (Continued)

B. Major Customers

The City's Water and Sewer System Fund had one major customer in 2018. Sales to this customer aggregated \$2,566,973. At September 30, 2018, the amount due from this customer included in accounts receivable is \$246,131.

C. State of Florida Pension Plans

Defined Benefit Plans

The City participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The Florida Retirement System ("FRS") Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program ("DROP") available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy ("HIS") Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. 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 can include Medicare.

NOTE 3 - OTHER INFORMATION (Continued)

C. State of Florida Pension Plans (Continued)

Benefits Provided

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

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 \$150 per month, pursuant to Section 112.363, Florida Statutes.

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan. The employer's contribution rates as of September 30, 2018, were as follows:

	<u>FRS</u>	<u>HIS</u>
Regular Class	6.60%	1.66%
Special Risk Class	22.84%	1.66%
Senior Management Service Class	22.40%	1.66%
Elected Officials	47.04%	1.66%
DROP from FRS	12.37%	1.66%

The employer's contributions for the year ended September 30, 2018, were \$981,272 to the FRS Defined Benefit Pension Plan and Defined Contribution Investment Plan and \$242,596 to the HIS Program.

NOTE 3 - OTHER INFORMATION (Continued)

C. State of Florida Pension Plans (Continued)

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2018, the City reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2018. The City's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	<u>FRS</u>	<u>HIS</u>
Net pension liability	\$ 10,208,790	\$ 4,744,957
Proportion at:		
Current measurement date	0.0339%	0.0448%
Prior measurement date	0.0329%	0.0428%
Pension expense	\$ 1,875,203	\$ 471,082

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2018, the City has reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 864,838	\$ 31,390	\$ 72,643	\$ 8,062
Changes of assumptions	3,335,736	-	527,698	501,677
Net difference between projected and actual earnings on pension plan investments	-	788,753	2,864	-
Changes in proportion and differences between City pension plan contributions and proportionate share of contributions	623,958	139,782	559,545	-
Employer contributions subsequent to the measurement date	<u>260,699</u>	<u>-</u>	<u>61,078</u>	<u>-</u>
Totals	<u>\$ 5,085,231</u>	<u>\$ 959,925</u>	<u>\$ 1,223,828</u>	<u>\$ 509,739</u>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2019. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ending September 30,</u>	<u>FRS</u>	<u>HIS</u>
2019	\$ 1,434,114	\$ 183,302
2020	988,329	183,061
2021	206,199	145,256
2022	701,365	100,919
2023	464,102	23,986
Thereafter	<u>70,498</u>	<u>16,487</u>
Totals	<u>\$ 3,864,607</u>	<u>\$ 653,011</u>

NOTE 3 - OTHER INFORMATION (Continued)

C. State of Florida Pension Plans (Continued)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2018. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2018. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2016, rolled-forward using standard actuarial procedures. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	<u>FRS</u>	<u>HIS</u>
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.00%	N/A
Discount rate	7.00%	3.87%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

The most recent experience study for the FRS Pension Plan was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The following changes in key actuarial assumptions occurred in 2018:

FRS: The long-term expected rate of return was decreased from 7.10% to 7.00%, and the active member mortality assumption was updated.

HIS: The municipal rate used to determine total pension liability was increased from 3.58% to 3.87%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>
Cash	1%	2.9%	2.9%
Fixed income	18%	4.4%	4.3%
Global equity	54%	7.6%	6.3%
Real estate	11%	6.6%	6.0%
Private equity (property)	10%	10.7%	7.8%
Strategic investments	6%	6.0%	5.7%
	<u>100%</u>		

NOTE 3 - OTHER INFORMATION (Continued)

C. State of Florida Pension Plans (Continued)

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.00%. FRS' 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 calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.87% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate':

	FRS			HIS		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Employer's proportionate share of the net pension liability	\$ 18,631,470	\$ 10,208,790	\$ 3,213,256	\$ 5,404,228	\$ 4,744,957	\$ 4,195,417

Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the FRS in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class.

NOTE 3 - OTHER INFORMATION (Continued)

D. Retirement Commitments – Defined Benefit Plans

The City maintains three separate single-employer defined benefit pension plans for firefighters, police officers and those full-time City employees who did not elect to be in the Florida Retirement System as of March 1, 2009. They are accounted for as pension trust funds and reported herein as part of the City's reporting entity. Each plan is administered through its own Board of Trustees.

Summary of Significant Accounting Policies – The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Investments are reported at fair value.

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

The City recognized as revenues and expenditures-on-behalf-of payments relating to pension contributions for its public safety employees that the State of Florida paid to the Police Officers and Firefighters retirement plans in the amounts of \$171,608 and \$109,865, respectively. These contributions are funded by an excise tax upon certain casualty insurance companies on their gross receipts of premiums from policyholders.

Funding Policy – The City uses the Entry Age Normal Actuarial Cost Method (“EANACM”) for the General Employees Retirement Plan, the Firefighters Retirement Plan and the Police Officers Retirement Plan to determine required contributions under its retirement systems because it provides for the systematic funding of the normal cost and any unfunded actuarial accrued liabilities. This is an acceptable method to the State of Florida. These liabilities are being funded over a 20-year period for the General Employees Retirement Plan, Police Officers Retirement Plan Firefighters Retirement Plan.

The State of Florida has established guidelines for state and local pension plan funding and requires submission to and approval of the local government's actuarial reports by a State Bureau, at least every third year. The City's pension plans, by policy, require the following:

- a. Annual actuarial reports as of October 1 of each year to determine the next year's required contributions.
- b. Employee contributions at 5% of compensation for the General Employees Retirement System, and 6.5% of compensation for the Police Officers Retirement Plan and the Firefighters Retirement Plan.
- c. Employer contributions in accordance with the actuarially determined requirement using the EANACM for the General Employees Retirement Plan, the Firefighters Retirement Plan, and the Police Officers Retirement Plan.

NOTE 3 - OTHER INFORMATION (Continued)

D. Retirement Commitments – Defined Benefit Plans (Continued)

Plan Description	General Employees' Pension Plan	Police Officers' Pension Plan	Firefighters' Pension Plan
<i>Plan Administration</i>	<i>Plan Administration</i>	<i>Plan Administration</i>	<i>Plan Administration</i>
The Plan is administered by a Board of Trustees comprised of:	The Plan is administered by a Board of Trustees comprised of:	The Plan is administered by a Board of Trustees comprised of:	The Plan is administered by a Board of Trustees comprised of:
a) Two Council appointees (City residents), and	a) Two City Council appointees,	a) Two City Council appointees,	a) Two City Council appointees,
b) Three Plan Members elected by the Membership.	b) Two Members of the System elected by a majority of the other covered Police Officers, and	b) Two Members of the System elected by a majority of the other covered Firefighters, and	b) Two Members of the System elected by a majority of the other covered Firefighters, and
	c) A fifth Member elected by the other 4 and appointed by Council.	c) A fifth Member elected by the other 4 and appointed by Council.	c) A fifth Member elected by the other 4 and appointed by Council.
	General Employees' Pension Plan	Police Officers' Pension Plan	Firefighters' Pension Plan
Plan membership as of October 1, 2017	51	50	43
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	-	12	3
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	2	56	38
Active Plan Members	53	118	84
Total Plan Members	53	118	84

Benefits Provided

All three plans provide retirement, termination, disability and death benefits.

General Employees' Pension Plan:

Normal Retirement:

Date: Age 50 and 25 years of Credited Service, or age 57 (age 57 and 10 years of service if hired after 3/31/94).

Benefit: 3% of Average Final Compensation times Credited Service.

Early Retirement:

Date: Age 55 and 10 years of Credited Service.

Benefit: Accrued benefit, reduced 1/15th for each of the first 5 years and 1/30th for each of the next 5 years prior to Normal Retirement.

Cost of Living Increases for Retirees:

3% per year beginning at age 65.

Vesting:

Less Than 10 Years: Refund of Member Contributions, with interest.

10 or More Years: Accrued pension payable at Normal Retirement, or refund of Member Contributions, with interest.

NOTE 3 - OTHER INFORMATION (Continued)

D. Retirement Commitments – Defined Benefit Plans (Continued)

Disability:

Eligibility: Total and permanent; unable to perform any regular and continuous duties as a General Employee (as determined by the Board).

Benefit: Service Incurred 50% of average pay for the 12 months preceding disability.

Non-Service Incurred: 25% of average pay for the 12 months preceding disability.

Benefit Offsets: If Plan benefit plus Social Security and/or Workers' Compensation exceeds 100% of pay, Plan benefit is reduced so total is 100% of pay.

Pre-Retirement Death Benefits:

Vested or Eligible to Retire: Beneficiary receives accrued benefit for 10 years at the otherwise Normal (unreduced) or Early (reduced) Retirement Date, or refund of Member Contributions, with interest.

Not Vested or Eligible to Retire: Refund of Member Contributions, with interest.

Police Officers' Pension Plan:

Normal Retirement:

Date: Earlier of: 1) Age 50 and 10 years of Credited Service, or 2) 25 years of Credited Service, regardless of age.

Benefit: 3% of Average Monthly Earnings ("AME") times Years of Credited Service.

Vesting (Termination of Employment):

Less than 10 Years: Refund of Member Contributions, with interest.

10 Years or More: Accrued pension payable at age 50, or Refund of Member Contributions with interest.

Cost of Living Adjustment:

Up to 3% per year beginning at age 65.

Disability:

Eligibility: Total and permanent; not able to perform useful and efficient service as a police officer. Board can require periodic re-examination. 10 years of service required for Non-Service Incurred benefits.

Benefit: Service Connected: Greater of 1) Accrued benefit, 2) 42% of Average Monthly Earnings, or 3) 50% of regular base pay on date of disability.

Non-Service Connected: Accrued benefit.

Benefit Offsets: If the 50% or 25% of pay benefit plus all Primary and Family Social Security benefits and/or all regular or periodic payments under Workers' Compensation exceeds 100% of regular base pay on the date of disability, the Plan benefit will be reduced so that the sum of all such payments equal 100% of pay. (In no event will offset reduce benefits below 42% of AME for service connected, or 25% of AME for Non-Service Connected disability.)

Pre-Retirement Death Benefits:

Vested or Eligible to Retire: Accrued benefits payable to beneficiary for 10 years, or in accordance with available options.

If Not Vested or Eligible for Early or Normal Retirement: Refund of contributions plus 4.5% interest.

NOTE 3 - OTHER INFORMATION (Continued)

D. Retirement Commitments – Defined Benefit Plans (Continued)

Firefighters' Pension Plan:

Normal Retirement:

Date: Earlier of age 55 with 10 years of service or the completion of 25 years of Credited Service. Members with at least 10 years of Credited Service on October 27, 2015, as well as Members who were within 7 years of Normal Retirement eligibility on that date retain the Normal Retirement date previously in effect: Earlier of age 52 and 10 years of Credited Service or the completion of 25 years of Credited Service.
Benefit: 3% of AME times Years of Credited Service.

Early Retirement:

Date: Age 50 and 10 years of Credited Service.
Benefit: Accrued benefit, reduced 3% per year.

Delayed Retirement:

Allowable beyond age 70, with consent of the Board. Benefit continued to accrue.

Cost of Living Adjustment for Retirees:

Up to 3% per year beginning at age 65.

Vesting (Termination of Employment):

Less than 10 years of Service: Refund of Member Contributions, with interest.
10 years or more: Accrued pension payable at Normal Retirement, or, on a reduced basis at Early Retirement, or refund of contributions with interest.

Disability:

Eligibility: Total and permanent; not able to perform any useful duties or service for Fire Department. Board can require periodic re-examination.

Waiting Period Service Connected: At expiration of sick pay and accrued vacation pay.
Waiting Period Non-Service Connected: 6 months from date of disability.

Benefit Amount Service Connected: Accrued benefit (at the 3% benefit rate) with a minimum of 42% of AME.

Benefit Amount Non-Service Connected: 25% of pay on date of disability.

Pre-Retirement Death Benefits:

Vested: Accrued Benefit (determined using a 2.0% Benefit Multiplier Rate) payable to Beneficiary for 120 months at the Normal Retirement Date (unreduced), Early Retirement Date (reduced as for Early Retirement), or immediately (actuarially reduced for commencement prior to the Early Retirement Date).

Non-Vested: Refund of contributions plus 4.5% interest.

NOTE 3 - OTHER INFORMATION (Continued)

D. Retirement Commitments – Defined Benefit Plans (Continued)

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2018:

Asset Class	Target Allocation		
	General Employees' Pension Plan	Police Officers' Pension Plan	Firefighters' Pension Plan
Domestic Equity	45%	35%	-
International Equity	15%	15%	10%
Broad Market Fixed Income	15%	-	-
Global Fixed Income	5%	-	-
Real Estate	10%	-	10%
Bonds	-	30%	-
Convertibles	-	10%	-
REITS	-	5%	-
MLPs	-	1.6%	-
Large Cap Equity	-	-	40%
Smid Cap Equity	-	-	20%
Fixed Income	-	-	20%
Alternative	10%	-	-
Infrastructure	-	3.4%	-
Total	100%	100%	100%

Concentrations:

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

Rate of Return:

For the year ended September 30, 2018, the annual money-weighted rate of return on General Employees', Police Officers' and Firefighters' Pension Plan investments, net of pension plan investment expense, was 11.42%, 6.41% and 11.12%, respectively.

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

NOTE 3 - OTHER INFORMATION (Continued)

D. Retirement Commitments – Defined Benefit Plans (Continued)

Deferred Retirement Option Program:

	General Employees' Pension Plan	Police Officers' Pension Plan	Firefighters' Pension Plan
Eligibility	Satisfaction of Normal Retirement requirements.	Satisfaction of Normal Retirement requirements.	Satisfaction of Normal Retirement requirements.
Participation	Not to exceed 60 months.	Not to exceed 60 months.	Not to exceed 60 months.
Rate of Return	Actual net rate of investment return (total return net of brokerage commissions, transaction costs, and management fees) based on Actuarial Value of plan assets.	Actual net investment rate or fixed interest, at member's election.	DROP Entry prior to April 1, 2012: At Participant's election (may change semi-annually), either: a) Actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs), credited each fiscal year quarter, or b) 7.99% fixed. DROP Entry after March 31, 2012: At Participant's election (may change semi-annually), either: a) Actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs), credited each fiscal year quarter, or b) Net rate of investment return, not less than 4%, not greater than 6.5%.

Net Pension Liability of the City:

The components of the net pension liability of the City on September 30, 2018 were as follows:

	General Employees' Pension Plan	Police Officers' Pension Plan	Firefighters' Pension Plan
Total Pension Liability	\$ 17,100,204	\$ 32,448,317	\$ 28,085,627
Plan Fiduciary Net Position	(14,587,473)	(30,379,434)	(20,295,657)
City's Net Pension Liability	<u>\$ 2,512,731</u>	<u>\$ 2,068,883</u>	<u>\$ 7,789,970</u>

NOTE 3 - OTHER INFORMATION (Continued)

D. Retirement Commitments – Defined Benefit Plans (Continued)

Actuarial Assumptions:

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

	General Employees' Pension Plan	Police Officers' Pension Plan	Firefighters' Pension Plan
Inflation	2.50%	2.70%	3.00%
Salary Increases	6.50%	service based	service based
Discount Rate	7.00%	7.50%	7.90%
Investment Rate of Return	7.00%	7.50%	7.90%

For FY2018, actuarial assumptions are 6.5% for the Police Officers' Plan and 10.0% for the Firefighters' Plan.

General Employees' Pension Plan	Police Officers' Pension Plan	Firefighters' Pension Plan
Mortality Rate Healthy Lives: RP2000 Generational with Scale BB, with collar and annuitant adjustments as follows: Males – 50% Annuitant White Collar, 50% Annuitant Blue Collar; Females – 100% Annuitant White Collar. Mortality Rate Disabled Lives: Mortality Table - RP2000 without projection, with the following adjustments: Males – 100% Disabled Male with four year setback; Females – 100% Disabled Female with two year set forward.	Mortality Rate Healthy Lives: Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB; Male: RP2000 Generational, 10% Annuitant White Collar /90% Annuitant Blue Collar, Scale BB. Mortality Rate Disabled Lives: Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale. Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.	Mortality Rate Healthy Lives: Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB. Male: RP2000 Generational, 10% Annuitant White Collar /90% Annuitant Blue Collar, Scale BB. Mortality Rate Disabled Lives: Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale. Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.
The date of the most recent experience study for which significant assumptions are based upon is not available.	The most recent actuarial experience study used to review the other significant assumptions was dated August 17, 2018.	The most recent actuarial experience study used to review the other significant assumptions was dated August 15, 2018.

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

NOTE 3 - OTHER INFORMATION (Continued)

D. Retirement Commitments – Defined Benefit Plans (Continued)

Actuarial Assumptions: (Continued)

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 geometric real rates of return for each major asset class included in the pension plan’s target asset allocation as of September 30, 2018 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return		
	General Employees’ Pension Plan	Police Officers’ Pension Plan	Firefighters’ Pension Plan
Domestic Equity	7.50%	8.10%	-
International Equity	8.50%	3.40%	4.25%
Broad Market Fixed Income	2.50%	-	-
Global Fixed Income	3.50%	-	-
Real Estate	4.50%	-	6.35%
Bonds	-	3.60%	-
Convertibles	-	6.70%	-
REITS	-	6.80%	-
Infrastructure	-	9.10%	-
Large Cap Equity	-	-	6.07%
Smid Cap Equity	-	-	8.65%
Fixed Income	-	-	1.39%
Alternative	6.00%	-	-

Discount Rate:

The discount rate used to measure the total pension liability for the General Employees, Police Officers and Firefighters Pension Plan investments was 7.00%, 7.50% and 7.90%, respectively.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plans’ 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.

NOTE 3 - OTHER INFORMATION (Continued)

D. Retirement Commitments – Defined Benefit Plans (Continued)

Change in Net Pension Liability:

General Employees' Pension Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2017	\$ 17,450,618	\$ 13,731,230	\$ 3,719,388
Changes for a Year:			
Service Cost	16,218	-	16,218
Interest	1,180,886	-	1,180,886
Differences between Expected and Actual Experience	(353,443)	-	(353,443)
Changes of Assumptions	-	-	-
Contributions - Employer	-	585,825	(585,825)
Contributions - Employee	-	3,954	(3,954)
Net Investment Income	-	1,525,741	(1,525,741)
Benefit Payments, including Refunds of Employees Contributions	(1,194,075)	(1,194,075)	-
Administrative Expense	-	(65,202)	65,202
Net Changes	(350,414)	856,243	(1,206,657)
Balances at September 30, 2018	\$ 17,100,204	\$ 14,587,473	\$ 2,512,731

Police Officers' Pension Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2017	\$ 30,477,447	\$ 29,151,747	\$ 1,325,700
Changes for a Year:			
Service Cost	674,529	-	674,529
Interest	2,446,824	-	2,446,824
Differences between Expected and Actual Experience	(562,521)	-	(562,521)
Changes of assumptions	854,009	-	854,009
Changes of benefit terms	308,630	-	308,630
Contributions - Employer	-	829,616	(171,608)
Contributions - State	-	171,608	(208,055)
Contributions - Employee	-	208,055	(1,849,653)
Net Investment Income	-	1,849,653	-
Benefit Payments, including Refunds of Employees Contributions	(1,750,601)	(1,750,601)	-
Administrative Expense	-	(80,644)	80,644
Net Changes	1,970,870	1,227,687	743,183
Balances at September 30, 2018	\$ 32,448,317	\$ 30,379,434	\$ 2,068,883

NOTE 3 - OTHER INFORMATION (Continued)

D. Retirement Commitments – Defined Benefit Plans (Continued)

Change in Net Pension Liability: (Continued)

Firefighters' Pension Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2017	\$ 26,574,948	\$ 18,371,272	\$ 8,203,676
Changes for a Year:			
Service Cost	517,114	-	517,114
Interest	2,105,795	-	2,105,795
Differences between Expected and Actual Experience	556,795	-	556,795
Changes of benefit terms	(129,772)	-	(129,772)
Contributions - Employer	-	1,279,709	(109,866)
Contributions - State	-	109,866	(142,644)
Contributions - Employee	-	142,644	(2,019,990)
Net Investment Income	-	2,019,990	-
Benefit Payments, including Refunds of Employees Contributions	(1,539,253)	(1,539,253)	-
Administrative Expense	-	(88,571)	88,571
Net Changes	1,510,679	1,924,385	(413,706)
Balances at September 30, 2018	\$ 28,085,627	\$ 20,295,657	\$ 7,789,970

Sensitivity of the Net Pension Liability to Changes in the Discount Rate.

The following presents the net pension liability of the City, calculated using the discount rate, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Sponsor's Net Pension Liability	1% Decrease	Current Discount Rate	1% Increase
General Employees' Pension Plan	\$ 4,214,846	\$ 2,512,731	\$ 1,080,450
Police Officers' Pension Plan	\$ 6,294,981	\$ 2,068,883	\$ (1,393,335)
Firefighters' Pension Plan	\$ 11,188,702	\$ 7,789,970	\$ 4,989,715

NOTE 3 - OTHER INFORMATION (Continued)

D. Retirement Commitments – Defined Benefit Plans (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension Plan’s Fiduciary Net Position is available in a separately issued Plan financial report.

For the year ended September 30, 2018, the pension expense recognized on the General Employees’, Police Officers’ and Firefighters’ Pension Plans, was \$(212,381), \$1,536,233 and \$1,593,998, respectively.

On September 30, 2018, the City reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>General Employees’ Pension Plan</u>		
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 772,290
Total General Employees’ Pension Plan	-	772,290
<u>Police Officers’ Pension Plan</u>		
Differences between expected and actual experience	76,896	543,757
Change of assumptions	942,418	-
Net difference between projected and actual earnings on pension plan investments	524,684	-
Total Police Officers’ Pension Plan	1,543,998	543,757
<u>Firefighters’ Pension Plan</u>		
Differences between expected and actual experience	1,134,740	-
Change of assumptions	449,052	108,145
Net difference between projected and actual earnings on pension plan investments	-	629,535
Total Firefighters’ Pension Plan	1,583,792	737,680
Total deferred outflows and deferred inflows of resources related to pensions	<u>\$ 3,127,790</u>	<u>\$ 2,053,727</u>

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	General Employees’ Pension Plan	Police Officers’ Pension Plan	Firefighters’ Pension Plan
2019	\$ (108,325)	\$ 774,015	\$ 547,391
2020	(284,393)	29,018	283,259
2021	(261,975)	47,388	(16,056)
2022	(117,597)	149,820	(39,652)
2023	-	-	71,170
Total	<u>\$ (772,290)</u>	<u>\$ 1,000,241</u>	<u>\$ 846,112</u>

NOTE 3 - OTHER INFORMATION (Continued)

E. Defined Contribution Plans

In July 1996, the City implemented a 401(a) Defined Contribution Plan that required all newly-hired employees to participate in the Defined Contribution Plan. Therefore, the City's General Employees Defined Benefit Plan was closed to new entrants at that time.

Defined Contribution 401(a) Retirement Plan

During July 1996, the City made available to all permanent, full-time personnel who were not certified firefighters or sworn police officers an opportunity to participate in a Defined Contribution 401(a) Retirement Plan. This Plan is established under the authority of, and governed by, the United States Internal Revenue Code, as amended; Part VII, Chapter 112, Florida Statutes; and ordinances as adopted by the City. The Plan is administered by the City through the Human Resources Department, with SunTrust Investments ("STI") serving as the investment manager and trustee. The effective date of the City of Cocoa, Florida Defined Contribution Plan is July 1, 1996. Participation in the Plan is mandatory. Any individual who is a permanent, full-time employee of the City on or after July 1, 1996 but prior to March 1, 2009 (other than certified firefighters and sworn police officers) shall become a participant of the Plan on the date of their employment. Effective March 1, 2009, the Plan was closed to new participants.

The Plan requires the employer to contribute an amount equal to 12% of each participant's compensation. Pursuant to the provisions of the Defined Contribution Plan, any amounts forfeited by employees as a result of termination prior to vesting shall be used to reduce contributions of the employer. During 2018, the Plan had no forfeitures. Employer contributions for 2018 totaled \$66,027. At September 30, 2018, the remaining forfeiture balance from previous years was \$-0-. The employee contributes 5% of their compensation. Employee contributions for 2018 totaled \$27,511. Employees may also make voluntary contributions to the Plan. Total voluntary contributions made by the employees in the amount of \$1,755 are not matched by the employer.

401(a) Money Purchase Plan and Trust

In February 2013, the City established a 401(a) Money Purchase Plan and Trust with ICMA Retirement Corporation exclusively for the City Manager, in accordance with an employment agreement with the City Manager. During the year ended September 30, 2018, employer contributions were \$20,859 and employee contributions were \$14,800.

NOTE 3 - OTHER INFORMATION (Continued)

F. Employee Retirement Plans – Combining Fund Information

The pension trust funds' fiduciary net position activity as of September 30, 2018 was as follows:

	General Employees' Pension Plan	Police Officers' Pension Plan	Firefighters' Pension Plan	Defined Contribution Plans	Total
ASSETS					
Cash and cash equivalents	\$ 349,189	\$ 701,341	\$ 1,703,271	\$ -	\$ 2,753,801
Investments at fair value:					
Equity funds	9,917,343	18,387,630	27,898	1,737,259	30,070,130
Blended mutual funds	-	-	-	681,777	681,777
Fixed income funds	472,726	7,984,214	-	606,295	9,063,235
Mortgage-backed securities	617,570	-	889,312	-	1,506,882
Corporate stock	-	665,559	13,196,842	-	13,862,401
Corporate bonds	842,760	2,417,773	1,450,827	-	4,711,360
Foreign equity funds	-	-	-	177,072	177,072
Government securities	165,155	-	797,279	-	962,434
US real estate investment fund	2,046,811	-	1,894,878	-	3,941,689
Accounts receivable	140,581	207,462	330,440	-	678,483
Interest receivable	35,336	44,369	30,447	-	110,152
Total assets	14,587,471	30,408,348	20,321,194	3,202,403	68,519,416
LIABILITIES					
Accounts payable	-	28,914	24,955	-	53,869
Deferred contributions	-	-	584	-	584
Total liabilities	-	28,914	25,539	-	54,453
NET POSITION					
Held in trust for pension benefits	\$ 14,587,471	\$ 30,379,434	\$ 20,295,655	\$ 3,202,403	\$ 68,464,963

NOTE 3 - OTHER INFORMATION (Continued)

F. Employee Retirement Plans – Combining Fund Information (Continued)

The pension trust funds' change in fiduciary net position activity as of September 30, 2018 was as follows:

	General Employees' Pension Plan	Police Officers' Pension Plan	Firefighters' Pension Plan	Defined Contribution Plans	Total
ADDITIONS					
Contributions:					
Employer contributions	\$ 585,823	\$ 829,615	\$ 1,279,707	\$ 86,886	\$ 2,782,031
Employee contributions	3,954	208,055	142,644	42,312	396,965
Employee voluntary contributions	-	-	-	1,755	1,755
State contributions	-	171,608	109,865	-	281,473
Total contributions	<u>589,777</u>	<u>1,209,278</u>	<u>1,532,216</u>	<u>130,953</u>	<u>3,462,224</u>
Investment earnings:					
Net increase in the fair value of investments	1,115,304	1,005,060	1,777,600	211,685	4,109,649
Interest and dividends	443,590	976,723	392,448	141,387	1,954,148
Total investment earnings	1,558,894	1,981,783	2,170,048	353,072	6,063,797
Less investment expense	(33,153)	(132,130)	(150,058)	-	(315,341)
Net investment earnings	<u>1,525,741</u>	<u>1,849,653</u>	<u>2,019,990</u>	<u>353,072</u>	<u>5,748,456</u>
Total additions	<u>2,115,518</u>	<u>3,058,931</u>	<u>3,552,206</u>	<u>484,025</u>	<u>9,210,680</u>
DEDUCTIONS					
Benefit payments	1,194,075	1,750,601	1,539,253	326,157	4,810,086
Administrative expenses	65,202	80,643	88,571	3,406	237,822
Total deductions	<u>1,259,277</u>	<u>1,831,244</u>	<u>1,627,824</u>	<u>329,563</u>	<u>5,047,908</u>
Change in net position	856,241	1,227,687	1,924,382	154,462	4,162,772
Net position, beginning of year	<u>13,731,230</u>	<u>29,151,747</u>	<u>18,371,273</u>	<u>3,047,941</u>	<u>64,302,191</u>
Net position, end of year	<u>\$ 14,587,471</u>	<u>\$ 30,379,434</u>	<u>\$ 20,295,655</u>	<u>\$ 3,202,403</u>	<u>\$ 68,464,963</u>

NOTE 3 - OTHER INFORMATION (Continued)

G. Other Postemployment Benefits

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 and Benefits Provided. The City administers a single-employer defined benefit healthcare plan (the “Plan”) that provides medical insurance to its employees and their eligible dependents. Pursuant to Section 112.0801, Florida Statutes, the City is required to provide eligible retirees (as defined in the City’s pension plans) the opportunity to participate in this Plan at the same cost that is applicable to active employees.

Employees and their dependents may elect to remain in the Plan upon retirement up to age 65. After age 65, the City’s insurance coverage becomes secondary to the retirees’ Medicare insurance. The Plan has 135 retirees and spouses receiving benefits and has a total of 387 active participants and dependents.

Benefit provisions for the Plan were established by the City Council by Resolution on June 27, 1995 (amended as of July 22, 2008) and may only be amended by the City Council. The City has not established a trust or agency fund for the Plan. The City does not issue standalone financial statements for this Plan. All financial information related to the Plan is accounted for in the City’s basic financial statements.

Funding Policy. The City is funding the Plan on a pay-as-you-go basis. The City pays insurance premiums for medical, dental and vision incurred by pre-Medicare retirees at rates of 100% for retirees hired prior to January 14, 1992 and 50% for retirees hired after January 14, 1992. Regardless of their date of hire, Department Directors and the Deputy (Assistant) City Manager receive 100% of the premium for life. These members are generally eligible for this benefit after ten years of employment with the City and having reached the age of 55. In all cases, retirees may purchase coverage for dependents at their expense. In addition to the explicit subsidies described above, there is an implied subsidy in the insurance premiums for all employees because the premium charged for retirees is the same as the premium charged for active employees, who are younger than retirees on average.

For the year ended September 30, 2018, the City’s contribution was \$1,281,410, which included both an estimate of the implied subsidy described above and the explicit subsidy paid on behalf of eligible retirees. Contributions by the City for Plan members not eligible for an explicit subsidy totaled \$-0- for retirees and approximately \$238,562 for spouses for the year ended September 30, 2018.

Total OPEB Liability. The City’s total OPEB liability of \$33,905,451 was measured as of September 30, 2017 and was determined by an actuarial valuation as of September 30, 2017. The beginning OPEB liability for the year ended September 30, 2018 was adjusted due to the implementation of GASB 75. See Note below for more details on the prior period restatement.

NOTE 3 - OTHER INFORMATION (Continued)

G. Other Postemployment Benefits (Continued)

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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

In the October 1, 2016 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions used for the October 1, 2016 calculations included a 3.40% investment rate of return (including inflation of 2.50%) and an annual healthcare cost trend rate of 7.25% assumed for the year beginning October 1, 2016, reduced by decrements to an ultimate rate of 4.24% in 2040. The discount rate utilized was 3.50%. The actuarial methods and assumptions used are designed to reduce 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

Service Cost	\$	1,007,663
Interest on the Total OPEB Liability		1,092,025
Changes of benefit terms		-
Difference between expected and actual experience of the Total OPEB Liability		-
Changes of assumptions and other inputs		(1,867,983)
Benefit payments		(1,090,399)
Net change in Total OPEB Liability		(858,694)
Total OPEB Liability – Beginning		<u>34,764,145</u>
Total OPEB Liability – Ending	\$	<u>33,905,451</u>

Changes in assumptions reflect a change in the discount rate from 3.10% for the fiscal year ended September 30, 2017 to 3.50% for the fiscal year ended September 30, 2018.

NOTE 3 - OTHER INFORMATION (Continued)

G. Other Postemployment Benefits (Continued)

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

	Discount Rate		
	Current		
	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
Total OPEB liability	<u>\$ 38,877,553</u>	<u>\$ 33,905,451</u>	<u>\$ 29,833,512</u>

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

	Healthcare Cost Trend Rate		
	Current		
	1% Decrease (6.25% to 3.85%)	Healthcare Cost Rate (7.25% to 4.85%)	1% Increase (8.25% to 5.85%)
Total OPEB liability	<u>\$ 29,441,028</u>	<u>\$ 33,905,451</u>	<u>\$ 39,534,745</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

OPEB expense for the fiscal year ended September 30, 2018 was \$1,840,246. On September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	\$ 1,608,541
Transactions after measurement date	<u>1,281,410</u>	<u>-</u>
Totals	<u>\$ 1,281,410</u>	<u>\$ 1,608,541</u>

Deferred Outflows/Inflows of Resources Schedule for Future Years

\$1,281,410 reported as deferred outflows of resources related to OPEB resulting from benefit payments made subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in fiscal year 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30,	
2019	\$ (259,442)
2020	(259,442)
2021	(259,442)
2022	(259,442)
2023	(259,442)
Thereafter	<u>(311,331)</u>
Totals	<u>\$ (1,608,541)</u>

NOTE 3 - OTHER INFORMATION (Continued)

G. Other Postemployment Benefits (Continued)

Restatement

	Entity-Wide Statements		
	Governmental Activities	Business-type Activities	Total
Net Position, September 30, 2017, as previously reported	\$ 36,941,018	\$ 152,414,542	\$ 189,355,560
Cumulative effect of application of GASB Statement No. 75	<u>(6,691,377)</u>	<u>(8,137,283)</u>	<u>(14,828,660)</u>
Net Position, September 30, 2018, as restated	<u>\$ 30,249,641</u>	<u>\$ 144,277,259</u>	<u>\$ 174,526,900</u>

	Enterprise Fund Level Statements		
	Water and Sewer Utility	Stormwater Fund	Total
Net Position, September 30, 2017, as previously reported	\$ 147,504,190	\$ 4,910,352	\$ 152,414,542
Cumulative effect of application of GASB Statement No. 75	<u>(8,152,369)</u>	<u>15,086</u>	<u>(8,137,283)</u>
Net Position, September 30, 2018, as restated	<u>\$ 139,351,821</u>	<u>\$ 4,925,438</u>	<u>\$ 144,277,259</u>

H. Litigation

The City was involved in a lawsuit filed by the Petitioner against the Florida Department of Environmental Protection and the City of Cocoa to obtain a 25-year sovereign submerged land lease related to a boardwalk and promenade constructed jointly by the City and the Petitioner. On November 8, 2005, the parties reached a settlement agreement whereby the Petitioner agreed to reimburse the City for its portion of construction costs in the amount of \$607,837 to be paid in installments through 2009. In accordance with the settlement agreement, the City received \$135,946 and \$200,000 during 2007 and 2006, respectively. During 2008, the Petitioner suspended payments, as the note payable to the City is subordinate to other debt of the Petitioner. At such time as the priority debt is paid by the Petitioner, they will resume payments to the City. A receivable for the remaining amount due, \$271,891, is recorded as of September 30, 2018 in the Cocoa Redevelopment Agency fund as a settlement receivable. The related revenue has been deferred in the governmental fund statements, as it is not collectible soon enough to pay liabilities of the current period.

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

NOTE 3 - OTHER INFORMATION (Continued)

I. Concentration – Collective Bargaining Unit

Substantially all of the City's non-management operations, maintenance and public safety employees are covered by collective bargaining agreements. The agreements with the employees covered by the Laborers' International Union of North America ("LIUNA"), the International Association of Firefighters (IAFF) and the Coastal Florida Police Benevolent Association (PBA) extend through September 30, 2021, except the agreement covering police lieutenants by the PBA that expires September 30, 2020.

J. Future Accounting Pronouncements

The Governmental Accounting Standards Board has issued statements that will become effective in 2019. The statements address:

- Certain asset retirement obligations.

The City is currently evaluating the effects that these statements will have on its 2019 financial statements.

K. Subsequent Event

On October 3, 2018, the City issued new Water and Sewer System revenue bonds, Series 2018B for capital improvements in the amount of \$37,540,000 par value. The Series 2018B bonds were issued with a \$4,341,952 premium at an interest rate ranging from 4.602% to 5%. The bonds will mature October 1, 2048.

On October 3, 2018, the City of Cocoa also advance refunded Series 2010 Build America bonds with the Series 2018C bonds. The bonds were issued with a par value of \$20,835,000 and a \$2,548,379 premium at a 3.7% interest rate. They mature on October 1, 2041. The advance refunding resulted in net present value savings of \$2,023,448 or 9.7%.

The Master Resolution relating to bond issuances was also amended at that time via Resolution 2018-059, as adopted by City Council. The amendments to the Master Resolution become effective upon receipt of the consent of any Insurers of Outstanding Bonds and the Holders of two-thirds (2/3) of the aggregate principal amount of the Bonds Outstanding under the Bond Resolution. Consent was obtained on September 5, 2018. Other amendments to the Master Resolution included the definition of the Rate of Return Factor for the calculation of payment to the General Fund from the Water and Sewer System. The definition of the Rate of Return Factor was changed to be equal to 6% of the total of the original cost of the Water and Sewer System fixed assets less accumulated depreciation based upon the audit of the immediately preceding fiscal year and the cost of capital fixed assets contributed by other parties, less accumulated depreciation.

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REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Cocoa, Florida
Required Pension Supplementary Information - Schedule of Proportionate
Share of Net Pension Liability - Florida Retirement System
Last Four Fiscal Years

Florida Retirement System (FRS)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the collective net pension liability	0.0339%	0.0329%	0.0290%	0.0309%
City's proportionate share of the collective net pension liability	\$ 10,208,790	\$ 9,723,144	\$ 7,318,096	\$ 3,984,745
City's covered payroll	\$ 14,746,847	\$ 12,997,287	\$ 13,039,745	\$ 10,982,455
City's proportionate share of the collective net pension liability as a percentage of its covered payroll	69.23%	74.81%	56.12%	36.28%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%

Health Insurance Subsidy (HIS)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the collective net pension liability	0.0449%	0.0428%	0.0385%	0.0383%
City's proportionate share of the collective net pension liability	\$ 4,744,957	\$ 4,579,133	\$ 4,490,228	\$ 3,908,990
City's covered payroll	\$ 14,746,847	\$ 12,997,287	\$ 13,039,745	\$ 10,982,455
City's proportionate share of the collective net pension liability as a percentage of its covered payroll	32.18%	35.23%	34.43%	35.59%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information only for the years for which information is available.

Note 2: The Plan's fiduciary net position as a percentage of the total pension liability is published in Note 3K of the Plan's Comprehensive Annual Financial Report.

Note 3: The amounts presented for each fiscal year were determined as of 6/30, the measurement date.

City of Cocoa, Florida
Required Pension Supplementary Information - Schedule of Contributions
Florida Retirement System
Last Four Fiscal Years

Florida Retirement System (FRS)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 981,272	\$ 883,954	\$ 823,709	\$ 824,677
Contributions in relation to the contractually required contribution	<u>(981,272)</u>	<u>(883,954)</u>	<u>(823,709)</u>	<u>(824,677)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 14,757,014	\$ 13,532,920	\$ 12,170,167	\$ 10,982,455
Contributions as a percentage of covered payroll	6.65%	6.53%	6.77%	7.51%

Health Insurance Subsidy (HIS)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 242,596	\$ 235,608	\$ 216,473	\$ 10,524
Contributions in relation to the contractually required contribution	<u>(242,596)</u>	<u>(235,608)</u>	<u>(216,473)</u>	<u>(10,524)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 14,757,014	\$ 13,532,920	\$ 12,170,167	\$ 10,982,455
Contributions as a percentage of covered payroll	1.64%	1.74%	1.78%	0.10%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information only for the years for which information is available.

Note 2: Amounts are presented as of 9/30, the report date.

City of Cocoa, Florida
Required Other Pension Supplementary Information - Schedule of Changes in
Net Pension Liability and Related Ratios
Last Five Fiscal Years

General Employees' Pension Plan

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability					
Service Cost	\$ 16,218	\$ 14,181	\$ 29,795	\$ 42,355	\$ 47,142
Interest	1,180,886	1,249,866	1,188,448	1,212,220	1,212,422
Differences between Expected and Actual Experience	(353,443)	(810,338)	90,981	(148,809)	-
Changes of Assumptions	-	320,883	1,307,508	280,514	-
Benefit payments, including Refunds of Employee Contributions	<u>(1,194,075)</u>	<u>(1,338,089)</u>	<u>(1,265,867)</u>	<u>(1,261,866)</u>	<u>(1,253,011)</u>
Net Change in Total Pension Liability	(350,414)	(563,497)	1,350,865	124,414	6,553
Total Pension Liability - Beginning	<u>17,450,618</u>	<u>18,014,115</u>	<u>16,663,250</u>	<u>16,538,836</u>	<u>16,532,283</u>
Total Pension Liability - Ending (a)	17,100,204	17,450,618	18,014,115	16,663,250	16,538,836
Plan Fiduciary Net Position					
Contributions - Employer	585,825	622,133	651,442	711,229	789,489
Contributions - Employee	3,954	4,993	8,293	11,199	14,167
Net Investment Income	1,525,741	1,621,502	1,014,663	88,087	1,269,824
Benefit Payments, Including Refunds of Employee Contributions	<u>(1,194,075)</u>	<u>(1,338,089)</u>	<u>(1,265,867)</u>	<u>(1,261,866)</u>	<u>(1,253,011)</u>
Administrative Expense	<u>(65,202)</u>	<u>(58,842)</u>	<u>(58,000)</u>	<u>(63,707)</u>	<u>(48,959)</u>
Net Change in Plan Fiduciary Net Position	856,243	851,697	350,531	(515,058)	771,510
Plan Fiduciary Net Position - Beginning	<u>13,731,230</u>	<u>12,879,533</u>	<u>12,529,002</u>	<u>13,044,060</u>	<u>12,272,550</u>
Plan Fiduciary Net Position - Ending (b)	14,587,473	13,731,230	12,879,533	12,529,002	13,044,060
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,512,731</u>	<u>\$ 3,719,388</u>	<u>\$ 5,134,582</u>	<u>\$ 4,134,248</u>	<u>\$ 3,494,776</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.31%	78.69%	71.50%	75.19%	78.87%
Covered Payroll	<u>\$ 79,071</u>	<u>\$ 99,870</u>	<u>\$ 165,865</u>	<u>\$ 360,114</u>	<u>\$ 282,176</u>
Net Pension Liability as a Percentage of Covered Payroll	3177.82%	3724.23%	3095.64%	1148.04%	1238.51%

Notes to the schedules:

- (1) The amounts presented for each fiscal year were determined as of September 30. The City implemented GASB Statement No. 67 for the fiscal year ending September 30, 2014. As a result this information is only available for the past five fiscal years.
- (2) The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the September 30, 2015 measurement period which includes DROP payroll.

City of Cocoa, Florida
Required Other Pension Supplementary Information - Schedule of Changes in
Net Pension Liability and Related Ratios (Continued)
Last Five Fiscal Years

Police Officers' Pension Plan					
	2018	2017	2016	2015	2014
Total Pension Liability					
Service Cost	\$ 674,529	\$ 635,256	\$ 618,297	\$ 618,844	\$ 674,987
Interest	2,446,824	2,321,762	2,201,265	2,131,633	2,089,717
Changes of Benefit Terms	308,630	-	-	(997,832)	-
Differences between Expected and Actual Experience	(562,521)	153,793	(374,962)	(513,866)	-
Changes of Assumptions	854,009	-	1,036,841	-	-
Contributions - Buy Back	-	-	10,045	6,362	-
Benefit Payments, Including Refund of Employee Contributions	(1,750,601)	(2,040,254)	(1,964,221)	(1,414,928)	(958,641)
Net Change in Total Pension Liability	1,970,870	1,070,557	1,527,265	(169,787)	1,806,063
Total Pension Liability - Beginning	30,477,447	29,406,890	27,879,625	28,049,412	26,243,349
Total Pension Liability - Ending (a)	32,448,317	30,477,447	29,406,890	27,879,625	28,049,412
Plan Fiduciary Net Position					
Contributions - Employer	829,616	586,260	943,008	1,052,280	1,247,515
Contributions - State	171,608	154,134	146,531	135,036	137,207
Contributions - Employee	208,055	195,078	206,653	197,582	188,931
Contributions - Buy Back	-	-	10,045	6,362	-
Net Investment Income	1,849,653	2,676,958	2,337,754	(751,053)	2,455,052
Benefit Payments, Including Refunds of Employee Contributions	(1,750,601)	(2,040,254)	(1,964,221)	(1,414,928)	(958,641)
Administrative Expense	(80,644)	(65,640)	(68,661)	(70,689)	(64,627)
Net Change in Plan Fiduciary Net Position	1,227,687	1,506,536	1,611,109	(845,410)	3,005,437
Plan Fiduciary Net Position - Beginning	29,151,747	27,645,211	26,034,102	26,879,512	23,874,075
Plan Fiduciary Net Position - Ending (b)	30,379,434	29,151,747	27,645,211	26,034,102	26,879,512
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,068,883</u>	<u>\$ 1,325,700</u>	<u>\$ 1,761,679</u>	<u>\$ 1,845,523</u>	<u>\$ 1,169,900</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.62%	95.65%	94.01%	93.38%	95.83%
Covered Payroll	<u>\$ 3,200,845</u>	<u>\$ 3,001,194</u>	<u>\$ 3,179,278</u>	<u>\$ 3,657,284</u>	<u>\$ 2,906,638</u>
Net Pension Liability as a Percentage of Covered Payroll	64.64%	44.17%	55.41%	50.46%	40.25%

Notes to the schedules:

- (1) The amounts presented for each fiscal year were determined as of September 30. The City implemented GASB Statement No. 67 for the fiscal year ending September 30, 2014. As a result this information is only available for the past five fiscal years.
- (2) The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the September 30, 2015 measurement period which includes DROP payroll.

City of Cocoa, Florida
Required Other Pension Supplementary Information - Schedule of Changes in
Net Pension Liability and Related Ratios (Continued)
Last Five Fiscal Years

	Firefighters' Pension Plan				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability					
Service Cost	\$ 517,114	\$ 497,902	\$ 437,785	\$ 428,719	\$ 433,714
Interest	2,105,795	1,964,536	1,793,566	1,712,414	1,731,706
Change in Excess State Money	-	-	-	-	34,809
Changes of Benefit Terms	-	-	-	(1,070,557)	-
Differences between Expected and Actual Experience	556,795	786,130	494,099	7,133	-
Changes of Assumptions	(129,772)	-	1,122,630	-	-
Benefit Payments, Including Refund of Employee Contributions	<u>(1,539,253)</u>	<u>(1,464,836)</u>	<u>(2,077,311)</u>	<u>(1,309,918)</u>	<u>(1,352,119)</u>
Net Change in Total Pension Liability	1,510,679	1,783,732	1,770,769	(232,209)	848,110
Total Pension Liability - Beginning	<u>26,574,948</u>	<u>24,791,216</u>	<u>23,020,447</u>	<u>23,252,656</u>	<u>22,404,546</u>
Total Pension Liability - Ending (a)	28,085,627	26,574,948	24,791,216	23,020,447	23,252,656
Plan Fiduciary Net Position					
Contributions - Employer	1,279,709	1,306,976	1,391,074	1,442,906	1,720,919
Contributions - State	109,866	130,749	115,233	128,299	129,468
Contributions - Employee	142,644	146,845	152,199	140,228	134,687
Net Investment Income	2,019,990	1,977,411	1,340,094	(79,330)	1,370,989
Benefit Payments, Including Refunds of Employee Contributions	<u>(1,539,253)</u>	<u>(1,464,836)</u>	<u>(2,077,311)</u>	<u>(1,309,918)</u>	<u>(1,352,119)</u>
Administrative Expense	<u>(88,571)</u>	<u>(63,579)</u>	<u>(84,495)</u>	<u>(95,930)</u>	<u>(56,334)</u>
Net Change in Plan Fiduciary Net Position	1,924,385	2,033,566	836,794	226,255	1,947,610
Plan Fiduciary Net Position - Beginning	<u>18,371,272</u>	<u>16,337,706</u>	<u>15,500,912</u>	<u>15,274,657</u>	<u>13,327,047</u>
Plan Fiduciary Net Position - Ending (b)	20,295,657	18,371,272	16,337,706	15,500,912	15,274,657
Net Pension Liability - Ending (a) - (b)	<u>\$ 7,789,970</u>	<u>\$ 8,203,676</u>	<u>\$ 8,453,510</u>	<u>\$ 7,519,535</u>	<u>\$ 7,977,999</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.26%	69.13%	65.90%	67.34%	65.69%
Covered Payroll	<u>\$ 2,194,527</u>	<u>\$ 2,259,154</u>	<u>\$ 2,341,531</u>	<u>\$ 2,257,178</u>	<u>\$ 2,072,106</u>
Net Pension Liability as a Percentage of Covered Payroll	354.97%	363.13%	361.02%	333.14%	385.02%

Notes to the schedules:

- (1) The amounts presented for each fiscal year were determined as of September 30. The City implemented GASB Statement No. 67 for the fiscal year ending September 30, 2014. As a result this information is only available for the past five fiscal years.
- (2) The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the September 30, 2015 measurement period which includes DROP payroll.

City of Cocoa, Florida
Required Other Pension Supplementary Information - Schedule of Contributions
Last Five Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>General Employees' Pension Plan</u>					
Actuarially Determined Contribution	\$ 585,687	\$ 622,133	\$ 651,442	\$ 711,229	\$ 789,489
Contributions in Relation to the Actuarially Determined Contributions	<u>(585,825)</u>	<u>(622,133)</u>	<u>(651,442)</u>	<u>(711,229)</u>	<u>(789,489)</u>
Contribution Deficiency (Excess)	<u>\$ (138)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 79,071	\$ 99,870	\$ 165,865	\$ 360,114	\$ 282,176
Contributions as a Percentage of Covered Payroll	740.71%	622.94%	392.75%	197.50%	279.79%
<u>Police Officers' Pension Plan</u>					
Actuarially Determined Contribution	\$ 1,001,224	\$ 740,394	\$ 1,089,539	\$ 1,187,316	\$ 1,384,722
Contributions in Relation to the Actuarially Determined Contributions	<u>(1,001,224)</u>	<u>(740,394)</u>	<u>(1,089,539)</u>	<u>(1,187,316)</u>	<u>(1,384,722)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
Covered Employee Payroll	\$ 3,200,845	\$ 3,001,194	\$ 3,179,278	\$ 3,657,284	\$ 2,906,638
Contributions as a Percentage of Covered Payroll	31.28%	24.67%	34.27%	32.46%	47.64%
<u>Firefighters' Pension Plan</u>					
Actuarially Determined Contribution	\$ 1,389,575	\$ 1,437,725	\$ 1,506,307	\$ 1,571,205	\$ 1,815,579
Contributions in Relation to the Actuarially Determined Contributions	<u>(1,389,575)</u>	<u>(1,437,725)</u>	<u>(1,506,307)</u>	<u>(1,571,205)</u>	<u>(1,815,579)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
Covered Payroll	\$ 2,194,527	\$ 2,259,157	\$ 2,341,531	\$ 2,257,178	\$ 2,072,106
Contributions as a Percentage of Covered Payroll	63.32%	63.64%	64.33%	69.61%	87.62%

Notes to the schedules:

- (1) The amounts presented for each fiscal year were determined as of September 30. The City implemented GASB Statement No. 67 for the fiscal year ending September 30, 2014. As a result this information is only available for the past five fiscal years.
- (2) The Covered Payroll numbers shown are in compliance with GASB 82, except for the September 30, 2015 measurement period which includes DROP payroll.

City of Cocoa, Florida
Required Other Pension Supplementary Information – Notes to Schedule

Notes to Schedule

Valuation Date: 10/01/2016

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

Methods and assumptions used to determine contribution rates:

GENERAL EMPLOYEES' PENSION PLAN

Valuation Date:	10/01/2016		
Mortality	<i>Healthy Lives :</i> Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB. Male: RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB <i>Disabled Lives :</i> Female: 100% RP2000 Disabled Female set forward two years. Male: 100% RP2000 Disabled Male setback four years.		
Interest Rate	7.20% per year compounded annually, net of investment related expenses.		
Retirement Age	Age 50 and 25 years of service or age 57. Any member who has reached Normal Retirement on the valuation date is assumed to continue employment for one additional year.		
Early Retirement	Commencing at the earliest Early Retirement Age (55), members are assumed to retire with an immediate subsidized benefit at the rate of 2% per year.		
Salary Increases	6.50% per year until the assumed retirement age. Projected salary at retirement is increased by 20% to account for non-regular compensation.		
Payroll Growth	None.		
Cost of Living Increase	3.0% per year beginning at age 65.		
Funding Method	Entry Age Normal Actuarial Cost Method. The following funding loads are utilized for determination of the funding requirements: Interest - A half-year, based on the current 7.20% assumption. Salary - A full-year, based on the current 6.50% assumption.		
Asset Valuation Method	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below Market Value.		
Termination and Disability Rate Table	<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>
	20	17.2%	0.051%
	30	15.0%	0.058%
	40	8.2%	0.121%
	50	1.7%	0.429%

City of Cocoa, Florida
Required Other Pension Supplementary Information – Notes to Schedule (Continued)

POLICE OFFICERS' PENSION PLAN

Valuation Date:	10/01/2016
Mortality	<p><i>Healthy Lives :</i> Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB. Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB</p> <p><i>Disabled Lives :</i> Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale. Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.</p>
Interest Rate	8.0% per year compounded annually, net of investment related expenses.
Retirement Age	Earlier of age 50 with 10 years of Credited Service or 25 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
Salary Increases	6.50% per year until the assumed retirement age.
Payroll Growth	None.
Cost of Living Increase	3.0% per year beginning at age 65.
Funding Method	Entry Age Normal Actuarial Cost Method
Asset Smoothing Methodology	The Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

Termination and Disability Rate Table	<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>
	20	9.3%	0.14%
	30	7.9%	0.18%
	40	4.3%	0.30%
	50	1.1%	1.00%

City of Cocoa, Florida
Required Other Pension Supplementary Information – Notes to Schedule (Continued)

FIRE FIGHTERS' PENSION PLAN

Valuation Date:	10/01/2016		
Mortality	<i>Healthy Lives :</i> Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB. Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB <i>Disabled Lives :</i> Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale. Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.		
Interest Rate	8.0% per year compounded annually, net of investment related expenses.		
Retirement Age	Earlier of age 55 (age 52 for Members unaffected by the change to normal retirement provisions described in Ordinance 14-2015) with 10 years of Credited Service or 25 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.		
Salary Increases	5.0% per year until the assumed retirement age.		
Payroll Growth	None.		
Cost of Living Increase	3.0% per year beginning at age 65.		
Funding Method	Entry Age Normal Actuarial Cost Method		
Asset Smoothing Methodology	The Actuarial Value of Assets is brought forward utilizing the historic geometric 4-year average Market Value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below Market Value.		
Termination and Disability Rate Table	<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>
	20	6.0%	0.14%
	30	5.0%	0.18%
	40	2.6%	0.30%
	50	0.8%	1.00%

City of Cocoa, Florida
Required Other Pension Supplementary Information - Schedule of Investment Returns
Last Five Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual Money-Weighted Rate of Return Net of Investment Expense					
General Employees' Pension Plan	11.42%	13.04%	8.39%	0.69%	10.60%
Police Officers' Pension Plan	6.41%	9.83%	9.11%	-2.80%	10.27%
Firefighters' Pension Plan	11.12%	12.23%	9.03%	-0.19%	10.29%

City of Cocoa, Florida
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Last 10 Fiscal Years*

	2018
Total OPEB Liability	
Service Cost	\$ 1,007,663
Interest on the Total OPEB Liability	1,092,025
Changes of assumptions and other inputs	(1,867,983)
Benefit payments	(1,090,399)
Net Change in Total OPEB Liability	(858,694)
Total OPEB Liability (Beginning)	34,764,145
Total OPEB Liability (Ending)	\$ 33,905,451
Covered Employee Payroll at Measurement Period (October 1, 2017)	\$ 21,096,736
Total OPEB Liability as a Percentage of Covered Employee Payroll	160.71%

* GASB Statement No. 75 was implemented during the 2017-2018 fiscal year. Therefore, data for a full 10-year presentation was not available. Additional years' information will be displayed as it becomes available.

The discount rate was changed from 3.10% as of the beginning of the measurement period to 3.50% as of September 30, 2017.

City of Cocoa, Florida
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - General Fund
Year Ended September 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Taxes	\$ 7,094,982	\$ 7,094,982	\$ 7,226,518	\$ 131,536
Licenses and permits	3,103,557	3,103,557	3,307,073	203,516
Intergovernmental	2,694,625	2,710,978	3,346,176	635,198
Charges for services	11,506,920	11,506,920	11,376,107	(130,813)
Fines and forfeitures	26,000	26,000	34,056	8,056
Miscellaneous (including investment earnings)	541,990	731,742	1,262,640	530,898
	<u>24,968,074</u>	<u>25,174,179</u>	<u>26,552,570</u>	<u>1,378,391</u>
Total revenues				
Expenditures:				
Category:				
City Council:				
Personal services	78,082	94,279	93,214	1,065
Operating expenditures	36,487	36,487	22,995	13,492
City manager:				
Personal services	559,307	564,065	558,812	5,253
Operating expenditures	73,355	72,755	60,707	12,048
Information technology:				
Personal services	695,247	695,247	661,512	33,735
Operating expenditures	1,189,493	1,404,392	1,195,521	208,871
Capital outlay	93,000	85,430	118,338	(32,908)
General accounting:				
Personal services	820,603	854,352	837,946	16,406
Operating expenditures	18,800	21,882	14,084	7,798
Capital outlay	1,534	1,534	-	1,534
Purchasing:				
Personal services	231,403	231,403	227,359	4,044
Operating expenditures	2,993	3,193	1,244	1,949
Utility accounting:				
Personal services	1,072,365	1,085,867	1,023,482	62,385
Operating expenditures	655,389	639,205	580,322	58,883
General operations:				
Personal services	1,031,132	1,050,544	1,044,987	5,557
Operating expenditures	1,653,019	1,436,385	1,394,234	42,151
Aid to government agencies	851,792	857,266	842,066	15,200
Emergency disaster:				
Operating expenditures	3,400	215,652	212,106	3,546
Capital outlay	-	23,161	23,161	-
Human resources:				
Personal services	478,575	478,575	451,791	26,784
Operating expenditures	16,855	16,855	14,540	2,315
City clerk:				
Personal services	199,675	199,675	194,257	5,418
Operating expenditures	29,290	29,290	22,662	6,628

The accompanying note to required supplementary information is an integral part of this schedule.

City of Cocoa, Florida
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - General Fund (Continued)
Year Ended September 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Expenditures:				
Category:				
Police administration:				
Personal services	\$ 6,829,447	\$ 6,795,644	\$ 6,315,668	\$ 479,976
Operating expenditures	921,209	918,759	832,428	86,331
Capital outlay	84,009	84,608	81,213	3,395
Police communications:				
Personal services	1,091,717	1,091,717	1,035,101	56,616
Operating expenditures	88,225	81,186	66,638	14,548
Police code enforcement:				
Personal services	232,926	246,718	243,972	2,746
Operating expenditures	43,419	47,948	40,985	6,963
Capital outlay	2,400	-	-	-
Fire department administration:				
Personal services	556,858	556,858	517,170	39,688
Operating expenditures	31,292	29,346	22,919	6,427
Capital outlay	-	27,518	27,518	-
Fire department operations:				
Personal services	4,684,665	4,662,863	4,628,342	34,521
Operating expenditures	566,578	582,329	546,715	35,614
Capital outlay	105,022	226,653	124,489	102,164
Community services administration:				
Personal services	732,451	727,693	639,798	87,895
Operating expenditures	110,535	146,428	131,159	15,269
Capital outlay	-	7,651	338,581	(330,930)
Economic development:				
Personal services	300,175	300,175	241,511	58,664
Operating expenditures	268,813	253,355	132,568	120,787
Capital outlay	-	1,458	1,441	17
Aid to government agencies	1,000,000	1,000,000	-	1,000,000
Leisure services:				
Personal services	395,417	409,503	274,347	135,156
Operating expenditures	50,137	48,082	37,643	10,439
Public works administration:				
Personal services	129,846	129,846	107,947	21,899
Operating expenditures	6,422	5,015	1,510	3,505
Public works maintenance:				
Personal services	195,908	195,908	176,449	19,459
Operating expenditures	573,909	637,100	444,877	192,223
Capital outlay	2,780,552	2,918,945	1,058,984	1,859,961
Parks and beautification:				
Personal services	713,624	758,624	720,208	38,416
Operating expenditures	317,613	264,123	198,945	65,178
Capital outlay	60,400	68,890	64,404	4,486
Fleet maintenance:				
Personal services	518,202	518,202	501,140	17,062
Operating expenditures	127,791	72,471	57,266	15,205
Capital outlay	33,409	87,939	87,894	45
Sanitation:				
Operating expenditures	1,896,274	1,896,274	1,874,532	21,742

The accompanying note to required supplementary information is an integral part of this schedule.

City of Cocoa, Florida
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - General Fund (Continued)
Year Ended September 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Expenditures:				
Category:				
Facility management:				
Personal services	\$ 596,554	\$ 584,468	\$ 514,250	\$ 70,218
Operating expenditures	813,870	758,070	676,245	81,825
Capital outlay	46,255	103,555	97,960	5,595
Capital projects management:				
Personal services	121,226	121,226	113,698	7,528
Operating expenditures	10,172	10,572	2,999	7,573
Capital outlay	225,000	550,016	214,844	335,172
Total expenditures	<u>37,054,118</u>	<u>38,025,230</u>	<u>32,789,698</u>	<u>5,235,532</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,086,044)</u>	<u>(12,851,051)</u>	<u>(6,237,128)</u>	<u>6,613,923</u>
 Other Financing Sources (Uses):				
Transfers in	7,321,642	7,435,272	7,435,272	-
Proceeds from sales of capital assets	-	-	23,773	23,773
Proceeds from capital lease	-	-	101,472	101,472
Transfers out	-	(754,883)	(621,682)	133,201
Net other financing sources (uses)	<u>7,321,642</u>	<u>6,680,389</u>	<u>6,938,835</u>	<u>258,446</u>
Net change in fund balance	(4,764,402)	(6,170,662)	701,707	6,872,369
Fund balances, beginning of year	<u>32,178,345</u>	<u>32,178,345</u>	<u>32,178,345</u>	<u>-</u>
Fund balances, end of year	<u>\$ 27,413,943</u>	<u>\$ 26,007,683</u>	<u>\$ 32,880,052</u>	<u>\$ 6,872,369</u>

The accompanying note to required supplementary information is an integral part of this schedule.

City of Cocoa, Florida
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - Cocoa Redevelopment Agency
Year Ended September 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Intergovernmental	\$ 1,391,665	\$ 1,391,665	\$ 1,185,970	\$ (205,695)
Investment Earnings	-	-	2,677	2,677
Miscellaneous	39,027	39,027	39,027	-
Total revenues	<u>1,430,692</u>	<u>1,430,692</u>	<u>1,227,674</u>	<u>(203,018)</u>
Expenditures:				
Economic development:				
Personal services	64,089	64,089	52,177	11,912
Operating expenditures	303,125	348,815	243,786	105,029
Aids to government agency	50,000	22,090	15,000	7,090
Capital outlay	919,000	901,220	477,717	423,503
Total expenditures	<u>1,336,214</u>	<u>1,336,214</u>	<u>788,680</u>	<u>547,534</u>
Excess (deficiency) of revenues over (under) expenditures	94,478	94,478	438,994	344,516
Transfers out	<u>(94,478)</u>	<u>(94,478)</u>	<u>(94,476)</u>	<u>2</u>
Other financing sources	<u>(94,478)</u>	<u>(94,478)</u>	<u>(94,476)</u>	<u>2</u>
Net change in fund balance	-	-	344,518	344,518
Fund balances, beginning of year	<u>945,976</u>	<u>945,976</u>	<u>945,976</u>	<u>-</u>
Fund balances, end of year	<u>\$ 945,976</u>	<u>\$ 945,976</u>	<u>\$ 1,290,494</u>	<u>\$ 344,518</u>

The accompanying note to required supplementary information is an integral part of this schedule.

CITY OF COCOA, FLORIDA

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2018

NOTE A - BUDGETARY INFORMATION

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. Complete copies of the proposed budget are open for public inspection until the budget is finally adopted.
- The required number of public hearings are held by the City Council.
- Prior to October 1, the budget is legally enacted through passage of a resolution, which indicates amounts appropriated. The appropriated budget is prepared by fund, function and department.
- The budgets for governmental funds are adopted on a basis that is consistent with generally accepted accounting principles (GAAP). Budgeted amounts reflected in the accompanying budget and actual comparisons are as adopted, and subsequently amended, by the City Council.
- All appropriations which are not expended or accrued lapse at year end.
- The City's Charter establishes the level at which expenditures may not exceed appropriations at the general classification level. Resolution 2006-142, which amended the Office of Management and Budget (OMB) Policies and Procedures now known as the Financial Operations Manual (Policy), defines "general classification" as the object level as defined by the State of Florida Uniform Accounting System Manual. Expenditures are monitored and adjusted by management in accordance with the City's policies and procedures. In addition, management may not amend the original budget without approval of the City Council. The City Council, by majority vote, may amend the budget at any time during the fiscal year during its regular meetings.

Final adopted budgeted expenditures exceeded budgeted revenues in the General Fund, Community Development Block Grant Fund, Brevard County Home Program Fund, Cocoa Housing Assistance Trust Fund, Capital Projects Fund, and Debt Service Fund pursuant to the legally adopted budgets.

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CITY OF COCOA, FLORIDA

Nonmajor Governmental Funds

Special Revenue Funds

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

Community Development Block Grant – This fund is used to account for revenues received from the Department of Housing and Urban Development (HUD). These monies are restricted to specific projects approved by HUD under the terms of the agreement.

Brevard County Home Program – This fund is used to account for revenues received from the Department of Housing and Urban Development (HUD). The City has executed an interlocal agreement with Brevard County to act as the Participating Jurisdiction (lead agency) in the Brevard Consortium agreement with HUD. These monies are restricted by statute to specific projects approved by HUD under the terms of the interlocal agreement with Brevard County.

Cocoa Housing Assistance Trust Fund – This fund is used to account for funds received for the State Housing Initiatives Partnership (SHIP), enacted by the State of Florida through the Florida Housing Finance Agency. The purpose of the program is to provide funds to local governments as an incentive for the creating of partnerships to produce and preserve affordable housing.

Police Confiscated Funds – This fund is used to account for police confiscated funds.

Police Special Education – This fund is used to account for portions of revenues received from traffic fines. The purpose of the fund is to administer police special education programs.

Debt service fund – This fund is used to account for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

City of Cocoa, Florida
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2018

	Special Revenue						Debt Service	Total Nonmajor Governmental Funds
	Community Development Block Grant	Brevard County Home Program	Police Confiscated Funds	Police Special Education	Cocoa Housing Assistance Trust Fund	Total		
Assets:								
Cash and cash equivalents	\$ 51,172	\$ 49,099	\$ 132,939	\$ 24,362	\$ 154,651	\$ 412,223	\$ 2,225	\$ 414,448
Investments	-	-	-	-	-	-	561,782	561,782
Accounts receivable, net	-	308,010	-	160	4	308,174	-	308,174
Interest receivable	5	5	13	2	-	25	2,530	2,555
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	4,892	350	-	-	-	5,242	-	5,242
Total assets	<u>\$ 56,069</u>	<u>\$ 357,464</u>	<u>\$ 132,952</u>	<u>\$ 24,524</u>	<u>\$ 154,655</u>	<u>\$ 725,664</u>	<u>\$ 566,537</u>	<u>\$ 1,292,201</u>
Liabilities:								
Accounts and retainage payable	\$ 190	\$ -	\$ -	\$ -	\$ 303	\$ 493	\$ -	\$ 493
Accrued payroll and related liabilities	557	-	-	-	308	865	-	865
Escrow deposits	-	-	25,878	-	-	25,878	-	25,878
Total liabilities	<u>747</u>	<u>-</u>	<u>25,878</u>	<u>-</u>	<u>611</u>	<u>27,236</u>	<u>-</u>	<u>27,236</u>
Deferred Inflows of Resources:								
Deferred inflow - unavailable grant revenue	2,438	-	-	-	-	2,438	-	2,438
Total deferred inflows of resources	<u>2,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,438</u>	<u>-</u>	<u>2,438</u>
Fund Balances:								
Restricted	52,884	357,464	107,074	24,524	154,044	695,990	566,537	1,262,527
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>52,884</u>	<u>357,464</u>	<u>107,074</u>	<u>24,524</u>	<u>154,044</u>	<u>695,990</u>	<u>566,537</u>	<u>1,262,527</u>
Total liabilities and fund balances	<u>\$ 56,069</u>	<u>\$ 357,464</u>	<u>\$ 132,952</u>	<u>\$ 24,524</u>	<u>\$ 154,655</u>	<u>\$ 725,664</u>	<u>\$ 566,537</u>	<u>\$ 1,292,201</u>

City of Cocoa, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended September 30, 2018

	Special Revenue						Debt Service	Total Nonmajor Governmental Funds
	Community Development Block Grant	Brevard County Home Program	Police Confiscated Funds	Police Special Education	Cocoa Housing Assistance Trust Fund	Total		
Revenues								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 570,938	\$ 570,938
Licenses, permits, and fees	-	-	-	-	-	-	815,611	815,611
Intergovernmental	140,195	585,680	-	-	84,675	810,550	-	810,550
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	5,561	4,026	-	9,587	-	9,587
Investment earnings	35	27	144	27	134	367	2,646	3,013
Miscellaneous	22,464	-	10,411	-	-	32,875	-	32,875
Total revenues	162,694	585,707	16,116	4,053	84,809	853,379	1,389,195	2,242,574
Expenditures								
Current:								
Economic development	145,970	104,508	-	-	71,253	321,731	-	321,731
Capital outlay	-	-	8,871	-	-	8,871	-	8,871
Debt service:								
Principal	-	-	-	-	-	-	1,052,000	1,052,000
Interest	-	-	-	-	-	-	700,618	700,618
Total expenditures	145,970	104,508	8,871	-	71,253	330,602	1,752,618	2,083,220
Excess (deficiency) of revenues over (under) expenditures	16,724	481,199	7,245	4,053	13,556	522,777	(363,423)	159,354
Other Financing Sources								
Transfers in	-	-	-	-	-	-	82,559	82,559
Other financing sources	-	-	-	-	-	-	82,559	82,559
Net change in fund balances	16,724	481,199	7,245	4,053	13,556	522,777	(280,864)	241,913
Fund balances, beginning of year	36,160	(123,735)	99,829	20,471	140,488	173,213	847,401	1,020,614
Fund balances, end of year	\$ 52,884	\$ 357,464	\$ 107,074	\$ 24,524	\$ 154,044	\$ 695,990	\$ 566,537	\$ 1,262,527

City of Cocoa, Florida
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - Community Development Block Grant Program
Year Ended September 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Intergovernmental	\$ 165,277	\$ 165,277	\$ 140,195	\$ (25,082)
Investment earnings	-	-	35	35
Miscellaneous	-	-	22,464	22,464
Total revenues	<u>165,277</u>	<u>165,277</u>	<u>162,694</u>	<u>(2,583)</u>
Expenditures:				
Economic development:				
Housing grants:				
Personal services	28,790	28,790	28,374	416
Operating expenditures	4,471	4,471	1,364	3,107
Public service:				
Grants and aids	<u>382,016</u>	<u>382,016</u>	<u>116,232</u>	<u>(265,784)</u>
Total expenditures	<u>415,277</u>	<u>415,277</u>	<u>145,970</u>	<u>(262,261)</u>
Excess (deficiency) of revenues over (under) expenditures	(250,000)	(250,000)	16,724	266,724
Fund balances, beginning of year	<u>36,160</u>	<u>36,160</u>	<u>36,160</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ (213,840)</u></u>	<u><u>\$ (213,840)</u></u>	<u><u>\$ 52,884</u></u>	<u><u>\$ 266,724</u></u>

City of Cocoa, Florida
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - Brevard County Home Program Fund
Year Ended September 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Intergovernmental	\$ 56,656	\$ 56,656	\$ 585,680	\$ 529,024
Investment earnings	-	-	27	27
Total revenues	<u>56,656</u>	<u>56,656</u>	<u>585,707</u>	<u>529,051</u>
Expenditures:				
Economic development:				
Operating expenditures	2,599	2,599	272	2,327
Aid to private organization	<u>407,876</u>	<u>407,876</u>	<u>104,236</u>	<u>303,640</u>
Total expenditures	<u>410,475</u>	<u>410,475</u>	<u>104,508</u>	<u>305,967</u>
Excess (deficiency) of revenues over (under) expenditures	(353,819)	(353,819)	481,199	835,018
Fund balances, beginning of year	<u>(123,735)</u>	<u>(123,735)</u>	<u>(123,735)</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ (477,554)</u></u>	<u><u>\$ (477,554)</u></u>	<u><u>\$ 357,464</u></u>	<u><u>\$ 835,018</u></u>

City of Cocoa, Florida
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - Police Confiscated Funds
Year Ended September 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Fines and forfeitures	\$ -	\$ -	\$ 5,561	\$ 5,561
Investment earnings	-	-	144	144
Miscellaneous	-	9,666	10,411	745
Total revenues	<u>-</u>	<u>9,666</u>	<u>16,116</u>	<u>6,450</u>
Expenditures:				
Public Safety:				
Operating expenditures	-	-	-	-
Capital outlay	-	9,666	8,871	795
Total expenditures	<u>-</u>	<u>9,666</u>	<u>8,871</u>	<u>795</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	7,245	7,245
Fund balances, beginning of year	<u>99,829</u>	<u>99,829</u>	<u>99,829</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 99,829</u></u>	<u><u>\$ 99,829</u></u>	<u><u>\$ 107,074</u></u>	<u><u>\$ 7,245</u></u>

City of Cocoa, Florida
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - Police Special Education Fund
Year Ended September 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Fines and forfeitures	\$ 3,000	\$ 3,000	\$ 4,026	\$ 1,026
Interest and other	-	-	27	27
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>4,053</u>	<u>1,053</u>
Expenditures:				
Public Safety:				
Operating expenditures	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total expenditures	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	4,053	4,053
Fund balances, beginning of year	<u>20,471</u>	<u>20,471</u>	<u>20,471</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 20,471</u></u>	<u><u>\$ 20,471</u></u>	<u><u>\$ 24,524</u></u>	<u><u>\$ 4,053</u></u>

City of Cocoa, Florida
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - Cocoa Housing Assistance Trust Fund
Year Ended September 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Intergovernmental	\$ 80,819	\$ 80,819	\$ -	\$ (80,819)
Investment earnings	-	-	2,805	2,805
Total revenues	<u>80,819</u>	<u>80,819</u>	<u>2,805</u>	<u>(78,014)</u>
Expenditures:				
Economic development:				
Personal services	7,197	7,197	6,966	231
Operating expenditures	3,297	5,902	2,602	3,300
Grants and aids	<u>272,763</u>	<u>270,158</u>	<u>61,685</u>	<u>208,473</u>
Total expenditures	<u>283,257</u>	<u>283,257</u>	<u>71,253</u>	<u>212,004</u>
Net change in fund balance	(202,438)	(202,438)	(68,448)	(290,018)
Fund balances, beginning of year	<u>5,855,398</u>	<u>5,855,398</u>	<u>5,855,398</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 5,652,960</u></u>	<u><u>\$ 5,652,960</u></u>	<u><u>\$ 5,786,950</u></u>	<u><u>\$ (290,018)</u></u>

City of Cocoa, Florida
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - Capital Projects Fund
Year Ended September 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Investment earnings	\$ -	\$ -	\$ 134	\$ 134
Total revenues	<u>-</u>	<u>-</u>	<u>134</u>	<u>134</u>
Expenditures:				
Physical environment:				
Operating expenditures	465,074	127,804	-	127,804
Capital outlay	<u>5,275,864</u>	<u>5,528,134</u>	<u>-</u>	<u>5,528,134</u>
Total expenditures	<u>5,740,938</u>	<u>5,655,938</u>	<u>-</u>	<u>5,655,938</u>
Excess (deficiency) of revenues over (under) expenditures	(5,740,938)	(5,655,938)	134	5,656,072
Other Financing Sources:				
Transfers in	39,671	606,074	-	(606,074)
Transfers out	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
Net other financing sources	<u>39,671</u>	<u>506,074</u>	<u>-</u>	<u>(506,074)</u>
Net change in fund balance	(5,701,267)	(5,149,864)	134	5,149,998
Fund balances, beginning of year	<u>140,488</u>	<u>140,488</u>	<u>140,488</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ (5,560,779)</u></u>	<u><u>\$ (5,009,376)</u></u>	<u><u>\$ 140,622</u></u>	<u><u>\$ 5,149,998</u></u>

City of Cocoa, Florida
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - Debt Service Fund
Year Ended September 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Taxes	\$ 570,938	\$ 570,938	\$ 570,938	\$ -
Licenses and permits	815,611	815,611	815,611	-
Investment earnings	-	-	2,646	2,646
Total revenues	<u>1,386,549</u>	<u>1,386,549</u>	<u>1,389,195</u>	<u>2,646</u>
Expenditures:				
Debt service	<u>1,752,619</u>	<u>1,758,472</u>	<u>1,752,618</u>	<u>(5,854)</u>
Total expenditures	<u>1,752,619</u>	<u>1,758,472</u>	<u>1,752,618</u>	<u>(5,854)</u>
Excess (deficiency) of revenues over (under) expenditures	(366,070)	(371,923)	(363,423)	8,500
Other Financing Sources:				
Transfers in	-	-	82,559	82,559
Net other financing sources	<u>-</u>	<u>-</u>	<u>82,559</u>	<u>82,559</u>
Net change in fund balance	(366,070)	(371,923)	(280,864)	91,059
Fund balances, beginning of year	<u>847,401</u>	<u>847,401</u>	<u>847,401</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 481,331</u></u>	<u><u>\$ 475,478</u></u>	<u><u>\$ 566,537</u></u>	<u><u>\$ 91,059</u></u>

CITY OF COCOA, FLORIDA

Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in a fiduciary capacity for individuals, governmental entities and others. Such funds are operated by carrying out specific terms of trust indentures, statutes, ordinances, or other governing regulation.

The City maintains the following Agency Fund:

Taylor Creek Project Agency Fund – This fund is used to account for funds received for the consumptive use permitting information development related to the Taylor Creek Water Supply Project via a Memorandum of Agreement with Orlando Utilities Commission; East Central Florida Services, Inc.; and Farmland Reserve, Inc. The monies are restricted for funding the above-mentioned project.

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City of Cocoa, Florida
Balance Sheet - Taylor Creek Project Agency Fund
September 30, 2018

	<u>Taylor Creek Project Agency Fund</u>
Assets	
Cash and cash equivalents	\$ 3,519
Total assets	<u>\$ 3,519</u>
Liabilities	
Refundable deposits	\$ 3,519
Total liabilities	<u>\$ 3,519</u>

City of Cocoa, Florida
Statement of Change in Assets and Liabilities - Taylor Creek Project Agency Fund
Year Ended September 30, 2018

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
Assets				
Cash and cash equivalents	\$ 3,519	\$ -	\$ -	\$ 3,519
Total assets	<u>\$ 3,519</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,519</u>
Liabilities				
Refundable deposits	\$ 3,519	\$ -	\$ -	\$ 3,519
Total liabilities	<u>\$ 3,519</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,519</u>

CITY OF COCOA, FLORIDA

Internal Service Funds

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its workers compensation insurance and health care insurance.

The City maintains the following Internal Service Funds:

Workers Compensation Internal Service Fund – This fund is used to account for workers compensation services provided to other funds and the component units of the City on a cost reimbursement basis.

Health Care Internal Service Fund – This fund is used to account for health care insurance services provided to employees and eligible retirees of the City on a cost reimbursement basis.

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City of Cocoa, Florida
Combining Balance Sheet – Internal Service Funds
September 30, 2018

	Internal Service Fund		
	Workers' Compensation	Health Care Insurance	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,148,035	\$ 656,900	\$ 1,804,935
Investments	3,043,488	-	3,043,488
Accounts receivable, net	974	-	974
Interest receivable	13,807	15	13,822
Prepaid items	150,314	-	150,314
	<u>4,356,618</u>	<u>656,915</u>	<u>5,013,533</u>
Liabilities			
Current liabilities (payable from current assets):			
Accounts and claims payable	34,046	-	34,046
Accrued claims payable	1,254,000	1,105,650	2,359,650
	<u>1,288,046</u>	<u>1,105,650</u>	<u>2,393,696</u>
Total current liabilities			
Noncurrent liabilities:			
Accrued claims payable	2,361,000	-	2,361,000
	<u>2,361,000</u>	<u>-</u>	<u>2,361,000</u>
Total noncurrent liabilities			
	<u>3,649,046</u>	<u>1,105,650</u>	<u>4,754,696</u>
Total liabilities			
Net Position			
Unrestricted	707,572	(448,735)	258,837
	<u>707,572</u>	<u>(448,735)</u>	<u>258,837</u>
Total net position	<u>\$ 707,572</u>	<u>\$ (448,735)</u>	<u>\$ 258,837</u>

City of Cocoa, Florida
Combining Statement of Revenue, Expenses, and Changes in Fund Net Position –
Internal Service Funds
Year Ended September 30, 2018

	Internal Service Fund		
	Workers' Compensation	Health Care Insurance	Total
Operating revenues:			
Charges for services	\$ 1,057,867	\$ 5,826,507	\$ 6,884,374
Other charges and fees	1,524,507	-	1,524,507
Total operating revenues	<u>2,582,374</u>	<u>5,826,507</u>	<u>8,408,881</u>
Operating expenses:			
Insurance claims and expenses	<u>2,925,302</u>	<u>6,526,120</u>	<u>9,451,422</u>
Total operating expenses	<u>2,925,302</u>	<u>6,526,120</u>	<u>9,451,422</u>
Operating income (loss)	(342,928)	(699,613)	(1,042,541)
Nonoperating revenues			
(expenses):			
Investment earnings	<u>11,298</u>	<u>57,573</u>	<u>68,871</u>
Total nonoperating revenues (expenses)	<u>11,298</u>	<u>57,573</u>	<u>68,871</u>
Income before contributions and transfers	(331,630)	(642,040)	(973,670)
Transfers in	<u>105,921</u>	<u>-</u>	<u>105,921</u>
Change in net position	(225,709)	(642,040)	(867,749)
Net position, beginning	<u>933,281</u>	<u>193,305</u>	<u>1,126,586</u>
Net position, end of year	<u>\$ 707,572</u>	<u>\$ (448,735)</u>	<u>\$ 258,837</u>

City of Cocoa, Florida
Combining Statement of Cash Flows – Internal Service Funds
Year Ended September 30, 2018

	Internal Service Fund		
	Workers' Compensation	Health Care Insurance	Total
Cash flows from operating activities			
Cash received from customers for sales and services	\$ 2,610,804	\$ 5,936,641	\$ 8,547,445
Cash payments for insurance and claims expenses	<u>(2,651,236)</u>	<u>(6,258,927)</u>	<u>(8,910,163)</u>
Net cash used in operating activities	<u>(40,432)</u>	<u>(322,286)</u>	<u>(362,718)</u>
Cash flows from noncapital financing activities:			
Cash transfers in from other funds	<u>105,921</u>	<u>-</u>	<u>105,921</u>
Net cash provided by noncapital financing activities	<u>105,921</u>	<u>-</u>	<u>105,921</u>
Cash flows from investing activities:			
Investment income	11,298	57,573	68,871
Proceeds from sale/maturity of investments	-	-	-
Purchase of investments	<u>(164)</u>	<u>-</u>	<u>(164)</u>
Net cash provided by investing activities	<u>11,134</u>	<u>57,573</u>	<u>68,707</u>
Net increase (decrease) in cash and cash equivalents	76,623	(264,713)	(188,090)
Cash and cash equivalents, beginning of year	<u>1,071,412</u>	<u>921,613</u>	<u>1,993,025</u>
Cash and cash equivalents, end of year	<u>\$ 1,148,035</u>	<u>\$ 656,900</u>	<u>\$ 1,804,935</u>
Reconciliation of operating income (loss) to net cash used in operating activities			
Operating income (loss)	\$ (342,928)	\$ (699,613)	\$ (1,042,541)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Change in assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	28,430	110,134	138,564
Prepaid items	(4,377)	-	(4,377)
Increase (decrease) in liabilities:			
Accounts and claims payable	(22,557)	-	(22,557)
Accrued claims payable	<u>301,000</u>	<u>267,193</u>	<u>568,193</u>
Total adjustments	<u>302,496</u>	<u>377,327</u>	<u>679,823</u>
Net cash used in operating activities	<u>\$ (40,432)</u>	<u>\$ (322,286)</u>	<u>\$ (362,718)</u>
Noncash capital and related financing activities:			
There were no significant non-cash transactions			

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STATISTICAL SECTION

STATISTICAL SECTION

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

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A. Financial Trends

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

- Schedule 1** Net Position by Component
- Schedule 2** Changes in Net Position
- Schedule 3** Fund Balances, Governmental Funds
- Schedule 4** Changes in Fund Balances, Governmental Funds

B. Revenue Capacity

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

- Schedule 5** General Governmental Revenues by Source
- Schedule 6** Assessed Value and Estimated Actual Value of Taxable Property
- Schedule 7** Direct and Overlapping Property Tax Rates
- Schedule 8** Principal Taxpayers
- Schedule 9** Property Tax Levies and Collections
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C. Debt Capacity

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

Schedule 13 Ratio of Outstanding Debt by Type

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Schedule 15 Legal Debt Limit Information

Schedule 16 Direct and Overlapping Governmental Activities Debt

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D. Demographic and Economic Information Financial Trends

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

Schedule 18 Demographic and Economic Statistics

Schedule 19 Principal Employers

E. Operating Information

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

Schedule 20 Full-Time Equivalent City Government Employees by Function/Program

Schedule 21 Operating Indicators by Function/Program

Schedule 22 Capital Assets by Function/Program

Additional Notes

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

City of Cocoa, Florida

Net Position by Component

Last Ten Fiscal Years - (accrual basis of accounting)

	2018	2017	2016	2015
Governmental activities				
Net investment in capital assets	\$ 28,913,932	\$ 19,280,723	\$ 25,293,324	\$ 20,134,496
Restricted	695,990	260,393	281,203	252,338
Unrestricted	186,695	17,399,902	11,063,634	10,786,642
Total governmental activities net position	29,796,617	36,941,018	36,638,161	31,173,476
Business-type activities				
Net investment in capital assets	138,261,322	132,683,806	115,435,116	103,777,006
Restricted	11,227,943	12,395,504	11,818,615	11,822,514
Unrestricted	6,749,377	7,335,232	12,143,637	16,743,125
Total business-type activities net position	156,238,642	152,414,542	139,397,368	132,342,645
Primary government				
Net investment in capital assets	167,175,254	151,964,529	140,728,440	123,911,502
Restricted	11,923,933	12,655,897	12,099,818	12,074,852
Unrestricted	6,936,072	24,735,134	23,207,271	27,529,767
Total primary government net position	\$ 186,035,259	\$ 189,355,560	\$ 176,035,529	\$ 163,516,121

Note: Accounting standards require that net position be reported in three components in the financial statements: Net investment in capital assets; restricted; and unrestricted. Net position is considered restricted only when an external party, such as the state or federal government, places a restriction on how the resources may be used, or through enabling legislation enacted by the City.

Schedule 1

2014	2013	2012	2011	2010	2009
\$ 19,145,644	\$ 18,770,655	\$ 19,517,843	\$ 20,830,311	\$ 22,376,942	\$ 21,655,686
87,030	80,456	136,559	308,046	4,506,016	5,484,631
23,184,495	18,771,455	15,114,446	11,516,849	10,650,945	15,677,879
42,417,169	37,622,566	34,768,848	32,655,206	37,533,903	42,818,196
93,350,606	81,193,813	77,709,201	76,709,974	84,985,494	86,207,122
11,824,666	12,658,876	13,061,321	13,393,511	11,477,638	12,329,712
29,178,323	36,216,604	34,727,175	31,122,453	17,340,366	13,693,592
134,353,595	130,069,293	125,497,697	121,225,938	113,803,498	112,230,426
112,496,250	99,964,468	97,227,044	97,540,285	107,362,436	107,862,808
11,911,696	12,739,332	13,197,880	13,701,557	15,983,654	17,814,343
52,362,818	54,988,059	49,841,621	42,639,302	27,991,311	29,371,471
\$ 176,770,764	\$ 167,691,859	\$ 160,266,545	\$ 153,881,144	\$ 151,337,401	\$ 155,048,622

City of Cocoa, Florida

Changes in Net Position

Last Ten Fiscal Years - (accrual basis of accounting)

	2018	2017	2016	2015
Expenses				
Governmental activities:				
General government	\$ 14,324,743	\$ 13,131,276	\$ 12,001,545	\$ 12,192,945
Public safety	16,768,238	16,180,830	12,593,567	15,887,751
Recreation	1,476,661	1,404,532	1,221,987	1,236,510
Economic development	1,192,366	1,534,682	817,422	1,075,995
Physical environment	2,304,779	3,144,201	3,055,646	3,061,232
Transportation	774,532	-	-	-
Interest on long-term debt	676,437	1,180,788	565,742	592,542
Unallocated depreciation	-	129,012	128,124	1,303,323
Total governmental activities expenses	37,517,756	36,705,321	30,384,033	35,350,298
Business-type activities:				
Water and sewer	47,733,339	46,549,681	44,710,558	43,873,364
Stormwater utility	1,218,376	1,152,168	1,167,900	1,023,881
Total business-type activities	48,951,715	47,701,849	45,878,458	44,897,245
Total primary government activities	\$ 86,469,471	\$ 84,407,170	\$ 76,262,491	\$ 80,247,543
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 6,254,900	\$ 7,095,604	\$ 6,040,226	\$ 5,975,125
Public safety	2,560,844	2,292,471	2,219,789	2,000,615
Recreation	123,745	132,735	197,801	182,574
Economic development	-	195,121	78,120	166,553
Physical environment	5,312,519	5,346,364	5,367,608	5,374,671
Operating grants and contributions	1,953,430	2,862,670	2,070,571	2,082,850
Capital grants and contributions	72,781	946,130	1,650,174	683,729
Total governmental activities program revenues	16,278,219	18,871,095	17,624,289	16,466,117
Business-type activities:				
Charges for services:				
Water and sewer	62,391,805	59,695,998	56,433,043	54,719,795
Stormwater utility	1,704,541	1,481,312	1,376,341	1,312,233
Operating grants and contributions	-	762,202	608,791	605,525
Capital grants and contributions	3,783,027	5,098,296	1,283,545	2,797,467
Total business-type activities program revenues	67,879,373	67,037,808	59,701,720	59,435,020
Total primary government program revenues	\$ 84,157,592	\$ 85,908,903	\$ 77,326,009	\$ 75,901,137

Schedule 2

	2014	2013	2012	2011	2010	2009
\$	11,008,561	\$ 10,744,769	\$ 10,528,005	\$ 14,265,207	\$ 15,491,497	\$ 15,281,950
	15,569,379	15,157,432	14,294,202	13,951,279	13,878,749	13,093,502
	1,248,559	1,153,649	1,085,098	1,130,151	1,252,356	1,228,844
	849,547	943,819	686,310	1,155,249	1,584,027	742,991
	2,774,929	2,875,482	2,688,133	1,487,530	2,158,716	2,607,162
	-	-	-	-	-	-
	608,239	624,801	645,198	697,413	765,015	752,408
	1,720,039	1,703,523	1,689,124	1,595,419	1,601,323	1,599,953
	33,779,253	33,203,475	31,616,070	34,282,248	36,731,683	35,306,810
	41,911,372	41,298,779	39,776,639	39,731,176	42,417,064	42,793,336
	1,014,924	950,220	784,328	718,825	722,058	711,367
	42,926,296	42,248,999	40,560,967	40,450,001	43,139,122	43,504,703
\$	76,705,549	\$ 75,452,474	\$ 72,177,037	\$ 74,732,249	\$ 79,870,805	\$ 78,811,513
\$	5,969,111	\$ 5,988,279	\$ 5,925,745	\$ 6,772,756	\$ 8,272,795	\$ 9,319,586
	1,669,761	1,294,010	1,280,764	1,183,748	869,942	912,474
	253,249	269,316	267,345	226,203	168,550	310,331
	232,543	374,430	169,286	217,943	406,155	163,882
	5,275,079	5,161,816	5,069,250	5,136,179	4,964,543	4,984,088
	2,528,861	2,128,951	1,643,910	1,707,691	1,652,316	3,141,095
	628,308	562,776	545,217	418,612	323,663	101,511
	16,556,912	15,779,578	14,901,517	15,663,132	16,657,964	18,932,967
	55,488,254	53,740,469	50,553,130	48,657,881	43,125,335	44,128,559
	1,212,723	1,154,911	1,092,791	1,046,929	994,226	950,602
	606,178	624,792	653,209	504,423	-	35,588
	2,123,484	862,205	395,816	703,953	4,043,799	10,049,274
	59,430,639	56,382,377	52,694,946	50,913,186	48,163,360	55,164,023
\$	75,987,551	\$ 72,161,955	\$ 67,596,463	\$ 66,576,318	\$ 64,821,324	\$ 74,096,990

CITY OF COCOA, FLORIDA

Changes in Net Position (Continued)

Last Ten Fiscal Years - (accrual basis of accounting)

	Net (Expense)/Revenue	2018	2017	2016	2015
Governmental activities	\$	(21,239,537)	\$ (17,834,226)	\$ (12,759,744)	\$ (18,884,181)
Business-type activities		18,927,658	19,335,959	13,823,262	14,537,775
Total primary government net revenue (expense)	\$	(2,311,879)	\$ 1,501,733	\$ 1,063,518	\$ (4,346,406)
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Property taxes	\$	5,168,838	\$ 5,000,611	\$ 4,699,241	\$ 4,528,807
Public utility and telecommunication taxes		2,628,618	2,169,692	2,179,176	2,142,546
Franchise taxes		1,454,938	1,438,506	1,418,014	1,427,925
Shared revenues not restricted to specific programs		3,706,378	2,340,469	2,088,744	2,012,550
Gain on sale of capital assets		9,271	-	-	-
Unrestricted investment earnings		142,396	56,406	100,577	154,667
Miscellaneous		395,608	550,203	503,570	829,289
Transfers, net		7,280,466	6,590,172	7,226,129	11,102,408
Special item		-	-	-	-
Total governmental activities		20,786,513	18,146,059	18,215,451	22,198,192
Business-type activities:					
Unrestricted investment earnings		217,198	175,279	235,491	283,248
Miscellaneous		-	42,959	69,094	75,422
Gain on sale of capital assets		97,002	53,149	153,005	-
Transfers, net		(7,280,466)	(6,590,172)	(7,226,129)	(11,102,408)
Special item		-	-	-	-
Total business-type activities		(6,966,266)	(6,318,785)	(6,768,539)	(10,743,738)
Total primary government	\$	13,820,247	\$ 11,827,274	\$ 11,446,912	\$ 11,454,454
Change in Net Position					
Governmental activities	\$	(453,024)	\$ 311,833	\$ 5,455,707	\$ 3,314,011
Business-type activities		11,961,392	13,017,174	7,054,723	3,794,037
Total primary government	\$	11,508,368	\$ 13,329,007	\$ 12,510,430	\$ 7,108,048

Schedule 2 (continued)

	2014	2013	2012	2011	2010	2009
\$	(17,222,341)	\$ (17,423,897)	\$ (16,714,553)	\$ (18,619,116)	\$ (20,073,719)	\$ (16,373,843)
	16,504,343	14,133,378	12,133,979	10,463,185	5,024,238	11,659,320
\$	(717,998)	\$ (3,290,519)	\$ (4,580,574)	\$ (8,155,931)	\$ (15,049,481)	\$ (4,714,523)
\$	4,520,106	\$ 4,435,865	\$ 4,331,898	\$ 4,371,564	\$ 4,480,212	\$ 5,052,308
	2,011,573	2,152,855	1,999,902	2,062,808	2,178,588	2,188,917
	1,392,338	1,332,827	1,327,365	1,414,456	1,400,508	1,526,226
	1,983,054	1,917,889	1,864,355	1,814,427	1,920,196	2,152,489
	-	-	-	-	-	-
	90,445	182,955	246,918	274,572	400,133	126,343
	529,855	739,177	792,711	359,300	623,192	513,738
	11,706,620	9,516,047	8,265,045	3,443,292	3,786,597	4,105,283
	-	-	-	-	-	(1,611,706)
	22,233,991	20,277,615	18,828,194	13,740,419	14,789,426	14,053,598
	232,887	(90,540)	361,168	282,282	267,867	(53,709)
	127,933	44,805	41,657	135,265	67,564	147,462
	-	-	-	-	-	-
	(11,706,620)	(9,516,047)	(8,265,045)	(3,458,292)	(3,786,597)	(4,105,283)
	-	-	-	-	-	(1,919,314)
	(11,345,800)	(9,561,782)	(7,862,220)	(3,040,745)	(3,451,166)	(5,930,844)
\$	10,888,191	\$ 10,715,833	\$ 10,965,974	\$ 10,699,674	\$ 11,338,260	\$ 8,122,754
\$	5,011,650	\$ 2,853,718	\$ 2,113,642	\$ (4,878,697)	\$ (5,284,293)	\$ (2,320,245)
	5,158,543	4,571,596	4,271,759	7,422,440	1,573,072	5,728,476
\$	10,170,193	\$ 7,425,314	\$ 6,385,401	\$ 2,543,743	\$ (3,711,221)	\$ 3,408,231

City of Cocoa, Florida

Fund Balances, Governmental Funds

Last Ten Fiscal Years - (modified accrual basis of accounting)

	2018	2017	2016	2015
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	1,768,057	297,130	172,051	438,024
Restricted	-	-	-	-
Committed	11,400,743	10,403,251	10,000,000	10,000,000
Assigned	14,494,250	11,600,000	10,855,020	10,855,020
Unassigned	5,148,440	9,877,964	11,976,517	14,297,920
Total general fund	\$ 32,811,490	\$ 32,178,345	\$ 33,003,588	\$ 35,590,964
All other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds (deficit)	-	-	-	-
Nonspendable	4,915	848,268	898,415	968,115
Restricted	2,551,525	1,236,715	281,203	252,338
Committed	1,716,632	-	-	-
Assigned	-	5,860,345	1,915,995	2,358,327
Unassigned (deficit)	-	(123,735)	237,552	(63,357)
Total all other government funds	\$ 4,273,072	\$ 7,821,593	\$ 3,333,165	\$ 3,515,423

Note: The City began to report fund balance definitions under GASB Statement 54 in fiscal year 2011.

Schedule 3

2014	2013	2012	2011	2010	2009
\$ -	\$ -	\$ -	\$ -	\$ 231,855	\$ 261,344
-	-	-	-	14,777,066	16,395,272
232,583	245,679	205,131	291,487	-	-
-	-	18,836	152,993	-	-
10,200,000	10,200,000	10,200,000	10,200,000	-	-
1,520,181	1,370,443	1,387,461	-	-	-
18,192,939	11,823,962	6,181,283	2,838,599	-	-
<u>\$ 30,145,703</u>	<u>\$ 23,640,084</u>	<u>\$ 17,992,711</u>	<u>\$ 13,483,079</u>	<u>\$ 15,008,921</u>	<u>\$ 16,656,616</u>
\$ -	\$ -	\$ -	\$ -	\$ 4,485,811	\$ 5,923,188
-	-	-	-	(1,119,152)	62,485
996,435	1,041,106	1,082,334	1,109,870	-	-
87,030	80,456	117,723	155,053	-	-
-	-	-	-	-	-
2,674,300	3,020,454	2,961,538	3,321,783	-	-
(271,886)	(426,370)	(567,998)	(997,823)	-	-
<u>\$ 3,485,879</u>	<u>\$ 3,715,646</u>	<u>\$ 3,593,597</u>	<u>\$ 3,588,883</u>	<u>\$ 3,366,659</u>	<u>\$ 5,985,673</u>

City of Cocoa, Florida

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years - (modified accrual basis of accounting)

	2018	2017	2016	2015
Revenues				
Taxes*	\$ 7,797,456	\$ 7,170,303	\$ 8,296,431	\$ 8,099,278
Licenses and permits*	4,122,684	5,005,518	313,935	181,103
Intergovernmental*	5,342,696	6,091,329	5,495,267	5,238,875
Charges for services*	11,376,107	11,247,118	13,404,589	13,292,807
Fines and forfeitures	43,643	42,184	93,881	42,560
Investment earnings	73,525	89,494	131,533	192,048
Miscellaneous	1,269,512	732,555	705,100	858,069
Total revenues	30,025,623	30,378,501	28,440,736	27,904,740
Expenditures				
General government	11,940,914	11,519,260	10,342,933	9,987,287
Public safety	14,249,945	13,586,273	14,348,468	13,521,776
Economic development	1,003,355	1,563,100	959,938	1,155,565
Recreation	1,231,144	1,203,552	1,106,032	1,142,761
Physical environment	2,198,447	3,188,741	2,826,143	3,161,046
Transportation	621,326	-	-	-
Capital outlay	7,210,525	7,759,900	6,431,769	5,028,077
Principal	-	1,031,000	1,143,729	1,070,500
Interest	1,084,910	628,762	557,042	583,843
Bond issuance costs	700,618	283,542	-	-
Total expenditures	40,241,184	40,764,130	37,716,054	35,650,855
Deficiency of revenues under expenditures	(10,215,561)	(10,385,629)	(9,275,318)	(7,746,115)
Other financing sources (uses)				
Transfers in	7,990,703	7,014,528	7,873,404	11,159,572
Transfers out	(816,158)	(424,356)	(1,457,807)	(57,164)
Proceeds from sale of capital assets	23,773	52,486	90,087	108,512
Capital lease proceeds	101,472	-	-	-
Payment to refunded debt escrow agent	-	(9,928,053)	-	-
Bond discount	-	(42,045)	-	-
Bond premium	-	511,647	-	-
Proceeds from issuance of debt	-	16,865,000	-	2,010,000
Special item	-	-	-	-
Total other financing sources (uses)	7,299,790	14,049,207	6,505,684	13,220,920
Net change in fund balances	\$ (2,915,771)	\$ 3,663,578	\$ (2,769,634)	\$ 5,474,805
Debt service as a percentage of noncapital expenditures	3.3%	5.0%	5.4%	5.4%

*2012 thru 2009 amounts have been restated to be consistent with the 2013 presentation.

Schedule 4

2014	2013	2012*	2011*	2010*	2009*
\$ 7,924,017	\$ 7,921,547	\$ 7,264,458	\$ 7,848,828	\$ 7,053,106	\$ 8,767,450
167,418	203,595	574,997	287,748	1,329,956	355,184
4,512,528	4,361,263	4,165,693	3,835,207	4,587,230	5,038,694
12,917,593	12,458,121	12,301,178	12,896,817	13,881,460	15,038,699
62,464	35,669	47,110	115,644	74,093	134,814
70,053	173,736	215,347	233,303	361,877	102,250
885,609	1,576,734	493,033	413,166	734,815	660,227
26,539,682	26,730,665	25,061,816	25,630,713	28,022,537	30,097,318
9,199,043	9,186,111	8,599,636	10,534,019	11,189,063	11,750,195
13,588,277	13,124,375	12,530,027	11,987,883	12,205,485	11,450,903
950,343	1,048,240	782,058	1,383,005	1,903,508	1,497,118
1,194,672	1,061,993	998,205	1,031,054	1,178,717	1,144,178
2,498,692	2,685,860	2,506,411	3,135,701	3,449,537	3,696,666
-	-	-	-	-	-
3,022,931	2,808,239	1,857,266	1,269,705	4,702,761	9,266,002
934,036	1,198,393	916,238	891,371	829,737	756,301
599,540	616,102	636,499	688,739	756,316	777,914
-	-	-	-	-	-
31,987,534	31,729,313	28,826,340	30,921,477	36,215,124	40,339,277
(5,447,852)	(4,998,648)	(3,764,524)	(5,290,764)	(8,192,587)	(10,241,959)
11,877,562	9,564,909	8,620,442	4,011,651	3,921,449	5,371,965
(170,942)	(48,862)	(355,397)	(568,359)	(134,852)	(1,266,682)
17,084	2,023	13,825	24,420	77,901	-
-	-	-	69,434	61,380	650,450
-	-	-	(2,750,000)	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,250,000	-	3,200,000	-	-
-	-	-	-	-	(1,611,706)
11,723,704	10,768,070	8,278,870	3,987,146	3,925,878	3,144,027
\$ 6,275,852	\$ 5,769,422	\$ 4,514,346	\$ (1,303,618)	\$ (4,266,709)	\$ (7,097,932)
5.3%	6.3%	5.8%	5.3%	5.0%	4.9%

City of Cocoa, Florida

General Governmental Revenues by Source

Last Ten Fiscal Years - (accrual basis of accounting)

Schedule 5

Fiscal Year	Property Taxes	Utility Taxes and Franchise Fees	Inter-governmental (1)*	Other*	Totals
2018	\$ 5,168,838	\$ 4,083,555	\$ 5,342,696	\$ 15,430,534	\$ 30,025,623
2017	5,000,611	3,608,198	6,091,329	15,678,363	30,378,501
2016	4,699,241	3,597,190	5,495,267	14,570,284	28,361,982
2015	4,528,807	3,570,471	5,238,875	14,501,130	27,839,283
2014	4,520,106	3,403,911	4,512,528	14,041,442	26,477,987
2013	4,435,865	3,485,682	4,361,263	14,018,816	26,301,626
2012*	4,331,898	3,327,267	4,165,693	13,236,958	25,061,816
2011*	4,371,564	3,477,264	3,835,207	13,946,678	25,630,713
2010*	4,480,212	2,572,894	4,587,230	16,382,201	28,022,537
2009*	5,052,309	3,715,142	5,038,694	16,291,173	30,097,318

(1) Includes local option gas tax.

*2012 thru 2009 amounts have been restated to be consistent with the 2013 presentation.

Note: Includes General, Special Revenue, Capital Projects and Debt Service Funds, as applicable.

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City of Cocoa, Florida

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Centrally Assessed Property	Less: Tax-Exempt Property
2018	\$ 1,002,254,870	\$ 261,193,143	\$ 4,067,057	\$ 376,627,031
2017	940,958,240	270,529,563	3,869,600	355,293,089
2016	874,284,810	277,265,631	3,514,003	337,493,706
2015	838,137,370	268,432,534	2,656,441	328,336,969
2014	820,754,020	277,223,578	2,335,457	325,183,520
2013	846,372,850	284,164,503	2,089,111	334,960,096
2012	961,539,190	306,406,665	2,019,635	363,813,856
2011	1,159,589,630	341,024,797	2,313,993	478,190,225
2010	1,371,082,320	369,202,673	3,420,128	581,568,187
2009	1,413,286,040	337,859,014	2,358,254	579,265,306

Source: Brevard County Property Appraiser.

Schedule 6

Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
\$ 890,888,039	5.979%	\$ 888,479,522	100.271%
860,064,314	5.979%	857,337,863	100.318%
817,570,738	5.979%	818,427,691	99.895%
780,889,376	5.979%	782,374,729	99.810%
775,129,535	5.981%	775,765,766	99.918%
797,666,368	5.981%	798,015,398	99.956%
906,151,634	5.581%	906,819,814	99.926%
1,024,738,195	4.966%	1,025,224,075	99.953%
1,162,136,934	4.489%	1,484,851,266	78.266%
1,174,238,002	4.489%	1,753,503,308	66.965%

City of Cocoa, Florida

Direct and Overlapping Property Tax Rates (1)

Last Ten Fiscal Years

Schedule 7

Fiscal Year	City Direct Rate	Overlapping Rates			Total Direct and Overlapping Rates
	Basic Rate	Brevard County	Brevard County Public School	Independent Special Districts	
2018	5.9790	5.4432	6.2990	0.2882	18.0094
2017	5.9790	5.8130	6.9160	0.4823	19.1903
2016	5.9790	5.4692	7.2750	0.3343	19.0575
2015	5.9790	5.6310	7.3390	0.3509	19.2999
2014	5.9811	5.7979	7.6060	0.3628	19.7478
2013	5.9811	5.9199	8.0960	0.3658	20.3628
2012	5.5813	5.9199	8.1120	0.3658	19.9790
2011	4.9662	5.2249	7.6530	0.4503	18.2944
2010	4.4891	4.5211	7.6870	0.4503	17.1475
2009	4.4891	4.6762	7.6610	0.4503	17.2766

(1) Per \$1,000 of assessed value.

Source: Brevard County Tax Collector.

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City of Cocoa, Florida

Principal Taxpayers

Current and Nine Years Ago

2018

Rank	Taxpayer	Amount Levied	Percentage of Total City Levy
1	Wal-Mart Stores East LP	\$ 95,524	1.79%
2	Cocoa Commons Station LLC	62,257	1.17%
3	Clearlake Isles LP	52,892	0.99%
4	Sam`s East Inc	42,695	0.80%
5	12550 LC	35,379	0.66%
6	Monmouth Real Estate Investment	30,672	0.58%
7	ATS Clearlake LLC	25,990	0.49%
8	Sunrise Mobile Home Park LLC	25,805	0.48%
9	Beyel Brothers Inc	23,601	0.44%
10	Waste Management Inc Of Florida	23,189	0.44%
Total		\$ 418,004	7.85%
Total Amount Levied		<u><u>\$ 5,324,625</u></u>	

Source: Brevard County Tax Collector.

Schedule 82009

Rank	Taxpayer	Amount Levied	Percentage of Total City Levy
1	Wal-Mart	\$ 52,452	1.00%
2	Monmouth Real Estate Investment	39,633	0.76%
3	RLV Cocoa Commons	35,015	0.67%
4	12550, LC	29,628	0.57%
5	Home Depot USA, Inc	29,628	0.57%
6	Peoples First Community Bank	19,946	0.38%
7	Chand Enterprises, Inc	17,835	0.34%
8	Cocoa Commercial Properties, LLC	17,059	0.33%
9	Sunrise Mobile Home Park, LLC	14,814	0.28%
10	Cocoa Ford, Inc	13,548	0.26%
Total		\$ 269,558	5.16%
Total Amount Levied		<u>\$ 5,271,278</u>	

Source: Brevard County Tax Collector

City of Cocoa, Florida

Property Tax Levies and Collections

Last Ten Fiscal Years

Schedule 9

Fiscal Year	Amount Levied	Current Year Collections		Delinquent Tax Collections (1)	Total Collections to Date	
		Amount Collected	Percentage of Levy		Total Amount Collected	Percentage of Levy
2018	\$ 5,324,625	\$ 4,947,189	92.91%	\$ 224,292	\$ 5,171,481	97.12%
2017	5,142,260	4,768,944	92.74%	231,667	5,000,611	97.25%
2016	4,888,261	4,454,794	91.13%	244,447	4,699,241	96.13%
2015	4,668,943	4,275,053	91.56%	253,754	4,528,807	97.00%
2014	4,636,129	4,235,126	91.35%	284,980	4,520,107	97.50%
2013	4,452,014	4,173,107	93.74%	262,758	4,435,865	99.64%
2012	4,500,137	4,022,600	89.39%	309,298	4,331,898	96.26%
2011	4,600,154	4,040,240	87.83%	331,324	4,371,564	95.03%
2010	5,216,952	4,066,535	77.95%	413,677	4,480,212	85.88%
2009	5,271,278	4,542,123	86.17%	510,186	5,052,309	95.85%

Source: Tax Certificate, Brevard County Property Appraiser.
Financial records of the City of Cocoa, Florida.

(1) Includes delinquent taxes, penalties and tax certificates.

Note: 2012 thru 2008 have been restated to be consistent with the 2013 presentation.

City of Cocoa, Florida

Water Rates

Last Ten Fiscal years

Schedule 10

TIER RATE STRUCTURE BY METER SIZE EFFECTIVE 10/01/2013

Meter Size	1st Tier	2nd Tier	3rd Tier	4th Tier
3/4"	0-6	7-12	13-24	over 24
1"	0-15	16-30	31-60	over 60
1.5"	0-42	43-84	85-168	over 168
2"	0-102	103-204	205-408	over 408
3"	0-420	421-840	841-1,680	over 1,680
4"	0-690	691-1,380	1,381-2,760	over 2,760
6"	0-3,300	3,301-6,600	6,601-13,200	over 13,200
8"	0-12,000	12,001-24,000	24,001-48,000	over 48,000
10"	0-21,000	21,001-42,000	42,001-84,000	over 84,000

TIER RATE STRUCTURE BY METER SIZE THROUGH 09/30/2010

Meter Size	1st Tier	2nd Tier	3rd Tier	4th Tier
3/4"	0-8	9-16	17-24	over 24
1"	0-20	21-40	41-60	over 60
1.5"	0-40	41-80	81-120	over 120
2"	0-100	101-200	201-300	over 300
3"	0-400	401-800	801-1,200	over 1,200
4"	0-600	601-1,200	1,200-1,800	over 1,800
6"	0-2,000	2,000-4,000	4,000-6,000	over 6,000
10"	0-20,000	20,001-40,000	40,001-60,000	over 60,000

INSIDE COCOA CITY LIMITS

BASE RATES

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
3/4"	\$ 14.91	\$ 14.34	\$ 13.66	\$ 13.26	\$ 13.26	\$ 12.63	\$ 12.03	\$ 11.40	\$ 10.47	\$ 10.47
1"	36.11	34.72	33.07	32.11	32.11	30.58	29.12	27.60	25.30	25.30
1.5"	65.50	62.98	59.98	58.23	58.23	55.46	52.82	50.07	46.00	46.00
2"	163.84	157.54	150.04	145.67	145.67	138.73	132.12	125.23	115.00	115.00
3"	393.30	378.17	360.16	349.67	349.67	333.02	317.16	300.63	276.00	276.00
4"	589.95	567.26	540.25	524.51	524.51	499.53	475.74	450.94	414.00	414.00
6"	1,114.40	1,071.54	1,020.51	990.79	990.79	943.61	898.68	851.83	782.00	782.00
8"	1,548.74	1,489.17	1,418.26	1,376.95	1,376.95	1,311.38	1,248.93	1,183.82	N/A	N/A
10"	1,982.90	1,906.63	1,815.84	1,762.95	1,762.95	1,679.00	1,599.05	1,515.69	1,391.50	1,391.50

VOLUME RATES PER THOUSAND GALLONS

1st Tier	\$ 3.10	\$ 2.98	\$ 2.84	\$ 2.76	\$ 2.76	\$ 2.63	\$ 2.50	\$ 2.37	\$ 2.10	\$ 2.10
2nd Tier	\$ 5.94	\$ 5.71	\$ 5.44	\$ 5.28	\$ 5.28	\$ 5.03	\$ 4.79	\$ 4.54	\$ 3.07	\$ 3.07
3rd Tier	\$ 7.74	\$ 7.44	\$ 7.09	\$ 6.88	\$ 6.88	\$ 6.55	\$ 6.24	\$ 5.91	\$ 4.53	\$ 4.53
4th Tier	\$ 10.43	\$ 10.03	\$ 9.55	\$ 9.27	\$ 9.27	\$ 8.83	\$ 8.41	\$ 7.97	\$ 6.50	\$ 6.50

OUTSIDE COCOA CITY LIMITS

BASE RATES

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
3/4"	\$ 16.40	\$ 15.77	\$ 15.03	\$ 14.59	\$ 14.59	\$ 13.89	\$ 13.23	\$ 12.54	\$ 11.52	\$ 11.52
1"	39.72	38.19	36.38	35.32	35.32	33.64	32.03	30.36	27.83	27.83
1.5"	72.05	69.28	65.98	64.06	64.06	61.01	58.10	55.08	50.60	50.60
2"	180.22	173.29	165.04	160.23	160.23	152.60	145.33	137.75	126.50	126.50
3"	432.63	415.99	396.18	384.64	384.64	366.32	348.88	330.69	303.60	303.60
4"	648.95	623.99	594.28	576.96	576.96	549.48	523.31	496.03	455.40	455.40
6"	1,225.84	1,178.69	1,122.56	1,089.87	1,089.87	1,037.97	988.55	937.01	860.20	860.20
8"	1,703.61	1,638.09	1,560.09	1,514.65	1,514.65	1,442.52	1,373.82	1,302.20	N/A	N/A
10"	2,181.19	2,097.29	1,997.42	1,939.25	1,939.25	1,846.90	1,758.96	1,667.26	1,530.65	1,530.65

VOLUME RATES PER THOUSAND GALLONS

1st Tier	\$ 3.41	\$ 3.28	\$ 3.12	\$ 3.04	\$ 3.04	\$ 2.89	\$ 2.75	\$ 2.61	\$ 2.31	\$ 2.31
2nd Tier	\$ 6.53	\$ 6.28	\$ 5.98	\$ 5.81	\$ 5.81	\$ 5.53	\$ 5.27	\$ 4.99	\$ 3.38	\$ 3.38
3rd Tier	\$ 8.51	\$ 8.18	\$ 7.80	\$ 7.57	\$ 7.57	\$ 7.21	\$ 6.86	\$ 6.50	\$ 4.98	\$ 4.98
4th Tier	\$ 11.47	\$ 11.03	\$ 10.51	\$ 10.20	\$ 10.20	\$ 9.71	\$ 9.25	\$ 8.77	\$ 7.15	\$ 7.15

City of Cocoa, Florida

Waste Water Rates

Last Ten Fiscal years

Schedule 11

BASE RATES - INSIDE COCOA CITY LIMITS:

Meter Size	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
3/4"	\$ 14.41	\$ 13.86	\$ 13.20	\$ 12.82	\$ 12.82	\$ 12.21	\$ 11.63	\$ 11.51	\$ 9.77	\$ 9.90
1"	26.96	25.92	24.69	23.97	23.97	22.83	21.74	21.52	18.31	18.55
1.5"	54.08	52.00	49.52	48.08	48.08	45.79	43.61	43.18	36.64	37.12
2"	135.11	129.91	123.72	120.12	120.12	114.40	108.95	107.87	91.59	92.78
3"	540.72	519.92	495.16	480.74	480.74	457.85	436.05	431.73	366.39	371.14
4"	811.09	779.89	742.75	721.12	721.12	686.78	654.08	647.60	549.59	556.72
6"	1,459.96	1,403.81	1,336.96	1,298.02	1,298.02	1,236.21	1,177.34	1,165.68	989.26	N/A
8"	2,336.05	2,246.20	2,139.24	2,076.93	2,076.93	1,978.03	1,883.84	1,865.19	N/A	N/A
10"	3,358.09	3,228.93	3,075.17	2,985.60	2,985.60	2,843.43	2,708.03	2,681.22	N/A	N/A

Volume Rate

Per 1,000 Gal.	\$ 6.83	\$ 6.57	\$ 6.26	\$ 6.08	\$ 6.08	\$ 5.79	\$ 5.51	\$ 5.46	\$ 4.63	\$ 4.69
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BASE RATES - OUTSIDE COCOA CITY LIMITS:

Meter Size	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
3/4"	\$ 18.02	\$ 17.33	\$ 16.50	\$ 16.03	\$ 16.03	\$ 15.26	\$ 14.54	\$ 14.39	\$ 12.21	\$ 12.38
1"	33.70	32.40	30.86	29.96	29.96	28.54	27.18	26.90	22.89	23.20
1.5"	67.60	65.00	61.90	60.10	60.10	57.24	54.51	53.98	45.80	46.39
2"	168.88	162.38	154.65	150.15	150.15	143.00	136.19	134.84	114.49	115.98
3"	675.90	649.90	618.95	600.93	600.93	572.31	545.06	539.66	457.99	463.92
4"	1,013.85	974.86	928.44	901.40	901.40	858.48	817.60	809.50	686.99	695.89
6"	1,824.95	1,754.76	1,671.20	1,622.53	1,622.53	1,545.26	1,471.68	1,457.10	989.26	N/A
8"	2,920.06	2,807.75	2,674.05	2,596.16	2,596.16	2,472.54	2,354.80	2,331.49	N/A	N/A
10"	4,197.61	4,036.16	3,843.96	3,732.00	3,732.00	3,554.29	3,385.04	3,351.53	N/A	N/A

Volume Rate

Per 1,000 Gal.	\$ 8.55	\$ 8.22	\$ 7.83	\$ 7.60	\$ 7.60	\$ 7.24	\$ 6.89	\$ 6.83	\$ 5.79	\$ 5.87
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Source: Financial records of the City of Cocoa, Florida.

City of Cocoa, Florida

Water and Waste Water System Growth

Last Ten Fiscal Years

Schedule 12

Water System

Year	Number of Customers	Increase in Customers	Annual Revenue*	Increase in Revenue	Avg. Daily Flow	Increase in Avg. Daily Flow
2018	82,246	2.06%	\$ 49,249,171	0.75%	20.298	-7.44%
2017	80,582	0.47%	48,880,866	6.78%	21.929	3.21%
2016	80,206	0.78%	45,776,069	3.15%	21.247	-3.22%
2015	79,589	1.52%	44,378,086	-2.15%	21.954	3.44%
2014	78,398	-2.24%	45,354,935	3.20%	21.223	-5.13%
2013	80,198	0.69%	43,949,338	5.08%	22.370	-0.27%
2012	79,647	0.53%	41,823,688	4.11%	22.430	-2.51%
2011	79,228	0.38%	40,171,798	14.15%	23.007	-10.74%
2010	78,928	3.00%	35,192,798	-2.40%	25.776	2.42%
2009	76,632	1.41%	36,057,704	10.94%	25.167	-2.54%

Waste Water System

Year	Number of Customers	Increase in Customers	Annual Revenue*	Increase in Revenue	Avg. Daily Flow (mdg)	Increase in Avg. Daily Flow
2018	7,054	0.96%	\$ 5,171,562	-1.85%	2.308	6.07%
2017	6,987	-0.77%	5,269,276	5.25%	2.176	4.77%
2016	7,041	1.53%	5,006,306	2.99%	2.077	-2.90%
2015	6,935	0.52%	4,860,790	2.52%	2.139	19.10%
2014	6,899	12.16%	4,741,096	2.40%	1.796	-10.65%
2013	6,151	-8.63%	4,629,901	3.62%	2.010	3.61%
2012	6,732	-0.77%	4,468,058	-2.16%	1.940	-3.96%
2011	6,784	0.70%	4,566,617	14.13%	2.020	-1.94%
2010	6,737	-0.55%	4,001,072	-2.35%	2.060	6.74%

* Revenues exclude miscellaneous charges for services not directly related to consumption.

Source: Financial records of the City of Cocoa, Florida.

City of Cocoa, Florida

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

Governmental Activities						
Fiscal Year	Capital Improvement Revenue Bonds	Fire Protection Assessment Revenue Bond	Cocoa Redevelopment Agency Revenue Bonds	Capital Leases	Note Payable	
2018	\$ 8,731,065	\$ 7,679,356	\$ -	\$ 68,562	\$ 3,103,000	
2017	9,051,647	7,837,955	-	-	3,700,000	
2016	9,376,026	-	-	-	4,286,000	
2015	9,642,327	-	297,729	-	4,857,000	
2014	9,898,628	-	573,229	-	3,377,000	
2013	10,144,929	-	838,729	64,536	3,726,000	
2012	10,381,230	-	1,378,500	236,158	2,718,000	
2011	10,607,531	-	1,625,000	435,801	2,953,000	
2010	13,573,832	-	1,863,000	547,833	-	
2009	13,945,133	-	2,092,000	707,190	-	

(1) See Schedule 18 - Demographic and Economic Statistics.

Schedule 13

Business-type Activities

Water and Sewer Bonds	Capital Leases	Note and Loans Payable	Total Primary Government	Percentage of Personal Income (1)	Per capita (1)
\$ 56,135,000	\$ -	\$ 17,952,442	\$ 93,669,425	11.1%	\$ 4,857
57,739,956	-	19,919,095	98,248,653	12.9%	5,176
60,295,739	-	22,026,569	95,984,334	12.6%	5,097
62,726,522	-	24,059,149	101,582,727	14.2%	5,547
65,037,304	-	26,161,299	105,047,460	15.6%	5,942
65,224,990	-	28,332,602	108,331,786	16.3%	6,211
67,212,256	-	30,451,616	112,377,760	16.9%	6,511
69,625,331	44,559	32,701,997	117,993,219	18.6%	6,845
47,093,879	264,029	33,837,921	97,180,494	15.8%	5,670
49,157,882	410,701	32,060,635	98,373,541	15.7%	5,847

CITY OF COCOA, FLORIDA

Ratio of Net General Bonded Debt Outstanding

Last Ten Fiscal Years

Schedule 14

General Bonded Debt Outstanding

Fiscal Year	Capital Improvement Revenue Bonds	Fire Protection Assessment Revenue Bond	Total	Percentage of Actual Taxable Value of Property (in thousands)	Per Capita	Population (1)	Net Assessed Value (in thousands)
2018	\$ 8,731,065	\$ 7,679,356	\$ 16,410,421	0.018	850.90	19,286	\$ 888,480
2017	9,051,647	7,837,955	16,889,602	0.020	889.77	18,982	857,338
2016	9,376,026	-	9,376,026	0.011	497.85	18,833	817,571
2015	9,642,327	-	9,642,327	0.012	526.53	18,313	817,571
2014	9,898,628	-	9,898,628	0.013	559.94	17,678	780,889
2013	10,144,929	-	10,144,929	0.013	581.60	17,443	775,130
2012	10,381,230	-	10,381,230	0.013	601.50	17,259	797,666
2011	10,607,531	-	10,607,531	0.012	615.36	17,238	906,152
2010	13,573,832	-	13,573,832	0.013	813.49	16,686	1,024,738
2009	13,945,133	-	13,945,133	0.012	828.83	16,825	1,162,137

(1) Source: Bureau of Economic and Business Research, University of Florida.

City of Cocoa, Florida

Legal Debt Limit Information

September 30, 2018

Schedule 15

State Statutes impose no limitation on the amount of bonded debt the City can issue and the City has not adopted a legal debt limit.

City of Cocoa, Florida

Direct and Overlapping Governmental Activities Debt

September 30, 2018

Schedule 16

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Applicable Percentage (2)</u>	<u>City's Estimated Share of Direct and Overlapping Debt</u>
Brevard County	\$ 68,705,826	2.49%	\$ 1,708,624
City of Cocoa Direct Debt (Governmental Activities)			
Revenue Bonds net of related premiums and discounts			16,410,421
Revenue Notes			3,103,000
			<u>19,513,421</u>
<u>Total Direct and Overlapping Debt</u>			<u>\$ 21,222,045</u>

(1) Source: Brevard County Comprehensive Annual Financial Report. Table 12

(2) Source: Brevard County Comprehensive Annual Financial Report. Table 7

City of Cocoa, Florida

Pledged Revenue Coverage

Last Ten Fiscal Years - (in thousands of dollars)

Schedule 17

Water Revenue Bonds								
Fiscal Year	Pledged Revenues (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service			Coverage (5)	
				Principal (3)	Interest (4)	Total		
2018	\$ 59,569	\$ 32,889	\$ 26,680	\$ 2,670	\$ 3,071	\$ 5,741	4.65	
2017	58,263	31,557	26,706	2,545	2,994	5,539	4.82	
2016	55,856	30,195	25,661	2,420	3,124	5,544	4.63	
2015	53,736	29,455	24,281	2,300	3,248	5,548	4.38	
2014	54,392	27,793	26,599	2,180	3,362	5,542	4.80	
2013	53,301	27,603	25,698	2,095	3,434	5,529	4.65	
2012	50,601	26,627	23,974	2,295	3,492	5,787	4.14	
2011	48,903	26,561	22,342	2,220	3,287	5,507	4.06	
2010	43,621	31,174	12,447	2,160	2,410	4,570	2.72	
2009	43,998	32,022	11,976	1,517	1,763	3,280	3.65	

- (1) Pledged revenues include operating and non-operating revenues of the Water and Sewer System, excluding impact fees, capital contributions, and loss on sale of assets.
- (2) Excludes interest, depreciation, and loss on disposal of assets.
- (3) Bond proceeds from revenue refunding bonds are excluded since payments are made with proceeds and not pledged revenues. Accordingly, they are not included in the above calculation.
- (4) Excludes subsidy received for Series 2010 Build America Bonds.
- (5) Required coverage is 1.25.

City of Cocoa, Florida

Demographic and Economic Statistics

Last Ten Fiscal Years

Schedule 18

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Unemployment Rate (3)
2018	19,286	\$ 840,715,312	\$ 43,592	3.7%
2017	18,982	791,264,670	41,685	4.6%
2016	18,833	762,943,663	40,511	5.2%
2015	18,313	717,832,974	39,198	6.1%
2014	17,678	672,382,730	38,035	6.9%
2013	17,443	664,264,326	38,082	7.9%
2012	17,259	663,936,471	38,469	9.1%
2011	17,238	634,461,828	36,806	11.6%
2010	17,140	614,417,580	35,847	11.8%
2009	16,825	627,690,275	37,307	9.8%

(1) Source 2014, 2009: United States Census Bureau, American Fact Finder, Cocoa City, Florida.

(1) Source 2018-2015, 2013-2010: Bureau of Economic and Business Research, University of Florida.

(2) Source: U.S. Department of Commerce, Bureau of Economic Analysis

(3) Source: U.S. Department of Labor, Bureau of Labor Statistics, Palm Bay-Melbourne-Titusville, FL (Metropolitan Areas). Based on an average of the monthly unemployment rates throughout the fiscal year.

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City of Cocoa, Florida

Principal Employers

Current and Nine Years Ago

2018

Rank	Employer	Employees (1)	% of Total Employment (2)
1	Eastern Florida State College - Cocoa Campus	537	4.20%
2	City of Cocoa	445	3.48%
3	Beyel Brothers Inc..	395	3.09%
4	Wal-Mart Distribution	385	2.74%
5	Wal-Mart Associates Inc.	350	1.56%
6	Erdman Automotive (Nissan & Toyota)	200	1.56%
7	Brevard Robotics	189	1.48%
8	Sam's Club	155	1.21%
9	Publix Super Markets Inc.	140	1.10%
10	Aging Matters In Brevard	125	0.98%
		2,921	21.40%

(1) Source: The companies listed above.

(2) Source: Space Coast Economic Development Council.

Schedule 19**2009**

Rank	Employer	Employees	% of Total Employment
1	Brevard Public Schools	524	6.61%
2	Brevard Community College	480	6.06%
3	City of Cocoa	438	5.53%
4	Wal-Mart Supercenter	353	4.45%
5	Beyel Brothers Crane & Rigging	202	2.55%
6	Florida Solar Energy Center	150	1.89%
7	Sam's Club	130	1.64%
8	Ocean Potion	129	1.63%
9	Publix	128	1.62%
10	Fed Ex Ground Distribution Center	120	1.51%
	Total Employees	2,199	33.49%

Source: Bureau of Economic and Business Research.

City of Cocoa, Florida

Full-Time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years

Function/Program	2018	2017	2016	2015
General government				
City Manager/OMB	4.00	4.00	3.00	3.00
City Clerk	3.00	3.00	3.00	3.00
Finance	11.50	11.50	12.00	11.00
Customer Service	29.00	28.00	26.00	25.00
Human Resources	5.50	6.50	7.00	6.00
Purchasing	3.00	3.00	3.00	3.00
Information Technology	9.50	9.50	8.50	7.50
Fleet Services	6.00	7.00	7.00	7.00
Other	0.00	0.00	0.00	0.00
Public Safety				
Police Department	95.00	92.50	89.50	95.25
Fire Department	48.00	45.00	44.00	44.00
Public Works	24.80	26.80	28.00	27.00
Water	150.00	149.00	128.00	127.00
Wastewater	36.00	36.00	33.00	33.00
Stormwater	5.40	7.40	6.00	5.00
Recreation	4.50	5.00	5.00	5.00
Development	9.80	11.80	16.00	18.00
Total	445.00	446.00	419.00	419.75

Source: City of Cocoa Finance Department.

Note: In fiscal year 2017, the City of Cocoa moved Code Enforcement from Development to Public Safety - Police Department.

Schedule 20

2014	2013	2012	2011	2010	2009
3.00	1.00	4.00	7.00	5.00	5.00
3.00	3.00	3.00	3.00	3.50	4.00
12.00	10.50	8.50	8.50	8.00	9.00
25.00	18.00	20.00	18.00	18.50	18.50
4.00	4.00	3.50	4.34	5.25	5.25
2.00	2.00	2.00	2.00	4.25	6.25
8.00	7.00	8.00	8.33	7.25	7.25
7.00	7.00	7.50	7.33	6.25	6.25
0.00	0.00	2.50	5.00	5.00	5.00
92.00	90.00	87.50	89.00	94.00	97.00
43.00	39.00	39.00	41.00	39.00	43.00
27.00	26.00	26.00	28.00	22.00	20.00
129.00	135.50	140.00	133.50	142.00	143.50
28.00	30.00	29.00	28.00	34.00	34.00
7.00	3.00	5.00	5.00	5.00	5.00
3.00	2.00	3.50	6.00	10.00	17.00
17.00	15.00	17.00	18.00	15.00	12.00
410.00	393.00	406.00	412.00	424.00	438.00

City of Cocoa, Florida

Operating Indicators by Function/Program

Last Ten Fiscal Years

	2018	2017 (1)	2016	2015
Function/Program				
General government				
Building permits issued	1,503	1,084	1,063	996
Building inspections conducted	2,738	3,294	3,618	3,669
Police				
Physical arrests	1,451	1,274	1,054	1,543
Parking violations	31	49	48	24
Traffic violations	2,455	2,568	1,630	2,096
Fire				
Emergency responses	5,425	5,413	5,139	4,835
Fires extinguished	107	144	107	96
Inspections	252	199	83	73
Public Works				
Streets resurfacing (miles)	-	6	4	2
Water				
New connections	916	803	707	719
Water main breaks	75	135	83	107
Average daily consumption (thousands of gallons)	20,298	21,929	21,247	21,954
Peak daily consumption (thousands of gallons)	26,444	27,695	28,271	27,550
Wastewater				
Average daily sewage treatment (thousands of gallons)	2,308	2,176	2,077	2,139

Source: Various City of Cocoa departments.

(1) Beginning in fiscal year 2017, the Fire Department performs new business and annual fire inspections. The Building Division performs initial fire inspections during the building process (not included herein).

(2) In fiscal year 2013, the City discontinued annual fire inspections. The Building Division conducts inspections for state-licensed facilities upon request.

Schedule 21

2014	2013 (2)	2012	2011	2010	2009
917	815	700	775	824	1,120
2,890	2,118	1,838	2,142	2,860	2,640
1,636	1,510	1,501	1,938	2,239	2,294
12	19	57	34	33	196
3,161	2,455	2,162	3,877	4,835	5,234
4,481	4,085	4,253	4,092	3,125	3,577
108	90	117	221	268	204
102	349	2,123	2,332	2,298	2,169
4	-	1	3	3	3
522	612	463	359	442	512
118	105	128	105	126	111
21,223	22,370	22,430	23,008	25,758	25,167
26,867	29,028	27,093	31,179	34,258	34,446
1,796	1,930	2,020	2,570	2,300	1,830

City of Cocoa, Florida

Capital Asset Statistics by Function/Program Last Ten Fiscal Years

	2018	2017	2016	2015	2014
Function/Program					
Police Stations	1	1	1	1	1
Fire Stations	3	3	3	3	3
Other Public Works					
Streets (miles)	79	79	79	79	93
Street Lights	2,182	2,182	2,182	2,004	2,004
Traffic Signals	146	146	146	146	146
Water					
Water mains (miles)	1,360	1,353	1,341	1,339	1,331
Fire Hydrants in Cocoa	699	689	687	685	687
Fire Hydrants - Total System	6,718	6,658	6,590	6,499	6,515
Storage capacity (thousands of gallons)	22,500	22,500	22,500	22,500	22,500
Wastewater					
Sanitary sewers (miles) (1)	130	119	118	118	117
Treatment capacity (thousands of gallons)	4,500	4,500	4,500	4,500	4,500

Sources: Various City of Cocoa departments.

(1) City of Cocoa, Sanitary Sewers (miles) for fiscal years 2017, 2016 and 2015 have been restated to exclude Private Sewer miles.

Schedule 22

2013	2012	2011	2010	2009
1	1	1	1	1
3	3	3	3	3
93	93	93	93	93
2,004	2,004	2,004	2,004	2,004
146	146	146	146	146
1,325	1,322	1,321	1,319	1,309
684	684	683	658	624
6,467	6,442	6,424	6,397	6,363
22,500	22,500	22,500	22,500	22,500
117	117	117	117	99
4,500	4,500	4,500	4,500	4,500

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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 Cocoa, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cocoa, Florida, (the “City”) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated March 28, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described on the following page, that we consider to be a significant deficiency:

The Honorable Mayor and
Members of the City Council
City of Cocoa, Florida

Type: Significant Deficiency

2018-001 Bank Reconciliation

Finding:

During our audit, it was noted that the City carried an unreconciled difference between the City's general ledger and its monthly bank balances during fiscal year 2018.

Criteria:

Reconciling the City's cash accounts is a key process to maintaining adequate internal controls over both cash receipts and disbursements.

Cause:

Currently, the cause of the unreconciled difference is unknown.

Effect:

Without fully reconciling the City's bank reconciliations, cash activity may not be appropriately captured and reflected in the City's trial balance.

Recommendation:

We recommend that the City investigate the cause behind the unreconciled difference and resolve the matter once discovered. Additionally, going forward, unreconciled bank reconciliation differences should be resolved on a timely basis.

Management Response:

Management recognizes that cash is a high risk area and that it should be reconciled on a timely basis in order to appropriately capture cash activity and record the related revenue and expenses. The Finance Department will make every effort to further determine the unreconciled difference remaining in the bank reconciliation as of September 30, 2018. Going forward, management will ensure that unreconciled bank differences will be resolved on a timely basis.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Pursuant to provisions of Chapter 10.550, *Rules of the Auditor General*, we reported certain matters to management of the City in a separate management letter and Independent Accountant's Report dated March 28, 2019.

The City's Response to Findings

The City's response to the finding identified in our audit is described above. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

The Honorable Mayor and
Members of the City Council
City of Cocoa, Florida

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.

A handwritten signature in blue ink that reads "Moore Stephens Lovelace, P.A.".

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
March 28, 2019

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

The Honorable Mayor and
Members of the City Council
City of Cocoa, Florida

Report on the Financial Statements

We have audited the basic financial statements of the City of Cocoa, Florida (the "City") as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated March 28, 2019.

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; 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* 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, which are dated March 28, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial report. There were no audit findings or recommendations identified in the preceding annual financial report.

Official Title and Legal Authority

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

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report 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.

The Honorable Mayor and
Members of the City Council
City of Cocoa, Florida

Financial Condition and Management (Continued)

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based, in part, on representations made by management and the review of financial information provided by same. The assessment was done as of the fiscal year end.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Mayor, City Council, and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.



MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
March 28, 2019



INDEPENDENT ACCOUNTANT'S REPORT

The Honorable Mayor and
Members of the City Council
City of Cocoa, Florida

We have examined the City of Cocoa, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2018. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with those requirements. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

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

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
March 28, 2019