

# City of Rockledge, Florida

## FINANCIAL STATEMENTS

Year Ended September 30, 2018



**CRI** CARR  
RIGGS &  
INGRAM

CPAs and Advisors

[CRIcpa.com](http://CRIcpa.com)

**City of Rockledge, Florida**  
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**As of September 30, 2018**

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**City of Rockledge, Florida  
City Officials  
As of September 30, 2018**

**MAYOR**

Thomas J. Price

**CITY COUNCIL**

Dr. Joe Lee Smith

Dr. R. Shaun Ferguson

Sammie Brown Martin

Frank T. Forester

Duane A. Daski

Ted J. Hartselle

**CITY MANAGER**

Dr. Brenda Fettrow

**ASSISTANT CITY MANAGER**

Matthew D. Trine

**CITY ATTORNEY**

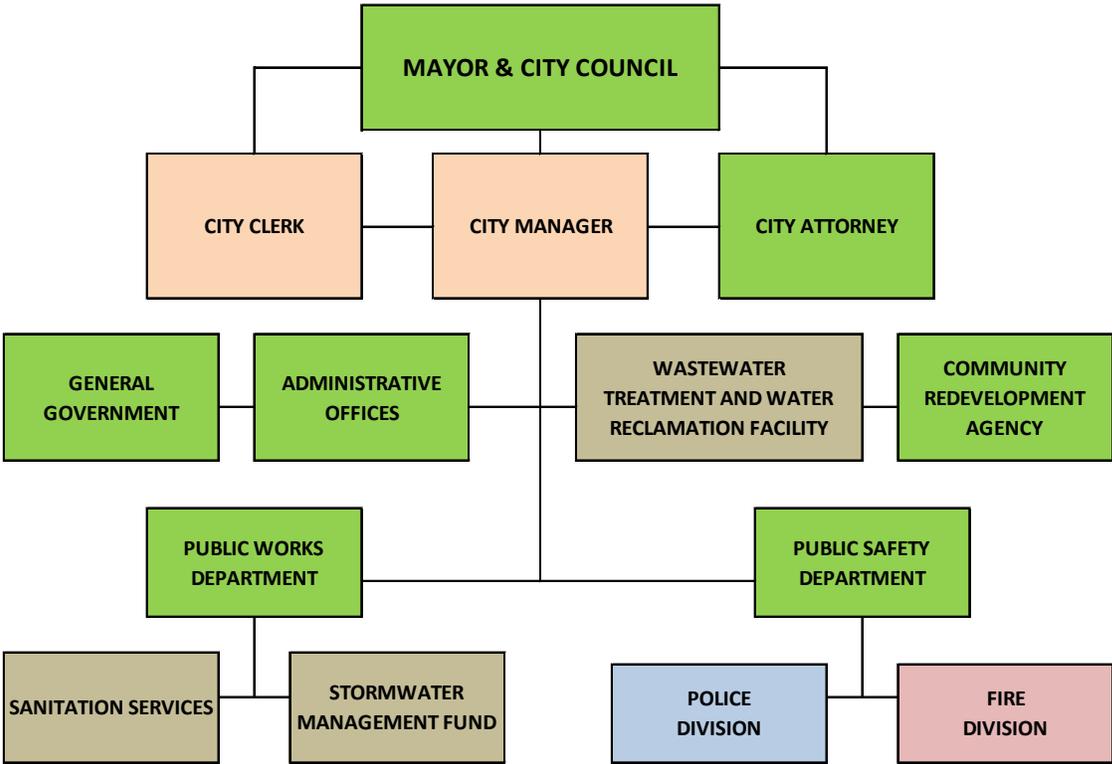
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**CITY CLERK/PUBLIC RELATIONS**

Lisa C. Nicholas

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**City of Rockledge, Florida  
Organization Chart  
As of September 30, 2018**



- - Major Proprietary Funds
- - Major Governmental Funds
- - Chartered Officers
- ■ - Budgeted Governmental Divisions

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# CITY OF ROCKLEDGE

April 23, 2019

**CITY HALL**  
1600 HUNTINGTON LANE  
ROCKLEDGE, FL 32955  
TELEPHONE: 321-221-7540  
FAX: 321-204-6356

**BUILDING DIVISION**  
1600 HUNTINGTON LANE  
ROCKLEDGE, FL 32955  
TELEPHONE: 321-221-7540  
FAX: 321-204-6356

**FIRE & EMERGENCY  
SERVICES DEPT.**  
1800 ROCKLEDGE BLVD.  
ROCKLEDGE, FL 32955  
TELEPHONE: 321-221-7540  
FAX: 321-204-6386

**POLICE DEPT.**  
1776 JACK OATES BLVD.  
ROCKLEDGE, FL 32955  
TELEPHONE: 321-690-3988  
FAX: 321-690-3996

**PUBLIC WORKS DEPT.**  
1400 N. GARDEN ROAD  
ROCKLEDGE, FL 32955  
TELEPHONE: 321-221-7540  
FAX: 321-204-6353

**WASTEWATER  
TREATMENT & WATER  
RECLAMATION DEPT.**  
1700 JACK OATES BLVD.  
ROCKLEDGE, FL 32955  
TELEPHONE: 321-221-7540  
FAX: 321-204-6377

**REDEVELOPMENT  
& RENTAL FACILITIES**  
123 BARTON BLVD. - #103  
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[www.cityofrockledge.org](http://www.cityofrockledge.org)

The Honorable Mayor,  
Members of City Council,  
and Citizens of the City of Rockledge:

The Comprehensive Annual Financial Report of the City of Rockledge, Florida, for the fiscal year ended September 30, 2018, is hereby submitted. The report includes Management's Discussion and Analysis and is reflective of management's position on the financial status of the City. The administration, with the support of the elected officials, has established an internal framework to protect the City from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The firm of Carr, Riggs & Ingram, LLC, has audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2018 are free of material misstatement. The independent audit involves 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 auditor's 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). This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it.

The report reflects work compliant with Governmental Accounting Standards Board (GASB) Statement No. 34 and was performed independent of the audit provisions. This includes accounting for streets, roads, sidewalks, stormwater facilities and all wastewater related infrastructure. This information will have an impact on the financial structure of the report and there will be additional statements within the document depicting those requirements.

Furthermore, the report reflects GASB Statement No. 68, Accounting and Financial Reporting for Pensions. This statement will continue to have a significant impact on net position for the entity-wide statements and the enterprise fund level statements. For more information on the impact of GASB 68, please refer to Note 10 in the Notes to Financial Statements. Finally, the report reflects GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. Since insurance is purchased by the retired individual, it has minimal impact on the financial picture of the City.

## **PROFILE OF THE CITY**

Economic conditions continued to improve in 2018, as is evidenced in the overall value of building activity. Total permit value was down from \$65.7 million in 2017 to \$58.2 million in 2018. Total permits issued were 3,406, up 28 percent from 2,661 the previous year. New construction decreased in residential units (28 new single family homes, 95 in 2017) and decreased in commercial buildings (one new commercial building, four in 2017). Assessed value increased by 6.97 percent in 2018, which is the seventh consecutive year of increased values.

Under its Charter, the City operates as a Council-Manager form of government. The Mayor and City Council are elected at large on a non-partisan basis with staggered three-year terms. They are responsible for passing ordinances, adopting budgets, appointing committees, and hiring the City Manager, City Clerk, and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the Council, overseeing daily operations, and appointing department directors and hiring all other employees of the City. The City currently has 236 full-time equivalent positions and 12 part-time positions, as well as volunteers in the police department. Volunteers also operate the Georgia Phillips Reading Room at the Community Resource Center.

The City provides a full range of services, including police and fire protection; public works, including sanitation, stormwater management, street and sidewalk maintenance, etc.; planning, community development and grants acquisition; building inspection services and code enforcement; wastewater treatment and reclaimed water; and general administration and support services. The City has three proprietary enterprise funds – wastewater treatment/reclaimed water, stormwater, and sanitation. The City also has a Community Redevelopment Agency and associated budget as outlined in Florida Statutes, Chapter 163. As for recreation and leisure services, the City is part of a recreational district created by legislative act in 1971 that serves the central mainland of Brevard County.

The annual budget is a foundation for the financial planning and control for the City and is meant to further the Strategic Plan of the City. The budget process begins at staff level in May of each year and is worked through the Council Finance and Budget Committee in June, July, and August. A public workshop is held in August and public hearings in September for adoption of the budget to begin October 1 of each year. The annual tax millage rate is also established at the same time as adoption of the budget. The budgets are adopted by fund and department. The City Manager can make appropriate transfers within departmental budgets without Council approval. Changes to overall budgets require approval by

the City Council. The City Council receives monthly reports of financial conditions of the City, including comparisons as to budget and actual expenditures.

## **FACTORS AFFECTING FINANCIAL CONDITIONS**

As a part of the Central Florida Regional economy, Rockledge has slowly rebounded financially since the recession years of 2009-2012. During Fiscal Year 2018, unemployment dropped to 3.1 percent, continuing the downward trend that once reached double digits. The expansion of business in the city continues to be positive. Economic development on a comprehensive basis has been aided by redevelopment projects, public works projects, and public/private partnerships. The City marketing efforts continue in order to attract new business, support existing business, and in revitalization of vacant and underutilized properties.

The City of Rockledge has an adopted Business Plan, Investment Strategy, and comprehensive approach to financial matters as well as budgeting. Each budget reflects delivering service at the highest level that can be supported by available revenues. This focus includes personnel management, maintenance and operations, purchasing, and projects. Capital Projects are once again being completed, as well as the upgrade of vehicles and equipment. Emphasis for the future must be centered on maintenance of facilities and infrastructure.

As a top priority, the City continues to lessen the debt load for all budget funds. In five years, the City has been able to lower the debt principal from \$8 million to \$4.33 million, or \$158 per capita. The debt service includes:

- General Fund total debt stands at \$2,332,000 for the Police and Fire Station's new construction and technology upgrades (retiring in 2028). Also, the City purchased a 6.2-acre parcel from a private individual, and the balance is \$75,000 (retiring in 2019).
- The Wastewater Plant debt consists of the State Revolving Fund at \$615,000 and will be paid off in 2022.
- The Community Redevelopment Agency (CRA) tax-exempt loan for the Barton Boulevard Project has now been reduced to \$1.0 million at a 1.60 percent interest rate, with payoff complete by 2022. In addition, the CRA has purchased a Barton Boulevard property for redevelopment purposes using the credit line with Community Bank of the South. As of September 30, 2018, debt service principal was \$330,000.

Major projects completed in Fiscal Year 2018 included the purchase of an Enterprise-Wide Software Solution and the start of construction of the Civic Hub, the finalization of the Barnes Boulevard Widening project, the start of construction for Fire Station #36 damaged by Hurricane Irma, and the near completion of the Breeze Swept septic-to-sewer conversion project for 141 homes. Other major accomplishments include:

- Continued implementation of the Compensation and Classification System for employees
- Upgrades made to the Public Safety Radio system
- Purchase of five police vehicles, a fire pumper, three public works vehicles, a small sanitation vehicle and a large compactor, and four Wastewater vehicles
- Completed City-wide street resurfacing
- Continued sign replacement per Federal Law

- Replacement of the Belt Filter press main control panel at the Wastewater Treatment Plant
- Purchase of 18 Air Packs for the Fire Department

Cash reserves have been maintained by the City as a “rainy day” fund. During times of emergency response and disaster mitigation, these fund reserves have allowed the City to respond in a timely and efficient manner. These reserves are invested in certificates of deposit, cash management sweep accounts, and money market accounts. Yields have started to rise, with longer-term investments (three to five years) providing more reasonable returns to the City. Risk Management includes insurance for workers’ compensation, general liability, property, vehicular, fiduciary, and public officials through the Florida League of Cities Municipal Trust Program. The City continues to focus on reducing workers’ compensation costs through safety programs and training. In Fiscal Year 2018, monthly City-wide trainings were held to increase safety. Liability, property and casualty insurance have also been maintained at reasonable cost levels.

City Council has continued to pay close attention to the funded status of the three pension plans provided for City employees. The unfunded liability continues to improve over the recessionary levels, with the 2018 market performance above investment objectives. The General, Fire, and Police Employees plans funded status improved in 2018. The funded status of each plan was calculated as follows as of September 30, 2018:

Police	98.67%	General	87.95%	Fire	80.51%
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The City continues to be in an overall positive position when compared with other pension plans statewide. As evidence, this fiscal year, the Fire Employees Retirement Plan’s funded status, has increased above 80 percent, which is considered the baseline for healthy pension plans. Monitoring of all three plans remains a priority, and benefit evaluation is ongoing.

**ECONOMIC FACTORS, AND NEXT YEAR’S BUDGET AND RATES**

When establishing priorities for the Fiscal Year 2018 Budget, the City considered many factors for setting tax rates and user fees for business-type activities. Most recently, the City has emphasized maintenance, replacement and renewal, and limited capital projects. City facilities, vehicles, equipment, etc., are in good order but continued evaluation is necessary. Maintaining adequate reserves is important to orderly services in the event of a catastrophic situation.

The nearly 12 square miles of the City is substantially developed, though there continues to be residential, commercial, and industrial development. The CRA has concentrated on attracting new business to the districts, property improvements, and removal of dilapidated structures. Since 2004, the City has funded 95 property improvement projects with matching grants totaling \$705,261 (\$10,000 limit on any one grant). The result has been to leverage over \$2.5 million in private investment to enhance the tax base. The State of Florida continues to make changes to revenue sources that fund the City budget, especially the General Fund. City Staff evaluates the budget on a monthly basis and recommendations are made to the City Council periodically to ensure financial responsibility.

While the budget uncertainties have become less problematic, the growth is expected to remain moderate at best, and potential changes to ad-valorem tax exemptions may reduce the City’s tax base. Diligence to detail is important in allocation of revenues moving forward. The City will need to continue to evaluate personnel costs, staffing levels, and benefits, while at the same time keeping salary ranges competitive so as not to become a training ground for other entities.

Enterprise funds such as sewer, sanitation, and the stormwater utility, continue to meet financial requirements; although, the sanitation fund has been impacted by Hurricanes Matthew and Irma. Fee increases are evaluated each year based on need and expansion requirements. Federal and State requirements, especially unfunded mandates, will have a direct impact on all of these budgets. The gallonage charge for sewer underwent a two-year gallonage rate increase, with the first increase effective in Fiscal Year 2017. Although the stormwater utility fees were increased in Fiscal Year 2018, a subsequent increase was enacted. Stormwater and Sewer rates still remain among the lowest in Brevard County.

## CONCLUSION

The preparation of this report would not have been possible without the excellent work of the Finance Division. An extensive amount of work occurs during the year, as well as during the audit, to ensure accuracy and appropriate evaluation of procedures. Other City departments contribute extensively to sound financial practices of this local government to ensure accountability and the carrying out of the mission of the City. Appreciation is also expressed to the independent audit team led by Christine Noll-Rhan for its tireless efforts on this yearly project. Final thanks are expressed to you, the City Council, for your direction during the year and trust in your staff to carry out your policies. It is truly a team effort.

The 2018 Fiscal Year was a very successful year with much accomplished in all budgetary areas. The main emphasis has been placed on the maintenance of existing facilities to extend usefulness for longer periods. City staff will continue to focus on quality service delivery to the citizens within budgetary allocations.

The City of Rockledge has and will continue to serve the citizens with continued high-quality service, while keeping the tax rates at a reasonable level. We are honored to follow in this tradition and to have the opportunity to move Rockledge forward and enjoy continued success.

Sincerely,

CITY OF ROCKLEDGE, FLORIDA

*Brenda Fettrow*

Dr. Brenda Fettrow, City Manager

*Matthew D. Trine*

Matthew D. Trine, Assistant City Manager

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## **INDEPENDENT AUDITORS' REPORT**

The Honorable Mayor and Members of the City Council  
of the City of Rockledge, 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 unit, each major fund, and the aggregate remaining fund information of the City of Rockledge, Florida, (the "City") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

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

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

## **Opinion**

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

## **Change in Accounting Principle**

As discussed in Note 2 to the financial statements, in 2018 the City adopted new accounting guidance, *GASBS No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis (pages 5 through 14) and the required supplementary information (pages 76 through 89) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rockledge, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such

information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion on them 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 April 23, 2019 on our consideration of the City of Rockledge, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the City of Rockledge's 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 of Rockledge, Florida's internal control over financial reporting and compliance.

*Carly Riggs & Ingram, L.L.C.*

Melbourne, Florida

April 23, 2019

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As management of the City of Rockledge (the "City"), we offer readers of the City's financial statements this narrative overview 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 that we have furnished in our letter of transmittal, which can be found on pages vii to xi of this report.

### **FINANCIAL HIGHLIGHTS**

- Total assets and liabilities of the City as of September 30, 2018, were \$110,804,283 and \$13,447,192, respectively. Deferred outflows related to pensions were \$1,856,822. Deferred inflows related to pensions, post-employment benefits, business tax revenue, and grant revenue were \$3,429,865.
- City-wide total revenues (\$30,517,771) consisted of \$9,990,691 of charges for services, \$2,845,789 in grants and capital contributions, and \$17,681,291 of general revenues. Total expenses were \$24,582,815.
- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$95,784,048 (net position). Of this amount, \$13,100,716 (unrestricted net position) may be used to meet the City's ongoing obligations to its citizens and creditors.
- The City's total net position increased by \$5,934,956 or 6.61 percent due to current year operations. The governmental net position increased by \$2,573,613, or 5.54 percent, and the business-type net position increased by \$3,361,343 or 7.75 percent. There were no transfers from the governmental funds to the proprietary funds during the year.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$11,667,675, or 62.24 percent of the total expenditures and transfers out.
- Net positions of the General Employees, Police Employees, and Fire Employees' Pension Trust Funds increased by \$1,523,156, \$1,456,670, and \$446,659, respectively. These changes were primarily the result of plan contributions and an increase in fair value of investments offset by benefit payments. For the Fire Employees, benefit payments exceeded contributions in the current year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which comprise three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

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

## City of Rockledge, Florida Management's Discussion and Analysis

The statement of net position presents information on all the City's assets, deferred outflows, liabilities, and deferred inflows, with the difference between these four financial statement elements 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 City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the 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 of the City include general government, administrative services, city attorney, mayor and council, public works, planning and development, police, fire, community relations, and beautification and parks. The business-type activities of the City include wastewater system, stormwater utility, and sanitation services.

The government-wide financial statements can be found on pages 17 through 19 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the City's funds 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 financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Community Redevelopment Agency (CRA), which are the City's only major governmental funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for

## City of Rockledge, Florida Management's Discussion and Analysis

each of these nonmajor 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 the CRA. Budgetary comparison schedules have been provided for the General Fund and CRA to demonstrate compliance with the budget and are presented as required supplementary information. The basic governmental funds' financial statements can be found on pages 20 and 21 of this report.

**Proprietary funds.** The City maintains three enterprise funds 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 wastewater system, stormwater utility, and sanitation services operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds' financial statements provide separate information for each individual enterprise fund.

The basic proprietary funds' financial statements can be found on pages 23 through 27 of this report.

The City maintains one internal service fund. The City uses an internal service fund to account for its health insurance functions. The internal service fund is combined with governmental activities on the government-wide statements.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of individuals or entities outside the City. Specifically, the fiduciary funds represent amounts held for the satisfaction of pension plan liabilities and operating expenditures. 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.

The basic fiduciary funds' financial statements can be found on pages 28 and 29 of this report.

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

The notes to the financial statements can be found on pages 31 through 72 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary comparisons and the City's progress in funding its obligation to provide pension benefits to its employees.

The required supplementary information can be found on pages 76 through 89 of this report.

The combining statements referred to earlier, in connection with nonmajor governmental funds and fiduciary funds, are presented immediately following the required supplementary information.

The combining statements and schedules can be found on pages 93 through 94 of this report.

**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 and deferred outflows exceeded liabilities and deferred inflows by \$95,784,048 at the close of the most recent fiscal year.

**Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 18,649,548	\$ 15,495,257	\$ 10,761,767	\$ 8,265,195	\$ 29,411,315	\$ 23,760,452
Capital assets	43,028,258	42,712,455	38,364,710	39,074,224	81,392,968	81,786,679
Total assets	61,677,806	58,207,712	49,126,477	47,339,419	110,804,283	105,547,131
Deferred outflow of resources	1,508,724	1,620,289	348,098	470,905	1,856,822	2,091,194
Long-term liabilities	10,182,355	10,285,927	2,140,422	3,110,976	12,322,777	13,396,903
Other liabilities	1,045,424	835,777	78,991	964,046	1,124,415	1,799,823
Total liabilities	11,227,779	11,121,704	2,219,413	4,075,022	13,447,192	15,196,726
Deferred inflows of resources	2,891,006	2,181,804	538,859	369,391	3,429,865	2,551,195
Net investment in capital assets	39,291,479	40,126,774	37,765,234	37,817,923	77,056,713	77,944,697
Restricted	3,227,111	2,628,476	2,399,508	2,701,663	5,626,619	5,330,139
Unrestricted	6,549,155	3,769,243	6,551,561	2,846,325	13,100,716	6,615,568
Total net position	\$ 49,067,745	\$ 46,524,493	\$ 46,716,303	\$ 43,365,911	\$ 95,784,048	\$ 89,890,404

A significant portion of the City's net position (80.4 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in 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. This category represented 80 percent of net position in the prior year. The decrease in investment in capital assets totaled \$887,984 for the City as a whole, which is smaller in comparison to the overall increase in net position (\$5.93 million) sufficient to decrease the percentage of this category to total net position.

An additional portion of the City's net position (5.9 percent) represents resources that are subject to external restrictions on how they may be used. This includes unspent funds designated for CRA, transportation and other capital projects, unexpended impact fee collections required to be used for the renewal and replacement of the wastewater system, and amounts required to be set aside for debt service and the operation of the building department. The remaining balance (\$13,100,716 or 13.7 percent) represents unrestricted net position that may be used to meet the City's ongoing obligations to its 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 City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

**Governmental activities.** Governmental activities increased the City's net position by \$2,573,613, compared to an increase of \$1,806,186 in the prior year. Revenues increased by 6.4 percent or

**City of Rockledge, Florida**  
**Management's Discussion and Analysis**

\$1,177,909 with the largest increases related to property taxes (\$531,374), public services taxes (\$101,326), and tax increment fees (\$101,326). All revenue categories increased except for gas taxes, franchise fees, and investment earnings, which decreased \$126,167, in aggregate.

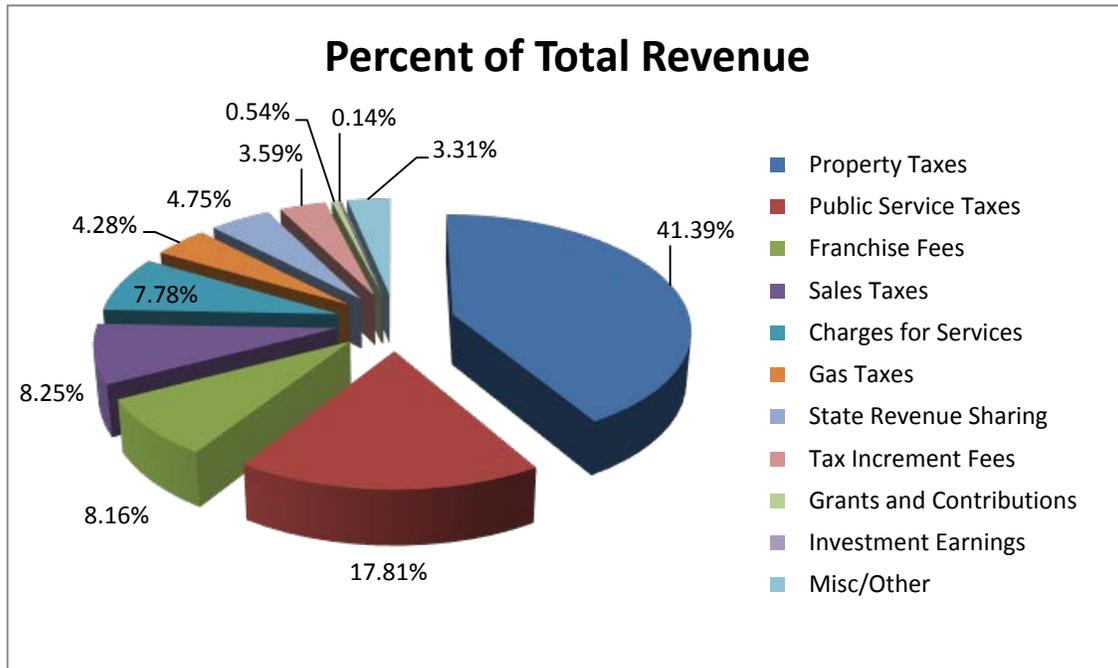
Expenditures increased compared to 2017 by \$410,482, with the largest increases related to general government (\$393,273) and fire (\$335,293). Although most categories increased, police, planning and development, public works, and administrative services expenditures decreased an aggregate of \$367,106. Interest on long-term debt increased \$39,072.

**Schedule of Changes in Net Position**

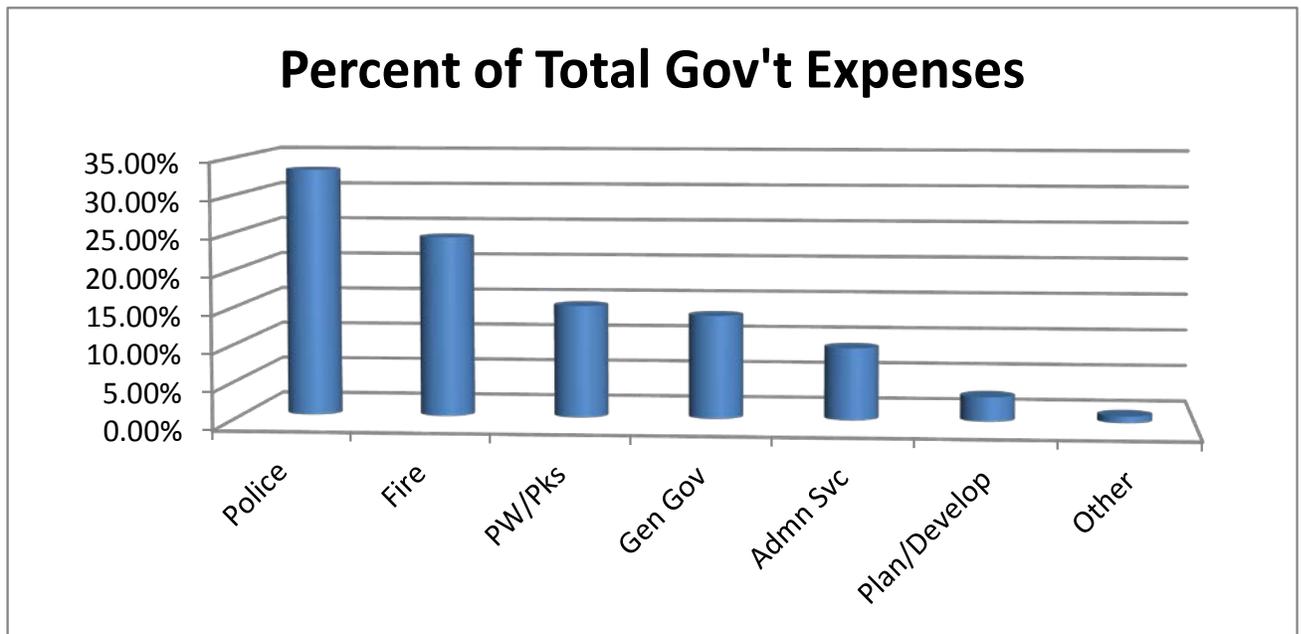
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
Programs revenues:						
Charges for services	\$ 1,533,338	\$ 1,204,907	\$ 8,457,353	\$ 8,080,591	\$ 9,990,691	\$ 9,285,498
Grants and contributions	105,821	245,209	2,739,968	2,332,128	2,845,789	2,577,337
General revenues:						
Property taxes	8,153,053	7,621,679	-	-	8,153,053	7,621,679
Tax increment fees	706,724	605,398	-	-	706,724	605,398
Gas taxes	843,109	890,542	-	-	843,109	890,542
Sales tax	1,625,531	1,537,609	-	-	1,625,531	1,537,609
Franchise fees	1,607,366	1,629,519	-	-	1,607,366	1,629,519
State revenue sharing	935,071	895,795	-	-	935,071	895,795
Public services taxes	3,507,282	3,262,780	-	-	3,507,282	3,262,780
Investment earnings	27,232	83,813	19,248	31,456	46,480	115,269
Other	652,675	542,042	-	-	652,675	542,042
Total revenues	<u>19,697,202</u>	<u>18,519,293</u>	<u>11,216,569</u>	<u>10,444,175</u>	<u>30,913,771</u>	<u>28,963,468</u>
<b>Expenses:</b>						
General government	2,368,258	1,974,985	-	-	2,368,258	1,974,985
Administrative services	1,651,826	1,698,634	-	-	1,651,826	1,698,634
Mayor and council	54,390	52,352	-	-	54,390	52,352
City attorney	98,685	91,552	-	-	98,685	91,552
Police	5,636,362	5,800,342	-	-	5,636,362	5,800,342
Fire	4,136,215	3,800,922	-	-	4,136,215	3,800,922
Public works	2,570,645	2,615,109	-	-	2,570,645	2,615,109
Planning and development	520,397	632,251	-	-	520,397	632,251
Other	779	-	-	-	779	-
Interest on long-term debt	86,032	46,960	-	-	86,032	46,960
Wastewater system	-	-	4,056,288	4,045,516	4,056,288	4,045,516
Sanitation services	-	-	3,048,296	3,283,303	3,048,296	3,283,303
Stormwater utility	-	-	750,642	763,307	750,642	763,307
Total expenses	<u>17,123,589</u>	<u>16,713,107</u>	<u>7,855,226</u>	<u>8,092,126</u>	<u>24,978,815</u>	<u>24,805,233</u>
Increase (decrease) in net position	2,573,613	1,806,186	3,361,343	2,352,049	5,934,956	4,158,235
Net position, beginning as restated, See Note 2	<u>46,494,132</u>	<u>44,718,307</u>	<u>43,354,960</u>	<u>41,013,862</u>	<u>89,849,092</u>	<u>85,732,169</u>
Net position, ending	<u>\$ 49,067,745</u>	<u>\$ 46,524,493</u>	<u>\$ 46,716,303</u>	<u>\$ 43,365,911</u>	<u>\$ 95,784,048</u>	<u>\$ 89,890,404</u>

**City of Rockledge, Florida  
Management's Discussion and Analysis**

**Revenue by Source - Governmental Activities**



**Expenses by Program - Governmental Activities  
as a Percentage of Total Expenses**

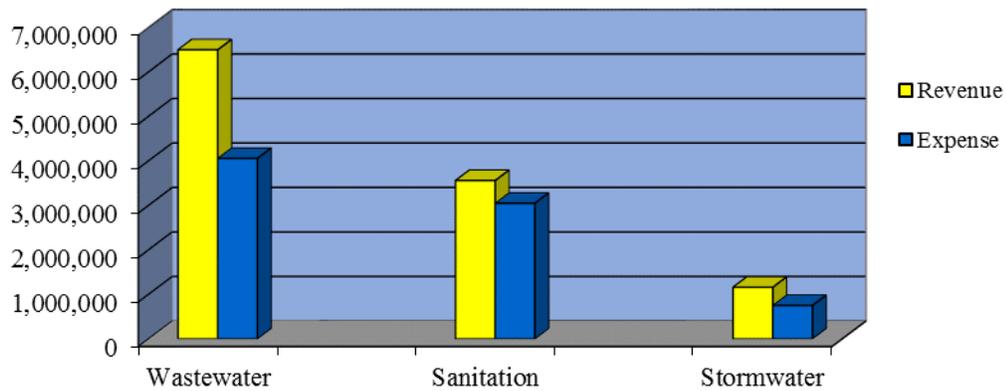


## City of Rockledge, Florida Management's Discussion and Analysis

**Business-type activities.** Business-type activities increased the City's net position by \$3,361,343, compared to an increase of \$2,352,049 in the prior year. On the statement of net position, capital asset balances decreased \$709,514. Liabilities decreased \$1,855,609 reflecting principal payments on enterprise fund indebtedness, bolstered by the recording of a decrease in net pension liability of \$281,794.

On the statement of activities, total revenues increased by 7.4 percent over the prior year. An increase in charges for services of \$376,762 was accompanied by an increase in grants and contributions of \$407,840. Interest income decreased roughly \$12,000. Expenses decreased a total of \$236,900, with a decrease in the Sanitation Fund of \$235,007, a decrease in the Stormwater Fund of \$12,665, and an increase in the Wastewater Fund of \$10,772.

### Expenses and Program Revenues - Business-type Activities



### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16,390,068, an increase of \$2,962,250 when compared to the prior year. Of this total amount, \$11,667,675 represents the General Fund unassigned fund balance, which is available for spending at the City's discretion. Restricted fund balances in the General, CRA, and special revenue funds, which are restricted by law or administrative action for specific purposes, total \$2,301,431. A portion of governmental fund balance (\$2,145,518) is assigned to reflect that management has designated a future use for these amounts. The remaining fund balance is nonspendable because it has already been committed to inventories (\$111,132) or prepaid expenses (\$164,312).

## City of Rockledge, Florida Management's Discussion and Analysis

The General Fund is the primary operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11,667,675, while total fund balance reached \$14,414,816. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the fund's total operational expenditures. Unassigned fund balance represents 62.2 percent of total expenditures and transfers out for recurring operational costs reported in other funds, while total fund balance represents 76.9 percent of that same amount. The General Fund's fund balance increased by \$2,366,137 during the current fiscal year.

**CRA.** In its 16<sup>th</sup> year of existence, the CRA fund balance increased by \$582,919 after increasing \$424,138 in the prior year. The revenues for this fund are derived from the additional tax revenue generated by new construction and, as the CRA is continuing to implement plans and improvements to the area, funds were expended primarily on the acquisition of a parcel of land, debt service, neighborhood improvements and façade grants. A transfer of \$900,396, consisting of taxes generated by the "incremental" growth between the current value and the base year value, was made from the General Fund to the CRA pursuant to an interlocal agreement with Brevard County.

Expenditures for ongoing development projects and debt service were \$335,428 and \$696,115, respectively, for a total of \$1,031,543 in the current year. Increased operating cash inflows were further bolstered by a reduction in expenditures for the year, providing the CRA a positive fund balance of \$1,902,697 as of September 30, 2018. This represents an increase from the fund balance of \$1,319,778 of the prior year.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

### Schedule of Changes in Net Position

	Wastewater System	Sanitation Services	Stormwater Utility
Unrestricted net position, September 30, 2017 as restated	\$ 1,453,506	\$ 592,160	\$ 789,708
Increase (decrease) in net position	2,440,401	510,956	409,986
(Increase) decrease in net position net investment in capital assets	(254,284)	220,073	86,900
Increase in net position restricted for renewal and replacement	(254,076)	-	-
Decrease in net position restricted for debt service	556,231	-	-
Increase (decrease) in unrestricted net position	<u>2,488,272</u>	<u>731,029</u>	<u>496,886</u>
Unrestricted net position, September 30, 2018	<u>\$ 3,941,778</u>	<u>\$ 1,323,189</u>	<u>\$ 1,286,594</u>

### GENERAL FUND BUDGETARY HIGHLIGHTS

Budgeted expenditures for the General Fund increased by \$1,044,303 from the original budget to the final budget. These increases (decreases) can be summarized as follows:

- Administrative Office \$ 408,000
- Fire Department \$ 636,303

## City of Rockledge, Florida Management's Discussion and Analysis

Expenditures in all general fund departments were within budgeted amounts for the year ended September 30, 2018. The most significant reason for expenditures remaining under budget was watchful management by the City Manager, the Department Heads, and the Finance Director. The large increase in the budget for Administrative Office and the Fire Department are related to costs for a City-wide enterprise software upgrade and the purchase of a new fire engine and to rebuild Fire Station 36 after Hurricane Irma.

### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of September 30, 2018, amounts to \$81,392,968 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, vehicles, furniture and equipment, transmission lines and facilities, and streets and drainage.

The total decrease in the City's investment in capital assets for the current fiscal year was \$393,711 or 0.48 percent. This overall change between fiscal years is the result of capital asset purchases offset by disposals and depreciation expense for the year. The larger increases in capital asset categories relate to the purchase of software, equipment, and vehicles for General Fund operations, including a new entity-wide enterprise system (\$381,715), the beginning of construction for Fire Station 36 (\$123,816) and a custom pumper fire truck (\$414,550). Investments in capital assets also included a garbage truck and compactor for Sanitation Services (\$184,793), the final design and initial construction of the Civic Hub for the CRA (\$64,913), the final stages of the Breeze Swept Septic to Sewer Conversion (\$184,495) and belt filter press improvements (\$136,500) for Wastewater. These increases in capital assets were offset by depreciation expense for the current year of approximately \$3.2 million. Capital assets are discussed more fully in Note 3 of the financial statements.

#### Schedule of Capital Assets (Net)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 14,472,047	\$ 14,426,853	\$ 3,677,911	\$ 3,677,911	\$ 18,149,958	\$ 18,104,764
Buildings	10,149,520	10,149,520	13,560,459	13,529,751	23,709,979	23,679,271
Improvements	2,207,615	2,207,615	-	-	2,207,615	2,207,615
Equipment	6,244,981	5,438,468	7,784,425	7,459,245	14,029,406	12,897,713
Vehicles	4,462,987	3,970,180	5,011,224	4,715,193	9,474,211	8,685,373
Infrastructure	26,016,279	26,016,279	34,723,511	34,723,459	60,739,790	60,739,738
Construction-in-progress	911,139	536,656	5,302,875	5,002,810	6,214,014	5,539,466
	64,464,568	62,745,571	70,060,405	69,108,369	134,524,973	131,853,940
Accumulated depreciation	(21,436,310)	(20,033,116)	(31,695,695)	(30,034,145)	(53,132,005)	(50,067,261)
Total	\$ 43,028,258	\$ 42,712,455	\$ 38,364,710	\$ 39,074,224	\$ 81,392,968	\$ 81,786,679

**Long-term debt.** At the end of the current fiscal year, the City had paid all outstanding bonded debt. This reduction in an outstanding bond relates to principal and interest payments due during fiscal year 2018.

## City of Rockledge, Florida Management's Discussion and Analysis

In addition, the City owed \$517,475 under the State of Florida revolving loan program for the construction of a reclaimed water project. The indebtedness is also backed by the revenues of the wastewater system, but was subordinate to the bonded indebtedness of the wastewater system.

On July 22, 2005, the City, through its CRA, borrowed \$4,000,000 for the acquisition and construction of additions and improvements to Barton Boulevard in the City of Rockledge Redevelopment Area. Pursuant to the loan agreement (the Series 2005 Note), the excess of income, fees, and earnings over the costs of operation and maintenance of the CRA are irrevocably pledged to the payment of principal and interest on the Series 2005 Note. The Series 2005 Note does not constitute a general obligation or indebtedness of the CRA, and the lender shall never have the right to require or compel the levy of taxes for the payment of principal or interest, nor does it constitute a lien on any property of the CRA other than the pledged funds noted above.

The Capital Improvement Note, dated April 1, 2009, was entered into for the purpose of constructing a new police facility within the City. During this fiscal year, \$2,061,468 was borrowed, the rate reduced, and the note amortization extended until 2028 in order to purchase a custom fire pumper and fund the raze and rebuild of Fire Station 36. The debt is secured with a pledge of utility tax revenues and franchise fees.

The City obtained an unsecured line of credit during 2014 to provide working capital for the CRA. The outstanding balance as of September 30, 2018, is \$330,143. Only interest is payable monthly. The entire amount of principal still outstanding, along with any accrued interest, was due July 16, 2019, however, the Agency fully satisfied this debt in October 2018.

In 2015, the City purchased 6.3 acres of vacant property that will be used primarily for recreational purposes. A \$180,000 non-interest bearing note was used to finance this purchase. There are two equal annual installments due of \$37,500 to pay off the remainder of this note.

See Notes 5, 6, and 7 for more information on the City's debt obligations.

### Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Notes payable	\$ 3,736,779	\$ 2,585,681	\$ 599,476	\$ 779,293	\$ 4,336,255	\$ 3,364,974
Revenue bonds	-	-	-	547,000	-	547,000
<b>Total indebtedness</b>	<b><u>\$ 3,736,779</u></b>	<b><u>\$ 2,585,681</u></b>	<b><u>\$ 599,476</u></b>	<b><u>\$ 1,326,293</u></b>	<b><u>\$ 4,336,255</u></b>	<b><u>\$ 3,911,974</u></b>

**CITY OF ROCKLEDGE, FLORIDA**  
Basic Financial Statements

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## City of Rockledge, Florida Statement of Net Position

September 30, 2018	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9,641,483	\$ 1,900,399	\$ 11,541,882	\$ 2,103
Certificates of deposit	7,738,912	1,145,644	8,884,556	-
Receivables (net)	517,318	1,114,750	1,632,068	-
Accrued interest and other	13,025	257	13,282	-
Prepaid items	164,312	77,506	241,818	-
Due from other governments	280,330	1,351,815	1,632,145	-
Internal balances	15,421	(15,421)	-	-
Inventories	111,132	341,532	452,664	-
Restricted assets:				
Cash and cash equivalents	167,615	3,115,479	3,283,094	-
Certificates of deposit	-	1,729,806	1,729,806	-
Capital assets:				
Non-depreciable	15,383,186	8,982,517	24,365,703	-
Depreciable (net)	27,645,072	29,382,193	57,027,265	373,783
<b>Total assets</b>	<b>61,677,806</b>	<b>49,126,477</b>	<b>110,804,283</b>	<b>375,886</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflow of pension expense	1,508,724	348,098	1,856,822	-
<b>Total deferred outflow of resources</b>	<b>1,508,724</b>	<b>348,098</b>	<b>1,856,822</b>	<b>-</b>
<b>LIABILITIES</b>				
Accounts payable	713,071	32,544	745,615	-
Accrued liabilities	291,956	46,447	338,403	-
Contribution payable - pension trust fund	32,798	-	32,798	-
Accrued interest	6,964	-	6,964	-
Unearned revenue	635	-	635	-
Non-current liabilities:				
Due within one year:				
Compensated absences	778,399	212,405	990,804	-
Notes payable	844,867	169,165	1,014,032	-
Due in more than one year:				
Compensated absences	709,657	154,218	863,875	-
Other postemployment benefits	508,023	187,625	695,648	-
Net pension liability	4,449,497	986,698	5,436,195	-
Notes payable	2,891,912	430,311	3,322,223	-
<b>Total liabilities</b>	<b>11,227,779</b>	<b>2,219,413</b>	<b>13,447,192</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflow of business tax revenue	105,445	-	105,445	-
Deferred inflow of grant revenue	109,443	-	109,443	-
Deferred inflows of pension earnings	2,636,533	524,581	3,161,114	-
Deferred inflows of OPEB earnings	39,585	14,278	53,863	-
<b>Total deferred inflows of resources</b>	<b>2,891,006</b>	<b>538,859</b>	<b>3,429,865</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	39,291,479	37,765,234	77,056,713	373,783
Restricted for:				
Capital projects	2,090,887	-	2,090,887	-
Debt services	925,680	100,583	1,026,263	-
Renewal and replacement	-	2,298,925	2,298,925	-
Public safety	202,309	-	202,309	-
Transportation	8,235	-	8,235	-
Unrestricted	6,549,155	6,551,561	13,100,716	2,103
<b>Total net position</b>	<b>\$ 49,067,745</b>	<b>\$ 46,716,303</b>	<b>\$ 95,784,048</b>	<b>\$ 375,886</b>

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

**City of Rockledge, Florida**  
**Statement of Activities**

Year ended September 30, 2018

Program Revenues

Functions/Programs	Expenses	Charges for Services and Fines	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 2,368,258	\$ 161,795	\$ -	\$ (19,829)
Administrative services	1,651,826	29,765	-	-
Mayor and city council	54,390	-	-	-
City attorney	98,685	-	-	-
Police	5,683,051	301,647	-	125,650
Fire	4,136,215	150,086	-	-
Public works	2,570,645	4,905	-	-
Planning and development	559,740	652,222	-	-
Parks and recreation	779	52,778	-	-
Community relations	-	180,140	-	-
Total governmental activities	<b>17,123,589</b>	<b>1,533,338</b>	-	<b>105,821</b>
Business-type activities:				
Wastewater systems	3,866,288	4,613,243	-	1,870,918
Sanitation services	2,925,296	2,771,980	-	781,550
Stormwater utility	667,642	1,072,130	-	87,500
Total business-type activities	<b>7,459,226</b>	<b>8,457,353</b>	-	<b>2,739,968</b>
Total primary government	<b>\$ 24,582,815</b>	<b>\$ 9,990,691</b>	-	<b>\$ 2,845,789</b>
Component unit:				
Rockledge Heritage Foundation	\$ 19,083	\$ -	\$ -	\$ -

General revenues and transfers:

Taxes:

Property taxes, levied for general purposes

Gas tax

Sales tax

Franchise fees

State revenue sharing

Other taxes

Investment earnings

Miscellaneous

Transfers, net

Total general revenues

Change in net position

Net position, beginning of year as previously reported

Prior period adjustment (see Note 2)

Net position, beginning of year as restated

Net position, end of year

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

Net (Expense) Revenue and Changes in Net Position

Primary Government

Governmental Activities	Business-type Activities	Total	Component Unit
\$ (2,226,292)	\$ -	\$ (2,226,292)	
(1,622,061)	-	(1,622,061)	
(54,390)	-	(54,390)	
(98,685)	-	(98,685)	
(5,255,754)	-	(5,255,754)	
(3,986,129)	-	(3,986,129)	
(2,565,740)	-	(2,565,740)	
92,482	-	92,482	
51,999	-	51,999	
180,140	-	180,140	
<b>(15,484,430)</b>	<b>-</b>	<b>(15,484,430)</b>	
-	2,617,873	2,617,873	
-	628,234	628,234	
-	491,988	491,988	
-	<b>3,738,095</b>	<b>3,738,095</b>	
<b>(15,484,430)</b>	<b>3,738,095</b>	<b>(11,746,335)</b>	
			<b>\$ (19,083)</b>
8,859,777	-	8,859,777	-
843,109	-	843,109	-
1,625,531	-	1,625,531	-
1,607,366	-	1,607,366	-
935,071	-	935,071	-
3,507,282	-	3,507,282	-
27,232	19,248	46,480	-
256,675	-	256,675	-
396,000	(396,000)	-	-
<b>18,058,043</b>	<b>(376,752)</b>	<b>17,681,291</b>	<b>-</b>
2,573,613	3,361,343	5,934,956	(19,083)
46,524,493	43,365,911	89,890,404	394,969
(30,361)	(10,951)	(41,312)	-
<b>46,494,132</b>	<b>43,354,960</b>	<b>89,849,092</b>	<b>394,969</b>
<b>\$ 49,067,745</b>	<b>\$ 46,716,303</b>	<b>\$ 95,784,048</b>	<b>\$ 375,886</b>

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

**City of Rockledge, Florida**  
**Balance Sheet - Governmental Funds**

<i>September 30, 2018</i>	General	CRA	Nonmajor Funds	Governmental Funds	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,279,722	\$ 1,987,331	\$ 72,555	\$ 8,339,608	\$ 8,339,608
Certificates of deposit	7,738,912	-	-	7,738,912	7,738,912
Restricted cash and cash equivalents	167,615	-	-	167,615	167,615
Accounts receivable	516,754	-	-	516,754	516,754
Accrued interest and other	13,025	-	-	13,025	13,025
Due from other funds	93,828	96,206	-	190,034	190,034
Due from other governments	280,330	-	-	280,330	280,330
Inventories	111,132	-	-	111,132	111,132
Prepaid items	158,221	6,091	-	164,312	164,312
<b>Total assets</b>	<b>\$ 15,359,539</b>	<b>\$ 2,089,628</b>	<b>\$ 72,555</b>	<b>\$ 17,521,722</b>	<b>\$ 17,521,722</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 172,090	\$ 117,572	\$ -	\$ 289,662	\$ 289,662
Accrued payroll and related liabilities	291,135	821	-	291,956	291,956
Due to other funds	106,710	67,903	-	174,613	174,613
Contributions payable - pension trust fund	32,798	-	-	32,798	32,798
Compensated absences	127,102	-	-	127,102	127,102
Unearned revenue	-	635	-	635	635
<b>Total liabilities</b>	<b>729,835</b>	<b>186,931</b>	<b>-</b>	<b>916,766</b>	<b>916,766</b>
Deferred inflows of resources:					
Deferred inflows of grant revenue	109,443	-	-	109,443	109,443
Deferred inflows of business tax receipts	105,445	-	-	105,445	105,445
<b>Total deferred inflows of resources</b>	<b>214,888</b>	<b>-</b>	<b>-</b>	<b>214,888</b>	<b>214,888</b>
Fund balances:					
Nonspendable:					
Inventories and prepaids	269,353	6,091	-	275,444	275,444
Restricted for:					
Public safety	167,615	-	34,694	202,309	202,309
Capital improvements	164,655	1,896,606	29,626	2,090,887	2,090,887
Transportation impact	-	-	8,235	8,235	8,235
Assigned for subsequent years budget	2,145,518	-	-	2,145,518	2,145,518
Unassigned	11,667,675	-	-	11,667,675	11,667,675
<b>Total fund balances</b>	<b>14,414,816</b>	<b>1,902,697</b>	<b>72,555</b>	<b>16,390,068</b>	<b>16,390,068</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 15,359,539</b>	<b>\$ 2,089,628</b>	<b>\$ 72,555</b>	<b>\$ 17,521,722</b>	<b>\$ 17,521,722</b>

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental capital assets	\$ 64,464,568	
Less accumulated depreciation	<u>(21,436,310)</u>	43,028,258

Deferred outflow of resources related to pension earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting. 1,508,724

Deferred inflow of resources related to pension earnings are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting. (2,636,533)

Deferred inflow of resources related to OPEB earnings are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting. (39,585)

Internal service funds are used by the City to charge the cost of health insurance to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net position. 879,030

Long-term liabilities, including net OPEB obligation, net pension liability and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.

Net pension liability	\$ (4,449,497)	
Notes payable	(3,736,779)	
Compensated absences	(1,360,954)	
Other postemployment benefits	(508,023)	
Accrued interest	<u>(6,964)</u>	(10,062,217)

Net position of governmental activities \$ 49,067,745

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

**City of Rockledge, Florida**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Governmental Funds**

<i>Year ended September 30, 2018</i>	General	CRA	Nonmajor Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 8,183,883	\$ 706,724	\$ -	\$ 8,890,607
Other local taxes	3,472,502	-	-	3,472,502
Licenses and permits	2,236,311	-	-	2,236,311
Intergovernmental	4,028,147	-	-	4,028,147
Charges for services	328,744	-	-	328,744
Fines and forfeitures	24,171	-	3,661	27,832
Interest and other	19,008	4,475	87	23,570
Miscellaneous revenue	267,675	16,367	9,446	293,488
<b>Total revenues</b>	<b>18,560,441</b>	<b>727,566</b>	<b>13,194</b>	<b>19,301,201</b>
<b>Expenditures</b>				
Current:				
General government	1,875,292	-	-	1,875,292
Administrative services	1,982,491	-	-	1,982,491
Mayor and city council	54,390	-	-	54,390
City attorney	98,685	13,500	-	112,185
Police	6,126,901	-	-	6,126,901
Fire	4,560,822	-	-	4,560,822
Public works	2,752,508	-	-	2,752,508
Planning and development	-	335,428	-	335,428
Debt service	300,287	696,115	-	996,402
<b>Total expenditures</b>	<b>17,751,376</b>	<b>1,045,043</b>	<b>-</b>	<b>18,796,419</b>
Excess (deficiency) of revenues over (under) expenditures	809,065	(317,477)	13,194	504,782
<b>Other financing sources (uses)</b>				
Transfers in	489,019	900,396	-	1,389,415
Transfers out	(993,415)	-	-	(993,415)
Proceeds from issuance of debt	2,061,468	-	-	2,061,468
<b>Net other financing sources (uses)</b>	<b>1,557,072</b>	<b>900,396</b>	<b>-</b>	<b>2,457,468</b>
<b>Net change in fund balances</b>	<b>2,366,137</b>	<b>582,919</b>	<b>13,194</b>	<b>2,962,250</b>
Fund balances, beginning of year	12,048,679	1,319,778	59,361	13,427,818
<b>Fund balances, end of year</b>	<b>\$ 14,414,816</b>	<b>\$ 1,902,697</b>	<b>\$ 72,555</b>	<b>\$ 16,390,068</b>

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

**City of Rockledge, 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*

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Net change in fund balances - total governmental funds		<b>\$ 2,962,250</b>
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceed depreciation in the current period.</p>		
Expenditures for capital assets	<b>\$ 1,852,671</b>	
Less current year depreciation	<b><u>(1,536,868)</u></b>	<b>315,803</b>
<p>Issuance of long-term debt is an other financing source in the governmental funds, but increases long-term liabilities in the statement of net position.</p>		
		<b>(2,061,468)</b>
<p>Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		<b>910,370</b>
<p>Compensated absences are reported in the statement of activities when earned. As they do not require the use of current financial resources, they are not reported as expenditures on governmental funds until they have matured. This is the amount of compensated absences reported in the statement of activities in the prior year that has matured in the current year.</p>		
		<b>46,828</b>
<p>Other postemployment benefit obligation reported in the statement of activities does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds.</p>		
		<b>(1,707)</b>
<p>Cash pensions contributions reported in the funds were greater than the calculated pension expense on the statement of activities and therefore increase net position.</p>		
		<b>421,286</b>
<p>Internal service funds are used by the City to charge the costs of health insurance to individual funds. The change in net position of internal service funds are reported with governmental activities.</p>		
		<b>(19,749)</b>
<hr/>		
Change in net position of governmental activities		<b><u>\$ 2,573,613</u></b>

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

**City of Rockledge, Florida**  
**Statement of Net Position - Proprietary Funds**

<i>September 30, 2018</i>	Business-type Activities - Enterprise Funds				Governmental
	Wastewater System	Sanitation Services	Stormwater Utility	Total	Activities - Internal Service Fund
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 310,544	\$ 525,494	\$ 1,064,361	\$ 1,900,399	\$ 1,301,875
Certificates of deposit	891,789	253,855	-	1,145,644	-
Accounts receivable, net	604,332	346,354	133,198	1,083,884	564
Assessments receivable	10,800	-	20,066	30,866	-
Prepaid items	32,268	45,238	-	77,506	-
Due from other governments	322,328	960,650	68,837	1,351,815	-
Due from other funds	24,270	-	-	24,270	-
Inventory	175,998	68,789	96,745	341,532	-
<b>Total current assets</b>	<b>2,372,329</b>	<b>2,200,380</b>	<b>1,383,207</b>	<b>5,955,916</b>	<b>1,302,439</b>
Noncurrent assets:					
Restricted noncurrent assets:					
Cash and cash equivalents	3,115,479	-	-	3,115,479	-
Certificates of deposit	1,729,806	-	-	1,729,806	-
Accrued interest and other	257	-	-	257	-
<b>Total restricted assets</b>	<b>4,845,542</b>	<b>-</b>	<b>-</b>	<b>4,845,542</b>	<b>-</b>
Capital assets:					
Land	776,414	5,201	2,896,296	3,677,911	-
Construction in progress	4,914,919	25,315	364,372	5,304,606	-
Building	13,547,777	-	-	13,547,777	-
Equipment	6,665,742	592,692	524,259	7,782,693	-
Vehicles	1,155,080	3,606,578	249,567	5,011,225	-
Wastewater and stormwater lines	14,506,324	-	10,845,617	25,351,941	-
Reuse lines	9,384,252	-	-	9,384,252	-
	50,950,508	4,229,786	14,880,111	70,060,405	-
Less accumulated depreciation	(23,897,211)	(2,520,097)	(5,278,387)	(31,695,695)	-
Total capital assets, net of accumulated depreciation	27,053,297	1,709,689	9,601,724	38,364,710	-
<b>Total noncurrent assets</b>	<b>31,898,839</b>	<b>1,709,689</b>	<b>9,601,724</b>	<b>43,210,252</b>	<b>-</b>
<b>Total assets</b>	<b>34,271,168</b>	<b>3,910,069</b>	<b>10,984,931</b>	<b>49,166,168</b>	<b>1,302,439</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflow of pension expenses	156,336	174,653	17,109	348,098	-
<b>Total deferred outflow of resources</b>	<b>156,336</b>	<b>174,653</b>	<b>17,109</b>	<b>348,098</b>	<b>-</b>

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

**City of Rockledge, Florida**  
**Statement of Net Position - Proprietary Funds (Continued)**

<i>September 30, 2018</i>	Business-type Activities - Enterprise Funds				Governmental
	Wastewater System	Sanitation Services	Stormwater Utility	Total	Activities - Internal Service Fund
<b>LIABILITIES</b>					
Current liabilities (payable from current assets):					
Accounts payable	23,515	4,837	4,192	32,544	-
Accrued payroll and related liabilities	18,461	25,509	2,477	46,447	-
Due to other funds	7,783	31,908	-	39,691	-
Compensated absences	96,553	105,852	10,000	212,405	-
Claims payable	-	-	-	-	423,409
Current portion of note payable	169,165	-	-	169,165	-
Total current liabilities	315,477	168,106	16,669	500,252	423,409
Noncurrent liabilities:					
Compensated absences	125,381	12,664	16,173	154,218	-
Net OPEB obligation	75,237	103,755	8,633	187,625	-
Net pension liability	445,035	497,614	44,049	986,698	-
Note payable due after one year	430,311	-	-	430,311	-
Total noncurrent liabilities	1,075,964	614,033	68,855	1,758,852	-
<b>Total liabilities</b>	<b>1,391,441</b>	<b>782,139</b>	<b>85,524</b>	<b>2,259,104</b>	<b>423,409</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows of pension earnings	235,764	261,268	27,549	524,581	-
Deferred inflows of OPEB earnings	5,192	8,437	649	14,278	-
Total deferred inflows of resources	240,956	269,705	28,198	538,859	-
<b>NET POSITION</b>					
Net investment in capital assets	26,453,821	1,709,689	9,601,724	37,765,234	-
Restricted for:					
Debt service	100,583	-	-	100,583	-
Renewal and replacement	2,298,925	-	-	2,298,925	-
Unrestricted	3,941,778	1,323,189	1,286,594	6,551,561	879,030
<b>Total net position</b>	<b>\$ 32,795,107</b>	<b>\$ 3,032,878</b>	<b>\$ 10,888,318</b>	<b>\$ 46,716,303</b>	<b>\$ 879,030</b>

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

**City of Rockledge, Florida**  
**Statement of Revenues, Expenses and Changes in Fund Net Position –**  
**Proprietary Funds**

<i>Year ended September 30, 2018</i>	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Wastewater System</b>	<b>Sanitation Services</b>	<b>Stormwater Utility</b>	<b>Total</b>	<b>Activities - Internal Service Fund</b>
<b>Operating revenues:</b>					
Charges for services	\$ 4,289,590	\$ 2,771,980	\$ -	\$ 7,061,570	\$ 2,593,018
Intergovernmental	-	781,550	-	781,550	-
Fees	323,653	-	1,072,130	1,395,783	-
<b>Total operating revenues</b>	<b>4,613,243</b>	<b>3,553,530</b>	<b>1,072,130</b>	<b>9,238,903</b>	<b>2,593,018</b>
<b>Operating expenses:</b>					
Salaries, wages and employee benefits	1,401,314	1,864,171	174,548	3,440,033	-
Contractual, materials, and supplies	1,163,706	498,685	175,434	1,837,825	-
Insurance claims and expense	-	-	-	-	2,612,767
Depreciation	1,133,203	227,039	301,308	1,661,550	-
Repairs and maintenance	110,316	335,401	16,352	462,069	-
<b>Total operating expenses</b>	<b>3,808,539</b>	<b>2,925,296</b>	<b>667,642</b>	<b>7,401,477</b>	<b>2,612,767</b>
<b>Operating income (loss)</b>	<b>804,704</b>	<b>628,234</b>	<b>404,488</b>	<b>1,837,426</b>	<b>(19,749)</b>
<b>Nonoperating revenues (expenses):</b>					
Capital grants	990,036	-	87,500	1,077,536	-
Interest income	12,528	5,722	998	19,248	-
Interest and fiscal charges	(57,749)	-	-	(57,749)	-
<b>Total nonoperating revenues (expenses)</b>	<b>944,815</b>	<b>5,722</b>	<b>88,498</b>	<b>1,039,035</b>	<b>-</b>
<b>Income (loss) before contributions</b>	<b>1,749,519</b>	<b>633,956</b>	<b>492,986</b>	<b>2,876,461</b>	<b>(19,749)</b>
Capital contributions	880,882	-	-	880,882	-
Transfers out	(190,000)	(123,000)	(83,000)	(396,000)	-
<b>Change in net position</b>	<b>2,440,401</b>	<b>510,956</b>	<b>409,986</b>	<b>3,361,343</b>	<b>(19,749)</b>
<b>Net position, beginning of year as previously reported</b>	<b>30,358,688</b>	<b>2,528,393</b>	<b>10,478,830</b>	<b>43,365,911</b>	<b>898,779</b>
<b>Prior period adjustment (see Note 2)</b>	<b>(3,982)</b>	<b>(6,471)</b>	<b>(498)</b>	<b>(10,951)</b>	<b>-</b>
<b>Net position, beginning of year as restated</b>	<b>30,354,706</b>	<b>2,521,922</b>	<b>10,478,332</b>	<b>43,354,960</b>	<b>898,779</b>
<b>Net position, end of year</b>	<b>\$ 32,795,107</b>	<b>\$ 3,032,878</b>	<b>\$ 10,888,318</b>	<b>\$ 46,716,303</b>	<b>\$ 879,030</b>

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

**City of Rockledge, Florida**  
**Statement of Cash Flows - Proprietary Funds**

<i>Year Ended September 30, 2018</i>	Business-type Activities - Enterprise Funds				Governmental
	Wastewater System	Sanitation Services	Stormwater Utility	Total	Activities - Internal Service Fund
<b>Cash flows from operating activities:</b>					
Cash received from customers for sales and services	\$ 4,350,471	\$ 3,174,659	\$ 1,024,467	\$ 8,549,597	\$ 2,592,454
Cash payments to employees	(1,011,374)	(1,669,419)	(108,983)	(2,789,776)	(10,035)
Cash payments to suppliers for goods and services	(2,377,183)	(1,331,011)	(351,268)	(4,059,462)	-
Cash payments for insurance and claims expenses	-	-	-	-	(2,518,764)
Net cash provided by operating activities	961,914	174,229	564,216	1,700,359	63,655
<b>Cash flows from noncapital financing activities:</b>					
Cash transfers out to other funds	(190,000)	(123,000)	(83,000)	(396,000)	-
Net cash used in noncapital financing activities	(190,000)	(123,000)	(83,000)	(396,000)	-
<b>Cash flows from capital and related financing activities:</b>					
Acquisition of capital assets	150,220	(211,366)	(250,845)	(311,991)	-
Proceeds for capital grants and contributions	990,036	204,400	87,500	1,281,936	-
Principal paid on revenue bonds	(547,000)	-	-	(547,000)	-
Principal paid on note payable	(164,121)	-	-	(164,121)	-
Interest paid on long-term debt, net of subsidy	(8,687)	-	-	(8,687)	-
Net cash provided by (used in) capital and related financing activities	420,448	(6,966)	(163,345)	250,137	-
<b>Cash flows from investing activities:</b>					
Investment income	12,528	5,722	998	19,248	-
Proceeds from sale/maturity of investments	-	258,466	-	258,466	-
Purchase of investments	(630,301)	-	-	(630,301)	-
Net cash provided by (used in) investing activities	(617,773)	264,188	998	(352,587)	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>574,589</b>	<b>308,451</b>	<b>318,869</b>	<b>1,201,909</b>	<b>63,655</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>2,851,434</b>	<b>217,043</b>	<b>745,492</b>	<b>3,813,969</b>	<b>1,238,220</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,426,023</b>	<b>\$ 525,494</b>	<b>\$ 1,064,361</b>	<b>\$ 5,015,878</b>	<b>\$ 1,301,875</b>

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

**City of Rockledge, Florida**  
**Statement of Cash Flows - Proprietary Funds (Continued)**

<i>Year Ended September 30, 2018</i>	Business-type Activities - Enterprise Funds				Governmental
	Wastewater System	Sanitation Services	Stormwater Utility	Total	Activities - Internal Service Fund
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income (loss)	\$ 804,704	\$ 628,234	\$ 404,488	\$ 1,837,426	\$ (19,749)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	1,133,203	227,039	301,308	1,661,550	-
Change in assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable	(188,763)	(61,656)	(34,812)	(285,231)	(564)
Due from other governments	56,116	(317,215)	(12,851)	(273,950)	-
Inventory	(173,814)	42,292	(96,745)	(228,267)	-
Assessments receivable	6,800	-	-	6,800	-
Prepaid items	(4,814)	(441)	-	(5,255)	-
Accrued interest receivable	(147)	-	-	(147)	-
Deferred outflows of pension expenses	32,957	36,600	4,188	73,745	-
Increase (decrease) in liabilities:					
Accounts payable	(505,533)	(319,077)	2,100	(822,510)	-
Accrued payroll and related liabilities	(10,895)	924	3,701	(6,270)	(9)
Accrued claims payable	-	-	-	-	83,977
Due to other funds	(136,778)	-	-	(136,778)	-
Due to other governments	5,234	-	-	5,234	-
Net OPEB obligation	(4,968)	(8,073)	(621)	(13,662)	-
Net pension liability	(125,934)	(139,858)	(16,002)	(281,794)	-
Deferred inflows of pension earnings					
Deferred inflows of OPEB earnings					
Total adjustments	157,210	(454,005)	159,728	(137,067)	83,404
Net cash provided by operating activities	\$ 961,914	\$ 174,229	\$ 564,216	\$ 1,700,359	\$ 63,655
<b>Noncash capital and related financing activities:</b>					
Acquisition of capital assets through contributions from property owners, developers and other governments					
	\$ 880,882	\$ -	\$ -	\$ 880,882	\$ -

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

**City of Rockledge, Florida**  
**Statement of Fiduciary Net Position - Fiduciary Funds**

<i>September 30, 2018</i>	<b>Employee Pension Trust Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 882,014
Contributions receivable	12,535
Due from other funds	1,266
Interest receivable	41,053
Investments, at fair value	42,957,181
Total assets	43,894,049
<b>LIABILITIES</b>	
	1,266
<b>NET POSITION</b>	
Restricted for pension benefits	\$ 43,892,783

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

City of Rockledge, Florida

**Statement of Changes in Fiduciary Net Position – Fiduciary Funds**

<i>Year ended September 30, 2018</i>	<b>Employee Pension Trust Funds</b>
<b>ADDITIONS</b>	
Contributions:	
State	\$ 360,662
Employer	1,490,762
Employees	553,833
Total contributions	2,405,257
Investment income:	
Net appreciation in the fair value of investments	2,987,184
Interest and dividends	1,066,109
	4,053,293
Less: investment related expense	(112,773)
Total investment income	3,940,520
Total additions	6,345,777
<b>DEDUCTIONS</b>	
Benefits paid	2,730,905
Administrative expenses	188,387
Total deductions	2,919,292
<b>Change in net position</b>	<b>3,426,485</b>
<b>Net position held in trust for pension benefits, beginning of year</b>	<b>40,466,298</b>
<b>Net position held in trust for pension benefits, end of year</b>	<b>\$ 43,892,783</b>

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

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Rockledge, Florida (the City), was incorporated in 1887 under the provisions of Florida Statutes, Chapter 166. The current City Code, as adopted in 1963, authorizes the following services: public safety, public utilities, public works, planning and zoning, sanitation, and general administrative services. Education, health, and welfare are administered by other governmental entities.

The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applied to government units. The more significant accounting policies used by the City are described below.

**A. REPORTING ENTITY**

The City provides a full range of municipal services including police and fire protection, public works activities, parks and recreational facilities, planning and development, financial services, and general administrative services. In addition, the City operates three enterprise funds: Wastewater System, Sanitation Services, and Stormwater Utility, and an Internal Service Fund for employee health insurance transactions.

The City is a Florida municipal corporation governed by an elected mayor and a six-member council (the "Council"). As required by GAAP, financial statements are to present the City and its component units, which are entities for which the City is considered to be financially accountable or with which the City has an economic relationship. In evaluating the City, the primary government, as a reporting entity, all potential component units that may or may not fall within the financial accountability or economic relationship tests have been addressed. Financial accountability is present if the Council appoints a voting majority of a component unit's governing body and has the ability to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City. An economic relationship exists when the economic resources received by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents and the primary government (or its component units) has the ability to otherwise access the resources. The concept of the ability to otherwise access resources is broad and is not based on the narrow concept of control. Government Accounting Standards Board (GASB) Statement No. 61 states that this broad concept includes situations where the primary government (or its component units) has received, directly or indirectly, a majority of economic resources provided by the organization, the organization has previously honored requests to provide resources to the primary government, or the other organization is financially interrelated with the primary government.

Blended component units, although legally separate entities are, in substance, part of the City's operations; therefore, data from these units is combined with data of the primary government. Discretely presented component units, on the other hand, are to be reported in separate columns in the combined financial statements to emphasize they are legally separate from the City.

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

**A. REPORTING ENTITY (continued)**

The accompanying financial statements present all the fund types of the City. There are no blended component units requiring presentation in the City's financial statements. The Rockledge Heritage Foundation, Inc. (the "Foundation") is a Florida, not-for-profit corporation dedicated to the preservation of significant historical assets within the City. Historically, the Foundation's primary focus was the restoration of the Rockledge Municipal Building, which is owned by the City. As such, the economic resources received by the Foundation are almost entirely for the direct benefit of the City and, accordingly, the Foundation has been included as a discretely presented component unit in the financial statements under criteria outlined in GASB Statement No. 61 and 80.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

The statement of activities demonstrates the degree to which direct expenses of a given function or segment is 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 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 funds and fiduciary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (continued)**

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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due or made.

Property taxes, franchise fees and utility taxes, state revenue sharing, fines and forfeitures, and investment earnings associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when received by the City.

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

The City does not currently employ an indirect cost allocation system. However, the City does charge the Wastewater System, Stormwater Utility, and Sanitation Services (enterprise funds) a fee for services provided. These fees serve to approximate the value of services provided these enterprise funds by the General Fund and are not eliminated at year end like a reimbursement. Reimbursements to the General Fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures in the General Fund.

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures or expenses, as appropriate. The various funds are reported by general classification within the financial statements.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City may electively add funds as major funds when it believes such an addition would enhance its financial reporting. The nonmajor funds are combined in a column in the fund financial statements and detailed in the combining section.

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

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (continued)**

*Major Governmental Funds*

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Community Redevelopment Agency Fund (CRA) accounts for the redevelopment activities within the Redevelopment District.

*Nonmajor Governmental Fund Types*

The Special Revenue Funds account for specific revenue sources that are restricted by law or administrative action to expenditures for specific purposes. Nonmajor special revenue funds include the Law Enforcement Education Fund, Transportation Impact Fee Fund and Taylor Park Trust Fund.

*Major Proprietary Funds*

The Wastewater System Fund accounts for the provision of sewer services to customers within the service area.

The Sanitation Services Fund accounts for the provision of garbage services to customers within the service area.

The Stormwater Utility Fund accounts for the operation and maintenance of the stormwater management activities of the City.

The Insurance Fund is an internal service fund that accounts for the health insurance coverage provided to other departments on a cost-reimbursement basis.

There are no nonmajor proprietary funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise 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.

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

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (continued)**

*Fiduciary Fund Types*

The City's fiduciary funds consist solely of the Pension Trust Funds. These funds account for the activities of the General, Police, and Fire Pension Trust Funds, which accumulate resources for pension benefit payments to City employees. Since these assets are being held for the benefit of pension participants and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

**D. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

*Budgetary Information*

The City has elected to report budgetary comparison as Required Supplementary Information (RSI). Please refer to the accompanying notes to the RSI for the city's budgetary information.

The City has no material violation of finance related legal and contractual provisions.

**E. USE OF ESTIMATES**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**F. DEPOSITS AND INVESTMENTS**

*Cash and Cash Equivalents*

Except as noted below, 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.

The City maintains a pooled cash account with a local bank which is available for use by all funds, except the Pension Trust Fund. The resulting investment income is allocated based on the respective cash balance of each fund. In the government-wide statement of net position, these amounts are displayed separately for governmental and business-type activities. Individual funds with negative balances at the end of the year are reclassified as "due to other funds" for reporting purposes with an offsetting due from other funds in the General Fund.

The deposits and investments of the Pension Trust Fund are held separately from other city funds by a trustee.

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

**F. DEPOSITS AND INVESTMENTS (continued)**

***Deposits***

The City's and component unit's pooled cash deposits, with a carrying amount of \$14,775,970, and \$2,103, its deposits in the CRA escrow account of \$930,320 and extensive investment in certificates of deposits of \$10,614,362, are covered by federal depository insurance and by deposits held in banks that are members of the State of Florida's collateral pool. In addition, the City holds \$700 of petty cash. The Florida collateral pool is a multiple institution pool with the authority to assess member institutions in the event of any collateral shortfall. For this reason, the City considers these deposits insured. The cash and cash equivalents listed above are exempt from fair market value hierarchy requirements of GASB 72, as discussed below in this note.

***Investments***

The City's investments consist of certificates of deposit, which are held to maturity and are nonparticipating interest-earning investment contracts. The certificates of deposits are valued at cost plus accrued interest per GASB 31.

***Local Investment Policy***

The City has a local investment policy that mirrors the state statutes. State statutes and related city ordinances authorize the City to invest in direct obligations of the U.S. Treasury, federal agencies and instrumentalities, savings accounts, and certificates of deposit which are insured or held in state qualified depositories, repurchase agreements, money market funds registered with the Securities and Exchange Commission and possessing the highest credit rating from a nationally recognized rating agency, and the State Board of Administration's Local Government Surplus Funds Trust Fund. Investments are reported at fair value.

- (1) *Interest Rate Risk* - To mitigate interest rate risk, the City's investment policy requires that the investment portfolio be structured with securities that maintain the greatest degree of liquidity and flexibility. The portfolio will maintain a structure with maturities staged to meet the City's obligations as they come due.
- (2) *Credit Risk* - To mitigate credit risk, the City primarily invests in U.S. Government securities.
- (3) *Custodial Risk* - To mitigate custodial risk, all cash and securities are held in accounts bearing the name of the City.

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

**F. DEPOSITS AND INVESTMENTS (continued)**

(4) *Concentration of Credit Risk* - The City's investment policy requires that investments be diversified by security type and institution. No more than 50% of the City's funds will be invested with the same issuer, except direct obligations of the U. S. Treasury. No more than 50% of the City's funds will be invested through the same investment institution or dealer. No more than 20% of the City's funds will be invested beyond five years in any security with the same maturity date.

***Pension Investment Policy***

The pension funds have much broader investment policies. They may invest in stocks, bonds, investment trusts, common trust funds, mutual funds, mortgages, and others without restriction except that the plans prohibit investment in any one corporation in an amount that exceeds 5% of that plan's assets; nor shall the aggregate of its investments in stock exceed 75% of total assets.

A specific city ordinance created each pension fund. Investment policies for each of the three pension trust funds are determined by the Board of Trustees for each respective fund. For each fund, no more than 5% of fund assets may be invested in the securities (of whatever type) of any one issuing company, excluding the U. S. Government and its agencies. No investment may exceed 5% of the outstanding capital stock of any one company.

The aggregate investments in common and capital stock and convertible securities (at cost) may not exceed 75% of the assets of the funds. Each fund maintains a list of prohibited investment security types.

***Fair Value Measurement***

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

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

**F. DEPOSITS AND INVESTMENTS (continued)**

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

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

Level 2: Inputs to the valuation methodology include

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

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

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

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

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

Equities: Includes common stock which is valued at publicly traded market prices.

US Real Estate Investment: The Real Estate Investments, included in the City's General Employees, Police Officers, and Firefighters Defined Benefit Plans, consists of two funds that are commingled in nature. Each are valued at the net asset value of the units held at the end of the period based upon the fair value of the underlying investments in the pooled investment fund.

Fixed income funds: Valued using pricing models maximizing the use of observable inputs of 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.

**City of Rockledge, Florida**  
**Notes to Financial Statements**

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

**F. DEPOSITS AND INVESTMENTS (continued)**

The following table sets forth by level, within the fair value hierarchy, the City's assets at fair value as of September 30, 2018:

	Maturity Date		Fair Value	Rating	Level
	1-5 Years	Over Five Years			
General employees:					
U.S. Government securities	\$ 1,460,209	\$ 640,479	\$ 2,100,688	Not rated	L1
Federal agencies	38,923	219,536	258,459	AAA	L1
Corporate bonds and notes	<u>605,931</u>	-	<u>605,931</u>	Baa - AAA	L1
Total	<u>\$ 2,105,063</u>	<u>\$ 860,015</u>	2,965,078		
Investments not subject to categorization:					
Real Estate			799,495	Not rated	-
Common stocks			<u>12,929,750</u>	Not rated	L1
Total investments			<u>\$ 16,694,323</u>		
Police officers:					
U.S. Government securities	\$ 1,181,166	\$ 556,174	\$ 1,737,340	Not rated	L1
Federal agencies	16,351	187,631	203,982	AAA	L1
Corporate bonds and notes	<u>495,862</u>	-	<u>495,862</u>	Baa - AAA	L1
Total	<u>\$ 1,693,379</u>	<u>\$ 743,805</u>	2,437,184		
Investments not subject to categorization:					
Real Estate			685,275	Not rated	-
Common stocks			<u>11,478,337</u>	Not rated	L1
Total investments			<u>\$ 14,600,796</u>		
Firefighter employees:					
U.S. Government securities	\$ 1,099,942	\$ 477,200	\$ 1,577,142	Not rated	L1
Federal agencies	15,698	165,559	181,257	AAA	L1
Corporate bonds and notes	<u>370,172</u>	-	<u>370,172</u>	Baa - AAA	L1
Total	<u>\$ 1,485,812</u>	<u>\$ 642,759</u>	2,128,571		
Investments not subject to categorization:					
Real Estate			571,062	Not rated	-
Common stocks			<u>8,962,429</u>	Not rated	L1
Total investments			<u>\$ 11,662,062</u>		

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

**F. 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
Real Estate	\$2,055,832	N/A	Quarterly	30 days

- (1) *Interest Rate Risk* - To mitigate interest rate risk, the funds' investment policy requires that the portfolio be structured with sufficient liquidity to meet the funds' obligations as they come due.
- (2) *Credit Risk* - The three (3) pension trust funds each hold cash in their respective fund accounts. To mitigate credit risk, the time, savings, and money market deposits of each fund in an institution may not exceed the Federal Deposit Insurance Corporation (FDIC) insurance coverage held by that institution for those amounts.
- (3) *Custodial Risk* - To mitigate custodial risk, all cash and securities are held in accounts bearing the name of the respective fund. Securities in such accounts, even though held in the "street name" are considered held in the name of the fund. Fund managers are required to carry errors and omissions insurance coverage.
- (4) *Concentration of Credit Risk* - Each of the investment policies requires that investments be diversified by security type. Each fund has a manager tasked to invest the fund assets in a diversified portfolio of equities, fixed income, and cash equivalent securities. Each fund has an independent investment consultant to evaluate the performance of the investment manager.

**G. RECEIVABLES**

For the Wastewater System, Sanitation Services, and Stormwater Utility Funds, operating revenues are generally recognized on the basis of cycle billings rendered monthly. The amount of services delivered for the period from the last billing date to September 30, 2018 (unbilled receivable), is estimated and accrued at year end. The City deems all amounts collectable therefore an allowance for doubtful accounts is not necessary. If payments are not received from customers, services are shut off and deposits are applied against negative balances.

All account receivables are shown net of allowances for uncollectable accounts for governmental funds.

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

**H. PROPERTY TAXES**

Under Florida law, the assessment of all properties and the collection of all City property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State of Florida regulating tax assessment are also designed to assure a consistent property valuation method statewide. State statutes permit cities to levy property taxes at a rate of up to ten mills. The operating millage rate in effect for the fiscal year ended September 30, 2018, was 6.20 mills.

All property is assessed according to its fair market value on January 1 of each year and, at that time, a lien is placed on the property for the taxes. The tax levy of the City is established by the Council prior to October 1 of each year and the Brevard County Property Appraiser incorporates the City's millage into the total tax levy, which also includes Brevard County, the Brevard County School Board, and the St. Johns Water Management District's tax requirements.

The following procedures were completed on or about the dates listed during the property tax levy process.

July - The Brevard County Property Tax Appraiser (the County Property Appraiser) forwarded to the City a certification of value of all real property within the City's boundaries which included the current year's taxable values, new construction, annexations, deletions, prior year taxable value, prior year millage rates, prior year ad valorem tax proceeds, and roll-back rates.

July - The Council sets the current year millage rate at not more than 110% of the rolled-back millage rate.

August - Notices of the proposed ad valorem tax assessments were mailed to each property owner by the County Property Appraiser.

September - As required by the State of Florida, a public meeting is held within 80 days of receipt of the certification of value to consider the budget and ad valorem tax millage rate.

September - Within 15 days of the meeting at which the Council adopted a tentative budget, the City advertised its intent to adopt a final budget and millage rate.

September - A final budget and millage rate hearing was held during which the Council set the current year's millage rate.

November - Tax notices were mailed to each property owner by the County Property Appraiser's office.

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

**H. PROPERTY TAXES (continued)**

All taxes are billed on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the County Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. The taxes paid in March are without discount.

On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates are held by the County.

**I. INVENTORIES**

Inventories held by the General, Stormwater Utility, Wastewater System, and Sanitation Services Funds consist principally of chemicals, maintenance supplies, gas, and diesel fuel. The costs of inventories are reported as expenditures when consumed rather than purchased and adjustments are made at year end to reflect actual physical inventory. All inventories of the General Fund are reflected as nonspendable within the fund balance. Inventories are valued at lower cost or market, using a first-in, first-out flow assumption.

**J. CAPITAL ASSETS**

Property, plant, and equipment purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. The City defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant, and equipment are depreciated using the straight-line method over the following useful lives:

<u>Years</u>	
7 – 40	Buildings
10 – 40	Improvements other than buildings
3 – 20	Machinery and furniture
4 – 20	Vehicles (including heavy equipment)
40	Infrastructure
20 – 40	Waste and transmission lines and facilities

**K. UNEARNED REVENUE**

Unearned revenue totaling \$635 includes deposits from participants in an art show held semi-annually by the City.

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

**L. PREPAID ITEMS**

Prepaid items represent payments to vendors for services that will benefit the City beyond September 30, 2018. These payments are recorded as expenditures or expenses when utilized rather than when cash is paid to the respective vendor.

**M. DEFERRED OUTFLOWS OF RESOURCES**

In addition to assets, the entity-wide statement of net position and the proprietary funds statement of net position report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period and will not be recognized as an expense until then. The City currently has deferred outflows of pension expenses that meet this criteria. Deferred outflows of pension expenses represent differences between actual pension experiences and actuarial assumptions. These will be charged to pension expense over the actuarial assumption's timeline.

**N. LONG-TERM DEBT**

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

**O. ACCUMULATED UNUSED COMPENSATED ABSENCES**

The City records the vested portion of accumulated compensated absences at year end based on each employee's accumulated unused hours and rate of pay. All compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**P. OTHER POSTEMPLOYMENT BENEFITS**

The City allows retirees to participate in its employee health insurance program. The City accrues an other postemployment benefit liability for the cost of providing those benefits in the government-wide and enterprise fund financial statements based on actuarial measurement annually.

**Q. PENSION PLANS**

The City sponsors and administers three pension plans covering substantially all the full-time employees. The City's policy is to fund the annual pension costs in the annual budget.

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

**Q. PENSION PLANS (continued)**

General employees, police officers, and firefighters are enrolled in separate, defined benefit pension plans restated October 1, 1999 with subsequent amendments. Annual costs of the pension plans are actuarially computed using the entry age normal actuarial cost method as described in Note 11.

The City accounts for its pension plans in accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans*, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the recording of defined benefit plan investments at market value.

**R. DEFERRED INFLOWS OF RESOURCES**

This separate financial statement element, deferred inflows of resources, represents a receipt of net position that applies to a future period and will not be recognized as a revenue until then. The City currently has a deferred inflow of pension and OPEB earnings, business tax receipts, and unavailable grant revenues that meet this criteria. Deferred inflows of pension and OPEB revenues represent differences between actual pension experiences and actuarial assumptions. These will be recognized as a reduction of pension expense over the actuarial assumption's timeline.

**S. NET POSITION**

Net position of proprietary funds, governmental activities, and business-type activities are made up of three components. Net investment in capital assets represents net capital assets less related long-term liabilities, where unspent debt proceeds increase this amount. Restricted net position represents assets that are legally restricted for specific purposes. They include bond sinking and reserve funds, special revenues restricted by statute and ordinance, bond proceeds, and other sources restricted for capital projects or improvements. The balance of net position is considered unrestricted net position.

**T. FUND EQUITY**

In the fund financial statements, fund balance for governmental funds is reported in classifications that are based on the relative strength of the constraints that control how amounts in the funds can be spent.

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

**T. FUND EQUITY (continued)**

Fund balance is reported in the following five components:

Nonspendable - includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual requirements. This would include inventories, advances, and prepaid items.

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by third-party (creditors, grantors, contributors) agreements, constitutional provisions, or enabling legislation.

Committed - includes fund balance amounts that can be used only for the specific purposes that are internally imposed by a formal action of the government's highest level of decision making authority, which includes ordinances and resolutions. Commitments may be changed by the government only by taking the same action that imposed the constraint initially. Contractual obligations are included to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual obligations.

Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The authority for assigning fund balance is expressed by the City Council, City Manager, or their designee.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for other governmental funds besides the General Fund, if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

When both restricted and unrestricted (committed, assigned, and unassigned) fund resources are available for use, it is the City's policy to generally use restricted resources first, and then unrestricted resources. When unrestricted resources are available for use, it is the City's policy to use committed resources first, then assigned, and then unassigned as they are needed.

**U. NET POSITION RESTRICTED BY ENABLING LEGISLATION**

In the government-wide financial statements, governmental activities report restricted net position of \$3,227,111. Management has determined that, of this amount, \$202,309 is restricted for law enforcement purposes by enabling legislation.

**NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE**

In fiscal year 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The statement requires the restatement of the September 30, 2017 net position in the statement of activities to record the difference in the OPEB

**NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE (Continued)**

liability under the new standard. This change is in accordance with generally accepted accounting principles.

	Governmental Activities	Business-type Activities/ Enterprise Fund	Total
Net position, September 30, 2017 as previously reported	\$ 46,524,493	\$ 43,365,911	\$ 89,890,404
Total OPEB liability adjustment	(30,361)	(10,951)	(41,312)
Net position, September 30, 2017 as restated	\$ 46,494,132	\$ 43,354,960	\$ 89,849,092

**NOTE 3 - ACCOUNTS RECEIVABLE**

The accounts receivable and allowance for uncollectible accounts at September 30, 2018, were as follows:

	Accounts Receivable	Unbilled Receivable	Allowance for Uncollectible	Net
General Fund	\$ 516,754	\$ -	\$ -	\$ 516,754
Enterprise Funds:				
Wastewater System Fund	475,630	128,702	-	604,332
Sanitation Services Fund	267,297	79,057	-	346,354
Stormwater Utility Fund	102,050	31,148	-	133,198
<b>Totals</b>	<b>\$ 1,361,731</b>	<b>\$ 238,907</b>	<b>\$ -</b>	<b>\$ 1,600,638</b>

Property taxes are considered fully collected (96% of the levy) during and prior to the end of the fiscal year. Therefore, no material amounts of property taxes are receivable as of September 30, 2018. There are no other reserves for receivables recorded by the City as of September 30, 2018.

**NOTE 4 - CAPITAL ASSETS**

Depreciation expense was allocated to the governmental functions in the statement of activities as follows:

Governmental activities:	
General government (infrastructure)	\$ 366,969
Administrative services	114,580
Police	426,626
Fire	225,184
Public works	80,195
Planning and development	323,314
Total depreciation expense - governmental activities	\$ 1,536,868
Business-type activities:	
Wastewater system	\$ 1,133,203
Sanitation services	227,039
Stormwater utility	301,308
Total depreciation expense - business-type activities	\$ 1,661,550

**City of Rockledge, Florida**  
**Notes to Financial Statements**

**NOTE 4 - CAPITAL ASSETS (Continued)**

The following is a summary of changes in capital assets during the year ended September 30, 2018:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 14,426,853	\$ 45,194	\$ -	\$ 14,472,047
Construction-in-progress	536,656	374,483	-	911,139
<b>Total capital assets, not being depreciated</b>	<b>14,963,509</b>	<b>419,677</b>	<b>-</b>	<b>15,383,186</b>
Capital assets, being depreciated:				
Buildings	10,149,520	-	-	10,149,520
Improvements other than buildings	2,207,615	-	-	2,207,615
Furniture and equipment	5,438,468	806,513	-	6,244,981
Vehicles	3,970,180	626,481	(133,674)	4,462,987
Infrastructure	26,016,279	-	-	26,016,279
<b>Total capital assets, being depreciated</b>	<b>47,782,062</b>	<b>1,432,994</b>	<b>(133,674)</b>	<b>49,081,382</b>
Less accumulated depreciation for:				
Buildings	(2,717,848)	(250,299)	-	(2,968,147)
Improvements other than buildings	(332,225)	(41,674)	-	(373,899)
Furniture and equipment	(4,027,170)	(269,975)	-	(4,297,145)
Vehicles	(3,096,845)	(322,122)	133,674	(3,285,293)
Infrastructure	(9,859,028)	(652,798)	-	(10,511,826)
<b>Total accumulated depreciation</b>	<b>(20,033,116)</b>	<b>(1,536,868)</b>	<b>133,674</b>	<b>(21,436,310)</b>
<b>Total capital assets, being depreciated, net</b>	<b>27,748,946</b>	<b>(103,874)</b>	<b>-</b>	<b>27,645,072</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 42,712,455</b>	<b>\$ 315,803</b>	<b>\$ -</b>	<b>\$ 43,028,258</b>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 3,677,911	\$ -	\$ -	\$ 3,677,911
Construction-in-progress	5,002,810	300,065	-	5,302,875
<b>Total capital assets, not being depreciated</b>	<b>8,680,721</b>	<b>300,065</b>	<b>-</b>	<b>8,980,786</b>
Capital assets, being depreciated:				
Buildings	13,529,751	30,708	-	13,560,459
Machinery and equipment	7,459,245	325,180	-	7,784,425
Vehicles	4,715,193	296,031	-	5,011,224
Waste and transmission lines and facilities	34,723,459	52	-	34,723,511
<b>Total capital assets, being depreciated</b>	<b>60,427,648</b>	<b>651,971</b>	<b>-</b>	<b>61,079,619</b>
Less accumulated depreciation for:				
Buildings	*	(6,218,602)	(290,492)	-
Machinery and equipment	*	(4,276,051)	(271,315)	-
Vehicles	*	(2,882,164)	(260,567)	-
Waste and transmission lines and facilities	*	(16,657,328)	(839,176)	-
<b>Total accumulated depreciation</b>	<b>(30,034,145)</b>	<b>(1,661,550)</b>	<b>-</b>	<b>(31,695,695)</b>
<b>Total capital assets, being depreciated, net</b>	<b>30,393,503</b>	<b>(1,009,579)</b>	<b>-</b>	<b>29,383,924</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 39,074,224</b>	<b>\$ (709,514)</b>	<b>\$ -</b>	<b>\$ 38,364,710</b>

\* - Beginning balances were changed due to reclassification.

**NOTE 5 - WASTEWATER SYSTEM BONDS**

On July 22, 2011, the City issued \$3,670,000 in Sewer Refunding Revenue Bonds with an interest rate of 2.17% to refund the outstanding balance of the Sewer Refunding Revenue Bonds, Series 2001 (Series 2001 Bonds) with an average interest rate of 4.8%. The proceeds of these bonds, along with \$291,443 from the 2001 sinking fund and \$3,000,000 in cash contributions from the City (less payment of \$41,057 in issuance costs) were invested in a noninterest bearing cash account. On October 1, 2011, these funds were used to pay \$170,386 of accrued interest and maturing principal of \$275,000. The remaining \$6,475,000 in outstanding Series 2001 Bonds were called and paid off as of this date in accordance with the redemption provisions of the Series 2001 Bonds.

The Sewer Refunding Revenue Bonds, Series 2011 (2011 Series Bonds) is the sole outstanding bond issue of the City. These bonds were issued on July 22, 2011, and contained an original principal balance of \$3,670,000 with an interest rate of 2.17%. Principal and interest are payable semiannually on April 1 and October 1 of each year. During the fiscal year ended September 30, 2018, the outstanding principal was fully satisfied, leaving no amount owed as of September 30, 2018.

**NOTE 6 – NOTES PAYABLE**

On April 1, 2009, the City borrowed \$2,000,000 through a local bank for the purpose of constructing a police facility. As of September 30, 2010, the City owed \$1,763,069 on this note. Principal of \$14,932 was paid in October 2010 bringing the outstanding balance on the note to \$1,748,137. On November 1, 2010, the City borrowed an additional \$500,000 at the same interest rate of 3.95% bringing the monthly payments to \$25,983. The City obtained a second loan modification on this note, effective August 12, 2011, at an effective interest rate of 2.87% and payments of \$24,924 per month. This interest rate and payment amount remain in effect for five years, at which time the interest rate increases to 3.37% with monthly payments of \$25,076 through May 1, 2019. On December 7, 2017, the City refinanced the note borrowing an additional amount of \$2,061,468 which carried a new interest rate of 2.50%. Interest of \$46,689 was paid on this note during the year ended September 30, 2018. The note is secured with a pledge of utility tax revenues and franchise fees collected by the City. As of September 30, 2018, the principal outstanding on the note was \$2,331,636.

On July 22, 2005, the City, through its Community Redevelopment Agency (CRA), borrowed \$4,000,000 through a local bank for the acquisition and construction of additions and improvements to Barton Boulevard in the City of Rockledge Redevelopment Area. Pursuant to the loan agreement (Series 2005 Note), the excess of income, fees and earnings over the costs of operation and maintenance of the CRA are irrevocably pledged to the payment of principal and interest on the Series 2005 Note. The Series 2005 Note does not constitute a general obligation or indebtedness of the CRA and the lender shall never have the right to require or compel the levy of taxes for the payment of principal or interest nor does it constitute a lien on any property of the CRA other than the pledged funds noted above. The Series 2005 Note has a maturity date of January 31, 2022, and bore interest at 3.49% until resetting on January 31, 2012. Effective January 31, 2012, the rate was adjusted to the five-year U.S. Treasury rate minus 30 basis points (0.43%).

**NOTE 6 – NOTES PAYABLE (Continued)**

This rate was effective through January 31, 2017, when the rate was adjusted for a final time to the five-year U.S. Treasury rate minus 30 basis points (1.6%), which will remain in effect until January 31, 2022. Payments were interest only on January 31, 2007, on the unpaid principal balance and, beginning on January 31, 2007, annual principal payments of \$250,000 plus accrued interest are due. Interest of \$19,997 was paid on this note during the year ended September 30, 2018. As of September 30, 2018, the remaining principal outstanding on the note was \$1,000,000.

On October 7, 2013, the City, through its Community Redevelopment Agency (CRA), opened a \$750,000 line of credit through a local bank in order to facilitate short-term financing needs. The line of credit has a maturity date of July 16, 2019, and bears interest at the Wall Street Journal Prime Rate, which was 4.25% on September 30, 2017. In 2013 and 2015, the City drew \$500,000 and \$350,000 from the line of credit, which was used with other funds to purchase parcels of land and buildings. On September 30, 2016, the City increased the line of credit to \$1,000,000 and drew \$200,000 to purchase land. On October 4, 2017, the City increased the line of credit to \$2,000,000 and drew \$396,996 to purchase land and a commercial building. On December 7, 2017, the City decreased the line of credit to \$1,000,000. As of September 30, 2018, the principal outstanding on the line of credit was \$330,143.

In July 2015, the City purchased a vacant 6.3 acre piece of property that will be used primarily for recreational purposes. The purchase price was \$190,000 and was partially funded by a \$180,000 promissory note with a private third party, bearing no interest. Payments of \$37,500 are due annually on October 15th. As of September 30, 2018, the principal outstanding on the note was \$75,000.

The City borrowed \$2,779,452 under the State of Florida Revolving Fund Program under a small community pre-construction loan contract for the construction of a reclaimed water project. The effective interest rate for the funds borrowed under the program is 2.98%. Pursuant to the contract, semi-annual payments consisting of principal and interest in the amount of \$93,323, with a final payment of \$93,324 due on December 15, 2021, commenced June 15, 2002. Interest of \$22,526 was paid on this note during the year ended September 30, 2018. As of September 30, 2018, the principal outstanding on the note was \$615,172.

**City of Rockledge, Florida**  
**Notes to Financial Statements**

**NOTE 6 – NOTES PAYABLE (Continued)**

The following is a summary of governmental activities notes payable for the year ended September 30, 2018:

Year Ending September 30,	Governmental Activities									
	Redevelopment Agency		CRA Malloy LOC		Capital Improvement Note		6.3 Acre Property		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 250,000	\$ 16,000	\$ 330,143	\$ 1,947	\$ 227,224	\$ 55,586	\$ 37,500	\$ -	\$ 844,867	\$ 73,533
2020	250,000	12,000	-	-	232,807	50,003	37,500	-	520,307	62,003
2021	250,000	8,000	-	-	238,695	44,115	-	-	488,695	52,115
2022	250,000	4,000	-	-	244,731	38,079	-	-	494,731	42,079
2023	-	-	-	-	250,920	31,890	-	-	250,920	31,890
2024-2028	-	-	-	-	1,137,259	62,777	-	-	1,137,259	62,777
Total	1,000,000	40,000	330,143	1,947	2,331,636	282,450	75,000	-	3,736,779	324,397
Current portion	(250,000)	(16,000)	(330,143)	(1,947)	(227,224)	(55,586)	(37,500)	-	(844,867)	(73,533)
Payable after one year	\$ 750,000	\$ 24,000	\$ -	\$ -	\$ 2,104,412	\$ 226,864	\$ 37,500	\$ -	\$ 2,891,912	\$ 250,864

The following is a summary of business-type activities notes payable for the year ended September 30, 2018:

Year Ending September 30,	Business-type Activities			
	Wastewater System - SRF		Total	
	Principal	Interest	Principal	Interest
2019	\$ 169,165	\$ 17,483	\$ 169,165	\$ 17,483
2020	174,363	12,284	174,363	12,284
2021	179,722	6,925	179,722	6,925
2022	91,922	701	91,922	701
Total	615,172	37,393	615,172	37,393
Unamortized issue discount	(15,697)	-	(15,697)	-
Carrying value	599,475	37,393	599,475	37,393
Current portion	(169,165)	(17,483)	(169,165)	(17,483)
Payable after one year	\$ 430,310	\$ 19,910	\$ 430,310	\$ 19,910

**NOTE 7 - CHANGES IN LONG-TERM LIABILITIES**

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Notes payable:					
Community Redevelopment Agency Note, Series 2005	\$ 1,250,000	\$ -	\$ (250,000)	\$ 1,000,000	\$ 250,000
CRA LOC	736,915	-	(406,772)	330,143	330,143
Capital Improvement Note	486,266	2,061,468	(216,098)	2,331,636	227,224
6.3 Acre Property Note	112,500	-	(37,500)	75,000	37,500
<b>Total notes payable</b>	<b>2,585,681</b>	<b>2,061,468</b>	<b>(910,370)</b>	<b>3,736,779</b>	<b>844,867</b>
Other postemployment benefits	545,901	55,196	(93,074)	508,023	-
Compensated absences	1,617,250	700,263	(829,457)	1,488,056	778,399
Net pension liability	5,567,456	4,954,825	(6,072,784)	4,449,497	-
<b>Governmental activity long-term liabilities</b>	<b>\$ 10,316,288</b>	<b>\$ 7,771,752</b>	<b>\$ (7,905,685)</b>	<b>\$ 10,182,355</b>	<b>\$ 1,623,266</b>
<b>Business-type activities:</b>					
Bonds payable:					
Sewer Refunding Revenue Bonds, Series 2011	\$ 547,000	\$ -	\$ (547,000)	\$ -	\$ -
Less deferred amounts:					
Loss on refunding	(49,062)	49,062	-	-	-
<b>Total bonds payable</b>	<b>497,938</b>	<b>49,062</b>	<b>(547,000)</b>	<b>-</b>	<b>-</b>
Notes payable	758,363	-	(158,887)	599,476	169,165
Other postemployment benefits	201,287	19,911	(33,573)	187,625	-
Compensated absences	346,785	267,366	(247,528)	366,623	212,405
Net pension liability	1,268,492	918,161	(1,199,956)	986,697	-
<b>Business-type activity long-term liabilities</b>	<b>\$ 3,072,865</b>	<b>\$ 1,254,500</b>	<b>\$ (2,186,944)</b>	<b>\$ 2,140,421</b>	<b>\$ 381,570</b>

Compensated absences, other postemployment benefits and the net pension liability will be liquidated in future periods primarily by the General Fund for governmental activities. Business-type activities compensated absences will be liquidated by the respective proprietary fund.

**City of Rockledge, Florida**  
**Notes to Financial Statements**

**NOTE 8 - PLEDGED REVENUES**

The City has revenue notes outstanding at September 30, 2018, for which revenues of the City have been pledged for repayment. Revenues pledged to repay these obligations are as follows:

	Amount Issued	Principal Outstanding	Total Pledged Revenue (1)	Total Pledged Revenue Over Debt Service Required (2)	Current Year Debt Service Paid	Current Year Total Revenue
<b>Governmental Activities:</b>						
<b>Revenue Notes:</b>						
Community Redevelopment Agency Revenue Note, Series 2005 (3) Maturity: 2022, Interest rate: 3.495% Purpose: Improvements to Barton Blvd. Pledged revenue: Net revenues of the CRA	\$ 4,000,000	\$ 1,000,000	NA	NA	\$ 269,997	NA
Capital Improvement Note, Series 2009 Maturity: 2028, Interest rate: 2.50% Purpose: Construction of new police facility Pledged revenue: Utility taxes and franchise fees	\$ 2,500,000	\$ 2,331,636	\$ 2,331,636	2262.6%	\$ 262,787	\$ 3,963,903

(1) Total pledged revenue is the total outstanding principal and interest.

(2) Total pledged revenue over debt service required is calculated using the current year total revenues for the remaining years of debt service.

(3) The excess of income, fees, and earnings over the cost of operations and maintenance are irrevocably pledged to the payment of principal and interest on the Series 2005 note. However, the note does not constitute a general obligation or indebtedness of the CRA nor does it constitute a lien on any property of the CRA.

**NOTE 9 - TRANSFERS TO/FROM OTHER FUNDS**

Operating Transfers	Transfers		Net
	In	Out	
<b>Major Funds:</b>			
General Fund	\$ 489,019	\$ (993,415)	\$ (504,396)
Community Redevelopment Agency	900,396	-	900,396
Wastewater System	-	(190,000)	(190,000)
Sanitation Services	-	(123,000)	(123,000)
Stormwater Utility	-	(83,000)	(83,000)
<b>Total</b>	<b>\$ 1,389,415</b>	<b>\$ (1,389,415)</b>	<b>\$ -</b>

The transfer from the General Fund to the Community Redevelopment Agency Fund provides reimbursement for budgeted capital improvements within the redevelopment district. The transfers from the Wastewater System, Sanitation Services, and Stormwater Utility Funds to the General Fund were to provide reimbursement for administrative expenses.

**NOTE 10 - NET INVESTMENT IN CAPITAL ASSETS**

The elements of this calculation are as follows:

	Governmental Activities	Business-type Activities	Total
Capital assets (net)	\$ 43,028,258	\$ 38,364,710	\$ 81,392,968
Outstanding debt related to capital assets	(3,736,779)	(599,476)	(4,336,255)
	<u>\$ 39,291,479</u>	<u>\$ 37,765,234</u>	<u>\$ 77,056,713</u>

**NOTE 11 - RETIREMENT PLANS**

**A. DESCRIPTION OF PLANS**

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

- City of Rockledge General Employees' Retirement Plan (General Employees)
- City of Rockledge Police Employees' Retirement Plan (Police Employees)
- City of Rockledge Fire Employees' Retirement Plan (Fire Employees)

Each plan is administered by a separate board of trustees comprised of five members, two of whom are appointed by the City Council, two of whom are full-time participants of the respective employee group (General, Police, or Fire) and one is chosen by a majority of the previous four members. Each board of trustees is empowered to hire its own attorneys and consultants at the pension fund's expense, and to bring and defend lawsuits.

**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (ALL PLANS)**

***Basis of Accounting***

The Plans' financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits, refunds, and administrative costs are recognized when due and payable in accordance with the terms of each plan. On-behalf payments, made by the state totaling \$144,344 and \$216,318 for the Fire Employees' and Police Employees' plans, respectively, were recognized as revenues and expenditures in the General Fund during the year ended September 30, 2018.

**NOTE 11 - RETIREMENT PLANS (Continued)**

**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (ALL PLANS) (continued)**

***Method Used to Value Investments***

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

***Presentation of Financial Statements***

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

***Funding Requirements***

The City uses the entry age normal actuarial cost method (EAN) to determine required contributions. This method provides a stable pattern of minimum required contributions at a level dollar amount (for each plan) and allows a more transparent analysis of the changes experienced from one year to the next.

The General Employees plan requires employee contributions at 6% of basic compensation. City contributions are actuarially determined sufficient to pay current costs and amortize unfunded past service costs, if any, as provided in Chapter 112, Florida Statutes. For 2018, employee contributions to the plan totaled \$285,978, while City contributions were \$751,853 or 15.8% of covered payroll.

Florida Statutes, Chapters 175 and 185, require members to contribute not less than .5% of their annual salary. The Police Employees and Fire Employees plans, as approved by the City Council, require members to contribute 7% of their basic compensation. The City is required to contribute at an actuarially determined rate, which includes the state's premium tax proceeds. Employer contributions for police officers and firefighters include on-behalf payments from the state of Florida related to state excise taxes collected on homeowners' insurance policies. The current required rate is 10.9% of annual covered payroll for police officers and 28.7% of covered payroll for firefighters. The City contributed \$259,625 and \$479,284 for Police Employees and Fire Employees plans, respectively, for the year ended September 30, 2018. Municipalities that have established pension plans complying with the provisions of Chapters 175 and 185, Florida Statutes, and that have enacted appropriate taxing legislation are eligible to receive revenues generated from excise taxes on gross receipts of certain insurance premiums from policyholders covering property within the City limits.

These state premium tax proceeds are the Firefighters' Pension Fund Excise Tax, which is imposed on the gross receipts of property insurance policy premiums, and the Police Officers' Pension Fund Excise Tax, which is imposed on the gross receipts of casualty insurance policy premiums. These revenues, taken as a whole, amounted to \$360,662 for the year ended September 30, 2018.

**NOTE 11 - RETIREMENT PLANS (Continued)**

**C. PLAN MEMBERSHIP AND BENEFITS**

The makeup of plan participants as of the October 1, 2018 valuation was as follows:

Plan Membership	General Employees	Police Employees	Fire Employees
Inactive plan members or beneficiaries currently receiving benefi	53	18	23
Inactive plan members entitled to, but not yet receiving benefits	5	4	4
Active plan members	137	44	32
	<u>195</u>	<u>66</u>	<u>59</u>

All three plans provide retirement, termination, disability, and death benefits. A summary of those benefits, by plan, is outlined below.

	<u>General Employees</u>	<u>Police Employees</u>	<u>Fire Employees</u>
Normal Retirement:	Age 65 and 10 years of service.	Age 52 and 10 years of service.	Age 52 and 25 years or age 55 and 10 years of service.
	Benefit equals 2.75% x Avg Monthly Comp x credited service.	Benefit equals 3% x Avg Monthly Comp x credited service (if hired prior to 1/2/13, retirees receive additional 1.5% for service over 25 years).	Benefit equals 3% x Avg Monthly Comp x credited service, plus additional 1.5% for service over 25 years (after 10/1/12 rates are 2.75% times the average monthly comp and 1.25% for additional service).
Early Retirement:	Age 55 and 10 years of service, reduced at 5/9% per month first 60 months and 5/18% thereafter.	Age 44 and 25 years or age 50 and 10 years of service, reduced at 1/4% per month with a minimum of 50% for those with 25 years credited service.	Age 45 and 25 years or age 50 and 10 years of service, reduced at 1/4% per month with a minimum of 50% for those with 25 years credited service.

**NOTE 11 - RETIREMENT PLANS (Continued)**

**C. PLAN MEMBERSHIP AND BENEFITS (continued)**

	<u>General Employees</u>	<u>Police Employees</u>	<u>Fire Employees</u>
Termination of Employment:	Vested employees receive full benefits upon retirement age. Nonvested are entitled to return of employee contributions with 5% interest.	Vested employees receive full benefits upon retirement age. Nonvested are entitled to return of employee contributions with 5% interest.	Vested employees receive full benefits upon retirement age. Nonvested are entitled to return of employee contributions with 5% interest.
Disability Benefits:	Line-of-duty benefit reduced 50%.  Non-line-of-duty benefit based on 10 years certain and continuous annuity payable determined at time of disability adjusted for years of service.	Line-of-duty benefit reduced 50%.  Non-line-of-duty benefit based on 10 years certain and continuous annuity payable determined at time of disability adjusted for years of service.	Line-of-duty benefit reduced 50%.  Non-line-of-duty benefit based on 10 years certain and continuous annuity payable determined at time of disability adjusted for years of service.
Pre-retirement Death Benefits:	Survivor benefit is 10 year certain amount adjusted for vesting status at time of death of plan member.	Survivor benefit is 10 year certain amount adjusted for vesting status at time of death of plan member.	Survivor benefit is 10 year certain amount adjusted for vesting status at time of death of plan member.
Deferred Retirement Option (DROP):	Employees eligible at early retirement date. Accrued benefit frozen but earns interest until DROP exit (no more than 5 years later).	Employees eligible at normal retirement date. Accrued benefit frozen but earns interest until DROP exit (no more than 5 years later).	Employees eligible at normal retirement date. Accrued benefit frozen but earns interest until DROP exit (no more than 5 years later).

**NOTE 11 - RETIREMENT PLANS (Continued)**

**D. PENSION PLAN INVESTMENTS**

Each plan’s investment policy was adopted by the respective Pension Board of Trustees, which has the authority for establishing and amending investment policy decisions for each of the plans that they administer. The policy outlines suitable, authorized investments along with asset allocations.

Each plan’s investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. Independent investment managers and an independent custodian handle all pension investments and disbursements.

In order to provide for a diversified portfolio, several investment management firms are selected to be responsible for the assets and allocation of the Trustees’ mandate only, and are provided specific performance objectives and investment criteria. In order to maintain a balanced portfolio, the allocation of assets are targeted at no more than 5% in common stock, capital stock, or convertible stock of any one issuing company. Fixed income investments issued to any single corporation shall not exceed 5% of the total fund and all investments, and shall have a minimum rating of investment grade (Baa – AAA) or higher by at least one major credit rating agency. The plans did not hold investments in any one organization that represent 5% or more of the plans’ fiduciary net position.

For the year ended September 30, 2018, the annual money-weighted rate of return on the plans’ investments, net of pension investment expense, was 9.52% for General, 9.59% for Police, and 9.17% for Fire. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

	<b>General Employees</b>	<b>Police Employees</b>	<b>Fire Employees</b>
Annual money-weighted rate of return net of investment expenses	9.52%	9.59%	9.17%

**NOTE 11 - RETIREMENT PLANS (Continued)**

**E. NET PENSION LIABILITY, SIGNIFICANT ASSUMPTIONS, AND DISCOUNT RATE**

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

General Employees:	
Total pension liability	\$ 19,133,405
Plan fiduciary net position	(16,827,699)
City's net pension liability	\$ 2,305,706
Plan fiduciary net position as a percentage of the total pension liability	87.95%
Police Employees:	
Total pension liability	\$ 15,168,036
Plan fiduciary net position	(14,965,828)
City's net pension liability	\$ 202,208
Plan fiduciary net position as a percentage of the total pension liability	98.67%
Fire Employees:	
Total pension liability	\$ 15,027,537
Plan fiduciary net position	(12,099,256)
City's net pension liability	\$ 2,928,281
Plan fiduciary net position as a percentage of the total pension liability	80.51%

The total pension liability was determined by an actuarial valuation as of October 1, 2018 using the following actuarial assumptions applied to all measurement periods for each plan.

	General	Police	Fire
	Employees'	Employees'	Employees'
Inflation	2.50%	2.50%	2.50%
Salary increases (including inflation)	6.00%	6.00%	6.00%
Investment rate of return (net of investment expense, including inflation)	7.80%	7.80%	7.80%
Discount rate	7.80%	7.80%	7.80%

**NOTE 11 - RETIREMENT PLANS (Continued)**

**E. NET PENSION LIABILITY, SIGNIFICANT ASSUMPTIONS, AND DISCOUNT RATE (continued)**

Mortality rates were based on the July 1, 2018 FRS special risk actuarial valuation for the Police and Fire Employees plans and the July 1, 2018 FRS not special risk actuarial valuation for the General Employees plan. Disabled tables were used for disabled lives.

For the Fire Employees and Police Employees plans, actuarial assumptions used in the October 1, 2018 valuation were based on the results of an actuarial experience study for the period October 1, 1999 to September 30, 2005. The actuarial assumptions used for General Employees plan were not based upon a known comprehensive experience review.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plans' target asset allocation as of September 30, 2018, are summarized in the following table:

Asset Class	General Employees		Police Employees		Fire Employees	
	Target Allocation	Long-term Expected	Target Allocation	Long-term Expected	Target Allocation	Long-term Expected
		Rate of Return		Rate of Return		Rate of Return
Domestic equity	50.00%	7.50%	50.00%	7.50%	50.00%	7.50%
International equity	15.00%	8.50%	15.00%	8.50%	15.00%	8.50%
Domestic bonds	22.50%	2.50%	22.50%	2.50%	22.50%	2.50%
International bonds	5.00%	3.50%	5.00%	3.50%	5.00%	3.50%
Real estate	5.00%	4.50%	5.00%	4.50%	5.00%	4.50%
Alternative Assets	2.50%	6.14%	2.50%	6.14%	2.50%	6.14%

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, each Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the net pension liability.

**NOTE 11 - RETIREMENT PLANS (Continued)**

**F. PENSION PLAN FINANCIAL STATEMENTS**

The following tables present the statement of net position - fair value, and statement of changes in net position - fair value, of all the trusts' investments as of and for the year ended September 30, 2018.

	Employee Benefit Funds			
<b>ASSETS</b>	General Employees	Police Employees	Fire Employees	Totals
Cash and cash equivalents	\$ 118,874	\$ 349,797	\$ 413,343	\$ 882,014
Contributions receivable	-	-	12,535	12,535
Due from other plan	-	1,266	-	1,266
Accrued interest and prepaid expenses	15,768	13,969	11,316	41,053
Total current assets	134,642	365,032	437,194	936,868
Investments, at fair value	16,694,323	14,600,796	11,662,062	42,957,181
Total assets	16,828,965	14,965,828	12,099,256	43,894,049
<b>LIABILITIES</b>				
Due to other plan	1,266	-	-	1,266
Net position held in trust for pension benefits	\$ 16,827,699	\$ 14,965,828	\$ 12,099,256	\$ 43,892,783

**NOTE 11 - RETIREMENT PLANS (Continued)**

**F. PENSION PLAN FINANCIAL STATEMENTS (continued)**

	Employee Benefit Funds			<u>Totals</u>
	<u>General Employees</u>	<u>Police Employees</u>	<u>Fire Employees</u>	
Additions:				
Contributions:				
Employer	\$ 751,853	\$ 259,625	\$ 479,284	\$ 1,490,762
State	-	216,318	144,344	360,662
Plan members	285,978	151,048	116,807	553,833
<b>Total contributions</b>	<b>1,037,831</b>	<b>626,991</b>	<b>740,435</b>	<b>2,405,257</b>
Investment income:				
Net appreciation in fair value of investments	1,139,856	1,020,615	826,713	2,987,184
Interest and dividends	408,490	362,939	294,680	1,066,109
	1,548,346	1,383,554	1,121,393	4,053,293
Less: investment related expense	(40,986)	(37,192)	(34,595)	(112,773)
<b>Net investment income</b>	<b>1,507,360</b>	<b>1,346,362</b>	<b>1,086,798</b>	<b>3,940,520</b>
<b>Total additions</b>	<b>2,545,191</b>	<b>1,973,353</b>	<b>1,827,233</b>	<b>6,345,777</b>
Deductions:				
Benefits	961,938	453,905	1,315,062	2,730,905
Administrative expense	60,097	62,778	65,512	188,387
<b>Total deductions</b>	<b>1,022,035</b>	<b>516,683</b>	<b>1,380,574</b>	<b>2,919,292</b>
<b>Net increase</b>	<b>1,523,156</b>	<b>1,456,670</b>	<b>446,659</b>	<b>3,426,485</b>
Net position held in trust for pension benefits:				
Balance at beginning of year	15,304,543	13,509,158	11,652,597	40,466,298
<b>Balance at end of year</b>	<b>\$ 16,827,699</b>	<b>\$ 14,965,828</b>	<b>\$ 12,099,256</b>	<b>\$ 43,892,783</b>

**G. PENSION EXPENSE AND DEFERRED INFLOWS/OUTFLOWS OF RESOURCES RELATED TO PENSIONS**

For the year ended September 30, 2018, the City recognized a pension expense of \$618,220 for the General Employees plan; \$310,565 for the Police Employees plan; and \$448,493 for the Fire Employees plan. On September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**City of Rockledge, Florida**  
**Notes to Financial Statements**

**NOTE 11 - RETIREMENT PLANS (Continued)**

**G. PENSION EXPENSE AND DEFERRED INFLOWS/OUTFLOWS OF RESOURCES RELATED TO PENSIONS  
(continued)**

	General		Police		Fire	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 668,035	\$ -	\$ 326,134	\$ -	\$ 416,075
Changes of assumptions	622,197	-	428,316	2,887	277,825	37
Net difference between projected and actual earnings	209,098	651,840	167,193	632,499	152,193	463,607
<b>Total</b>	<b>\$ 831,295</b>	<b>\$ 1,319,875</b>	<b>\$ 595,509</b>	<b>\$ 961,520</b>	<b>\$ 430,018</b>	<b>\$ 879,719</b>

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

<u>Year Ending September 30:</u>	General	Police	Fire
	<u>Employees</u>	<u>Employees</u>	<u>Employees</u>
2019	\$ 17,002	\$ (26,860)	\$ (39,909)
2020	(192,094)	(194,054)	(184,809)
2021	(145,486)	(156,306)	(140,602)
2022	(121,068)	(40,902)	(73,124)
2023	(46,934)	16,779	(11,257)
2024	-	18,206	-
2025	-	17,126	-
	<b>\$ (488,580)</b>	<b>\$ (366,011)</b>	<b>\$ (449,701)</b>

**City of Rockledge, Florida**  
**Notes to Financial Statements**

**NOTE 11 - RETIREMENT PLANS (Continued)**

**H. CHANGES IN NET PENSION LIABILITY AND SENSITIVITY TO CHANGES IN DISCOUNT RATE**

General Employees

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2017	\$ 18,322,632	\$ 15,304,543	\$ 3,018,089
Changes for a year:			
Service cost	605,873	-	605,873
Interest	1,448,433	-	1,448,433
Differences between expected and actual experience	(488,124)	-	(488,124)
Changes of assumptions	206,529	-	206,529
Changes of benefit terms	-	-	-
Contributions - employer	-	751,853	(751,853)
Contributions - employee	-	285,978	(285,978)
Net investment income	-	1,507,360	(1,507,360)
Benefit payments, including refunds of employee contributions	(961,938)	(961,938)	-
Administrative expense	-	(60,097)	60,097
<b>Net changes</b>	<b>810,773</b>	<b>1,523,156</b>	<b>(712,383)</b>
<b>Balances at September 30, 2018</b>	<b>\$ 19,133,405</b>	<b>\$ 16,827,699</b>	<b>\$ 2,305,706</b>

The sensitivity of the net pension liability to changes in the discount rate is shown below.

General Employees	1%	Current	1%
	Decrease	Discount Rate	Increase
	6.80%	7.80%	8.80%
City's net position liability	\$4,578,483	\$ 2,305,706	\$ 394,578

**City of Rockledge, Florida**  
**Notes to Financial Statements**

**NOTE 11 - RETIREMENT PLANS (Continued)**

**H. CHANGES IN NET PENSION LIABILITY AND SENSITIVITY TO CHANGES IN DISCOUNT RATE (continued)**

Police Employees

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2017	\$ 13,925,025	\$ 13,509,158	\$ 415,867
Changes for a year:			
Service cost	385,421	-	385,421
Interest	1,123,149	-	1,123,149
Differences between expected and actual experience	(132,738)	-	(132,738)
Changes of assumptions	321,084	-	321,084
Changes of benefit terms	-	-	-
Contributions - employer	-	259,625	(259,625)
Contributions - state	-	216,318	(216,318)
Contributions - employee	-	151,048	(151,048)
Net investment income	-	1,346,362	(1,346,362)
Benefit payments, including refunds of employee contributions	(453,905)	(453,905)	-
Administrative expense	-	(62,778)	62,778
Net changes	1,243,011	1,456,670	(213,659)
Balances at September 30, 2018	\$ 15,168,036	\$ 14,965,828	\$ 202,208

The sensitivity of the net pension liability to changes in the discount rate is shown below.

Police Employees	Current Discount Rate		
	1% Decrease		1% Increase
	6.80%	7.80%	8.80%
City's net position liability	\$ 1,993,662	\$ 202,208	\$ (1,294,647)

**City of Rockledge, Florida**  
**Notes to Financial Statements**

**NOTE 11 - RETIREMENT PLANS (Continued)**

**H. CHANGES IN NET PENSION LIABILITY AND SENSITIVITY TO CHANGES IN DISCOUNT RATE (continued)**

Fire Employees

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2017	\$ 15,054,589	\$ 11,652,598	\$ 3,401,991
Changes for a year:			
Service cost	282,331	-	282,331
Interest	1,157,646	-	1,157,646
Differences between expected and actual experience	(306,100)	-	(306,100)
Changes of assumptions	154,133	-	154,133
Changes of benefit terms	-	-	-
Contributions - employer	-	479,284	(479,284)
Contributions - state	-	144,344	(144,344)
Contributions - employee	-	116,807	(116,807)
Net investment income	-	1,086,797	(1,086,797)
Benefit payments, including refunds of employee contributions	(1,315,062)	(1,315,062)	-
Administrative expense	-	(65,512)	65,512
Net changes	(27,052)	446,658	(473,710)
Balances at September 30, 2018	\$ 15,027,537	\$ 12,099,256	\$ 2,928,281

The sensitivity of the net pension liability to changes in the discount rate is shown below.

Fire Employees	1% Decrease	Current Discount Rate	1% Increase
	6.80%	7.80%	8.80%
City's net position liability	\$ 4,633,051	\$ 2,928,281	\$ 1,503,238

**NOTE 12 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**A. PLAN DESCRIPTION**

The City of Rockledge 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

**NOTE 12 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

**A. PLAN DESCRIPTION (continued)**

employees. The City does not issue stand-alone financial statements for this Plan. All financial information related to the Plan is accounted for in the City’s basic financial statements.

**B. FUNDING POLICY**

The City is funding the post employee benefits on a pay-as-you-go basis. Contribution rates for the Plan are established by City Council annually during the budget process. The City does not pay for health insurance premiums for retirees. Blended premium rates for active and retired employees combined provide an implicit subsidy for retirees because on an actual basis, their current and future claims are expected to result in higher costs to the Plan than those of active employees. The current year contributions are determined as annualized claims incurred based on the retiree age at the beginning of the fiscal year and the claims table used for liability determination offset by the annual premium paid by the retiree for such coverage. City contributions are assumed to be equal to benefits paid.

**C. PLAN MEMBERSHIP**

At October 1, 2018, OPEB membership consisted of the following:

	Firefighters	Police	General Employees
Inactive members	7	3	4
Active members	35	50	145
<b>Total</b>	<b>42</b>	<b>53</b>	<b>149</b>

**D. ACTUARIAL ASSUMPTIONS AND OTHER INPUTS**

In the September 30, 2018 measurement data, the actuarial assumptions and other inputs, applied include the following:

Inflation	2.50 percent
Salary Increases	6.00 percent including inflation
Discount rate	4.00 percent investment rate of return
Health care cost trend rates	5.00 percent
Retirees' share of benefit-related costs	100 percent of projected health insurance premiums

The discount rate was selected based on a 20-year tax-exempt high-quality general obligation municipal bond yield of index. The Bond Buyer 20-Bond General Obligation Index is the average rating of 20 bonds that are grade ‘Aa2’ (Moody’s) or grade ‘AA’ (S&P 500). The Bond Buyer 20-Bond General Obligation Index at September 28, 2018 was 4.18%. The valuation has historically used a 4.0% investment rate of return. The 4.0% investment rate of return assumption has continued to be used for the October 1, 2018 actuarial valuation as it is close to the index.

**NOTE 12 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

**D. ACTUARIAL ASSUMPTIONS AND OTHER INPUTS (continued)**

Mortality rates were based on the RP-00 Annuitant Mortality Tables for Males and Females as appropriate with both rates, fully generational with adjustments for mortality improvements based on Scale BB. RP-00 Disabled Retiree Mortality Tables set back 4 years for males and forward 2 years for females, with no projected improvement used for disabled employees.

The actuarial assumptions used in the October 1, 2018 valuation were not based on the results of an actuarial experience study.

At September 30, 2018 the City of Rockledge reported a Net OPEB liability of \$695,648. The GASB 75 information has been provided as of the September 30, 2018 measurement date.

**Change in Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Change in Net OPEB Liability			
Balance as of October 1, 2017 for FYE 2017	\$ 747,188	\$ -	\$ 747,188
Changes for the year:			
Service cost	44,639	-	44,639
Interest	30,469	-	30,469
Difference between expected and actual experience	(66,390)	-	(66,390)
Contributions - employer	-	60,258	(60,258)
Benefit payments	(60,258)	(60,258)	-
<b>Net changes</b>	<b>(51,540)</b>	<b>-</b>	<b>(51,540)</b>
Balance as of October 1, 2018 for FYE 2018	\$ 695,648	\$ -	\$ 695,648

There were no changes in assumptions and other inputs from the October 1, 2017 valuation. The methods, assumptions, and participant data used are detailed in the actuarial valuation report dated October 1, 2018, except that these calculations are based in the Entry Age Normal cost method required by GASB 75.

**Sensitivity of the Net OPEB Liability** - The following table represents the City's total and net OPEB liability calculated using the discount rate of 4.00%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.00%) or one percentage point higher (5.00%) than the current rate:

**NOTE 12 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

**D. ACTUARIAL ASSUMPTIONS AND OTHER INPUTS (continued)**

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Net OPEB Liability	\$ 748,535	\$ 695,648	\$ 646,950

The following table represents the City’s total and net OPEB liability calculated using the health care cost trend rate of 5.00%, as well as what the City’s net OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower (4.00%) or one percentage point higher (6.00%) than the current rate:

	1% Decrease (4.00%)	Ultimate Trend (5.00%)	1% Increase (6.00%)
Net OPEB Liability	\$ 630,866	\$ 695,648	\$ 771,527

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the fiscal year ended September 30, 2018, the City of Rockledge recognized an OPEB expense of \$62,582. In addition the City reported deferred inflows of resources related to the OPEB plan from the following sources:

Description	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 53,863
Change of assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
City contributions subsequent to the measurement date	-	-
Total	<u>\$ -</u>	<u>\$ 53,863</u>

**NOTE 12 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

**D. ACTUARIAL ASSUMPTIONS AND OTHER INPUTS (continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in the expense as follows:

Year Ending September 30:		
2019	\$	(12,526)
2020		(12,526)
2021		(12,526)
2022		(12,526)
2023		(3,759)
Thereafter		-

**NOTE 13 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City purchases separate commercial insurance coverage for workers' compensation, liability, and property damage. Coverage for workers' compensation and automobile claims are limited to the maximum liability exposure the City faces under Florida statutes. Coverage for general liability claims is a maximum of \$1,000,000 combined single limit.

The commercial insurance carried is a claims incurred policy for which the City is covered for claims originating against the City during the policy period. The amount of coverage is dependent on the date of the liability-imposing event. The City has maintained continuous coverage and does not believe it has any exposure to events which occurred prior to the year ended September 30, 2018.

As of September 30, 2018, the City has an estimated \$389,788 in outstanding claims incurred but not reported. The employee medical insurance is a shared cost policy for which the City pays a recurring administrative fee and claims as asserted. The City's health insurance expenditure is based upon a carryforward experience level, whereby each month the City pays the benefit payments net of the specific stop loss, plus the in-month change in experience deficit, plus adjustments. Consequently, the City does not believe it has any future exposure for medical claims by its employees beyond this estimate.

**NOTE 14 - COMMITMENTS AND CONTINGENCIES**

During the ordinary course of its operation, the City is party to various claims, legal actions, and complaints. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion

**NOTE 14 - COMMITMENTS AND CONTINGENCIES (Continued)**

of counsel for the City, the liabilities which may arise from such actions would not result in losses which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the City or results of activities.

**NOTE 15 - COMMUNITY REDEVELOPMENT AGENCY**

The purpose of the Rockledge CRA is to stimulate economic growth, promote private development opportunities, and maintain a safe, prosperous community while focusing on improving the quality of life of the citizens of Rockledge.

Pursuant to Chapter 163.387 (8) of the Florida Statutes, the following information is provided regarding the receipts and expenditures of the CRA.

	Actual Budgetary Basis
<hr/>	
Resources (inflows):	
Property taxes	\$ 706,724
Income on investments	4,475
Other	16,367
Proceeds from loan	-
Transfer in	900,396
<hr/>	
Amounts available for appropriation	1,627,962
<hr/>	
Personal services	77,710
Administrative office	6,789
Legal and accounting	16,059
Planning, engineering, and design	39,219
Grants and capital acquisitions	193,908
Promotional expenses and events	13,212
Travel and training	2,031
Debt service	696,115
Contingencies	-
<hr/>	
Total charges to appropriations	1,045,043
<hr/>	
Excess of resources over charges to appropriations	582,919
<hr/>	
Fund balance allocation	(582,919)
<hr/>	
Excess (deficiency) of resources and fund balance allocation over charges to appropriations	\$ -
<hr/> <hr/>	

**NOTE 15 - COMMUNITY REDEVELOPMENT AGENCY (Continued)**

Property taxes consisted of the incremental tax receipts provided by increased assessed values over 2001 levels. Planning, engineering, and design expenditures were for the Barton Boulevard corridor, as well as improvements to the Florida Avenue Gateway which feeds into U.S. Highway 1 just north of Barton.

**NOTE 16 - SUBSEQUENT EVENTS**

Subsequent to September 30, 2018, the City of Rockledge awarded a contract to repair or replace the master outfall headwall replacement, which was damaged as a result of Hurricane Irma. The City's estimated cost for repairs and component replacements are \$330,000.

The Rockledge Heritage Foundation, Inc., a Florida not-for-profit corporation qualifying under chapter 501(c)(3) of the Internal Revenue Code, which is dedicated to the preservation of significant historical assets within the City amended its bylaws to name the positions of City Manager, Assistant City Manager, and Planning Director as three permanent members of the Corporation. City Council was invested with the ability to appoint two additional members. Historically, this corporation's activities and net position have been reported in the financial statements of the City as a discretely presented component unit.

The City of Rockledge has in place an operation and maintenance agreement with Brevard County for certain of the City's parks and recreation facilities. During Hurricane Irma, the area known as the Valencia Dock and Pier was severely damaged. Brevard County, in keeping with its agreement, has secured a contract to repair this facility.

The Community Redevelopment Agency Board of Commissioners resolved to fully satisfy their outstanding line of credit in the amount of \$330,672, inclusive of \$530 in accrued interest. The line of credit remains open with a limit of \$1,000,000.

The City has considered subsequent events through April 23, 2019.

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

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**City of Rockledge, Florida**  
**Budgetary Comparison Schedule – General Fund**

<i>Year ended September 30, 2018</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 7,989,109	\$ 7,989,109	\$ 8,183,883	\$ 194,774
Other local taxes	4,702,843	4,702,843	3,472,502	(1,230,341)
Permits and fees	678,000	678,000	2,236,311	1,558,311
Intergovernmental	4,151,200	4,151,200	4,028,147	(123,053)
Charges for services	135,930	135,930	328,744	192,814
Fines and forfeitures	15,000	15,000	24,171	9,171
Miscellaneous revenue	1,024,239	2,068,542	286,683	(1,781,859)
<b>Total revenues</b>	<b>18,696,321</b>	<b>19,740,624</b>	<b>18,560,441</b>	<b>(1,180,183)</b>
<b>Expenditures</b>				
Category:				
Administrative:				
Personal services	1,604,869	1,604,869	1,355,812	249,057
Operating expenditures	95,299	95,299	175,929	(80,630)
Capital Improvement	57,465	465,465	450,750	14,715
Police:				
Personal services	5,389,677	5,389,677	5,092,067	297,610
Operating expenditures	498,839	498,839	396,663	102,176
Capital Improvement	768,480	768,480	638,171	130,309
Fire:				
Personal services	3,559,907	3,559,907	3,530,624	29,283
Operating expenditures	275,289	275,289	302,019	(26,730)
Capital Improvement	137,500	773,803	728,179	45,624
Public works:				
Personal services	2,145,720	2,145,720	2,077,711	68,009
Operating expenditures	587,650	587,650	559,419	28,231
Capital Improvement	194,275	194,275	115,378	78,897
Mayor and City Council:				
Personal services	48,465	48,465	44,164	4,301
Operating expenditures	16,068	16,068	10,226	5,842
City attorney:				
Personal services	111,090	111,090	98,685	12,405
Operating expenditures	2,500	2,500	-	2,500
General government:				
Personal services	352,597	352,597	325,162	27,435
Debt service	336,600	336,600	300,287	36,313
Operating expenditures	1,567,486	1,567,486	905,778	661,708
Capital Improvement	-	-	644,352	(644,352)
<b>Total expenditures</b>	<b>\$ 17,749,776</b>	<b>\$ 18,794,079</b>	<b>\$ 17,751,376</b>	<b>\$ 1,042,703</b>

*The accompanying notes to required supplementary information are an integral part of this schedule.*

**City of Rockledge, Florida**  
**Budgetary Comparison Schedule – General Fund**

<i>Year Ended September 30, 2018</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Excess of revenues over expenditures</b>	\$ 946,545	\$ 946,545	\$ 809,065	\$ (137,480)
Transfers in	-	-	489,019	489,019
Transfers out	(946,545)	(946,545)	(993,415)	(993,415)
Loan Proceeds	-	-	2,061,468	2,061,468
<b>Net change in fund balance</b>	-	-	2,366,137	1,419,592
<b>Fund balances, beginning of the year,</b>	12,048,679	12,048,679	12,048,679	-
<b>Fund balance, end of year</b>	\$ 12,048,679	\$ 12,048,679	\$ 14,414,816	\$ 1,419,592

Note that this schedule is prepared on a budgetary basis, but is not different from Generally Accepted Accounting Principles (GAAP) in the presentation.

*The accompanying notes to required supplementary information are an integral part of this schedule.*

**City of Rockledge, Florida**

**Budgetary Comparison Schedule – Community Redevelopment Agency**

<i>Year ended September 30, 2018</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 726,478	\$ 726,478	\$ 706,724	\$ (19,754)
Reserve funds	8,473	8,473	-	(8,473)
Interest	100,000	100,000	4,475	(95,525)
Miscellaneous revenue	10,000	10,000	16,367	6,367
<b>Total revenues</b>	<b>844,951</b>	<b>844,951</b>	<b>727,566</b>	<b>(117,385)</b>
<b>Expenditures</b>				
Planning and development:				
Personnel services	122,070	82,270	77,710	4,560
Administrative office	8,000	8,000	6,720	1,280
Legal and accounting	16,200	16,500	16,059	441
Planning, engineering, and design	320,439	181,439	126,405	55,034
Grants and capital acquisitions	400,000	571,000	106,722	464,278
Promotional expenses and events	16,273	16,273	13,212	3,061
Travel and training	5,000	5,000	2,031	2,969
Public/ private partnerships	165,000	165,000	-	165,000
Debt Service	689,865	697,365	696,115	1,250
Contingencies	2,500	2,500	69	2,431
<b>Total expenditures</b>	<b>1,745,347</b>	<b>1,745,347</b>	<b>1,045,043</b>	<b>700,304</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(900,396)</b>	<b>(900,396)</b>	<b>(317,477)</b>	<b>582,919</b>
Other financing sources				
Transfers in	900,396	900,396	900,396	-
Other financing sources	900,396	900,396	900,396	-
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>582,919</b>	<b>582,919</b>
<b>Fund balances, beginning of year</b>	<b>1,319,778</b>	<b>1,319,778</b>	<b>1,319,778</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 1,319,778</b>	<b>\$ 1,319,778</b>	<b>\$ 1,902,697</b>	<b>\$ 582,919</b>

Note that this schedule is prepared on a budgetary basis, but is not different from Generally Accepted Accounting (GAAP) in the presentation.

*The accompanying notes to required supplementary information are an integral part of this schedule.*

**City of Rockledge, Florida**  
**Budgetary Notes to Required Supplementary Information**

**NOTE A – BUDGETARY INFORMATION**

The City adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- a) Prior to the first day of August of each year, the city manager prepares a proposed budget for the next succeeding fiscal year and submits it to the council. The recommended budget includes proposed expenditures and the sources of receipts to finance them.
- b) Complete copies of the proposed budget are made available for public inspection. Public hearings are conducted to obtain taxpayers' comments.
- c) The budget is enacted through passage of an ordinance and becomes the basis for the millage levied by the council.
- d) The city manager is authorized to transfer budgeted amounts between line items within a department; however, any revisions that alter the total expenditures of any department must be approved by the council. Expenditures may not exceed legal appropriations at the department level. All appropriations lapse at year end.
- e) Formal budgetary integration is employed as a management control device during the year for the General Fund and all major, special revenue funds (if any). Formal budgetary integration is not employed for the Law Enforcement Education, Community Redevelopment, and Taylor Park Trust Funds, because effective budgetary control is alternatively achieved through expenditure eligibility provisions. Formal budget integration is also not employed for the Transportation Impact Fee Fund because projects are approved individually.
- f) Budgets are legally adopted on a basis consistent with GAAP except for transfers, debt service, and certain intragovernment amounts.
- g) The budgetary comparison schedule shown in the accompanying required supplementary information presents comparisons of the legally adopted budget, as amended, with actual results. The originally adopted budget is presented for purposes of comparison to the final, amended budget.



## **City of Rockledge, Florida Schedules of Defined Benefit Pension Plans**

The schedules presented in the following required supplementary information are intended to provide information that is essential to understanding trends and puts the current period information into historical perspective. The Government Accounting Standards Board (GASB) concludes that a period of ten years will provide information to identify cyclical factors and other trends in connection with defined benefit pension plans. GASB Statement No. 67 sets the requirements for the ten-year schedules to be implemented prospectively. Until a full ten years of data is compiled, the schedules will present data that is available. GASB Statement No. 68 (GASB 68) requires that governments providing defined benefit pensions recognize long-term obligations for pension benefits as a liability and to more comprehensibly and comparably measure the annual costs of pension benefits.

**City of Rockledge, Florida**  
**Schedules of Defined Benefit Pension Plans**

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

	2018	2017	2016	2015	2014
<b>Total pension liability</b>					
Service cost	\$ 605,873	\$ 580,743	\$ 502,300	\$ 500,506	\$ 490,047
Interest	1,448,433	1,405,981	1,321,703	1,239,002	1,143,136
Difference between expected and actual experience	(488,124)	(163,308)	(211,999)	(132,223)	(24,739)
Changes of assumptions	206,529	32,034	840,843	23,782	22,355
Benefit payments, including refunds of member contributions	(961,938)	(1,727,630)	(753,910)	(429,686)	(438,263)
Net change in total pension liability	810,773	127,820	1,698,937	1,201,381	1,192,536
Total pension liability - beginning	18,322,632	18,194,812	16,495,875	15,294,494	14,101,958
Total pension liability - ending (a)	\$ 19,133,405	\$ 18,322,632	\$ 18,194,812	\$ 16,495,875	\$ 15,294,494
Plan fiduciary net position					
Contribution - employer	\$ 751,853	\$ 680,623	\$ 561,465	\$ 562,320	\$ 443,171
Contribution employee	285,978	275,299	255,031	249,718	244,731
Net investment income	1,507,360	1,710,432	1,227,300	(3,709)	1,129,042
Benefit payments, including refunds of member contributions	(961,938)	(1,727,630)	(753,910)	(429,686)	(438,263)
Administrative expense	(60,097)	(46,285)	(55,175)	(64,461)	(77,399)
Net change in plan fiduciary net position	1,523,156	892,439	1,234,711	314,182	1,301,282
Plan fiduciary net position - beginning	15,304,543	14,412,104	13,177,393	12,863,211	11,561,929
Plan fiduciary net position - ending (b)	\$ 16,827,699	\$ 15,304,543	\$ 14,412,104	\$ 13,177,393	\$ 12,863,211
Net pension liability - ending (a) - (b)	\$ 2,305,706	\$ 3,018,089	\$ 3,782,708	\$ 3,318,482	\$ 2,431,283
Plan fiduciary net position as a percentage of the total pension liability	87.95%	83.53%	79.21%	79.88%	84.10%
Covered payroll	\$ 4,766,306	\$ 4,573,157	\$ 4,387,506	\$ 3,864,720	\$ 4,094,475
Net pension liability as a percentage of covered payroll	48.38%	66.00%	86.22%	85.87%	59.38%

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

**City of Rockledge, Florida**  
**Schedules of Defined Benefit Pension Plans**

**SCHEDULE OF CONTRIBUTIONS**  
**Last Five Fiscal Years**  
**General Employees**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Actuarially determined contribution	\$ 751,853	\$ 672,777	\$ 561,465	\$ 562,320	\$ 443,171
Contributions in relation to the actuarially determined contributions	751,853	680,623	561,465	562,320	443,171
Contribution deficiency (excess)	\$ -	\$ (7,846)	\$ -	\$ -	\$ -
Covered payroll	\$ 4,766,306	\$ 4,573,157	\$ 4,387,506	\$ 3,864,720	\$ 4,094,475
Contributions as a percentage of covered payroll	15.8%	14.7%	12.8%	14.6%	10.8%

**Notes to Schedule**

**Valuation Date: 10/1/18**

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

**Note 2: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for only the years for which information is available.**

**City of Rockledge, Florida**  
**Schedules of Defined Benefit Pension Plans**

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

Last Five Fiscal Years

Police Employees

	2018	2017	2016	2015	2014
<b>Total pension liability</b>					
Service cost	\$ 385,421	\$ 427,707	\$ 411,090	\$ 424,738	\$ 383,990
Interest	1,123,149	1,047,395	961,067	900,239	828,134
Difference between expected and actual experience	(132,738)	(65,611)	(156,120)	(118,810)	10,982
Changes of assumptions	321,084	(3,883)	226,678	11,608	11,211
Benefit payments, including refunds of member contributions	(453,905)	(382,951)	(395,306)	(470,342)	(277,266)
Net change in total pension liability	1,243,011	1,022,657	1,047,409	747,433	957,051
Total pension liability - beginning	13,925,025	12,902,368	11,854,959	11,107,526	10,150,475
Total pension liability - ending (a)	\$ 15,168,036	\$ 13,925,025	\$ 12,902,368	\$ 11,854,959	\$ 11,107,526
<b>Plan fiduciary net position</b>					
Contribution - employer	\$ 259,625	\$ 218,130	\$ 214,124	\$ 218,903	\$ 175,170
Contribution - state	216,318	195,099	191,152	175,977	175,891
Contribution employee	151,048	155,403	162,989	158,642	158,054
Net investment income	1,346,362	1,525,942	1,041,785	11,458	943,080
Benefit payments, including refunds of member contributions	(453,905)	(382,951)	(395,306)	(470,342)	(277,266)
Administrative expense	(62,778)	(63,054)	(52,859)	(70,435)	(69,739)
Net change in plan fiduciary net position	1,456,670	1,648,569	1,161,885	24,203	1,105,190
Plan fiduciary net position - beginning	13,509,158	11,860,589	10,698,704	10,674,501	9,569,311
Plan fiduciary net position - ending (b)	\$ 14,965,828	\$ 13,509,158	\$ 11,860,589	\$ 10,698,704	\$ 10,674,501
<b>Net pension liability - ending (a) - (b)</b>	\$ 202,208	\$ 415,867	\$ 1,041,779	\$ 1,156,255	\$ 433,025
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	98.67%	97.01%	91.93%	90.25%	96.10%
<b>Covered payroll</b>	\$ 2,157,825	\$ 2,220,009	\$ 2,412,232	\$ 2,156,109	\$ 2,253,905
<b>Net pension liability as a percentage of covered payroll</b>	9.37%	18.73%	43.19%	53.63%	19.21%

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

**City of Rockledge, Florida**  
**Schedules of Defined Benefit Pension Plans**

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

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Actuarially determined contribution	\$ 234,459	\$ 210,378	\$ 214,124	\$ 218,903	\$ 175,170
Contributions in relation to the actuarially determined contributions	259,625	218,130	214,124	218,903	175,170
Contribution deficiency (excess)	\$ (25,166)	\$ (7,752)	\$ -	\$ -	\$ -
Covered payroll	\$ 2,157,825	\$ 2,220,009	\$ 2,412,232	\$ 2,156,109	\$ 2,253,905
Contributions as a percentage of covered payroll	10.9%	9.5%	8.9%	10.2%	7.8%

**Notes to Schedule**

**Valuation Date: 10/1/18**

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

**Note 2: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for only the years for which information is available.**

**City of Rockledge, Florida**  
**Schedules of Defined Benefit Pension Plans**

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

Last Five Fiscal Years

Fire Employees

	2018	2017	2016	2015	2014
<b>Total pension liability</b>					
Service cost	\$ 282,331	\$ 274,692	\$ 246,725	\$ 250,317	\$ 229,390
Interest	1,157,646	1,133,189	1,079,211	1,057,332	1,033,194
Difference between expected and actual experience	(306,100)	(103,605)	(66,127)	(223,951)	(123,099)
Changes of assumptions	154,133	(59)	307,379	12,388	11,756
Benefit payments, including refunds of member contributions	(1,315,062)	(675,538)	(815,013)	(806,383)	(936,323)
Net change in total pension liability	(27,052)	628,679	752,175	289,703	214,918
Total pension liability - beginning	15,054,589	14,425,910	13,673,735	13,384,032	13,169,114
Total pension liability - ending (a)	\$ 15,027,537	\$ 15,054,589	\$ 14,425,910	\$ 13,673,735	\$ 13,384,032
Plan fiduciary net position					
Contribution - employer	\$ 479,284	\$ 434,969	\$ 390,264	\$ 362,979	\$ 381,796
Contribution - state	144,344	138,409	154,239	173,333	185,014
Contribution employee	116,807	105,910	104,923	100,309	98,920
Net investment income	1,086,798	1,267,422	884,745	23,097	824,985
Benefit payments, including refunds of member contributions	(1,315,062)	(675,538)	(815,013)	(806,383)	(936,323)
Administrative expense	(65,512)	(68,567)	(59,280)	(71,278)	(68,075)
Net change in plan fiduciary net position	446,659	1,202,605	659,878	(217,943)	486,317
Plan fiduciary net position - beginning	11,652,597	10,449,992	9,790,114	10,008,057	9,521,740
Plan fiduciary net position - ending (b)	\$ 12,099,256	\$ 11,652,597	\$ 10,449,992	\$ 9,790,114	\$ 10,008,057
Net pension liability - ending (a) - (b)	\$ 2,928,281	\$ 3,401,992	\$ 3,975,918	\$ 3,883,621	\$ 3,375,975
Plan fiduciary net position as a percentage of the total pension liability	80.51%	77.40%	72.44%	71.60%	74.78%
Covered payroll	\$ 1,668,674	\$ 1,513,002	\$ 1,554,319	\$ 1,366,711	\$ 1,424,542
Net pension liability as a percentage of covered payroll	175.49%	224.85%	255.80%	284.16%	236.99%

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

**City of Rockledge, Florida**  
**Schedules of Defined Benefit Pension Plans**

**SCHEDULE OF CONTRIBUTIONS**  
**Last Five Fiscal Years**  
**Fire Employees**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 479,284	\$ 434,969	\$ 390,264	\$ 362,979	\$ 381,796
Contributions in relation to the					
actuarially determined contributions	479,284	434,969	390,264	362,979	381,796
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	\$ 1,668,674	\$ 1,513,002	\$ 1,554,319	\$ 1,366,711	\$ 1,424,542
Contributions as a percentage of covered payroll	28.7%	28.7%	25.1%	26.6%	26.8%

**Notes to Schedule**

**Valuation Date: 10/1/18**

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

**Note 2: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for only the years for which information is available.**

**Plan Changes in Benefit Terms**

There have been no changes in benefits since the prior valuation of all three pension plans.

**Changes of Assumptions**

For the Police Employees', and Fire Employees' Plans: Mortality rates are based on those used for the special risk Florida Retirement System as of July 1, 2018. For the General Employees' Plan: Mortality rates are based on those used for the not special risk Florida Retirement System as of July 1, 2018. In the previous year, the Police and Fire Employees' Plans mortality rates were based on those used for the special risk Florida Retirement System as of July 1, 2016. For the General Employees' Plan, mortality rates were based on those used for the not special risk Florida Retirement System as of July 1, 2016.

For the General Employees' Plan, the payroll growth assumption uses level dollar amortization to amortize the Unfunded Accrued Liability. In the previous year, an assumption of 0.9% as a percent of pay was used.

For all three plans the interest rate assumption is now 7.8%. In the previous year, the interest rate was 7.9% for the General and Fire Employees' Plans and 8.0% for the Police Employees' Plan.

**City of Rockledge, Florida**  
**Schedules of Defined Benefit Pension Plans**

**Methods and Assumptions Used To Determine Contribution Rates**

	General Employees	Police Employees	Fire Employees
Actuarial cost method:	Entry Age	Entry Age	Entry Age
Amortization method:	Level dollar	Level dollar	Level dollar
Remaining amortization period:	25 Years (as of 10/1/2015)	25 Years (as of 10/1/2015)	25 Years (as of 10/1/2015)
Asset valuation method :	5 Year smoothed market	5 Year smoothed market	5 Year smoothed market
Inflation:	2.5%	2.5%	2.5%
Payroll increases :	6% per year	6% per year	6% per year
Salary increases :	6% per year	6% per year	6% per year
*Interest rate:	7.8%	7.8%	7.8%
Retirement age:	Age 65 and 10 years of service	Age 52 and 10 years of service	Age 52 and 25 years or age 55 and 10 years.
Early retirement:	Age 55 and 10 years reduced at 5/9% per month first 60 months and 5/18% thereafter.	Age 44 and 25 years or age 50 and 10 years reduced at 3/12% per month with a minimum of 50% for those with 25 years credited service.	Age 45 and 25 years or age 50 and 10 years reduced at 0.25% per month with a minimum of 50% for those with 25 years credited service.
Mortality:	7/01/18 FRS not special risk	7/01/18 FRS special risk	7/01/18 FRS special risk

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

**City of Rockledge, Florida**  
**Schedules of Defined Benefit Pension Plans**

**Money-weighted Rate of Return**

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

Annual money-weighted rate of  
return net of investment expense

**General Employees**

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
-------------	-------------	-------------	-------------	-------------

9.5%	12.4%	9.3%	-0.5%	9.4%
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**Police Employees**

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
-------------	-------------	-------------	-------------	-------------

9.6%	12.4%	9.2%	-0.6%	9.2%
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**Fire Employees**

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
-------------	-------------	-------------	-------------	-------------

9.2%	12.0%	9.0%	-0.9%	9.0%
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**Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for only the years for which information is available.**

**City of Rockledge, Florida**  
**Schedules of Other Postemployment Benefits**

<b>Year Ending September 30,</b>	<b>2018</b>
<b>Total OPEB liability</b>	
Service cost	\$ 44,639
Interest	30,469
Difference between expected and actual experience	(66,390)
Benefit payments	(60,258)
<b>Net change in total OPEB liability</b>	<b>(51,540)</b>
<b>Total OPEB liability - beginning</b>	<b>747,188</b>
<b>Total OPEB liability - ending</b>	<b>\$ 695,648</b>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 60,258
Contributions - employee	-
Net investment income	-
Benefit payments	(60,258)
Administrative expense	-
<b>Net change in plan fiduciary net position</b>	<b>-</b>
<b>Plan fiduciary net position - beginning</b>	<b>-</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ -</b>
<b>Net OPEB liability</b>	<b>\$ 695,648</b>
<b>Plan fiduciary net position as a percentage of total OPEB liability</b>	<b>0.00%</b>
<b>Covered payroll</b>	<b>\$ 9,183,489</b>
<b>Net OPEB liability as a percentage of covered payroll</b>	<b>7.57%</b>

\* GASB 75 requires an employer to disclose a 10-year history. However, until a full 10-year trend is compiled, information will be presented only for those years which information is available.

\* The following discount rate was used in each period:

9/30/2017 - 4.00%

9/30/2018 - 4.00%

**OTHER SUPPLEMENTARY INFORMATION**

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City of Rockledge, Florida

Combining Balance Sheet - Nonmajor Governmental Funds

<i>September 30, 2018</i>	Special Revenue Funds			Total Nonmajor Total Governmental
	Law Enforcement Education	Transportation Impact Fee	Taylor Park Trust	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 34,694	\$ 8,235	\$ 29,626	\$ 72,555
Total assets	\$ 34,694	\$ 8,235	\$ 29,626	\$ 72,555
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	\$ -	\$ -	\$ -	\$ -
<b>FUND BALANCES</b>				
Restricted	\$ 34,694	\$ 8,235	\$ 29,626	\$ 72,555
Total fund balances	\$ 34,694	\$ 8,235	\$ 29,626	\$ 72,555

**City of Rockledge, Florida**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**– Nonmajor Governmental Funds**

<i>Year Ended September 30, 2018</i>	Special Revenue Funds			Total Nonmajor Governmental Funds
	Law Enforcement Education	Transportation Impact Fee	Taylor Park Trust	
<b>Revenues</b>				
Fines and forfeitures	\$ 3,661	\$ -	\$ -	\$ 3,661
Interest and other	36	28	23	87
Miscellaneous revenue	-	-	9,446	9,446
Total revenues	3,697	28	9,469	13,194
<b>Expenditures</b>				
Current:				
Planning and development	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	3,697	28	9,469	13,194
<b>Other Financing Sources</b>				
Transfers in	-	-	-	-
Total Other Financing Sources	-	-	-	-
Fund balances, beginning of year	30,997	8,207	20,157	59,361
Fund balances, end of year	\$ 34,694	\$ 8,235	\$ 29,626	\$ 72,555

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

Honorable Mayor and Members of City Council  
City of Rockledge, 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 unit, each major fund, and the aggregate remaining fund information of the City of Rockledge, Florida, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Rockledge, Florida's basic financial statements, and have issued our report thereon dated April 23, 2019.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies (IC 2018-001 and IC 2018-002).

## **Compliance and Other Matters**

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

### **The City of Rockledge, Florida's Response to the Finding**

The City of Rockledge, Florida's response to the finding identified in our audit is described previously. The City of Rockledge, Florida'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.

### **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.

*Carly Riggs & Ingram, L.L.C.*

Melbourne, Florida  
April 23, 2019

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE.**

Honorable Mayor and Members of City Council  
City of Rockledge, Florida

**Report on Compliance for Each Major Federal Program**

We have audited the City of Rockledge, Florida's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Rockledge, Florida's major federal programs for the year ended September 30, 2018. The City of Rockledge, Florida's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with Federal Statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

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

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

## Opinion on Each Major Federal Program

In our opinion, the City of Rockledge, Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

## Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2018-003, which we consider to be a significant deficiency.

The City of Rockledge, Florida's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Rockledge, Florida's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*Carly Riggs & Ingram, L.L.C.*

Melbourne, Florida  
April 23, 2019

**City of Rockledge, Florida**  
**Schedule of Findings and Questioned Costs**  
**For the year ended September 30, 2018**

**Section I—Summary of Auditors’ Results**

*Financial Statements*

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(es) identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

*Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(es) identified?  yes  none reported

Type of auditors’ report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200 of the Compliance Supplement?  yes  no

Identification of major federal programs:

Federal CFDA Number	Federal Program or Cluster	Contract/Grant Number
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	DR4283 & Z0173

Dollar threshold used to distinguish between type A and B programs was \$750,000 for major federal programs.

Auditee qualified as a low-risk auditee for federal purposes?  yes  no

**City of Rockledge, Florida**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the year ended September 30, 2018**

**Section II—Financial Statement Findings**

IC 2018-001 REVENUE RECOGNITION

Condition: Business tax revenue was overstated and deferred revenue was understated due to an entry posted backwards.

Criteria: Manual journal entries should be posted in accordance with Generally Accepted Accounting Principles and should be reviewed by someone independent of the preparer.

Cause: A manual journal entry was posted erroneously and was not picked up during the final review of the trial balance.

Effect: Business tax revenue was overstated and deferred revenue was understated.

Recommendation: We recommend that management perform analytics on trial balance accounts at year-end to identify any unusual fluctuations from year to year.

Management Response: Management recognizes the importance of accurate journal entry posting. We acknowledge that this journal entry was entered backwards. All journal entries follow a review process that is required within the software of the City, including the journal entry that is mentioned. The City finance team continued to post journal entries throughout the audit to accrue end of year transactions, and this transaction occurred during that process. The City finance team made a corrective journal entry during the audit to ensure proper accounting of the transactions. Management will place into effect a process whereby the entire trial balance is reviewed and signed off periodically to ensure journal entries are posting in the correct amounts and in the correct direction.

IC 2018-002 INVENTORY

Condition: The City did not maintain support for several of their Public Works and Stormwater inventory purchases.

Criteria: Supporting documentation for the cost of inventory should be maintained for all inventory purchases.

Cause: The Public Works and Stormwater departments did not maintain supporting documentation for multiple inventory purchases.

Effect: Inventory balances could be inaccurate due to erroneous unit prices.

Recommendation: We recommend that management require all departments to maintain supporting documentation for all purchases and expenditures.

**City of Rockledge, Florida**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the year ended September 30, 2018**

Management Response: Management recognizes the importance of properly tracking inventory. During Fiscal Year 2018, management implemented a perpetual inventory system, and conducted physical counts of all inventory items for all departments within the City of Rockledge. Previous procedures included marking the value of each inventory item on the individual item at time of purchase, which identified the inventory item's value. However, records of purchase were handled through a separate paper-based process, wherein paper invoices were retained for the proper time-frame, but not indefinitely. Due to the age of some inventory items, the supporting records of purchases were no longer on hand. Secondary verification of the reasonableness of inventory prices were obtained and provided to the auditors. Management believes that the perpetual inventory system in place prior to year-end will naturally relieve this issue as older inventory are cycled out and newer purchases replace the existing inventory.

**Section III–Federal Award Findings and Questioned Costs**

IC 2018-003 REVIEW OF GRANT REPORTS  
CFDA 97.036 Disaster Grants – Public Assistance DR4283 & Z0173  
United States Department of Homeland Security  
*Passed through the Florida Division of Emergency Management*  
2018 Funding

Criteria: Applications and reports should be subject to independent review to verify completeness, validity, and timely submission. 2 CFR 200.303 requires non-Federal entities to establish and maintain effective internal controls.

Condition: The Assistant City Manager submits FEMA applications and required quarterly reporting using FEMA provided worksheets/portal and the Florida Division of Emergency Management (FDEM) Floridapa.org reporting functions. Public Works staff prepare the data related to public work reporting. The Assistant City Manager reviews this data and submits as part of FEMA applications and quarterly reporting. Public Safety and Wastewater related data is collected and reported by the Assistant City Manager. There is no independent review for these submissions.

Cause: Applications and reported are submitted via real-time online interface. The Assistant City Manager is the primary staff member involved in FEMA/FDEM grant administration. FEMA representative review application submissions; however, there should be a review done the City personnel prior to submission.

Effect: Applications and reports may contain errors or not be submitted in a timely fashion.

Perspective: Systemic to FEMA award administration. None of the FDEM reports were subject to independent review.

Questioned Costs: None.

Recommendation: Applications and reports should be prepared and submitted by different staff members.

**City of Rockledge, Florida**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the year ended September 30, 2018**

Management Response: Management recognizes the importance of levels of review in the collection, aggregation, and recording of data related to all transactions of the City of Rockledge. During the aftermath of Hurricane Irma, the city's various departments worked to ensure proper collection and recording of transactional data involving all costs associated with damages from the declared disaster. As necessitated by their operations, each department works to comply within their varied regulatory constraints and within their staffing abilities. This results in transactional reporting that, while accurate, varies in reporting format and presentation when submitted to the Finance Division. The Finance Division reviews all data, and, if necessary, transcribes or otherwise transfers the data to forms required by the funding agencies, in this case, FEMA. The city understands that this transcription may result in the need for a secondary review, and will work to implement a secondary review process after all data is transcribed into its final format for submission to FEMA, or to other agencies for grant obligation and reimbursement requests.

**Section IV- Prior Findings and Questioned Costs for Federal Awards**

No matters were reported.

**City of Rockledge, Florida**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended September 30, 2018**

Federal Agency Pass-through Grantor Program Title	CFDA Number	Contract/ Grant Number	Expenditures	Payments to Subrecipients
<b>FEDERAL AWARDS:</b>				
<b><u>Department of Justice</u></b>				
Direct Program:				
Public Safety Partnership and Community Policing Grants	16.710		\$ 88,519	\$ -
Total Department of Justice			88,519	-
<b><u>Department of Homeland Security</u></b>				
Passed through Florida Division of Emergency Management				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR4283 & Z0173	731,945	-
Total Department of Homeland Security			731,945	-
<b>Total Expenditures of Federal Awards</b>			\$ 820,464	\$ -

**Note A - Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal spending of City of Rockledge, Florida (the "City") and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not represent the financial position of the City.

**Note B - Sub-recipients**

During the year ended September 30, 2018 the City of Rockledge, Florida had no sub-recipients.

**Note C - Indirect Cost Rate**

The Uniform Guidance allows an organization to elect a 10% de minimums indirect cost rate. For the year ended September 30, 2018, the City of Rockledge, Florida did not elect to use this rate.

**Note D - Noncash Assistance and Other**

The City of Rockledge, Florida did not receive any noncash assistance, federal loans, or federally funded insurance during the year ended September 30, 2018.

**Note E - Contingencies**

Grant monies received and disbursed by the City of Rockledge, Florida are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon experience, the City of Rockledge does not believe that such disallowance, if any, would have a material effect on the financial position of the City of Rockledge, Florida.



**City of Rockledge, Florida**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended September 30, 2018**

**Note F – Federal Pass-through Funds**

The City of Rockledge, Florida is also the sub-recipient of federal funds that have been subjected to testing and are reported as expenditures and listed as federal pass-through funds. Federal awards other than those indicated as pass-through are considered to be direct.



# CITY OF ROCKLEDGE

## CITY HALL

1600 HUNTINGTON LANE  
ROCKLEDGE, FL 32955  
TELEPHONE: 321-221-7540  
FAX: 321-204-6356

## BUILDING DIVISION

1600 HUNTINGTON LANE  
ROCKLEDGE, FL 32955  
TELEPHONE: 321-221-7540  
FAX: 321-204-6356

## FIRE & EMERGENCY SERVICES DEPT.

1800 ROCKLEDGE BLVD.  
ROCKLEDGE, FL 32955  
TELEPHONE: 321-221-7540  
FAX: 321-204-6386

## POLICE DEPT.

1776 JACK OATES BLVD.  
ROCKLEDGE, FL 32955  
TELEPHONE: 321-690-3988  
FAX: 321-690-3996

## PUBLIC WORKS DEPT.

1400 N. GARDEN ROAD  
ROCKLEDGE, FL 32955  
TELEPHONE: 321-221-7540  
FAX: 321-204-6353

## WASTEWATER TREATMENT & WATER RECLAMATION DEPT.

1700 JACK OATES BLVD.  
ROCKLEDGE, FL 32955  
TELEPHONE: 321-221-7540  
FAX: 321-204-6377

## REDEVELOPMENT & RENTAL FACILITIES

123 BARTON BLVD. - #103  
ROCKLEDGE, FL 32955  
TELEPHONE: 321-221-7540  
FAX: 321-204-6385

[www.cityofrockledge.org](http://www.cityofrockledge.org)

April 23, 2019

The Honorable Mayor,  
Members of City Council,  
and Citizens of the City of Rockledge:

The Corrective Action Plan to address each audit finding included in the current auditor's reports, and including an explanation of management's response to the causes and results of each finding is hereby submitted. In all cases, the individual responsible for the corrective action will be the Assistant City Manager, Matthew Trine. Additionally, in all cases, corrective action has already taken place, but in no case will the completion of corrective action take longer than September 30, 2019.

IC 2018-001

Management recognizes the importance of accurate journal entry posting. We acknowledge that this journal entry was entered backwards. All journal entries follow a review process that is required within the software of the City, including the journal entry that is mentioned. The City finance team continued to post journal entries throughout the audit to accrue end of year transactions, and this transaction occurred during that process. The City finance team made a corrective journal entry during the audit to ensure proper accounting of the transactions. Management will place into effect a process whereby the entire trial balance is reviewed and signed off periodically to ensure journal entries are posting in the correct amounts and in the correct direction.

IC 2018-002

Management recognizes the importance of properly tracking inventory. During Fiscal Year 2018, management implemented a perpetual inventory system, and conducted physical counts of all inventory items for all departments within the City of Rockledge. Previous procedures included marking the value of each inventory item on the individual item at time of purchase, which identified the inventory item's value. However, records of purchase were handled through a separate paper-based process, wherein paper invoices were retained for the proper time-frame, but not indefinitely. Due to the age of some inventory items, the supporting records of purchases were no longer on hand. Secondary verification of the reasonableness of inventory prices were obtained and provided to the auditors. Management believes that the perpetual inventory system in place prior to year-end will naturally relieve this issue as older inventory are cycled out and newer purchases replace the existing inventory.

IC 2018-003

Management recognizes the importance of levels of review in the collection, aggregation, and recording of data related to all transactions of the City of Rockledge. During the aftermath of Hurricane Irma, the city's various departments worked to ensure proper collection and recording of transactional data involving all costs associated with damages from the declared disaster. As necessitated by their operations, each department works to comply within their varied regulatory constraints and within their staffing abilities. This results in transactional reporting that, while accurate, varies in reporting format and presentation when submitted to the Finance Division. The Finance Division reviews all data, and, if necessary, transcribes or otherwise transfers the data to forms required by the funding agencies, in this case, FEMA. The city understands that this transcription may result in the need for a secondary review, and will work to implement a secondary review process after all data is transcribed into its final format for submission to FEMA, or to other agencies for grant obligation and reimbursement requests.

CITY OF ROCKLEDGE, FLORIDA

*Brenda Fettrow*

Dr. Brenda Fettrow, City Manager

*Matthew D. Trine*

Matthew D. Trine, Assistant City Manager

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## INDEPENDENT AUDITORS' MANAGEMENT LETTER

Honorable Mayor and Members of City Council  
City of Rockledge, Florida

### Report on the Financial Statements

We have audited the financial statements of the City of Rockledge, Florida (the "City"), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated <DATE>.

### Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

### Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, 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 April 23, 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 audit report. Corrective actions have been taken to address the findings and recommendations made in the preceding annual financial audit report, as noted below:

Prior Year Findings and Management Letter Comments:

IC 2017-001 Review of Year-End Adjustments	Cleared
ML 2017-002 Inventory Valuation	Cleared
ML 2017-003 Accrued Claims Liability	Cleared
ML 2017-004 State Law Enforcement Trust Fund Expenditures	Cleared

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

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

### **Financial Condition and Management**

Section 10.554(l)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City of Rockledge, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City of Rockledge, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

### **Additional Matters**

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

### **Purpose of this Letter**

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

*Cary Riggs & Ingram, L.L.C.*

Melbourne, Florida

April 23, 2019



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

## **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES**

To the Honorable Mayor and Members of City Council  
City of Rockledge, Florida

We have examined City of Rockledge, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018. Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements 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, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence 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 requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018.

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

*Carr, Riggs & Ingram, L.L.C.*

Melbourne, Florida  
April 23, 2019