



West Melbourne

F L O R I D A

FINANCIAL REPORT

**WITH
REPORT ON COMPLIANCE MATTERS**

FISCAL YEAR ENDED SEPTEMBER 30, 2023

**CITY OF
WEST MELBOURNE, FLORIDA**

CITY OF WEST MELBOURNE

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE
FISCAL YEAR ENDED
SEPTEMBER 30, 2023



West Melbourne

F L O R I D A

Prepared by:
THE FINANCE DEPARTMENT

INDEPENDENT AUDITOR’S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Melbourne, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of West Melbourne, Florida’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Melbourne, Florida, as of September 30, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of West Melbourne, Florida and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 1 to the financial statements, in fiscal year 2023, the City adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of West Melbourne, Florida's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of West Melbourne, Florida's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of West Melbourne, Florida's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on (pages 17 to 27), pension and other postemployment benefits supplementary information on (pages 100 to 114) and budgetary comparison information for the general fund and major special revenue funds on (pages 115 to 119) 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Melbourne, Florida's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2024, on our consideration of the City of West Melbourne, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 West Melbourne, Florida'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 West Melbourne, Florida's internal control over financial reporting and compliance.

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

Melbourne, Florida
February 29, 2024

Police
Officers'
Pension Trust
Fund

September 30, 2023

ASSETS

Investments at fair value:

Money market mutual funds	\$ 302,387
Fixed income mutual funds	778,833
Mutual funds - US stock	11,162,018
Mutual funds - International stock	1,346,545
U.S. government obligations	1,392,043
Mortgage-asset backed securities	2,227,999
Corporate bonds	258,591
Real estate funds	1,783,467
Contribution receivable	15,791
Interest receivable	20,263
Total assets	19,287,937

LIABILITIES

Accounts payable	14,071
Total liabilities	14,071

FIDUCIARY NET POSITION

Restricted for pension benefits	\$ 19,273,866
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Police
Officers'
Pension Trust
Fund

For the year ended September 30, 2023

ADDITIONS

Contributions:	
City	\$ 374,213
Employees	229,886
State	252,691
Total contributions	856,790
Investment income:	
Net appreciation in the fair value of investments	686,217
Interest, dividends and other income	975,155
Total investment gains	1,661,372
Less investment-related expense	(85,815)
Net investment gains	1,575,557
Total additions	2,432,347

DEDUCTIONS

Benefit payments	1,164,115
Administrative expenses	57,272
Total deductions	1,221,387
Change in net position	1,210,960
Fiduciary net position, beginning of year	18,062,906
Fiduciary net position, end of year	\$ 19,273,866

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Police Officers' Pension Plan

The City maintains and administers a separate single-employer pension plan for all eligible police officers, which assets are included in the Police Officers' Retirement Trust Fund (the "Police Officers' Pension Plan" or the "Plan"). The plan does not issue stand-alone financial reports and is not included in any other retirement system's or entity's financial report.

Plan description. The City of West Melbourne Police Officers' Retirement Plan (the "Plan") is a single-employer defined benefit pension plan. The Plan is administered by a five-member Board of Trustees (two West Melbourne citizens appointed by the City Council, two plan participants selected by the plan membership, and a fifth board member selected by the other four board members and confirmed by the City Council as a ministerial action).

The Plan does not issue a stand-alone financial report. The Plan's financial statements as of September 30 are included in the City's Annual Comprehensive Financial Report. Pension plan data is provided from the respective actuarial reports as of September 30, 2023.

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

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

Description of benefits. Benefits under the Plan are established in accordance with requirements of City Ordinance and Florida Statutes Chapter 185. Benefit provisions may be amended by the City Council but may not be reduced below the minimum specified by statute.

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

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Police Officers' Pension Plan (Continued)

Service incurred disability benefits are available to employees with no vesting period and provide monthly income (as defined by the plan payable until death or recovery). Non-service incurred disability benefits (available to employees with ten years of plan participation) provide monthly income (as defined by the Plan) payable until death or recovery. In the event of post-retirement death, benefits are payable to the beneficiary in accordance with the option selected at retirement.

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

Contribution requirements and funding policy. The employer, employee and State contribution requirements are actuarially determined on an annual basis. Most administrative costs of the Plan are financed through investment earnings of the Plan. Plan members hired on or after January 1, 2011 are required to contribute 8.44% of pensionable pay and Plan members hired before January 1, 2011 are required to contribute 8.54% of pensionable pay. The City recognized as revenues and expenditures on-behalf payments relating to contributions for its public safety employees that the State paid to the Plan in the amount of \$252,691. These contributions are funded by an excise tax levied on certain casualty and property insurance premiums. If the remittance from the State is less than estimated by the actuary, the City pays the balance required to fund the total actuarial requirement.

The City's contributions to the Plan for the year ended September 30, 2023 totaled \$626,904, which includes the amount contributed by the State. Plan members contributed \$229,886 for the same fiscal year.

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

Plan membership as of October 1, 2022:

Inactive plan members or beneficiaries currently receiving benefits	20
Inactive plan members entitled to but not yet receiving benefits	10
Active plan members	40
Total plan members	70

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

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Police Officers' Pension Plan (Continued)

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

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

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

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

Pre-Retirement death benefits. Eligibility for pre-retirement death benefits vests after 10 years of credited service. The benefit is paid as 50% of what the member has accrued prior to death and 50% as a joint and survivor annuity form of benefit.

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

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

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Police Officers' Pension Plan (Continued)

Share Plan. Effective September 30, 2017, the individual share account of each active member who has accrued at least one complete year of credited service under the plan and who is not participating in the DROP will receive a one-time allocation equal to \$1,200 plus \$400 for each additional complete year of service in excess of one year, subject to a maximum allocation of \$5,200. This is funded by the existing Excess State Monies Reserve with any remaining amounts applied to reduce the UAAL as of September 30, 2017. Effective September 30, 2017 and each September 30 thereafter, the sum of \$600 plus three percent interest shall be allocated to the individual share account of each member hired on or after January 1, 2011 who has at least one year of credited service. The annual allocations will be funded solely by the annual state monies received with any remaining amounts applied to reduce the City's annual contribution requirement. At September 30, 2023, \$194,163 of state funds was allocated to the share plan.

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

Investment policy. The following was the Board's adopted asset allocation policy as of September 30, 2023:

Asset Class:	Target Allocation
Domestic equity	42.5%
International equity	15.0%
Global tactical asset allocation funds	2.5%
Broad market fixed income	22.5%
Global fixed income	7.5%
Real estate	10.0%
Total	100.0%

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

Rate of return. For the year ended September 30, 2023, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 8.80%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Police Officers' Pension Plan (Continued)

Deferred Retirement Option Program (DROP).

<u>Eligibility:</u>	Members who are eligible for Normal Retirement.
<u>Participation:</u>	Earlier of (a) 60 months in the DROP program, or (b) 31 years of employment with the City as a Police Officer.
<u>Rate of Return:</u>	6.5% per annum, compounded monthly and credited quarterly for those who entered DROP prior to February 19, 2013. 2.0% per annum for those who enter on or after February 19, 2013.

The DROP balance on September 30, 2023 was \$0.

Net pension liability (asset) of the sponsor. The components of the net pension liability (asset) of the sponsor on September 30, 2023 were as follows:

Total pension liability	\$ 21,362,272
Plan fiduciary net position	(19,273,866)
Sponsor's net pension liability (asset)	\$ 2,088,406
<hr/>	
Plan fiduciary net position as a percentage of total pension liability (asset)	90.22%

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2022 updated to September 30, 2023 using the following actuarial assumptions applied to the September 30, 2023 measurement period:

Inflation	2.50%
Salary increases	Service based
Discount rate	6.45%
Investment rate of return	6.45%

Mortality assumptions were based on the PubS.H-2010 (Below Median) for employees set forward one year for both females and males with healthy active lives and PubS.H-2010 for healthy retirees, set forward one year, both males and females. For beneficiary lives, the mortality rates were based on PubG.H-2010 (Below Median) for healthy retirees for females and PubG.H-2010 for healthy retirees, set back one year for males. For disabled members, the mortality rates were based on 80% PubG.H-2010 for disabled retirees / 20% PubS.H-2010 for disabled retirees. All rates are projected generationally with Mortality Improvement Scale MP-2018.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Police Officers' Pension Plan (Continued)

Plan changes. For the measurement period ended September 30, 2023, and since the prior valuation, there were no changes in plan provisions.

Actuarial assumption changes. For the measurement date ended September 30, 2023 as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality reflect the rates used in the Milliman's July 1, 2021 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics. Additionally, the investment return assumption decreased from 6.65% to 6.45%, net of investment related expenses.

Discount rate. The discount rate used to measure the total pension liability was 6.45%.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023 are summarized in the following table:

Asset Class:	Long Term Expected Real Rate of Return
Domestic equity	7.50%
International equity	8.50%
Broad market fixed income	2.50%
Global fixed income	3.50%
Global tactical asset allocation funds	3.50%
Real estate	4.50%

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Police Officers' Pension Plan (Continued)

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

	1% Decrease (5.45%)	Current Discount Rate (6.45%)	1% Increase (7.45%)
Sponsor's net pension liability (asset)	\$ 5,197,083	\$ 2,088,406	\$ (440,534)

Net pension liability and changes in the net pension liability. The net pension liability for the Plan was measured as of September 30, 2023 and the total pension liability used to calculate the net pension liability was also determined as of that date.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Reporting period ending September 30, 2022	\$ 20,455,845	\$ 18,062,906	\$ 2,392,939
Changes for the year:			
Service cost	605,763	-	605,763
Interest	1,361,890	-	1,361,890
Share plan allocation	18,300	-	18,300
Differences between expected and actual experience	(462,823)	-	(462,823)
Changes of assumptions	547,412	-	547,412
Changes of benefit terms	-	-	-
Contributions - employer	-	374,213	(374,213)
Contributions - state	-	252,691	(252,691)
Contributions - employee	-	229,886	(229,886)
Net investment income	-	1,575,557	(1,575,557)
Benefit payments, including refunds of employee contributions	(1,164,115)	(1,164,115)	-
Administrative expense	-	(57,272)	57,272
Net changes	906,427	1,210,960	(304,533)
Reporting period ending September 30, 2023	\$ 21,362,272	\$ 19,273,866	\$ 2,088,406

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Police Officers' Pension Plan (Continued)

Pension expense and deferred outflows and deferred inflows of resources related to pensions. For the year ended September 30, 2023, the City recognized pension expense of \$158,897 for the Police Officers' Pension Plan. At September 30, 2023, the City reported deferred outflows and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 170,851	\$ 488,096
Changes of assumptions	622,260	-
Net differences between projected and actual earnings on pension plan investments	2,496,797	1,270,911
Total	\$ 3,289,908	\$ 1,759,007

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

Year ending September 30:

2024	\$ 303,853
2025	460,655
2026	832,453
2027	(66,060)
Thereafter	-
Total	\$ 1,530,901

The Plans' fiduciary net position has been determined on the same basis used by the pension plans and is equal to the fair value of assets calculated under the accrual basis of accounting.

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

Fiduciary fund financial statements. The City does not issue separate financial statements for the Police Officers' Pension Trust Fund. The basic financial statements of the City include a statement of fiduciary net position and a statement of changes in fiduciary net position for the pension trust fund.

Payable to the pension plan. As of September 30, 2023, the City had a payable to the police pension plan of \$15,790.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

J. Pension Expense Summary

The total of the City's pension expense for the fiscal year ended September 30, 2023 is as follows:

Plan Description	Pension Expense
Defined contribution plan:	
General Employees' plan - ICMA	\$ 9,188
Defined benefit plans:	
Florida Retirement System/HIS	1,733,617
Police Officers' Pension Plan	1,262,567
Total pension expense	\$ 3,005,372

Pension liabilities are liquidated by the respective funds that are obligated for the related costs. For governmental activities, pension liabilities are generally liquidated by the general fund.

K. Post-Employment Benefits Other than Pensions (OPEB)

The City follows Section P52: *Postemployment Benefits Other Than Pensions – Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria* of the GASB Codification for certain post-employment health care benefits provided by the City.

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

Funding policy. Contribution rates for the insurance are established on an annual basis. Eligible retirees and their covered dependents receiving benefits contribute 100% of their premium costs for medical insurance. While the City does not directly contribute toward the costs of retiree premiums via an explicit subsidy, the ability of retirees to obtain health insurance coverage at a group rate which includes active employees constitutes a significant economic benefit to retirees, or an OPEB obligation of the City. The City is currently funding this OPEB obligation (estimated implied subsidy) on a pay-as-you-go basis, contributing only those amounts necessary to provide for its portion of current year benefit costs and expenses. OPEB liabilities are liquidated by the respective funds that are obligated for the related costs. For governmental activities, OPEB liabilities are generally liquidated by the general fund. The current year contribution represents an estimate of this implied subsidy.

As of September 30, 2023, no trust has been established for the other post-employment benefits.