

# **CITY OF TITUSVILLE, FLORIDA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



FISCAL YEAR ENDED SEPTEMBER 30, 2016

*TITUSVILLE "Gateway to Nature and Space"*



# CITY OF TITUSVILLE, FLORIDA



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended September 30, 2016

*Prepared by: The Finance Department*



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Introduction Section	
Letter of Transmittal	1-4
Certificate of Achievement for Excellence in Financial Reporting	5
Organization Chart	6
Principal Officials	7
Financial Section	
Report of Independent Auditor	9-11
Management's discussion and analysis	12-26
Basic financial statements:	
Government-wide financial statements:	
Statement of net position	28-29
Statement of activities	30
Fund financial statements:	
Governmental funds:	
Balance sheet	32
Reconciliation of the balance sheet governmental funds to the statement of net position	33
Statement of revenues, expenditures and changes in fund balances	34
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	35
Proprietary funds:	
Statement of net position	36-37
Statement of revenues, expenses, and changes in net position	38
Statement of cash flows	40-41
Fiduciary funds:	
Statement of fiduciary net position	42
Statement of changes in fiduciary net position	43
Notes to financial statements	44-102
Required Supplementary Information	
Schedules for OPEB	103
Schedules & Notes for General Employee Pensions	104-106
Schedules & Notes for Police and Fire Pensions	107-109
Schedule of revenues, expenditures and changes in fund balances - budget and actual - general fund	110
Schedule of revenues, expenditures and changes in fund balances - budget and actual - downtown community redevelopment agency	111
Schedule of revenues, expenditures and changes in fund balances - budget and actual - roads and streets	112
Notes to required supplementary information	113
Supplementary information	
Nonmajor Governmental Funds Note	115
Combining balance sheet - all nonmajor governmental funds	116-117

## Financial Section (Continued)

Combining statement of revenues, expenditures and changes in fund balances - all nonmajor governmental funds	118-119
Schedule of revenues, expenditures, and changes in fund balances - budget and actual - annually-budgeted nonmajor special revenue funds	120-125
Schedule of revenues, expenditures, and changes in fund balances - budget and actual - annually-budgeted nonmajor debt service fund	126-128
Schedule of revenues, expenditures, and changes in fund balances - budget and actual - annually-budgeted nonmajor capital project funds	129-130
Internal Service Funds:	
Internal Service Funds Note	131
Combining statement of net position	132-133
Combining statement of revenues, expenses and changes in fund net position	134-135
Combining statement of cash flows	136-137
Fiduciary Funds - Trust and Agency Funds:	
Other Supplemental Information	138
Combining statement of fiduciary net position	139
Combining statement of changes in fiduciary net position	140
Statement of changes in assets and liabilities - agency funds	141
Capital Assets - Used in the Operations of Governmental Funds:	
Other Supplemental Schedules	142
Schedule by source	143
Schedule by function and activity	144
Schedule of changes by function and activity	145

---

## Statistical Section

---

Statistical Contents	147
Government-wide information:	
Schedule 1 - Net position by component - last ten fiscal years	149
Schedule 2 - Changes in net position - last ten fiscal years	150-151
Fund information:	
Schedule 3 - Fund balances of governmental funds - last ten fiscal years	152
Schedule 4 - Changes in fund balances of governmental funds - last ten fiscal years	153
Schedule 5 - Tax revenues by source of governmental funds - last ten fiscal years	154
Schedule 6 - Assessed value and actual value of taxable property - last ten fiscal years	155
Schedule 7 - Property tax rates-direct and overlapping governments - last ten fiscal years	156
Schedule 8 - Principal taxpayers - current year and ten years ago	157
Schedule 9 - Property tax levies and collections - last ten fiscal years	158
Schedule 10 - Ratios of outstanding debt by type - last ten fiscal years	159
Schedule 11 - Ratios of general bonded debt outstanding - last ten fiscal years	160
Schedule 12 - Direct and overlapping debt for the fiscal year ended September 30	161
Schedule 13 - Legal debt margin information - last ten fiscal years	162- 163

---

Statistical Section (Continued)

Schedule 14 - Pledged-revenue coverage - last ten fiscal years	164
Schedule 15 - Demographic and economic statistics - last ten fiscal years	165
Schedule 16 - Principal employers - current year and ten years ago	166
Schedule 17 - Full-time equivalent city government employees by function/program-last ten fiscal years	167
Schedule 18 - Operating indicators by function/program-last ten fiscal years	168-169
Schedule 19 - Capital assets statistics by function/program-last ten fiscal years	170

Secondary market disclosures:

Schedule 20 - System growth for the fiscal year ended September 30	171
Schedule 21 - Significant customers for the fiscal year ended September 30	172
Schedule 22 - Secondary Market sufficiency analysis with computation of debt service coverage	173
Schedule 23 - Current water and sewer system rates and charges	174

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Compliance Section

---

Schedule of Expenditures of Federal Awards and State Financial Assistance	176
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	177

---

Reports

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Report of Independent Auditor on Compliance for Compliance for Each Major Federal Program and State Financial Assistance Project and on Internal Control Over Compliance Requirement by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General	178-180
Schedule of Findings and Questioned Costs	182-183
Schedule of Prior Audit Finding and Corrective Action Plan	184
Independent Auditor's Management Letter	186-187
Appendix A - Current Year Recommendations to Improve Financial Management, Accounting Procedures and Internal Controls	188
Report of Independent Accountant on Compliance with Local Government Investment Policies	189
Report of Independent Auditor on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	191-192



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March 28, 2017

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

It is with great pleasure that we present to you the City of Titusville Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2016 as required by City Charter and Florida Statutes.

Management is responsible for the completeness and reliability of all the information presented in this report, based upon a comprehensive framework of internal control established for this purpose. The objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Cherry Bekaert LLP, a firm of licensed certified public accountants, has issued an unmodified (“clean”) opinion on the City of Titusville’s financial statements for the fiscal year ended September 30, 2016. The independent auditor’s report is located at the front of the financial section of this report.

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

## ***Profile of the Government***

The City of Titusville was founded in 1867 and incorporated on July 13, 1887 as a political subdivision of the State of Florida and a municipal corporation with a five-member Council, including a Mayor and Vice-Mayor. It is located on the east coast of Florida, approximately 40 miles east of Orlando bordering the John F. Kennedy Space Center along the Indian River Lagoon in Brevard County, Florida. The City of Titusville currently occupies 30.49 square miles and serves an estimated population of 45,400 citizens. The City of Titusville is empowered to levy a property tax on real property located within its boundaries. It is empowered by state statute to extend its corporate limits by annexation, which occurs when deemed appropriate by the City Council.

Titusville voters elect five Council members for four-year terms on a staggered-term basis. The Mayor is a member of the City Council and is elected in the same manner as other Council members. Council members run for office in non-partisan elections. Titusville has “at-large” elections; that is all City voters have the opportunity to vote for the candidate of their choice to fill each vacancy and to represent the City as a whole.

The Council, as the legislative body, determines all municipal policies which are not set forth in the City Charter or by State legislation, adopts ordinances and resolutions, votes appropriations, approves the budget and determines the tax rate. The Council also appoints interested citizens to serve on various City advisory boards and commissions.



The City Manager is appointed by the City Council. The duties of the City Manager, broadly stated, include:

- assure all laws and ordinances are enforced
- appoint and remove department heads and employees on the basis of merit
- lead and exercise management control over all departments
- advise City Council of the financial condition of the City Government
- prepare and submit reports which may be deemed advisable or required by the Council
- inform the public regarding City Government operations

The City of Titusville provides a full range of services, including law enforcement; fire and emergency services; streets and traffic maintenance; neighborhood and social services; water, sewer, and solid waste operations; stormwater management; community development; building and planning and zoning; marina; economic development; emergency management; and general and administrative functions. The City of Titusville is financially responsible for the Downtown Titusville Community Redevelopment Agency and collaborates with Brevard County in funding the North Brevard Economic Development Zone.

The Council is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City of Titusville's financial planning and control. The budget is prepared by fund and by department. The City Manager may make transfers within a department within the same fund. Any other budget transfers or amendments require approval by City Council, which are submitted throughout the fiscal year by departments through the City Manager.

### **Local Economy**

The region has a diverse economic base that includes eco and birding tourism, higher education, aerospace, health care, retirement living, retail trade, commercial and recreational sport fishing and boating, a national wildlife refuge, and a national seashore. Major industries located within the City's boundaries or in close proximity include the Kennedy Space Center, satellite processing facilities, police hall of fame, wireless communications services, weapons manufacturing, space experiment research and processing laboratory, helicopter flight training, central Florida tourist attractions, and a Spaceport Commerce Park. Titusville, as the County Seat of Brevard County, is a strong force in the north end of the County which stretches almost 73 miles and is considered a key component of the Central Florida/Orlando metropolitan area.

The local economy continues to benefit from steady economic growth as the community continues its transformation to commercial space. The City staff and elected officials have worked with multiple partners to secure new companies in our growing business community. Companies such as Embraer Aero Seating Technologies, Paragon Plastics, Lockheed Martin, Blue Origin, OneWeb Satellites, Port Canaveral Logistics Center, Brix Project Brewery, RUAG Space USA, and Titus Landing Retail Mall have decided to invest over seven million dollars in capital which is projected to generate over two thousand new jobs over next several years. Additionally, construction is well under way on the Rails to Trails Coast to Coast connector project that when complete will bring new recreation opportunities and increased tourism to our community.

While the state of Florida is trending closer to the national average in economic growth, economic forecast for the Palm Bay – Melbourne – Titusville Metropolitan Statistical Area (MSA) also known as "Florida's Space Coast" expects to see rapid growth with variations in the economic indicators relative to other Florida MSAs. Personal income growth expects to average 4.8 percent each year. Real per capita income growth expects to be 3.7 percent. Population growth expects to be an average of 1.3 percent, and the employment growth forecasts to average 1.3 percent each year. The MSA will see an average unemployment rate of 5.1 percent.

Over the past year, the City continues to realize steady progress through economic development, expansion and revitalization.

Some highlights of these endeavors include:

- Decreased unemployment rate
- Increased property values
- Attracted new and diverse business enterprises
- Growth in residential sector
- Increased collaboration with other local government economic development agencies

### **Long-term Financial Planning**

The City's strategic plan and the departmental balanced scorecards are the cornerstones for its long-term financial planning and budgeting. In FY 2016, the City Council completed its annual operating budget cycle. The governing budget supports the City's five-year capital improvement plan and the State's comprehensive plan concurrency elements for FY 2016. The General Fund operating budget adopted in September 2015 at a millage tax rate of \$7.9011, which is an increase of 6.24% above the rollback rate. The City uses a blended budget approach to reduce the reliance on property tax revenues and continues to initiate alternative revenue sources.

As part of the City's efforts to "maintain financial sustainability," the City continues to seek new ways to contain costs, improve efficiencies, and improve service by creating a culture of continuous improvement. While healthcare costs continue to increase, the City continues to maintain costs at levels below the national average and works towards the stabilization of such costs. Additionally, the City maintains its General Fund operating reserve balance, which supports sixty days of operations, and both pension plans maintain a healthy funded ratio of eighty-six percent.

The largest enterprise activity, the water and sewer utility, continues to support its operating and capital improvement plan with rate structure changes to ensure operating stability and a fully funded capital plan. The City secured its future water supply anticipated requirements through the completion of Area Four Well Field which has the capacity of producing 2.75 million gallons of water per day. The City adopted a five-year capital improvement plan that identifies future funding needs to maintain, repair and upgrade capital assets and infrastructure including road resurfacing, water line upgrades within funding constraints aligned with the approved comprehensive plan concurrency elements. The City recognizes that with the population growth variation, residential and commercial development, changes in assessed values and increased cost of operations a clearer vision was important to the proper allocation of financial resources based on both legal debt capacity and reasonable amount of debt the City can afford to fund capital projects.

### **Relevant Financial Policies**

The City's revenue policies establish the use of one-time revenue sources for non-recurring appropriations and prioritize the use of restricted funding sources. Coupled with this is the City's budgetary focus to have all its enterprise and internal service fund activities be self-supporting.

The City's risk management program administers certain worker's compensation and property/casualty self-insured claims. The estimated amount of the claim reserves is fully funded by the program participants and recorded as liabilities of the respective internal service funds and is determined through a formal actuarial study of the City's self-insured property, worker's compensation and casualty programs.

### **Major Initiatives**

Furthering the City's continuous improvement journey requires measureable goals. In Fiscal Year 2016, the City Council identified measureable goals promoting economic development and quality of life as well as maintaining financial sustainability and efficient/effective municipal services.

Some notable strategic accomplishments under these initiatives include:

- Improved public information via the website, publications and videos
- Maintained emergency response times at levels below the national average
- Completed just over nine miles of road resurfacing
- Reduced delinquency rates for water bills
- Retired Multi-Purpose Revenue Bonds
- Furthered citywide continuous improvement initiatives completing seven projects which saves money, improves efficiencies, and improves customer service

### **Awards and Acknowledgements**

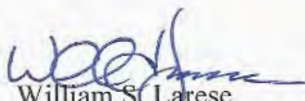
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Titusville for its comprehensive annual financial report (CAFR) for the year ended September 30, 2015. This was the thirty-third consecutive year that the City of Titusville has received this prestigious award. This report must satisfy both generally accepted accounting principles and applicable legal requirements.


A Certificate of Achievement is valid for a period of one year. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we have submitted it to the GFOA to determine its eligibility for another certificate.

We want to express our appreciation to our External Auditor, Cherry Bekaert, LLP, and all City Team members who assisted in preparing this very detailed quality report.

In closing, we want to thank the Mayor and City Council for their leadership, unyielding support and steadfast commitment to maintaining the financial integrity of the City.

Respectfully submitted,

  
William S. Larese  
City Manager

  
Bridgette Clements  
Director of Finance





Government Finance Officers Association

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

Presented to

**City of Titusville  
Florida**

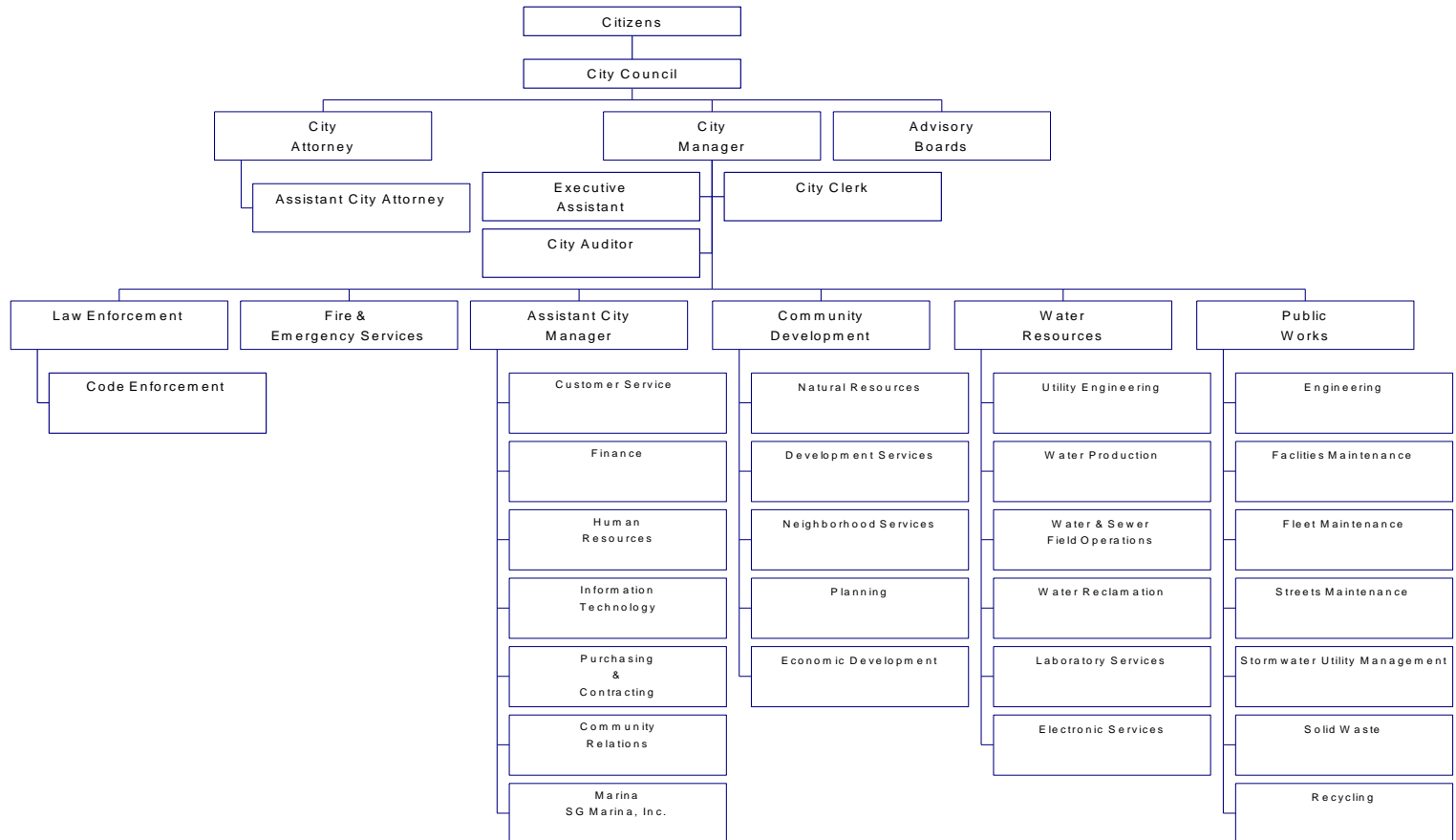
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2015**

Executive Director/CEO



## ***City-Wide Organization Chart***



**CITY OF TITUSVILLE, FLORIDA**  
**List of Elected and Appointed Officials**

**CITY COUNCIL**

James H. Tulley, Jr., Mayor

Walt Johnson, Vice-Mayor  
Martha Long, Member

Matthew Barringer, Member  
Rita Pritchett, Member

**ADMINISTRATION**

**CITY MANAGER**

William S. Larese

**CITY ATTORNEY**

Richard C. Broome

**CITY CLERK**

Wanda F. Wells

**WATER RESOURCES DIRECTOR**

Sean Stauffer

**ASSISTANT CITY MANAGER**

Thomas A. Abbate

**FINANCE DIRECTOR**

Bridgette Clements

**FIRE CHIEF**

Michael Woodward

**POLICE CHIEF**

John Lau

**PUBLIC WORKS DIRECTOR**

Kevin Cook

**PLANNING & GROWTH  
MANAGEMENT DIRECTOR**

Peggy Busacca

**COMMUNITY DEVELOPMENT  
ENGINEER**

Kwabena Oforu



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## **Report of Independent Auditor**

Honorable Mayor and City Council  
City of Titusville, Florida:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Titusville, Florida (the "City"), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of TIFA, LLC, a joint venture project in which the City has a 50% ownership interest and represents approximately 5% of the assets and less than 1% of the revenues of the business-type activities and water and sewer utility funds, respectively. The joint venture was audited by another auditor whose report has been furnished to us and our opinions, insofar as they relate to the amounts included for the Investment in TIFA, LLC, are based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



## ***Opinions***

In our opinion, based on our audit and the report of the other auditor, 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 Titusville, Florida, as of September 30, 2016, 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.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, supplemental schedules and statistical section, 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 and state financial assistance is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, *Rules of the Auditor General*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and supplemental schedules, including the schedule of expenditures of federal awards and state financial assistance, 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 and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Cheryl Behrman" followed by a stylized flourish.

Orlando, Florida  
March 10, 2017

## Management's Discussion and Analysis

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The City of Titusville, Florida's ("the City") Management's Discussion and Analysis (the "MD&A") presents this overview and analysis of the financial activities of the City of Titusville for the fiscal year ended September 30, 2016. Please read it in conjunction with the letter of transmittal in the introductory section and the City's financial statements following the MD & A.

### Financial Highlights

- The City has \$105.3 million invested in capital assets, restricted net position of \$6.0 million for capital improvement projects, debt service and special revenues, and the remaining unrestricted net position of \$20.7 million.
- There was a net increase of \$2.8 million in net position reported in connection with the City's governmental activities.
- There was a net increase of \$4.0 million in net position reported in connection with the City's business-type activities, which include the Water/Sewer Utility, Solid Waste System, Municipal Marina, and Stormwater Utility.

### Overview of the Financial Statements

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

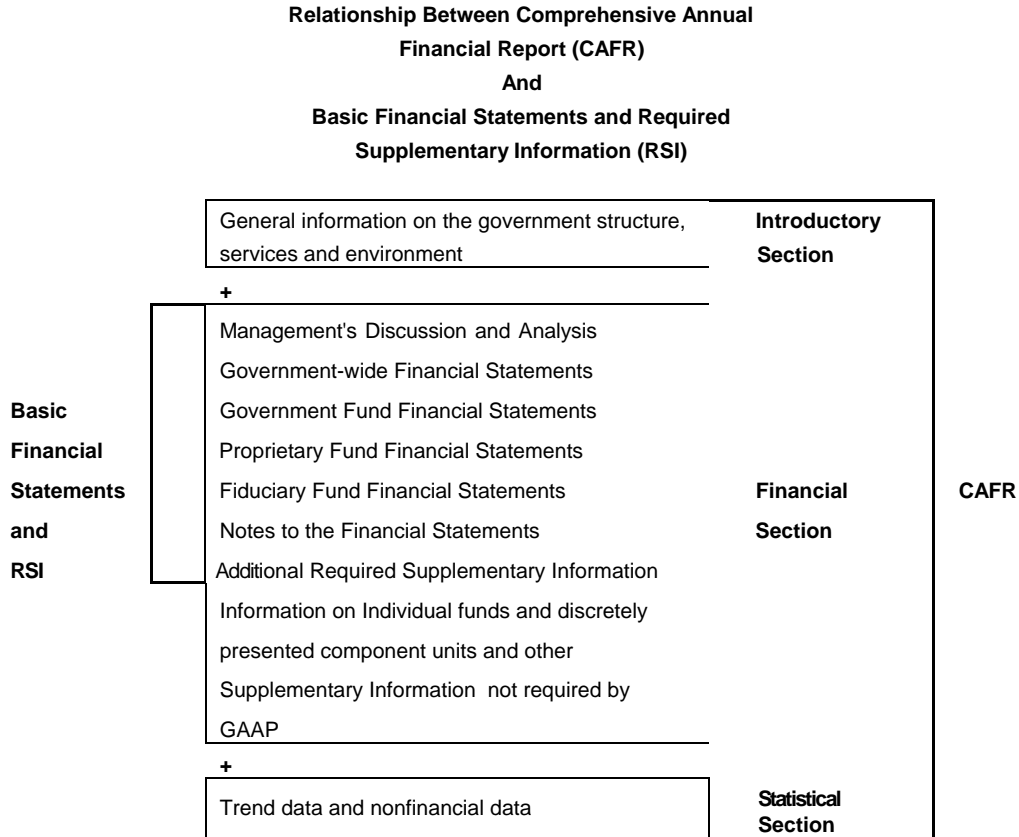
1. Government-wide financial statements
2. Fund financial statements and
3. Notes to the financial statements.

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

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

## Management's Discussion and Analysis

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**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 private-sector business. The government-wide financial statements consist of the following two statements:

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases and 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 related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused leave).



## Management's Discussion and Analysis

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Both of these financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include legislative, executive, legal counsel, community development, public works, public safety, support services and general administrative. The business-type activities of the City include the water/sewer utility, solid waste system, stormwater utility and municipal marina.

The government-wide financial statements include not only the City of Titusville itself (known as the *primary government*), but also the legally separate Community Redevelopment Agency for which the City of Titusville is financially accountable. The Community Redevelopment Agency, although legally separate, functions for all practical purposes as a part of the Community Development department of the City and, therefore, has been included as an integral part of the primary government as a Major Fund. The government-wide financial statements can be found immediately following the MD & A on pages 28-30 of this report.

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

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial 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. These reconciliations can be found on pages 33 and 35.

The City maintains fourteen individual governmental funds. Information for major funds is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances, located on pages 32 and 34 of this report. General Fund, Road & Streets, and Downtown Community Redevelopment Agency Fund are considered major funds. Financial data for the other eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is presented in the form of *combining statements* in this report on pages 116-119.

The City adopts annual appropriated budgets for its *governmental funds*. Budgetary comparison schedules for the major and non-major funds have been provided in this report on pages 110-112 and 120-130, respectively, to demonstrate compliance with the budget.

## Management's Discussion and Analysis

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**Proprietary funds.** The City maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water/sewer utility, solid waste system, stormwater utility and municipal marina. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles, management information systems and consolidated risk management and insurance activities. Because these services predominately benefit governmental activities rather than business-type functions; the internal service funds have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements separate information for each of the City's major enterprise funds and one non-major enterprise fund and can be found on pages 36-41 of this report. Conversely, internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* and can be found on pages 132-137 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of fiduciary 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 fiduciary fund financial statements can be found on pages 42-43 & 139-140 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 44-102 of this report.

**Other information.** In addition to the basic financial statements and the accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension and other post employment benefits to its employees. Required supplementary information can be found on pages 103-112 of this report. The combining statements referred to previously in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information. Combining statements and budgetary comparison schedules can be found on pages 115-130 of this report.

## Government-Wide Position Analysis

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. In the case of the City, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$132.0 million at the close of fiscal year 2016.

As shown in the table below, the largest portion of the City's net position, 80%, reflects its investment in capital assets (i.e., land, easements, construction work in progress, buildings, improvements other than buildings, utility plant and furniture & equipment), less any related debt used to acquire those assets, that is still outstanding. The City used

## Management's Discussion and Analysis

these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Some of the highlights of capital spending include Rail Trails project, repairs to the Main Street East Coast Crossing and the Harrison St East Coast Crossing and the roadway resurfacing and sidewalk preparations throughout the City. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### City of Titusville's Statement of Net Position (in whole dollars)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 18,600,593	\$ 20,559,951	\$ 34,628,659	\$ 34,569,706	\$ 53,229,252	\$ 55,129,657
Capital Assets	63,295,381	60,193,489	83,906,007	84,197,524	147,201,388	144,391,013
Non-current assets	-	7,579	5,421,365	3,682,007	5,421,365	3,689,586
Total Assets	81,895,974	80,761,019	123,956,031	122,449,237	205,852,005	203,210,256
Deferred outflow of resources	\$ 6,758,315	\$ 6,151,578	\$ 1,937,220	\$ 717,009	\$ 8,695,535	\$ 6,868,587
Current Liabilities	\$ 4,534,520	\$ 4,718,353	\$ 6,578,139	\$ 6,593,505	\$ 11,112,659	\$ 11,311,858
Non-Current Liabilities	29,664,324	31,626,591	36,830,898	39,434,714	66,495,222	71,061,305
Total Liabilities	\$ 34,198,844	\$ 36,344,944	\$ 43,409,037	\$ 46,028,219	\$ 77,607,881	\$ 82,373,163
Deferred Inflows/Pensions	\$ 4,043,461	\$ 2,994,379	\$ 902,112	\$ 736,311	\$ 4,945,573	\$ 3,730,690
Net Position:						
Invested in capital assets	54,951,652	51,072,498	50,397,886	48,047,333	105,349,538	99,119,831
Restricted *						
Roads & Streets	3,094,217	2,679,440	-	-	3,094,217	2,679,440
Public Safety	504,938	326,394	-	-	504,938	326,394
City Hall	4,412	34,966	-	-	4,412	34,966
Community Development	1,196,249	1,341,342	-	-	1,196,249	1,341,342
Water Conservation	-	-	317,727	338,038	317,727	338,038
Debt Service	107,123	88,216	-	-	107,123	88,216
Capital Projects	753,842	1,287,828	-	-	753,842	1,287,828
Unrestricted	(10,200,449)	(9,257,410)	30,866,489	29,212,802	20,666,040	19,955,392
Total Net Position	\$ 50,411,984	\$ 47,573,274	\$ 81,582,102	\$ 77,598,173	\$ 131,994,086	\$ 125,171,447

The City has restricted net position of \$6.0 million for capital improvement projects, debt service, and special revenues.

There was a net increase of \$2.8 million in net position reported in connection with the City's governmental activities. A detailed explanation is provided, beginning on page 18 of this report.

## City of Titusville, Florida

### Management's Discussion and Analysis

There was a net increase of \$4.0 million in net position reported in connection with the City's business-type activities, which include the Water/Sewer Utility, Solid Waste System, Municipal Marina, and Stormwater Utility. A detailed explanation is provided, beginning on page 16 of this report.

There was an overall increase in the City's net position of \$6.8 million. A comparative analysis of government-wide changes in net position is presented in the following table:

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 5,979,421	\$ 5,859,763	\$ 29,048,653	\$ 28,312,425	\$ 35,028,074	\$ 34,172,188
Operating grants and contributions	989,072	1,005,587	-	-	989,072	1,005,587
Capital grants and contributions	3,194,258	591,307	2,221,174	429,306	5,415,432	1,020,613
General Revenues:						
Taxes:						
Property	12,502,147	11,719,825	-	-	12,502,147	11,719,825
Local option gas tax	1,072,899	1,036,494	-	-	1,072,899	1,036,494
Utility and franchise taxes	8,640,128	8,766,066	-	-	8,640,128	8,766,066
Intergovernmental	4,300,071	4,799,583	3,821	-	4,303,892	4,799,583
Investment earnings	136,352	241,867	372,001	457,664	508,353	699,531
Miscellaneous revenue	682,420	1,390,810	165,435	140,564	847,855	1,531,374
Total revenues	37,496,768	35,411,302	31,811,084	29,339,959	69,307,852	64,751,261
<b>Expenses</b>						
Program Activities:						
Governmental Activities:						
Legislative	68,246	69,301	-	-	68,246	69,301
Executive	901,634	870,317	-	-	901,634	870,317
Legal counsel	433,632	385,562	-	-	433,632	385,562
Community development	4,089,732	3,385,671	-	-	4,089,732	3,385,671
Public works	3,693,211	2,745,407	-	-	3,693,211	2,745,407
Public safety	18,428,899	17,027,210	-	-	18,428,899	17,027,210
Support services	3,925,823	3,567,122	-	-	3,925,823	3,567,122
General government	4,444,741	4,961,895	-	-	4,444,741	4,961,895
Interest on debt	250,221	490,409	-	-	250,221	490,409
Business-type activities:						
Water/sewer utility	-	-	18,501,812	18,236,685	18,501,812	18,236,685
Solid waste system	-	-	4,713,042	4,422,132	4,713,042	4,422,132
Municipal marina	-	-	998,834	1,058,699	998,834	1,058,699
Stormwater utility	-	-	2,035,386	1,891,378	2,035,386	1,891,378
Total expenses	36,236,139	33,502,894	26,249,074	25,608,894	62,485,213	59,111,788
Excess before transfers	1,260,629	1,908,408	5,562,010	3,731,065	6,822,639	5,639,473
Transfers	1,578,081	430,737	(1,578,081)	(430,737)	-	-
Increase in net position	2,838,710	2,339,145	3,983,929	3,300,328	6,822,639	5,639,473
Cumulative effect of accounting change	-	(16,606,567)	-	(3,470,277)	-	(20,076,844)
Net position-beginning	47,573,274	61,840,696	77,598,173	77,768,122	125,171,447	139,608,818
Net position	\$ 50,411,984	\$ 47,573,274	\$ 81,582,102	\$ 77,598,173	\$ 131,994,086	\$ 125,171,447

## Management's Discussion and Analysis

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### Governmental Activities

As mentioned previously, governmental activities increased the City's net assets by \$2.8 million. The key elements of the activities increase are as follows:

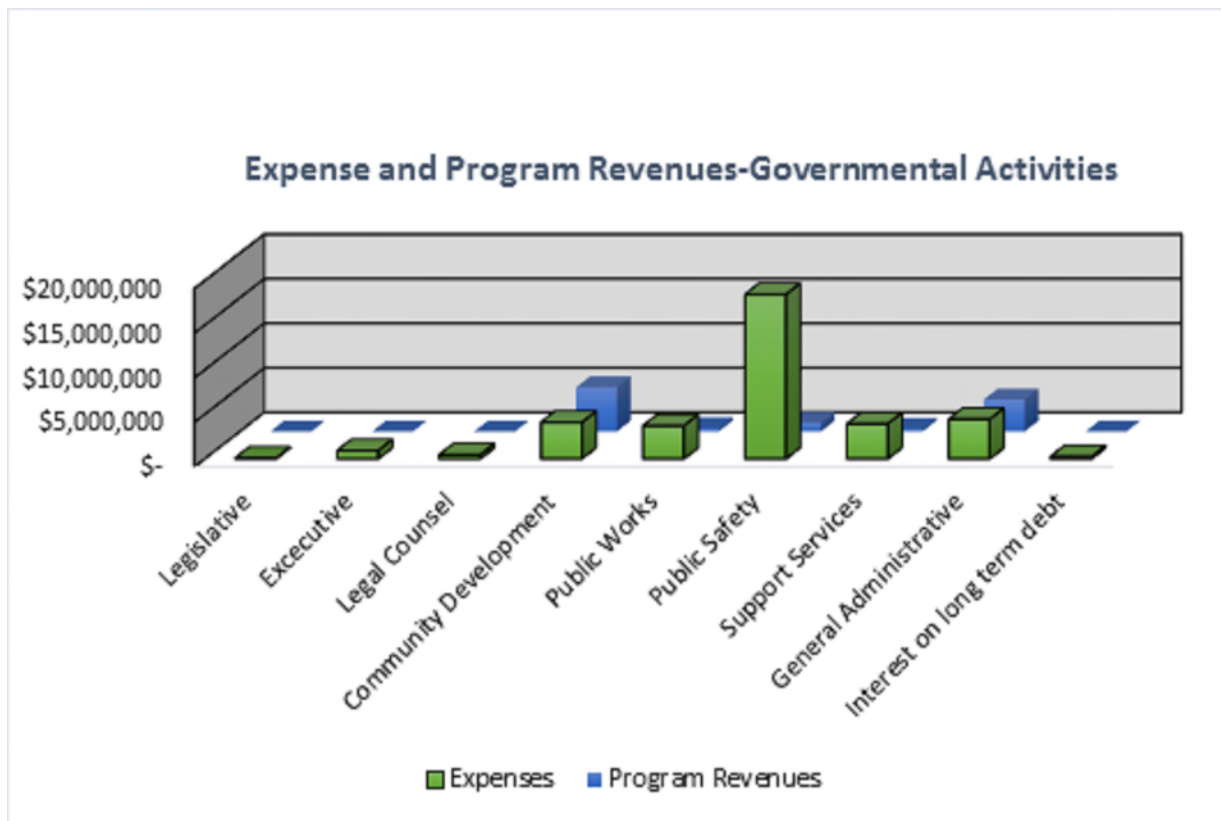
- Capital grants increased by \$2.6 million or 440% reflecting an increase of federal and state funded grant projects.
- Property tax revenues increased by \$0.8 million or 6.7%.
- Charges for services increased by \$0.1 million or 2.0% due to community development services activities.
- Intergovernmental revenues decreased \$0.5 million or 10.4%.
- Investment earnings decreased by \$0.1 million due to market changes.
- Miscellaneous revenues decreased by \$0.7 million.

The following tables show expenses & program revenue and the components of program & general revenues, respectively, as a percentage of totals for governmental activities:

#### Expenses and Program Revenues - Governmental Activities

Functions/Programs	Expenses	% of Total	Program Revenues	% of Total	Net (Expenses) Revenue
Legislative	\$ 68,246	0.19 %	\$ -	0.0%	\$ (68,246)
Executive	901,634	2.49 %	-	0.0%	(901,634)
Legal counsel	433,632	1.20 %	-	0.0%	(433,632)
Community development	4,089,732	11.29 %	4,957,670	48.8%	867,938
Public works	3,693,211	10.19 %	349,833	3.4%	(3,343,378)
Public safety	18,428,899	50.86 %	984,519	9.7%	(17,444,380)
Support services	3,925,823	10.83 %	286,799	2.8%	(3,639,024)
General administrative	4,444,741	12.27 %	3,583,930	35.3%	(860,811)
Interest on long-term debt	250,221	0.69 %	-	0.0%	(250,221)
	<u>\$ 36,236,139</u>	<u>100.0%</u>	<u>\$ 10,162,751</u>	<u>100.0%</u>	<u>\$ (26,073,388)</u>

## Management's Discussion and Analysis



### Revenue by Source - Governmental Activities

#### Program revenues:

Charges for services	\$ 5,979,421	15.30%
Operating grants and contributions	989,072	2.53%
Capital grants and contributions	3,194,258	8.17%

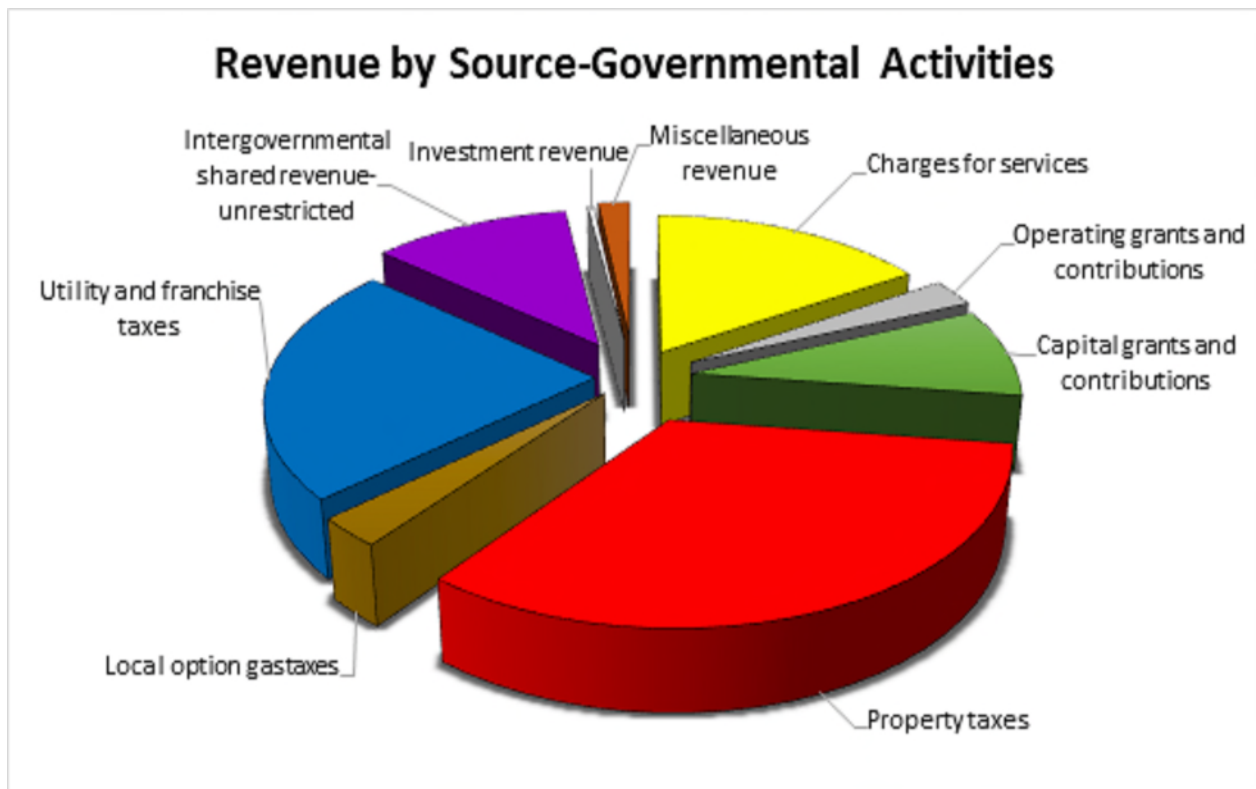
#### General revenues:

Property taxes	12,502,147	32.00%
Local option gas tax	1,072,899	2.75%
Utility and franchise taxes	8,640,128	22.11%
Intergovernmental shared revenue - unrestricted	4,300,071	11.00%
Investment earnings	136,352	0.35%
Miscellaneous revenue	682,420	1.75%
Transfers	1,578,081	4.04%
<b>Total</b>	<b>\$ 39,074,849</b>	<b>100.00%</b>



## Management's Discussion and Analysis

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### Business-Type Activities

As mentioned, business-type activities net position increased by \$4.0 million. This compared to an increase in 2015 of \$3.3 million, before considering the cumulative effect of an accounting change. Key elements of the change in business-type activities are as follows:

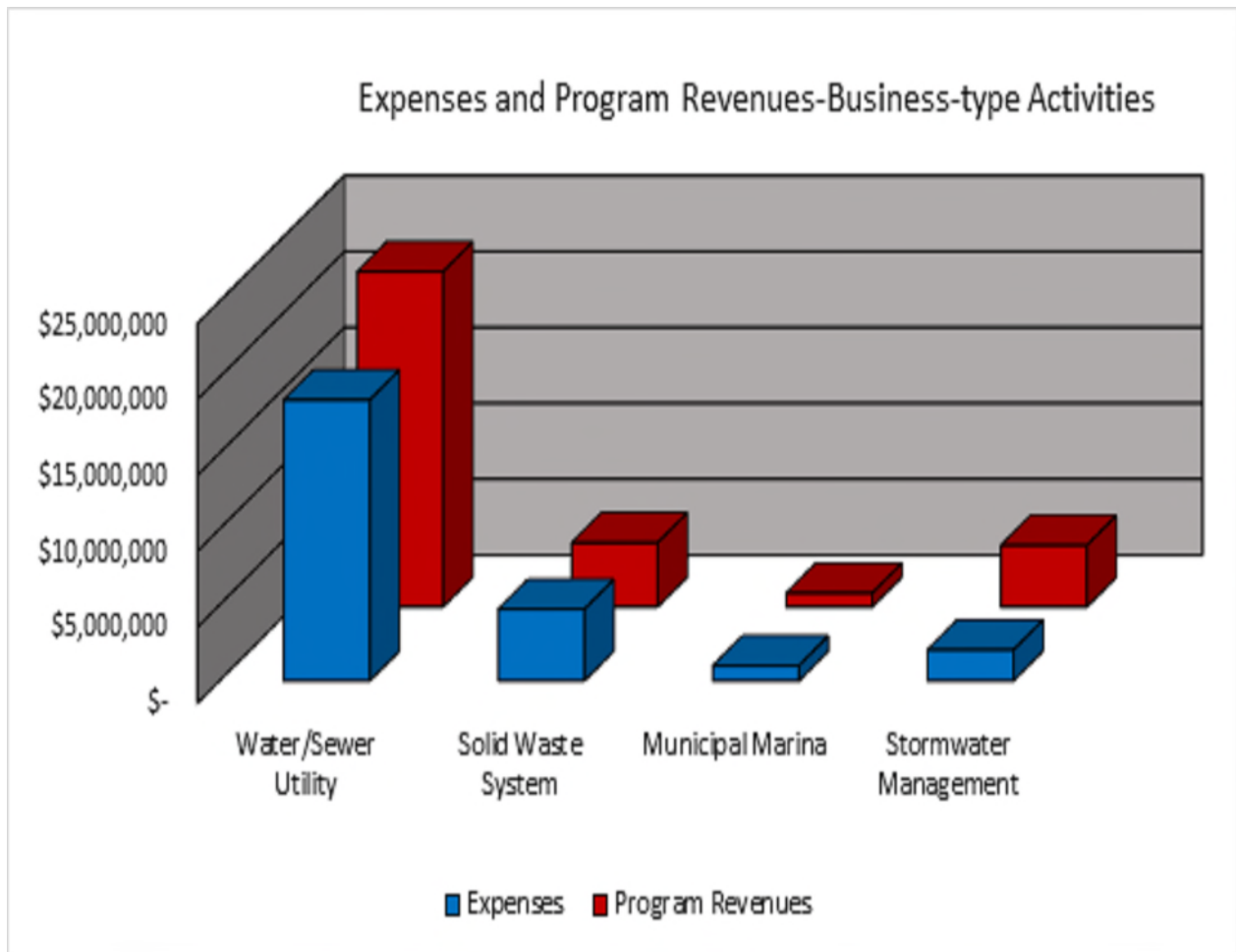
- An increase in Stormwater grant revenue of \$1.59 million;
- An increase in operating revenue of \$0.7 million;
- A decrease in interest expense of \$0.3 million;
- A decrease in operating expense of \$2.2 million;

The following tables show expenses & program revenues and the components of program & general revenues, respectively, as a percentage of totals for business-type activities:

## Management's Discussion and Analysis

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

Functions/Programs	Expenses	% of Total	Program Revenues	% of Total	Net (Expenses) Revenue
Water / Sewer Utility	\$ 18,501,812	70.5%	\$ 22,080,690	70.6%	\$ 3,578,878
Solid Waste System	4,713,042	18.0%	4,227,067	13.5%	(485,975)
Municipal Marina	998,834	3.8%	911,234	2.9%	(87,600)
Stormwater Management	2,035,386	7.8%	4,050,836	13.0%	2,015,450
	<u>\$ 26,249,074</u>	<u>100%</u>	<u>\$ 31,269,827</u>	<u>100%</u>	<u>\$ 5,020,753</u>

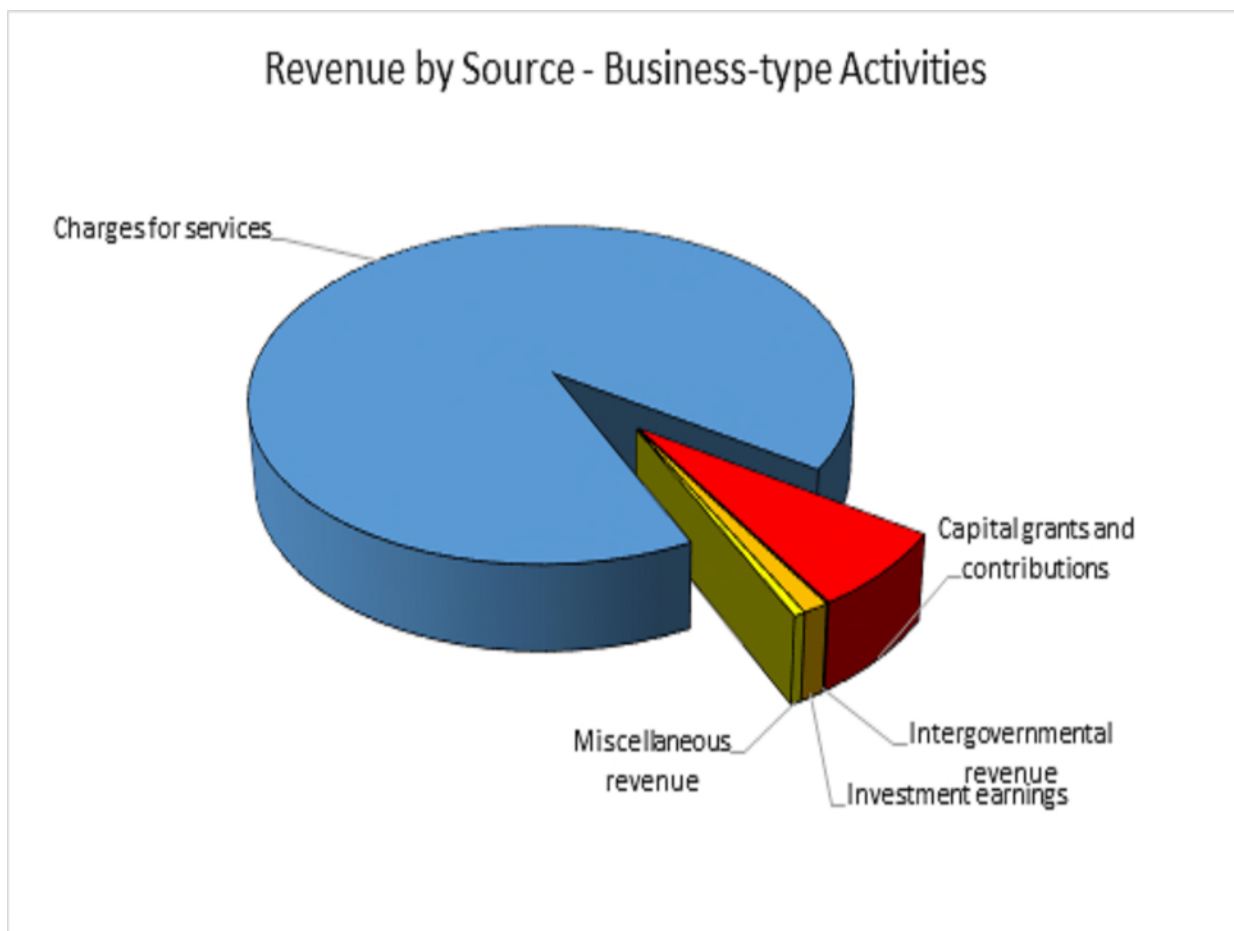


Management's Discussion and Analysis

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**Revenue by Source - Business-type Activities**

Revenue		
Charges for services	\$ 29,048,653	96.1%
Capital grants and contributions	2,221,174	7.3%
Intergovernmental shared revenue -unrestricted	3,821	0.0%
Investment earnings	372,001	1.2%
Miscellaneous revenue	165,435	0.5%
Transfers	(1,578,081)	-5.2%
	<u>\$ 30,233,003</u>	<u>100%</u>



## Management's Discussion and Analysis

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

As of the end of fiscal year 2016, the City's governmental funds reported combined ending fund balances of \$12.6 million, which is a decrease of \$1.8 million when compared to the prior year. Intergovernmental revenue increased by \$1.6 million and taxes increased by \$0.8 million, with the total expenditures increased by \$3.3 million. Unassigned fund balance is \$2.2 million and is available for spending, subject to regulatory, statutory, and budgetary restrictions. The remainder of the fund balances is \$0.02 million for nonspendable inventories, \$5.3 million is restricted, \$4.9 million is committed and \$0.06 million is assigned.

The General Fund is the chief operating fund of the City. At the end of fiscal year 2016, unassigned fund balance of the General Fund was \$2.2 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 6.9% of the total fund expenditures which is a decrease of 3.1% from fiscal year 2015. The fund balance of the City's General Fund decreased by \$1.4 million during the current fiscal year due to increases in revenues of \$1.8 million and increases of expenses of \$3.3 million, which are outlined in the General Fund budgetary highlights beginning on page 110 of this report.

There is a \$2.9 million reduction in the Non-major Fund statements compared to fiscal year 2015 due to Road and Streets fund being converted to a major fund for the year 2016. The Non-major governmental funds (special revenue, debt service and other capital projects) reported no significant variance to prior year's activities.

**Proprietary funds.** The City's proprietary funds include the business-type activities enterprise funds and the governmental activities internal service funds. They provide the same type of information found in the government-wide financial statements, but in more detail.

The City has four enterprise funds, of which the Water/Sewer Utility, Solid Waste System and Stormwater Utility are the major funds. Unrestricted net position of the enterprise funds at the end of the year was \$30.9 million or 37.8% of total net position. The total unrestricted net position increased by \$1.7 million a result of operations. The Solid Waste Fund reported an operating loss of \$475 thousand for the fiscal year of 2016 versus an operating loss of \$47 thousand in 2015 due to additional operating costs. The Municipal Marina reported an operating loss of \$73 thousand for the fiscal year 2016 as compared to an operating loss of \$150 thousand in 2015. The Stormwater Utility reported a net position increase of \$1.8 million for fiscal year 2016, primarily due to capital contributions of \$1.59 million. Stormwater utility operating income was \$429 thousand in 2016 versus \$522 thousand in 2015. Water/Sewer utility income before capital contributions and transfer was \$3.3 million in 2016 verses \$2.918 million in 2015.

## Management's Discussion and Analysis

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### General Fund Budgetary Highlights

The General Fund expenditure budget totals \$37.4 million, representing an increase of \$8.0 million or 24.8% from fiscal year 2015. The budget continues existing City services while taking measures to ensure fiscal stability. Some of the significant changes in programs funded in this year's budget include:

- Investing in employees through pay adjustments, restoring work hours and reinstating adequate staffing levels.
- Preserving long term fiscal sustainability through retiring the Multi-Purpose Revenue Refunding Note, Series 2009.
- Preserving and enhancing municipal revenues.
- Investing in the City's infrastructure including road resurfacing, utilities, heavy equipment and other rolling stock and technology.
- Investment in the long-term vision of the City through increased efforts in natural resource and economic development activities.
- Continuing process improvement efforts City-wide by LEAN principles, additional emphasis on performance measurement and cross training.

Revenues exceeded budgeted amounts by \$1.2 million. The City realized revenues in utility and franchise taxes, as well as licenses and permits.

General Fund departments met their total bottom line budget at the major department level. Total General Fund expenses were less than budget by \$7.7 million because of salary savings and timing of capital purchases.

Any differences between the Original and Final Budgets were approved by City Council in accordance with our Budget Policies. The most significant changes occurred because of department reorganizations, reassignments, and capital outlay purchases associated with these changes.

### Capital Asset and Debt Administration

**Capital assets.** At September 30, 2016, the City had \$147.2 million invested in various capital assets, net of accumulated depreciation, for all activities as reflected on the following schedule. This represents a net increase (including additions and deductions) of \$2.8 million over the prior year. The increase in the City's investment in capital assets resulted from more construction in progress projects throughout the City and the retirement and/or sale of assets, net of depreciation. See Footnote 4E for further details on capital assets.

## City of Titusville, Florida

### Management's Discussion and Analysis

#### City of Titusville's Capital Assets (net of depreciation) (in whole dollars)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 29,836,869	\$ 30,357,455	\$ 4,477,859	\$ 4,473,839	\$ 34,314,728	\$ 34,831,294
Buildings	1,476,115	935,711	6,266	49,002	1,482,381	984,713
Easements	199,220	199,220	99,554	99,554	298,774	298,774
Improvements other than buildings	25,165,343	23,989,797	17,777,922	18,537,005	42,943,265	42,526,802
Machinery and equipment	2,451,536	2,451,561	5,192,885	4,760,982	7,644,421	7,212,543
Utility plant	-	-	51,120,389	50,583,667	51,120,389	50,583,667
Construction in progress	4,166,298	2,259,745	5,231,132	5,693,475	9,397,430	7,953,220
Total	\$ 63,295,381	\$ 60,193,489	\$ 83,906,007	\$ 84,197,524	\$ 147,201,388	\$ 144,391,013

Major events include the following:

- TFD Fire training tower totaling \$0.5 million.
- Continuation of Road Resurfacing program totaling \$1.5 million.
- Continuation of Rails to Trails Project totaling \$0.3 million.
- Dirt Roads totaling \$0.1 million.
- Outlay of \$3.5 million to improve and maintain the infrastructure in the Water Utility.
- Completed \$0.6 million in Stormwater Capital Projects.

**Long-term bonded debt.** Additional information on the City's long-term debt and other non-current liabilities can be found in Note 4F of the notes to the financial statements on pages 70-73 of this report.

#### City of Titusville's Long-term Bonded Debt (in whole dollars)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds Series 2015	\$ 5,618,000	\$ 6,220,000	\$ -	\$ -	\$ 5,618,000	\$ 6,220,000
Public Improvement Revenue Note Series 2009	1,250,000	1,316,000	-	-	3,827,793	3,745,978
State Revolving Fund Loan Series 2010	-	-	3,827,793	3,745,978	27,800,000	30,230,000
2010 Water/Sewer Refunding	-	-	27,800,000	30,230,000	38,495,793	41,511,978
Total	\$ 6,868,000	\$ 7,536,000	\$ 31,627,793	\$ 33,975,978	\$ 75,741,586	\$ 81,707,956

**Management's Discussion and Analysis**

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**Economic Factors and Next Year's Budgets and Rates**

Fiscal Year 2016 saw continued economic recovery in many facets of the City. The City continued to realize an increase in its property tax roll thus building on the foundation of growth from the prior year. Likewise, the City continues to realize growth in other revenue sources, such as building and development fees, which are viewed as strong economic indicators.

Continued efforts in economic development has generated both new industry and expansion of long-established businesses during fiscal year 2016. Through collaborating with the North Brevard Economic Development Zone and Brevard County, the City has been able to generate multi-million dollar investments in projects to create jobs and improve amenities in the local area. Growth in highly technical, recreational and service industries provides a catalyst as the City furthers its revitalization efforts. Increased marketing efforts are expected to improve the City's visibility and in turn impact long-term fiscal sustainability.

As the City benefits from steady economic growth, further emphasis continues to be on the overall improvement of the quality of life for its citizens. Projects such as Lean Six Sigma improve operational efficiencies when providing essential City services; the redevelopment of the mall and other vacant properties provide opportunities for revitalization of blighted areas with economic benefits; and the continual commitment to maintaining infrastructure ensures the City's thoroughfares and facilities can support the ever increasing demands. This is an exciting time as the City continues to grow and define itself. With the continued support of Mayor and Council, we will continue to improve upon the high levels of service needed to further the long-term goals of the City.

All of these factors were considered in preparing the City's budget for fiscal year 2017.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Titusville's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Titusville, P.O. Box 2806, Titusville, Florida 32781-2806.





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City of Titusville, Florida

Statement of Net Position  
September 30, 2016

	Governmental Type Activities	Business Type Activities	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash	\$ 1,330,940	\$ 137,364	\$ 1,468,304
Investments	14,777,133	25,033,875	39,811,008
<b>Restricted Assets:</b>			
Cash	192,000	3,290,326	3,482,326
Investments	-	317,727	317,727
Receivables, net	2,078,918	5,242,903	7,321,821
Internal balances	126,546	(126,546)	-
Inventories	95,056	733,010	828,066
Total Current Assets	18,600,593	34,628,659	53,229,252
<b>Noncurrent Assets:</b>			
<b>Restricted:</b>			
Investment in TIFA, LLC	-	5,421,365	5,421,365
<b>Capital assets not being depreciated:</b>			
Land and land rights	29,836,869	4,477,859	34,314,728
Easements	199,220	99,554	298,774
Construction in progress	4,166,298	5,231,132	9,397,430
<b>Capital assets, net of depreciation</b>			
Buildings and improvements	1,476,115	6,266	1,482,381
Improvements other than buildings	25,165,343	17,777,922	42,943,265
Furniture and equipment	2,451,536	5,192,885	7,644,421
Utility plant	-	51,120,389	51,120,389
Total Noncurrent Assets	63,295,381	89,327,372	152,622,753
Total Assets	81,895,974	123,956,031	205,852,005
<b>DEFERRED OUTFLOWS</b>			
Deferred loss on refunding	-	637,342	637,342
Deferred Pension Outflows	6,758,315	1,299,878	8,058,193
	6,758,315	1,937,220	8,695,535

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

City of Titusville, Florida

Statement of Net Position  
September 30, 2016

	Governmental Type Activities	Business Type Activities	Total
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable and other current liabilities	\$ 409,430	\$ 731,325	\$ 1,140,755
Accrued liabilities	853,985	191,712	1,045,697
Accrued interest payable	46,804	682,250	729,054
<b>Payable from Restricted Assets:</b>			
Deposits	-	1,638,186	1,638,186
Unearned revenue	25,075	-	25,075
Claims Payable	804,349	-	804,349
Compensated absences	1,137,564	400,256	1,537,820
Bonds Payable	646,000	2,761,180	3,407,180
Capital Leases Payable	611,313	173,230	784,543
Total Current Liabilities	4,534,520	6,578,139	11,112,659
<b>Noncurrent Liabilities:</b>			
Claims payable	920,800	-	920,800
Compensated Absences	1,336,120	268,267	1,604,387
OPEB Liability	6,972,517	3,361,280	10,333,797
Net Pension Liability	13,349,151	2,586,121	15,935,272
Bonds Payable	6,222,000	30,354,845	36,576,845
Capital Leases Payable	863,736	260,385	1,124,121
Total Noncurrent Liabilities	29,664,324	36,830,898	66,495,222
Total Liabilities	34,198,844	43,409,037	77,607,881
<b>DEFERRED INFLOWS</b>			
Deferred inflows/Pension	4,043,461	902,112	4,945,573
	4,043,461	902,112	4,945,573
<b>NET POSITION</b>			
Net Investment in Capital Assets	54,951,652	50,397,886	105,349,538
Restricted			
Roads and streets	3,094,217	-	3,094,217
Public safety	504,938	-	504,938
City Hall	4,412	-	4,412
Community development	1,196,249	-	1,196,249
Water conservation	-	317,727	317,727
Debt service	107,123	-	107,123
Capital projects	753,842	-	753,842
Unrestricted	(10,200,449)	30,866,489	20,666,040
Total Net Position	\$ 50,411,984	\$ 81,582,102	\$ 131,994,086

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

City of Titusville, Florida

Statement of Activities  
For the Year Ended September 30, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
Legislative	\$ 68,246	\$ -	\$ -	\$ -	\$ (68,246)	\$ -	\$ (68,246)
Executive	901,634	-	-	-	(901,634)	-	(901,634)
Legal counsel	433,632	-	-	-	(433,632)	-	(433,632)
Community development	4,089,732	1,327,699	569,557	3,060,414	867,938	-	867,938
Public works	3,693,211	-	347,313	2,520	(3,343,378)	-	(3,343,378)
Public safety	18,428,899	776,506	76,739	131,274	(17,444,380)	-	(17,444,380)
Support services	3,925,823	286,799	-	-	(3,639,024)	-	(3,639,024)
General administrative	4,444,741	3,588,417	(4,537)	50	(860,811)	-	(860,811)
Interest on long-term debt	250,221	-	-	-	(250,221)	-	(250,221)
Total Governmental Activities	36,236,139	5,979,421	989,072	3,194,258	(26,073,388)	-	(26,073,388)
Business-type Activities:							
Water / sewer utility	18,501,812	21,451,871	-	628,819	-	3,578,878	3,578,878
Solid waste system	4,713,042	4,223,943	-	3,124	-	(485,975)	(485,975)
Stormwater utility	2,035,386	2,461,608	-	1,589,228	-	2,015,450	2,015,450
Municipal marina	998,834	911,231	-	3	-	(87,600)	(87,600)
Total Business-type Activities	26,249,074	29,048,653	-	2,221,174	-	5,020,753	5,020,753
Total Primary Government	\$ 62,485,213	\$ 35,028,074	\$ 989,072	\$ 5,415,432	(26,073,388)	5,020,753	(21,052,635)
General Revenues:							
Property Tax					12,502,147	-	12,502,147
Local Option Gas Tax					1,072,899	-	1,072,899
Utility and Franchise Taxes					8,640,128	-	8,640,128
Intergovernmental Shared Revenue - unrestricted					4,300,071	3,821	4,303,892
Investment Earnings					136,352	372,001	508,353
Miscellaneous					682,420	165,435	847,855
Transfers					1,578,081	(1,578,081)	-
Total General Revenues and Transfers					28,912,098	(1,036,824)	27,875,274
Change in Net Position					2,838,710	3,983,929	6,822,639
Net Position - Beginning					47,573,274	77,598,173	125,171,447
Net Position - Ending					\$ 50,411,984	\$ 81,582,102	\$ 131,994,086

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



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City of Titusville, Florida

Balance Sheet  
Governmental Funds  
September 30, 2016

	Major Funds				
	General Fund	Downtown Community Redevelopment Agency	Roads & Streets	Non Major Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash	\$ 465,199	\$ 136,393	\$ 32,284	\$ 381,561	\$ 1,015,437
Investments	5,853,246	502,028	2,790,083	1,511,946	10,657,303
Receivables, net	1,651,174	-	331,486	13,341	1,996,001
Advances to other funds	205,731	-	-	-	205,731
Inventories	21,243	-	-	-	21,243
<b>Total assets</b>	<b>8,196,593</b>	<b>638,421</b>	<b>3,153,853</b>	<b>1,906,848</b>	<b>13,895,715</b>
<b>Liabilities</b>					
Accounts payable	201,857	28,774	59,636	57,360	347,627
Accrued liabilities	526,253	4,417	-	-	530,670
Advances from other funds	-	79,185	-	-	79,185
Unearned Revenue	-	-	-	25,075	25,075
<b>Total liabilities</b>	<b>728,110</b>	<b>112,376</b>	<b>59,636</b>	<b>82,435</b>	<b>982,557</b>
<b>Deferred Inflow of Resources</b>					
Unavailable resources	865	-	330,332	10	331,207
<b>Fund balance</b>					
Nonspendable	21,243	-	-	-	21,243
Restricted	216,116	526,045	2,763,885	1,824,403	5,330,449
Committed	4,931,532	-	-	-	4,931,532
Assigned	58,318	-	-	-	58,318
Unassigned	2,240,409	-	-	-	2,240,409
<b>Total fund balance</b>	<b>7,467,618</b>	<b>526,045</b>	<b>2,763,885</b>	<b>1,824,403</b>	<b>12,581,951</b>
<b>Total liabilities, deferred inflows and fund balance</b>	<b>\$ 8,196,593</b>	<b>\$ 638,421</b>	<b>\$ 3,153,853</b>	<b>\$ 1,906,848</b>	<b>\$ 13,895,715</b>

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

City of Titusville, Florida

**Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
September 30, 2016**

<b>Total governmental funds fund balance</b>	<b>\$</b>	<b>12,581,951</b>
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities, less accumulated depreciation are not financial resources and, therefore, are not reported in the funds.		62,586,035
Net pension trust assets (obligations) resulting from overfunding (underfunding) in the OPEB trust are not reported in the funds as they are not available to pay current period expenditures.		(6,668,502)
Deferred Inflows of Resources that are unavailable to pay current period expenditures at the fund level are revenue on the entity wide statements. Net Position is increased by this amount.		330,872
Deferred Inflows of Resources related to Pensions are not payable in the current period and, accordingly, are not reported in the governmental fund level statements (excludes internal service funds).		(3,919,542)
Deferred Outflows of Resources related to Pensions are not available to cover current liabilities and therefore are not considered revenue in the fund level statements (excludes internal service funds).		6,579,183
Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net position. Long-term liabilities at year-end consist of:		
Accrued interest payable	\$	(46,804)
Compensated absences		(2,362,687)
Net Pension Liability (excluding internal service funds)		(12,989,472)
Capital leases		(1,397,157)
Bonds and notes payable		<u>(6,868,000)</u>
		(23,664,120)
Internal service funds are used by management to charge the costs of fleet, information technology systems and risk management activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		<u>2,586,107</u>
<b>Total net position of governmental activities</b>	<b>\$</b>	<b><u>50,411,984</u></b>

*The notes to the financial statements are an integral part of this statement reconciliation.*



City of Titusville, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended September 30, 2016

	Major Funds			Non Major	Total
	General Fund	Downtown Community Redevelopment Agency	Roads & Streets	Governmental Funds	Governmental Funds
<b>Revenues</b>					
Taxes:					
Property taxes	\$ 11,023,161	\$ 766,683	\$ -	\$ 712,303	\$ 12,502,147
Local option gas tax	1,072,899	-	-	-	1,072,899
Utility and franchise taxes	8,640,128	-	-	-	8,640,128
Intergovernmental	4,721,921	-	2,642,754	657,071	8,021,746
Licenses and permits	1,281,937	-	-	-	1,281,937
Charges for services	4,335,423	-	-	6,169	4,341,592
Fines and forfeitures	258,655	-	-	97,237	355,892
Investment earnings (loss)	103,603	12,333	-	6,340	122,276
Impact fees	-	-	-	80,835	80,835
Miscellaneous revenue	171,492	-	12,580	185,473	369,545
<b>Total revenues</b>	<b>31,609,219</b>	<b>779,016</b>	<b>2,655,334</b>	<b>1,745,428</b>	<b>36,788,997</b>
<b>Expenditures</b>					
Current:					
Legislative	58,888	-	-	-	58,888
Executive	840,114	-	-	-	840,114
Legal counsel	407,095	-	-	-	407,095
Community Development	2,250,738	289,984	-	578,565	3,119,287
General Administrative Services	4,427,945	-	10,154	41,021	4,479,120
Public works	2,755,122	-	-	-	2,755,122
Public safety	17,419,194	-	-	118,229	17,537,423
Support Services	2,991,111	-	-	-	2,991,111
Debt Service					
Principal	568,969	-	-	668,000	1,236,969
Interest	37,421	-	-	151,687	189,108
Debt cost/administration fees	1,907	-	-	1,126	3,033
Capital Outlay/Improvements	605,978	343,471	4,065,704	362,706	5,377,859
<b>Total expenditures</b>	<b>32,364,482</b>	<b>633,455</b>	<b>4,075,858</b>	<b>1,921,334</b>	<b>38,995,129</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(755,263)</b>	<b>145,561</b>	<b>(1,420,524)</b>	<b>(175,906)</b>	<b>(2,206,132)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	1,543,677	-	1,258,431	508,781	3,310,889
Transfers out	(2,601,416)	(304,066)	-	(397,905)	(3,303,387)
Capital leases	381,134	-	-	-	381,134
<b>Total other financing sources (uses)</b>	<b>(676,605)</b>	<b>(304,066)</b>	<b>1,258,431</b>	<b>110,876</b>	<b>388,636</b>
<b>Net change in fund balances</b>	<b>(1,431,868)</b>	<b>(158,505)</b>	<b>(162,093)</b>	<b>(65,030)</b>	<b>(1,817,496)</b>
Beginning fund balances	8,899,486	684,550	2,925,978	1,889,433	14,399,447
Ending fund balances	\$ 7,467,618	\$ 526,045	\$ 2,763,885	\$ 1,824,403	\$ 12,581,951

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

**Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Fiscal Year Ended September 30, 2016**

**Net change in fund balances - total governmental funds** **\$ (1,817,496)**

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

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 and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditure for capital assets	\$ 5,206,332	
Less current year depreciation	<u>(1,929,834)</u>	3,276,498

The net effect of disposals of capital assets is to decrease net position		(132,899)
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Deferred Inflow for Unavailable Resources decreased in the current Period		216,642
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The internal service funds are used by management to charge costs of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities.		(7,758)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in net pension and OPEB obligations	(884,088)	
Change in Net Pension Liability	1,690,759	
Change in compensated absences	(331,258)	
Change in accrued interest	<u>(27,525)</u>	447,888

The issuance of bonds and similar long-term debt provides current financial resources to government funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position. The amounts of the items that make up these differences in the treatment of long-term debt and related items are:

Proceeds from capital lease	(381,134)	
Principal repayments	<u>1,236,969</u>	<u>855,835</u>

<b>Change in net position of governmental activities</b>		<b><u>\$ 2,838,710</u></b>
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*The notes to the financial statements are an integral part of this statement reconciliation.*

# City of Titusville, Florida

## Statement of Net Position Proprietary Funds September 30, 2016

Business-Type Activities - Enterprise Funds						
	Major Funds			Non-Major Funds		Governmental Activities Internal Service Funds
	Water/Sewer Utility	Solid Waste System	Stormwater Utility	Municipal Marina	Total	
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$ 68,171	\$ 250	\$ -	\$ 68,943	\$ 137,364	\$ 315,503
Investments	21,369,682	223,795	3,440,398	-	25,033,875	4,119,830
Receivables, net	3,104,770	481,746	1,597,607	58,780	5,242,903	82,917
Inventories	704,832	-	-	28,178	733,010	73,813
Restricted current assets:						
Current restricted cash and cash equivalents	3,290,326	-	-	-	3,290,326	192,000
Investments	317,727	-	-	-	317,727	-
<b>Total current assets</b>	<b>28,855,508</b>	<b>705,791</b>	<b>5,038,005</b>	<b>155,901</b>	<b>34,755,205</b>	<b>4,784,063</b>
Noncurrent assets:						
Investment in TIFA, LLC	5,421,365	-	-	-	5,421,365	-
Advances to other fund	-	190,000	-	-	190,000	-
Capital assets:						
Land and land rights	3,490,359	-	987,500	-	4,477,859	-
Easements	90,485	-	9,069	-	99,554	-
Buildings and improvements	3,958,514	-	-	98,468	4,056,982	104,206
Improvements other than buildings	22,442,386	-	8,081,663	4,473,410	34,997,459	148,541
Furniture and equipment	8,003,410	6,921,234	1,736,288	204,909	16,865,841	4,280,038
Utility plant	113,106,686	-	1,456,969	-	114,563,655	-
Construction in progress	2,910,987	-	2,320,145	-	5,231,132	-
Less accumulated depreciation	(87,345,713)	(4,032,609)	(3,131,196)	(1,876,957)	(96,386,475)	(3,823,439)
<b>Total capital assets (net of accumulated depreciation)</b>	<b>66,657,114</b>	<b>2,888,625</b>	<b>11,460,438</b>	<b>2,899,830</b>	<b>83,906,007</b>	<b>709,346</b>
<b>Total noncurrent assets</b>	<b>72,078,479</b>	<b>3,078,625</b>	<b>11,460,438</b>	<b>2,899,830</b>	<b>89,517,372</b>	<b>709,346</b>
<b>Total assets</b>	<b>100,933,987</b>	<b>3,784,416</b>	<b>16,498,443</b>	<b>3,055,731</b>	<b>124,272,577</b>	<b>5,493,409</b>
Deferred outflows of resources						
Deferred loss on refunding	637,342	-	-	-	637,342	-
Deferred pension outflow	908,803	241,419	116,091	33,565	1,299,878	179,132
<b>Total deferred outflows of resources</b>	<b>\$ 1,546,145</b>	<b>\$ 241,419</b>	<b>\$ 116,091</b>	<b>\$ 33,565</b>	<b>\$ 1,937,220</b>	<b>\$ 179,132</b>

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

City of Titusville, Florida

Statement of Net Position (Continued)  
Proprietary Funds  
September 30, 2016

	Business-Type Activities - Enterprise Funds						Governmental Activities Internal Service Funds
	Major Funds			Non-Major Funds			
	Water/Sewer Utility	Solid Waste System	Stormwater Utility	Municipal Marina	Total		
Liabilities							
Current liabilities:							
Accounts payable	\$ 317,698	\$ -	\$ 184,983	\$ 146,300	\$ 648,981	\$ 61,472	
Interest payable from restricted assets	682,250	-	-	-	682,250	-	
Accrued payroll liabilities	133,606	39,595	18,511	-	191,712	27,671	
Contracts payable	74,412	1,344	4,105	2,483	82,344	295,644	
Customer deposits	1,037,743	570,166	-	30,277	1,638,186	-	
Self-insured claims payable	-	-	-	-	-	804,349	
Capital Leases Payable	-	115,036	58,194	-	173,230	31,475	
Compensated absences	313,721	58,773	27,762	-	400,256	41,386	
Current revenue bonds payable/restricted assets	2,761,180	-	-	-	2,761,180	-	
<b>Total current liabilities</b>	<b>5,320,610</b>	<b>784,914</b>	<b>293,555</b>	<b>179,060</b>	<b>6,578,139</b>	<b>1,261,997</b>	
Noncurrent liabilities:							
Compensated absences	217,282	33,165	17,820	-	268,267	69,611	
Noncurrent claims payable	-	-	-	-	-	920,800	
Advance from other funds	-	-	-	316,546	316,546	-	
Net OPEB obligation	2,139,755	682,844	346,275	192,406	3,361,280	304,015	
Long-term capital leases payable	-	-	260,385	-	260,385	46,417	
Long-term debt payable	30,354,845	-	-	-	30,354,845	-	
Net pension liability	1,813,632	478,385	226,498	67,606	2,586,121	359,679	
<b>Total noncurrent liabilities</b>	<b>34,525,514</b>	<b>1,194,394</b>	<b>850,978</b>	<b>576,558</b>	<b>37,147,444</b>	<b>1,700,522</b>	
<b>Total liabilities</b>	<b>39,846,124</b>	<b>1,979,308</b>	<b>1,144,533</b>	<b>755,618</b>	<b>43,725,583</b>	<b>2,962,519</b>	
Deferred Pension Inflow	630,029	167,779	81,112	23,192	902,112	123,915	
Net Position							
Net investment in capital assets	33,894,382	2,772,245	10,960,458	2,770,801	50,397,886	709,346	
Restricted:							
Water Conservation	317,727	-	-	-	317,727	-	
Unrestricted	27,791,870	(893,497)	4,428,431	(460,315)	30,866,489	1,876,761	
<b>Total net position</b>	<b>\$ 62,003,979</b>	<b>\$ 1,878,748</b>	<b>\$ 15,388,889</b>	<b>\$ 2,310,486</b>	<b>\$ 81,582,102</b>	<b>\$ 2,586,107</b>	

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

# City of Titusville, Florida

## Statement of Revenues, Expenses, and Changes in Net Position Proprietary Funds For the Fiscal Year Ended September 30, 2016

	Business-Type Activities - Enterprise Funds						
	Major Funds			Non-Major Funds			
	Water/Sewer Utility	Solid Waste System	Stormwater Utility	Municipal Marina	Total		Governmental Activities Internal Service Funds
Operating revenues:							
Charges for sales and services	\$ 21,451,871	\$ 4,223,943	\$ 2,461,608	\$ 911,231	\$ 29,048,653	\$	11,767,837
Claims settlements	-	-	-	-	-		238,892
Total operating revenues	21,451,871	4,223,943	2,461,608	911,231	29,048,653		12,006,729
Operating expenses:							
Salaries and employee benefits	5,862,767	2,028,356	869,894	76,718	8,837,735		1,219,459
Supplies and materials	1,052,213	154,821	50,230	272,857	1,530,121		1,886,562
Contract services	185,679	85,877	51,316	323,089	645,961		635,445
Other services and charges	5,513,739	1,737,085	597,137	147,027	7,994,988		9,774,118
Depreciation	4,213,283	692,833	463,813	163,739	5,533,668		362,895
Total operating expenses	16,827,681	4,698,972	2,032,390	983,430	24,542,473		13,878,479
Operating income (loss)	4,624,190	(475,029)	429,218	(72,199)	4,506,180		(1,871,750)
Nonoperating revenues (expenses):							
Investment earnings	306,529	7,456	58,013	-	371,998		14,076
Miscellaneous	40,746	18,319	49,602	6,856	115,523		312,875
Intergovernmental revenue	-	-	-	3,821	3,821		-
Debt issuance costs	(1,500)	-	-	-	(1,500)		-
Interest expense	(1,672,631)	(14,070)	(2,996)	(15,404)	(1,705,101)		(33,588)
Gain (loss) on disposal of assets	3,835	46,080	-	-	49,915		-
Total nonoperating revenues (expenses)	(1,323,021)	57,785	104,619	(4,727)	(1,165,344)		293,363
Income/(loss) before transfers and capital contributions	3,301,169	(417,244)	533,837	(76,926)	3,340,836		(1,578,387)
Capital contributions	628,819	3,124	1,589,228	3	2,221,174		50
Transfers in	-	132,702	-	60,143	192,845		1,570,579
Transfers out	(1,334,947)	(114,522)	(321,457)	-	(1,770,926)		-
Change in net position	2,595,041	(395,940)	1,801,608	(16,780)	3,983,929		(7,758)
Total net position - beginning	59,408,938	2,274,688	13,587,281	2,327,266	77,598,173		2,593,865
Total net position - ending	\$ 62,003,979	\$ 1,878,748	\$ 15,388,889	\$ 2,310,486	\$ 81,582,102	\$	2,586,107

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



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City of Titusville, Florida

Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended September 30, 2016

	Business-type Activities - Enterprise Funds					Governmental Activities
	Major Funds			Non-Major Fund		
	Water/ Sewer Utility	Solid Waste System	Stormwater Utility	Municipal Marina	Total	
Cash flows from operating activities:						
Receipts-customers and users	\$ 21,702,258	\$ 4,341,370	\$ 1,039,867	\$ 863,213	\$ 27,946,708	\$ 12,244,322
Payments-suppliers	(7,568,793)	(1,998,877)	(668,904)	(636,997)	(10,873,571)	(12,269,044)
Payments-employees	(5,499,129)	(2,005,893)	(795,658)	(97,551)	(8,398,231)	(1,183,053)
Net cash provided (used) by operating activities	8,634,336	336,600	(424,695)	128,665	8,674,906	(1,207,775)
Cash flows from noncapital financing activities:						
Transfers to other funds	(1,334,947)	(114,522)	(321,457)	-	(1,770,926)	-
Transfers from other funds	-	132,702	-	60,143	192,845	1,570,579
Intergovernmental and Impact fees	40,746	18,319	49,602	10,677	119,344	312,875
Internal balances	-	10,000	-	-	10,000	-
Repayment of advance	-	-	-	(130,988)	(130,988)	-
Net cash provided (used) by noncapital financing activities	(1,294,201)	46,499	(271,855)	(60,168)	(1,579,725)	1,883,454
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(1,640,435)	(852,101)	(2,749,105)	(8,381)	(5,250,022)	(332,757)
Interest payments on debt	(1,643,064)	(14,070)	(2,996)	(15,404)	(1,675,534)	(33,588)
Capital contributions	628,819	3,124	1,589,228	3	2,221,174	50
Proceeds from sale of property	11,707	46,079	-	-	57,786	-
Payment - capital lease	-	(122,833)	(65,148)	-	(187,981)	-
Principal paid on debt	(2,852,929)	-	-	-	(2,852,929)	(31,476)
Proceeds from debt issued	318,715	-	383,727	-	702,442	-
Net cash (used) by capital and related financing activities	(5,177,187)	(939,801)	(844,294)	(23,782)	(6,985,064)	(397,771)
Cash flows from investing activities:						
Investment earnings	306,529	7,456	58,013	-	371,998	14,076
Investment in joint venture	(1,739,358)	-	-	-	(1,739,358)	-
Purchase of investment securities	(906,142)	-	-	-	(906,142)	(430,483)
Sale of investment securities	-	546,757	1,235,415	7,823	1,789,995	-
Net cash provided (used) by investing activities	(2,338,971)	554,213	1,293,428	7,823	(483,507)	(416,407)
Net increase (decrease) in cash and cash equivalents	(176,023)	(2,489)	(247,416)	52,538	(373,390)	(138,499)
Beginning cash and cash equivalents	3,534,520	2,739	247,416	16,405	3,801,080	646,002
Ending cash and cash equivalents	\$ 3,358,497	\$ 250	\$ -	\$ 68,943	\$ 3,427,690	\$ 507,503



City of Titusville, Florida

Statement of Cash Flows (Continued)  
Proprietary Funds  
For the Fiscal Year Ended September 30, 2016

	Business-type Activities - Enterprise Funds					
	Major Funds			Non-Major Fund		Governmental Activities
	Water/ Sewer Utility	Solid Waste System	Stormwater Utility	Municipal Marina	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 4,624,190	\$ (475,029)	\$ 429,218	\$ (72,199)	\$ 4,506,180	\$ (1,871,750)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	4,213,283	692,833	463,813	163,739	5,533,668	362,895
Net Deferred Outflows	(71,619)	(19,445)	(9,789)	(2,568)	(103,421)	(1,321)
Net Deferred Inflows	114,817	31,174	15,693	4,117	165,801	22,196
(Increase) decrease in assets						
Accounts receivables, net	193,487	98,523	(1,421,741)	(57,410)	(1,187,141)	237,593
Inventories	(18,593)	-	-	10,526	(8,067)	9,320
Increase (decrease) in liabilities						
Accounts payable	(407,922)	(32,823)	83,170	109,459	(248,116)	158,318
Accrued liabilities	64,115	24,596	14,560	(55,368)	47,903	(81,277)
Customer deposits	56,900	18,904	-	9,392	85,196	-
Net OPEB obligation	256,325	103,932	53,772	32,986	447,015	1,768
Net Pension Liability	(390,647)	(106,065)	(53,391)	(14,009)	(564,112)	(75,517)
Total adjustments	4,010,146	811,629	(853,913)	200,864	4,168,726	663,975
Net cash provided/(used) by operating activities	\$ 8,634,336	\$ 336,600	\$ (424,695)	\$ 128,665	\$ 8,674,906	\$ (1,207,775)
Noncash investing, capital and financing activities:						
Transfer of assets to joint venture, net of proceeds	\$ (1,739,358)	-	-	-	(1,739,358)	-
Change in fair value of investments	\$ 906,142	\$ (546,757)	\$ (1,235,415)	\$ (7,823)	(883,853)	\$ 416,407

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

# City of Titusville, Florida

## Statement of Fiduciary Net Position

### Pension and Other Post Employment Benefits Trust Funds

September 30, 2016

	Trust Funds	Agency Funds
<b>Assets</b>		
Cash	\$ 35,731	\$ 95,793
Interest receivable	153,999	-
Investments		
Cash with fiscal agent	2,215,583	-
Money market	880,984	-
Federal agency bonds/notes	3,746,056	-
U.S. Treasury bond/notes	4,155,068	-
Municipal bonds/notes	1,188,088	-
Corporate bonds	7,983,423	-
Corporate stock	53,435,675	-
Mutual fund - bonds	5,967,011	-
Mutual fund - equity	15,963,134	-
Real estate	12,836,192	-
Total investments	108,371,214	-
	-	
Total assets	108,560,944	95,793
<b>Liabilities</b>		
Accounts payable	2,301	95,793
Total liabilities	2,301	95,793
<b>Net Position</b>		
Restricted for pension other post-employment	\$ 108,558,643	\$ -

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

# City of Titusville, Florida

## Statement of Changes in Fiduciary Net Position Pension and Other Post Employment Benefits Trust Funds For the Fiscal Year Ended September 30, 2016

	Trust Funds
Additions	
Contributions:	
Employer	\$ 5,697,212
Employee	1,167,064
State of Florida	731,350
<b>Total contributions</b>	<b>7,595,626</b>
Investment earnings:	
Interest & dividends	2,266,792
Net change in the fair value of investments	9,264,077
<b>Total investment income</b>	<b>11,530,869</b>
Less investment related expense	(78,929)
Miscellaneous revenue	28,143
<b>Total</b>	<b>19,075,709</b>
Deductions	
Pension and other employee benefits	10,902,721
Administrative expenses	466,576
<b>Total</b>	<b>11,369,297</b>
<b>Change in net position</b>	<b>7,706,412</b>
Net position - beginning of year	100,852,231
Net position - end of year	\$ 108,558,643

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

Notes to the Financial Statements  
September 30, 2016

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**Note 1. Summary of Significant Accounting Policies**

The accompanying financial statements present the financial position, results of operations, and cash flows of the applicable fund types governed by the City Council of the City of Titusville, Florida ("City") and are prepared in conformity with Generally Accepted Accounting Principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the City's accounting policies are described below:

**A. Financial Reporting Entity**

The City of Titusville was founded in 1867 and incorporated on July 13, 1887 as a political subdivision of the State of Florida and a municipal corporation with a five-member Council, including a Mayor and Vice-Mayor. The registered voters of the City of Titusville elect the Mayor and the City Council. The entire Council selects the Vice-Mayor. The Council appoints the City Manager, who in turn performs as the administrator of the everyday operations of the City. The City provides a full range of municipal services as directed by the City Charter including general government, public safety, public improvements, planning and zoning, water and sewer service, refuse collection, a recycling program, a stormwater utility program, and related general and administrative services to 44,206 residents.

The accompanying basic financial statements present the City of Titusville and its component unit, entities for which the City of Titusville is considered financially accountable in accordance with GASB Statement No. 61, *The Financial Reporting Entity*, as amended. Blended component units are, in substance, a part of the City's operations although they are legally separate entities. The blended component unit is reported as part of the major governmental funds.

**Blended Component Unit.** The Downtown Community Redevelopment Agency ("CRA") was created by Resolution 25-1982 pursuant to Florida Statutes Chapter 163.357. Membership consists of all five members of the Titusville City Council and two citizen members. The CRA has two units of revenue which are Ad Valorem Taxes paid by Brevard County, Florida and the Ad Valorem Taxes paid by the City of Titusville. The uses for these two sources of funding are the restoration/redevelopment and elimination/prevention of slum and blighted areas and may include clearance, rehabilitation, and /or conservation in the redevelopment area in accordance with their respective community redevelopment plans as authorized by the CRA Board. The former plan was created in 1985 and CRA is reported as a major fund of the City.

**Equity Interest in Joint Venture.** On May 24, 2010, the City entered into a joint venture with Farmton Water Resources LLC (Farmton) for establishing a cooperative arrangement for the construction, installation and operation of a well field for the supply of water to the benefit of existing and future customers. The partnership created a limited liability company TIFA LLC (TIFA) for that purpose. The City and Farmton are required to contribute 50% each to the cost of constructing and maintaining the well field. A management committee manages the business operations and the affairs of TIFA. The management committee designated by the City and by Farmton, respectively, is made up of two members. Distribution of the amount equal to all cash receipts less all cash expenditures will be made, no less frequently than annually, based on membership interest at the time.

Notes to the Financial Statements  
September 30, 2016

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**Note 1. Summary of Significant Accounting Policies (continued)**

On dissolution, the members' capital of TIFA will be distributed based on the membership interest at the time. At September 30, 2016, the City's membership interest was 50%. The City's investment in TIFA as of December 31, 2015, TIFA's latest financial statements during the City's fiscal year, is reported as a business-type activity noncurrent asset in the statement of net position. TIFA's activities for the year ended December 31, 2015 are separately presented on the financial statements for TIFA and can be obtained at the City of Titusville, Mourning Dove Water Treatment Plant, 2386 Garden Street, Titusville, Florida 32796.

The Titusville City Council makes appointments to the membership of the following agencies and, in some cases, approves funding assistance on an annual basis. However, since these organizations are governed by a separate autonomous body and do not meet the criteria for inclusion as a component unit, the agencies listed below have been excluded as a part of the reporting entity.

*Titusville Housing Authority* consists of nine members appointed by the City's Mayor with approval required by City Council but otherwise has no substantive relationship with the City. The Housing Authority has the power to purchase property, lease property, construct or rehabilitate property, hire employees and, in general, transact their official affairs much like the City Council. The Authority has the responsibility to initiate housing programs that will lead to a safe, sanitary, and healthy dwelling unit for low-income families at rents that such persons can afford. The Housing Authority is partially funded by Brevard County and the Federal government and is responsible for preparing its own annual financial statements.

*North Brevard Parks and Recreation Commission* consists of nine members, four of which are appointed by the Titusville City Council, four appointed by the Brevard County Board of County Commissioners ("County"), and one appointed by the Brevard County Board of Public Instruction. The objective of this commission is to provide, administer, and maintain joint parks and recreational and cultural facilities for use by and benefit of the Brevard County Commission District I and participating municipalities. Although the City Council may approve funding assistance by means of a funding agreement and though the services are provided within the City's geographical area, the County is responsible for budget adoption, fiscal management, financial reporting, etc.

*North Brevard Hospital District Board* consists of nine members; three of which are appointed by the Titusville City Council, three appointed by the Brevard County Board of County Commissioners ("County"), and the remaining three are also appointed by the County but are subject to confirmation by the City. The hospital district is charged with the responsibility of establishing, constructing, equipping, operating, maintaining, repairing, and/or leasing a hospital(s). This board operates as an independent special district created by the Florida Legislature and is responsible for its own financial activities and ensuring that an annual independent audit be conducted.

*North Brevard Library District Board* consists of seven members; the Titusville City Council appoints five and the County appoints two. The Library board has no substantive relationship with the City; it is charged with the responsibility of operating the City and County libraries within the North Brevard District. This board operates as a dependent district of the County. The County funds the operations of this board; controls surplus funds, and is responsible for funding deficits and financial reporting.

Notes to the Financial Statements  
September 30, 2016

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**Note 1. Summary of Significant Accounting Policies (continued)**

*North Brevard Economic Development Zone Board* consists of nine members, the City of Titusville appoints three, the District 1 County Commissioner ("County") appoints three, and the Board of County Commissioners ("County") appoint three with the approval of the Titusville City Council. This board provides economic development assistance which are valuable tools available to the County, the City and their respective Economic Development agencies for attracting business to all parts of North Brevard County. All economic development activities, operations, services, acquisitions and functions performed by the Board are funded from the Tax Increment established, levied and collected in accordance with the Tax Increment Ordinance or other revenues or funds available to the Board.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part the effect of inter-fund 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 services.

The statement of activities demonstrates the degree to which the 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. Certain indirect expenses are included in the program expense reported for individual functions and segments. 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 fund 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, proprietary fund and trust fund financial statements use a flow of economic resources measurement focus to determine net income and financial position. Agency funds do not measure results of operations, but assets and liabilities are measured on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Notes to the Financial Statements  
September 30, 2016

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**Note 1. Summary of Significant Accounting Policies (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 available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due. Expenditures related to pensions and OPEB are recognized when the City has made a decision to fund those obligations with current available resources.

Property taxes are levied for governmental revenue when eligibility requirements are met. Franchise taxes, certain other tax revenues, licenses, charges for services, and interest associated with the current fiscal period are all considered to be measurable and so have been recognized as revenues of the current fiscal period, if available. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental funds:

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

The *Downtown Community Redevelopment Agency Fund* is to account for revenues provided by an incremental increase in Ad Valorem taxes levied each year and donations from private sources, which are restricted to the redevelopment of designated areas within the City's downtown area.

The *Roads and Streets Fund* is to account for construction of major capital facilities and improvements to roads and streets.

- The City reports the following major proprietary funds:
- The *Water and Sewer Utility Fund* is used to account for the activities of the City's water and wastewater systems, which are financed similar to private business enterprises, where the costs, including depreciation, of providing services to the general public on an ongoing basis are financed through user charges.
- The *Solid Waste System Fund* accounts for the activities of the City's refuse collection and recycling services.
- The *Stormwater Utility Fund* accounts for the activities of the City's stormwater management, conservation, protection, control, use and enhancement of stormwater.

Additionally, the City reports the following fund types as non-major and fiduciary funds:

- Special Revenue Funds account for specific revenue resources that are restricted by law or administrative action to expenditures for specific purposes.

**Notes to the Financial Statements**  
**September 30, 2016**

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**Note 1. Summary of Significant Accounting Policies (continued)**

- Debt Service Funds account for the accumulation of resources for and the payment of principal and interest on certain long-term debt.
- *Capital Projects Funds* account for financial resources segregated for the acquisition or construction of capital facilities.
- *Municipal Marina Funds* account for the provision of a special recreation facility to the residents of the City and County.
- *Internal Service Funds* account for fleet management services, management information systems, and employees' group and self-insured loss activities (workers compensation and liability).
- *Fiduciary Trust Funds* account for the activities of the Police Officers' and Firefighters' Pension Trust, the General Employees' Pension Trust and the Other Post-Employment Benefits (OPEB) Trust, which accumulate resources for retirement and other post-employment benefit payments to qualified employees.
- *Agency Funds* account for the collection and payments of Performance Bonds held by the City in escrow.

As a rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where amounts are reasonably equivalent in value to the inter-fund services provided and other charges between the government's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include:

1. Charges to customers or applicants for goods, services, or privilege provided,
2. Operating grants and contributions, and
3. Capital grants and contributions.

Internal, dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 Water and Sewer Utility Fund, the Solid Waste System Fund, the Stormwater Utility Fund and the Municipal Marina Fund and of the City's Internal Service Funds are charges to customers for sales and services. The Water and Sewer Utility Fund also recognize as operating revenue the portion of tap connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for the Enterprise Fund and Internal Service Fund 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 non-operating revenues and expenses.



Notes to the Financial Statements  
September 30, 2016

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**Note 1. Summary of Significant Accounting Policies (continued)**

The preparation of the basic financial statements in conformity with the accounting principles generally accepted in the United States requires management to make use of estimates that affect reported amounts in the basic financial statements. Actual results could differ from estimates.

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

**D. Accounting Standards Adopted**

Effective October 1, 2015, the City adopted the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*. The City continues to value certain investments using market approach and has enhanced disclosures regarding these investments to include the level of fair value hierarchy.

**E. Assets, Liabilities, and Net Position**

**1. *Deposits and Investments***

The City's cash consists of cash on hand, demand deposits, and equity in pooled cash. The equity in pooled cash represents a fund's share of a cash pool maintained by the City for the use of all funds except the trust funds and funds that require separate bank accounts.

Florida Statutes and/or the respective investment policies authorize, limit and restrict the City's investments and the investments of the City's pension funds (General Employees' and the Police Officers' and Firefighters'). Investments are stated at fair value (based on quoted market price).

**2. *Receivables and Payables***

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds". The current portion of the advances to/from other funds represents the amount of the receivable/payable that is due within one year, and the remaining outstanding balance is the non-current portion of these interfund loans. Accounts receivable balances are shown net of the allowance for uncollectibles. The allowances are determined based on management estimates of uncollectible amounts considering the customers' ability to pay and historical experience.

Notes to the Financial Statements  
September 30, 2016

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**Note 1. Summary of Significant Accounting Policies (continued)**

**3. Inventories**

Inventories are valued at the lower of cost or market, using the first-in/first-out ("FIFO") method or the weighted-average method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. Payments made to vendors for services that will provide benefit beyond the current fiscal year are recorded as prepaid items.

**4. Restricted Assets**

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets in the government-wide financial statements and the enterprise fund statements because their use is limited by applicable legal indentures imposed by bond covenants. The restricted assets are used to report resources set aside to provide a reserve for debt service and for the acquisition of capital assets.

**5. Capital Assets**

In the government-wide and proprietary fund financial statements, property, infrastructure, 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 \$5,000 and an estimated useful life of greater than one year. General infrastructure assets (such as roads, bridges, and similar items) are reported at actual cost or are reported at estimated historical cost using deflated replacement costs. The cost of normal maintenance and repairs to these assets that do not add materially to the value of the asset or materially extend the assets' useful lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Buildings and improvements, improvements other than buildings, and furniture and equipment (including assets depreciated under lease purchase contracts) are depreciated using the straight-line method over the following estimated useful lives:

	Years
Infrastructure	10 - 40
Buildings and improvements	20 - 25
Improvements other than buildings	20 - 50
Furniture and equipment	4 - 15
Utility plant	20 - 50

In the governmental fund financial statements, capital assets acquired are accounted for as capital outlay expenditures and are not capitalized or depreciated.

Notes to the Financial Statements  
September 30, 2016

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**Note 1. Summary of Significant Accounting Policies (continued)**

**6. *Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City currently has a deferred loss on refunding and a deferred net difference between projected and actual earnings on pension plan investments that meet this criterion. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City currently has unavailable revenues that meet the criterion for this category.

**7. *Compensated Absences***

The City records the vested portion of accumulated unused compensated absences at year-end based on each employee's earned, unused vacation and sick hours and current rate of pay, including the City's share of Social Security and Medicare taxes. All compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements as accrued liabilities. 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. The liability for compensated absences in the enterprise fund types is liquidated in the enterprise fund in which the liability originally incurred. The estimated obligation recorded in the government-wide statements, for governmental activities, is to be funded from future financial resources from the general fund.

**8. *Long-Term Obligations***

In the government-wide financial statements and the proprietary fund types fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which is not materially different than the interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

**9. *Fund Equity and Net Position***

**Fund Balance Stabilization Policy:** The City's policy is to maintain a General Fund Stabilization Fund Balance to provide for severe economic downturns where more than 20% of revenues supporting critical basic operations are projected to decline for more than two years or permanently or when there are unreimbursed expenditures for major natural disasters affecting the safety of citizens (hurricanes, wildfires, tornadoes). The City Council has adopted a resolution establishing a committed fund balance reserve of \$4,560,597 for the Stabilization Fund, which is

City of Titusville, Florida

Notes to the Financial Statements  
September 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

equal to 60 days of annually budgeted operating expenditures.

Below is a table of fund balance categories and classifications at September 30, 2016 for the City's governmental funds:

	General Fund	Downtown Community Redevelopment Agency	Roads & Streets	Non Major Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Inventories	\$ 21,243	\$ -	\$ -	\$ -	\$ 21,243
Restricted for:					
Public Safety	108,409	-	-	396,529	504,938
Community Development	103,295	526,045	-	566,909	1,196,249
Debt Service	-	-	-	107,123	107,123
Roadway Improvements	-	-	2,763,885	-	2,763,885
Riverfront Acquisitions	-	-	-	546,486	546,486
Splash Pad	-	-	-	172,494	172,494
U.S. Flag Memorial Services	4,145	-	-	-	4,145
U.S. Flag Replacement	267	-	-	-	267
SHIP	-	-	-	34,862	34,862
Committed to:					
Stabilization Fund	4,560,597	-	-	-	4,560,597
Tree/Landscape Mitigation	370,935	-	-	-	370,935
Assigned to:					
Economic Development	57,790	-	-	-	57,790
Student Advisory Council	528	-	-	-	528
Unassigned:	2,240,409	-	-	-	2,240,409
<b>Total Fund Balances</b>	<b>\$ 7,467,618</b>	<b>\$ 526,045</b>	<b>\$ 2,763,885</b>	<b>\$ 1,824,403</b>	<b>\$12,581,951</b>

Notes to the Financial Statements  
September 30, 2016

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**Note 1. Summary of Significant Accounting Policies (continued)**

In the Government-wide and Proprietary Fund Financial Statements, net positions are classified in the following categories:

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

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

***Unrestricted Net Position*** – This category represents the net position of the City which is not restricted for any project or other purpose.

In the Fund Financial Statements, fund balances of governmental funds are classified in five separate categories. The five categories, and their general meanings, are as follows:

***Nonspendable Fund Balance*** - includes that portion of fund equity that is not in a spendable form (such as inventories) or is required to be maintained intact (such as principal of an endowment fund).

***Restricted Fund Balance*** - includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example grant providers), constitutionally, or through legislation (that is, legislation that creates a new revenue source and restricts its use). Restrictions may be changed or lifted only with the consent of the resource providers.

***Committed Fund Balance*** - includes amounts that can be used only for the specific purposes determined by a formal action of the highest level of decision-making authority, which is generally adoption of a City ordinance but may also be through adoption of a City resolution in certain cases. The formal action needed to commit fund balance amounts could be a resolution or ordinance. The adoption of the resolution or ordinance occurs during formal City Council meetings, with the Council determining whichever is the highest authority required for the subject matter. The resolution or ordinance remain in effect until the City Council changes or revokes them. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

***Assigned Fund Balance*** - comprises amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund. Assignments may be made only by City Council or, as provided by Resolution 29-2011, the Finance Director.

**Note 1. Summary of Significant Accounting Policies (continued)**

***Unassigned Fund Balance*** - is the residual classification for the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund. The City considers unassigned amounts as spent when an expense is incurred.

Spending order of fund balance per Resolution 29-2011: The City uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use restricted fund balance, followed by committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Notes to the Financial Statements  
September 30, 2016

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**Note 2. Reconciliation of Government-wide and Fund Financial Statements**

***Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position:***

The Governmental Fund Balance Sheet includes a reconciliation between *fund balance - total governmental funds and net position - governmental activities* as reported in the Government-wide Statement of Net Position.

***Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities:***

The Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance includes a reconciliation between *net changes in fund balance - total governmental funds and changes in net position of governmental activities* as reported in the Government-wide Statement of Activities.

**Note 3. Stewardship, Compliance and Accountability**

**A. Budgetary Information**

The annual operating budgets are adopted by City Council using the following procedures:

- Annual budgets are adopted for all funds of the City except for the Pensions and OPEB Trust funds. These three funds are effectively monitored by governing agreements and by related City Ordinances. The annual operating budgets are prepared on a basis consistent with generally accepted accounting principles. Annual budget appropriations lapse at the end of each fiscal year, except for unexpended appropriations on open grant programs and capital projects, which are reappropriated in subsequent annual budgets.
- Encumbrance accounting is employed in governmental funds. Encumbrances represent open purchase orders and other commitments for goods/services that are not yet received and are recorded to reserve that portion of the applicable appropriation. Encumbrances are recognized as expenditures in the period in which the actual goods/services are received and a liability is incurred. Encumbrances outstanding at year-end are canceled and re-appropriated in the succeeding year's budget; such amounts, if material, are disclosed in the notes as commitments.
- Prior to the first day of August of each year, the City Manager prepares a recommended budget for the next succeeding fiscal year and submits it to the City Council. The recommended budget includes proposed expenditures and the source of receipts to finance them.
- City Council holds a series of special budget workshops in addition to a minimum of two public hearings on the proposed budget and adopts the official annual budget of the City, by ordinance, prior to September 30.
- The budget, as adopted, may only be amended through formal approval by City Council. Budgetary integration is established in the accounting records for control purposes at the object of expenditure level; however, the City Charter establishes the level at which expenditures may not legally exceed the budget at the major department level. Therefore, the City Manager may transfer budgeted amounts within a department of the City without formal approval by City Council.

Notes to the Financial Statements  
September 30, 2016

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Note 3. Stewardship, Compliance and Accountability (continued)

B. Ad Valorem Property Taxes

Under Florida law, the assessment of all properties and the collections of all county, municipal, and school board property taxes are consolidated in the offices of the County Property Appraiser and the County Tax Collector. Florida Statutes 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 (10) mills. The millage rate in effect for the fiscal year ended September 30, 2016, was 7.9011 and the Series 2005 General Obligation Bond voted debt millage was 0.5020 for a total millage of 8.4031.

The tax levy of the City is established by the City Council prior to October 1 of each year and the Brevard County Property Appraiser incorporates the millage into the total tax levy, which includes the municipalities, independent districts and the County School Board tax requirements.

Property taxes are levied in November and attached as a lien on property as of January 1 of each year. 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% for payments received in the month of November, 3% for payments received in the month of December, 2% for payments received in the month of January and 1% for payments received in the month of February. The taxes paid in March are not subject to discount. Tax certificates on all property for which taxes are delinquent are sold on or about June 1 of each year.

C. Connection Fees and Impact Fees

Water and sewer connection fees represent reimbursement of the costs incurred to perform the connection of the respective utilities. These fees are recorded as operating revenue at the time of service. Impact fees, which are not considered connection fees since they substantially exceed the cost of connection, are recorded as non-operating revenue in the period earned in the appropriate enterprise fund.

D. Administrative Service Charges

Administrative services are provided by various departments within the general fund to other funds of the City. Charges for these services are based on a formal independent third-party cost allocation plan review that is based on work unit factors relative to the funds involved. The administrative service charges are recorded as revenues in the general fund and as operating expenses in the fund being charged.



**Note 3. Stewardship, Compliance and Accountability (continued)**

**E. Transportation Impact Fees**

The City entered into an interlocal agreement with Brevard County, Florida to ensure that the transportation impact fees necessary for adequate provision of roadways are imposed upon and collected from new development in an equitable and fair manner, and are appropriated and expended in accordance with the applicable laws. All transportation impact fees collected by the County within the City are deposited by the County in a trust fund and may be used for eligible improvements within the City's corporate limits at the County's discretion. There were no appropriations of transportation impact fees this fiscal year by the County due to an approved moratorium on these fees in an effort to promote economic development.

Notes to the Financial Statements  
September 30, 2016

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Note 4. Detailed Notes on all Funds

A. Deposits

At September 30, 2016, the carrying amount of the City's bank deposits and petty cash for governmental and business-type activities was \$4,950,630 and the trust funds' carrying amount of bank deposits was \$35,731. The bank balance at September 30, 2016 was \$1,585,238, all of which is held by a bank that qualifies as a public depository, as required by Chapter 280 of the Florida Statutes. All of the deposits were covered by the FDIC or collateralized in accordance with the "Florida Security for Public Deposits Act". Under the Act, every qualified public depository shall deposit with the Treasurer eligible collateral having a market value equal to 50% of the average daily balance for each month that all public deposits are in excess of any applicable deposit insurance. If the public deposits exceed the total amount of the regulatory capital accounts of a bank or the regulatory net worth of a saving association, the required collateral shall have a market value equal to 125% of the deposits. Of the bank balance, no amount was uninsured and uncollateralized in banks not qualifying under the Act at September 30, 2016.

B. Investments

*Government-wide*

On May 12, 2009, the City Council approved Resolution 25-2009, updating the City's investment policy. Pursuant to Section 218.415, Florida Statutes, the City's investment policy establishes permitted investments, asset allocation limits and issuer limits, credit rating requirements and maturity limits to protect the City's cash and investment assets. The City maintains a cash and investment pool for the use of all funds except the pension & OPEB trust funds and funds that require separate bank accounts.

The City's investment policy allows for the following investments: United States Government Securities, United States Government Agencies, Federal Instrumentalities, Repurchase Agreements, Commercial Paper, Corporate Notes, Corporate Obligations, Bankers' Acceptances, State and/or Local Government Taxable and/or Tax-Exempt Debt, Registered Investment Companies (Money Market Mutual Funds) and Intergovernmental Investment Pool.

Interest Rate Risk

The City's investment policy limits interest rate risk by attempting to match investment maturities with known cash needs and anticipated cash flow requirements and investments of current operating funds that will have maturities of no longer than twenty-four (24) months. Investments of bond reserves, construction funds, and other non-operating funds shall have a term appropriate to the need for funds and in accordance with debt covenants, but should not exceed five (5) years.

**Notes to the Financial Statements**  
**September 30, 2016**

**Note 4. Detailed Notes on all Funds (continued)**

As of September 30, 2016, the City's governmental and business-type activities had the following investments and effective duration presented in terms of years:

Government-wide Investment Type	Investment Maturities (in Years)		
	Fair Value	Less Than 1	1-5
Investments Subject to Rate Risk:			
Money Market Mutual Funds	\$ 96,023	\$ 96,023	\$ -
Commercial Paper	1,997,554	1,997,554	-
Federal Agency Bonds/Notes	18,442,818	1,264,187	17,178,631
Municipal Bonds/Notes	401,766	-	401,766
U.S. Treasury Bonds/Notes	9,311,253	-	9,311,253
Corporate Debt	9,879,321	2,632,167	7,247,154
Total Investments	\$ 40,128,735	\$ 5,989,931	\$ 34,138,804

Money market mutual funds are valued at amortized cost. All other investments are valued by fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Above investments measured at fair value are based on Level 2 inputs.

The City has the following recurring fair value measurements as of September 30, 2016:

- U.S. Treasury Bonds of \$9.3 million are valued using a matrix pricing model (Level 2 inputs)
- Corporate Debt of \$9.8 million are valued using a matrix pricing model (Level 2 inputs).
- Federal Agency Bond of \$18.4 million are valued using a matrix pricing model (Level 2 inputs)
- Municipal Bonds of \$401,766 are valued using a matrix pricing model (Level 2 inputs)

**Credit Risk**

The City's investment policy permits investments, which are limited to credit quality ratings from nationally recognized rating agencies as follows:

Commercial Paper of any United States company that is rated, at the time of purchase, "Prime-1" by Moody's and "A-1" by Standard & Poor's (prime commercial paper). Corporate Notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States that have a minimum long term debt rating, at the time of purchase, of "Aa" by Moody's and "AA" by Standard & Poor's. Bankers' Acceptances issued by a domestic bank which, at the time of purchase, has an unsecured, uninsured and unguaranteed obligation rating of at least "Prime-1" by Moody's or "A-1" Standard & Poor's and is ranked in the top fifty (50) United States banks in terms of total assets by the American Banker's yearly report. State and/or local Government Taxable and/or Tax-Exempt Debt, general obligation and/or revenue bonds, rated at least "Aa" by Moody's and "AA" by Standard & Poor's for long-term debt, or rated at least "MIG-2" by Moody's and "SP-2" by Standard & Poor's for short-term debt. Money market funds shall be rated "AAAm" by Standard & Poor's or the equivalent by another rating agency.

## City of Titusville, Florida

### Notes to the Financial Statements September 30, 2016

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#### Note 4. Detailed Notes on all Funds (continued)

Intergovernmental Investment Pools shall be rated "AAA" by Standard & Poors or the equivalent by another rating agency.

As of September 30, 2016, the City had the following credit exposure as a percentage of total investments:

Security Type	Credit Rating	% of Portfolio Subject to Credit Risk
Federal Instrumentalities Bonds/Notes	AA+	46.12%
Corporate Debt	BBB+	1.34%
Corporate Debt	AA	6.86%
Municipal Bonds/Notes	A	16.41%
Commercial Paper	AA	1.00%
Municipal Bonds/Notes	A-1	5.00%
U.S. Treasury Bonds/Notes	AA+	23.27%
Total		<u>100.00%</u>

#### Custodial Credit Risk

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

As of September 30, 2016, the City's investment portfolio was uninsured and held with a third-party custodian in the City's name as required by the City's investment policy.

Notes to the Financial Statements  
September 30, 2016

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**Note 4. Detailed Notes on all Funds (continued)**

**Concentration of Credit Risk**

The City's investment policy has established asset allocation and issuer limits on the following investments, which are designed to reduce concentration of credit risk of the City's investment portfolio. At September 30, 2016, the City had no asset allocations or issuers in excess of these limits. The City had no investments in any one issuer that exceeded five percent or more of the total investments held by the City, other than those exempted under GASB Statement No. 40. A maximum of 100% of available funds may be invested in United States Government Securities, 50% of available funds may be invested in United States Government Agencies with a 25% limit on individual issuers, 80% of available funds may be invested in Federal Instrumentalities with a 40% limit on individual issuers, 25% of available funds may be directly invested in Corporate Notes with a 5% limit on individual issuers, 50% of available funds may be invested in Corporate Obligations with a 25% limit on individual issuers, 50% of available funds may be invested in Interest Bearing Time Deposit or Saving Accounts with a 25% limit on individual issuers, 50% of available funds may be invested in Repurchase Agreements with a 25% limit on individual issuers, 25% of available funds may be directly invested in Commercial Paper with a 15% limit on individual issuers, 35% of available funds may be directly invested in Bankers' Acceptances with a 20% limit on individual issuers, 20% of available funds may be invested in State and/or Local Government Taxable and/or Tax-Exempt Debt, and 50% of available funds may be invested in Registered Investment Companies (Money Market Mutual Funds) with a 25% limit of individual issuers and 25% of available funds may be invested in Intergovernmental Investment Pools.

***Fiduciary Funds***

Investments of the General Employees' and the Police Officers' & Firefighters' Pension Trust Funds (Pension Trust Funds) are limited by Florida Statutes, Chapters 112, 175 & 185 and by investment policies adopted by the Trusts' Board of Trustees. The allowable investment instruments include time deposits, savings and money market deposit accounts of a national bank, a state bank insured by the Bank Insurance Fund, a state or federal chartered credit union whose share accounts are insured by the National Credit Union Share Insurance Fund; obligations issued by the United States Government or obligations guaranteed as to principal and interest by the United States Government or by an agency of the United States Government; stocks, commingled funds, mutual funds and bonds or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or the District of Columbia; bonds issued by the State of Israel; foreign stocks traded on the official exchange as recognized by the government where the exchange is located or on any of the major equivalent electronic exchanges; real estate investments made through participation in diversified commingled funds of real properties; commercial paper; and bankers acceptances.

The Other Post-Employment Benefits (OPEB) Trust's assets are invested in a manner consistent with the standards set forth in Chapters 112 & 518 of the Florida Statutes, City of Titusville Ordinances and/or the Trust's Investment Policy. The authorized investments include commingled and mutual funds that comply with the Investment Company Act of 1940's diversification requirement, cash equivalents, common stock, preferred stock, publicly traded Real Estate Investment Trusts and U.S. Treasury, Federal Agencies and U.S. Government guaranteed obligations, investment grade municipal or corporate issues including convertibles.

## City of Titusville, Florida

### Notes to the Financial Statements September 30, 2016

#### Note 4. Detailed Notes on all Funds (continued)

##### Interest Rate Risk

The Pension Trust Funds and the OPEB Trust Fund do not have formal investment policies that limit investment maturities as a means of managing exposure to fair market value losses arising from increased interest rates. Information about the sensitivity of the fair values of pension investments to market interest rate fluctuations is shown below. As of September 30, 2016, the Pension Trust Funds and the OPEB Trust Fund had the following investments and effective duration (based upon the fiscal year-end date) presented in terms of years:

Fiduciary Funds Investment Type	Investment Maturities (in Years)				
	Carrying Value	Less Than 1	1-5	6-10	More Than 10
Investments Subject to Rate Risk:					
Cash with Fiscal Agent	\$ 2,215,583	\$ 2,215,583	\$ -	\$ -	\$ -
Money Market Mutual Funds	880,984	880,984	-	-	-
Federal Agency Bonds/Notes	3,746,056	430	371,869	1,285,413	2,088,344
U.S. Treasury Bonds/Notes	4,155,068	1,842,178	1,111,646	1,166,098	35,146
Municipal Bonds/Notes	1,188,088	259,439	650,225	278,424	-
Corporate Debt	7,983,423	-	4,911,016	2,139,776	932,631
	<u>\$ 20,169,202</u>	<u>\$ 5,198,614</u>	<u>\$ 7,044,756</u>	<u>\$ 4,869,711</u>	<u>\$ 3,056,121</u>
Other Investments:					
Corporate Stock	53,435,675				
Mutual Funds - Bonds	5,967,011				
Mutual Funds - Equity	15,963,134				
Real Estate Funds	12,836,192				
Total Investments	<u>\$ 108,371,214</u>				

The carrying value of cash with fiscal agent and money market mutual funds is based on amortized cost. All other investments shown above are carried at fair value. The fair values of other investments shown above are based on Level 1 measurement inputs and all other amounts above that are measured at fair value are measured based on Level 2 inputs.

The Pension Trust Funds and OPEB Trust Fund include investments in mutual bond funds that are not rated by nationally recognized rating agencies. These investments maintain an average maturity of 1-10 years and represent 5.5% of the plan net position.

##### Credit Risk

As a means of limiting exposure to credit risk, the pension trust funds are diversified by security type and institution, and holdings are limited in any one type of investment with any one single issuer with various durations of maturities.

Notes to the Financial Statements  
September 30, 2016

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Note 4. Detailed Notes on all Funds (continued)

The following table discloses credit ratings of debt securities by investment type, as of September 30, 2016, as applicable:

Security Type	Credit Rating	% of Portfolio Subject to Credit Risk
Agency MBS	AAA	4.86%
Agency MBS	AA+	1.90%
Commercial Paper	A-1	1.87%
Corporate Bonds	AA	0.41%
Corporate Bonds	A-	0.97%
Corporate Bonds	BBB+	0.59%
Corporate Bonds	BBB	0.20%
Corporate Notes	AA+	0.10%
Corporate Notes	AA	0.33%
Corporate Notes	AA-	5.37%
Corporate Notes	A+	2.33%
Corporate Notes	A	9.35%
Corporate Notes	A-	5.79%
Corporate Notes	BBB+	5.06%
Corporate Notes	BBB	1.86%
Corporate Notes	BBB-	0.92%
Municipal Bonds	AA+	36.86%
Municipal Bonds	AA	0.75%
Municipal Bonds	AA-	0.68%
Municipal Bonds	A+	0.29%
Municipal Bonds	A	0.11%
U.S. Government Bonds	AA+	19.40%
Total		<u>100.00%</u>

Custodial Credit Risk

As of September 30, 2016, the Pension Trust Funds and the OPEB Trust investments were uninsured, and held with a third-party custodian in the particular Trusts' names, as required by the respective investment policies.

**Notes to the Financial Statements**  
**September 30, 2016**

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**Note 4. Detailed Notes on all Funds (continued)**

Concentration of Credit Risk

The investment policies of the Pension Trust Funds and the OPEB Trust include limitations on the amount that can be invested in any one issuer, as well as maximum portfolio allocation percentages. At September 30, 2016, the fiduciary funds had no investments in excess of their respective policy limits. The City had no investments in any one issuer that exceeded five percent or more of the total investments held by the City, other than those exempted under GASB Statement No. 40.

C. Receivables

Receivables as of year-end, including the applicable allowances for uncollectibles accounts, are as follows:

<i>Governmental Funds</i>	General Fund	Road & Streets	Non-major Funds	Total
Receivables:				
Accounts	\$ 331,191	\$ (107)	\$ 1,420	\$ 332,504
Special Assessments	-	11,209	-	11,209
Intergovernmental	1,424,829	320,384	11,921	1,757,134
Gross receivables	1,756,020	331,486	<u>13,341</u>	2,100,847
Less: allowance for uncollectibles	(104,846)	-	-	(104,846)
Net total receivables	<u>\$ 1,651,174</u>	<u>\$ 331,486</u>	<u>\$ 13,341</u>	<u>\$ 1,996,001</u>

<i>Business-Type Funds</i>	Water and Sewer	Solid Waste	Stormwater	Non-major Marina Fund	Total
Receivables:					
Accounts	\$ 5,832,943	\$ 1,029,538	\$ 1,013,858	\$ 58,780	\$ 7,935,119
Intergovernmental	15,479	581	1,588,855	-	1,604,915
Gross receivables	5,848,422	1,030,119	2,602,713	58,780	9,540,034
Less: Allowance for uncollectibles	(2,743,652)	(548,373)	(1,005,106)	-	(4,297,131)
Net total receivables	<u>\$ 3,104,770</u>	<u>\$ 481,746</u>	<u>\$ 1,597,607</u>	<u>\$ 58,780</u>	<u>\$ 5,242,903</u>



City of Titusville, Florida

Notes to the Financial Statements  
September 30, 2016

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Note 4. Detailed Notes on all Funds (continued)

D. Interfund Receivables, Payables and Transfers

The composition of Interfund Balances as of September 30, 2016, is as follows:

Fund	Receivable	Payable
Major Funds:		
General Fund	\$ 205,731	\$ -
CRA	-	79,185
Solid Waste	190,000	-
Municipal Marina	-	316,546
Total	<u>\$ 395,731</u>	<u>\$ 395,731</u>

The advances from the General Fund relate to working capital loans for capital outlays and capital improvements scheduled to be repaid in one to seven years. The amount payable by the Community Redevelopment Agency represents funds used for the purchase of YMCA property. The amount receivable by Solid Waste System Fund represents advances to the Municipal Marina due to a number of operational factors.

City of Titusville, Florida

Notes to the Financial Statements  
September 30, 2016

Note 4. Detailed Notes on all Funds (continued)

	Transfers In						
	General Funds	Roads and Streets	Nonmajor Governmental Funds	Solid Waste	Municipal Marina	Internal Service Funds	Total
Transfers Out: General Fund	\$ -	\$ 1,092,431	\$ 385,431	\$ -	\$ 60,143	\$ 1,063,411	\$ 2,601,416
Downtown Community Development	14,716	166,000	123,350	-	-	-	304,066
Nonmajor Governmental Funds	397,905	-	-	-	-	-	397,905
Water and Sewer	1,007,742	-	-	-	-	327,205	1,334,947
Solid Waste	-	-	-	-	-	114,522	114,522
Stormwater	123,314	-	-	132,702	-	65,441	321,457
Total	\$ 1,543,677	\$ 1,258,431	\$ 508,781	\$ 132,702	\$ 60,143	\$ 1,570,579	\$ 5,074,313

The funds transferred to the General Fund are to finance various programs that the City must account for in accordance with budgetary authorizations and the repayments of the old MPRRN Fund. Entry to close MPRRN Fund and transfer remaining funds to General Fund. The transfer to the nonmajor governmental funds is related to funding the maintenance of streets and sidewalks. The transfer for Internal Service is due to additional cost for health insurance.

City of Titusville, Florida

Notes to the Financial Statements  
September 30, 2016

Note 4. Detailed Notes on all Funds (continued)

E. Capital Assets

Capital asset activity for the year ended September 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental activities: (includes Internal Service Funds)</i>				
Capital assets not being depreciated:				
Land	\$ 30,357,455	\$ -	\$ (520,586)	\$ 29,836,869
Easements	199,220	-	-	199,220
Construction in progress	2,259,745	4,771,881	(2,865,328)	4,166,298
Total assets not being depreciated	32,816,420	4,771,881	(3,385,914)	34,202,387
Capital assets being depreciated:				
Buildings and improvements	4,311,001	626,886	-	4,937,887
Improvement other than buildings	97,910,261	2,566,828	(98,504)	100,378,585
Furniture and equipment	14,310,348	947,839	(1,229,073)	14,029,114
Total assets being depreciated	116,531,610	4,141,553	(1,327,577)	119,345,586
Less accumulated depreciation for:				
Buildings and improvements	(3,375,290)	(86,482)	-	(3,461,772)
Improvement other than buildings	(73,920,464)	(1,336,203)	43,425	(75,213,242)
Furniture and equipment	(11,858,787)	(870,719)	1,151,928	(11,577,578)
Total accumulated depreciation	(89,154,541)	(2,293,404)	1,195,353	(90,252,592)
Total capital assets, being depreciated, net	27,377,069	1,848,149	(132,224)	29,092,994
Governmental activities capital assets, net	\$ 60,193,489	\$ 6,620,030	\$ (3,518,138)	\$ 63,295,381
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 4,473,839	\$ 4,020	\$ -	\$ 4,477,859
Easements	99,554	-	-	99,554
Construction in progress	5,693,475	5,290,224	(5,752,567)	5,231,132
Total assets not being depreciated	10,266,868	5,294,244	(5,752,567)	9,808,545
Capital assets being depreciated:				
Buildings and improvements	4,056,982	-	-	4,056,982
Improvement other than buildings	34,621,343	376,116	-	34,997,459
Furniture and equipment	16,423,390	1,637,316	(1,194,865)	16,865,841
Utility Plant	110,868,742	3,694,913	-	114,563,655
Total assets being depreciated	165,970,457	5,708,345	(1,194,865)	170,483,937
Less accumulated depreciation for:				
Buildings and improvements	(4,007,980)	(42,735)	-	(4,050,715)
Improvement other than buildings	(16,084,336)	(1,135,200)	-	(17,219,536)
Furniture and equipment	(11,662,409)	(1,197,542)	1,186,994	(11,672,957)
Utility Plant	(60,285,076)	(3,158,191)	-	(63,443,267)
Total accumulated depreciation	(92,039,801)	(5,533,668)	1,186,994	(96,386,475)
Total capital assets, being depreciated, net	73,930,656	174,677	(7,871)	74,097,462
Business-type activities capital assets, net	\$ 84,197,524	\$ 5,468,921	\$ (5,760,438)	\$ 83,906,007

City of Titusville, Florida

Notes to the Financial Statements  
September 30, 2016

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Note 4. Detailed Notes on all Funds (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

Legislative	\$	3,635
Executive		51,857
Legal Counsel		25,128
Community Development		138,928
Public Works		170,061
Public Safety		1,075,206
Support Services		184,627
General Administrative		281,067
Capital Assets held by the government's internal service fund are charged to the various functions based on their usage of the assets		362,895
Total depreciation expense - governmental activities	\$	<u>2,293,404</u>

Business-type activities:

Water Sewer Utility	\$	4,213,283
Solid Waste System		692,833
Stormwater System		463,813
Municipal Marina		163,739
Total depreciation expense - business-type activities	\$	<u>5,533,668</u>

City of Titusville, Florida

Notes to the Financial Statements  
September 30, 2016

Note 4. Detailed Notes on all Funds (continued)

F. Long-term Liabilities

Changes in long-term liabilities for Governmental Activities for the fiscal year ended September 30, 2016 are as follows:

	Balance 10/1/2015	Additions	Deletions	Balance 9/30/2016	Due Within One Year (Current)
<i>Governmental Activities</i>					
Bonds Payable:					
General Obligation Bonds Series 2015	\$ 6,220,000	\$ -	\$ (602,000)	\$ 5,618,000	\$ 581,000
Public Improvements Revenue Note, Series 2009	1,316,000	-	(66,000)	1,250,000	65,000
Total bonds payable	7,536,000	-	(668,000)	6,868,000	646,000
Compensated absences	2,112,727	1,200,402	(839,445)	2,473,684	1,137,564
Capital leases	1,693,332	381,134	(599,417)	1,475,049	611,313
Total governmental activities	\$ 11,342,059	\$ 1,581,536	\$ (2,106,862)	\$ 10,816,733	\$ 2,394,877

Changes in long-term liabilities for Business-type Activities for the fiscal year ended September 30, 2016 are as follows:

	Balance 10/1/2015	Additions	Deletions	Balance 09/30/2016	Due Within One Year (Current)
<i>Business-Type Activities</i>					
Bonds Payable:					
2010 Water/Sewer Bonds	\$ 30,230,000	\$ -	\$ (2,430,000)	\$ 27,800,000	\$ 2,525,000
State Revolving Fund Loans	3,745,978	318,718	(236,903)	3,827,793	236,180
Unamortized bond premiums	1,674,261	-	(186,029)	1,488,232	-
Total bonds payable	35,650,239	318,718	(2,852,932)	33,116,025	2,761,180
Compensated absences	623,137	377,874	(332,488)	668,523	400,256
Capital leases	237,869	383,727	(187,981)	433,615	173,230
Total business-type activities	\$ 36,511,245	\$ 1,080,319	\$ (3,373,401)	\$ 34,218,163	\$ 3,334,666

Notes to the Financial Statements  
September 30, 2016

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Note 4. Detailed Notes on all Funds (continued)

*Governmental Activities Debt*

During 2015, the City issued \$6,220,000 in General Obligation Bonds, Series 2015. The Bonds were issued to provide funds sufficient, together with other available monies to: (1) finance the purchase, acquisition and improvement of real property on the Indian River with the City for public use and, (2) pay certain costs and expenses resulting to the issuance of the Bonds. The Bonds constitute general obligations of the City, and the full faith, credit of the City and a special limited Ad Valorem tax levy at a rate not to exceed 0.5930 mills per annum (for a period not to exceed 20 years) on all taxable property therein to pay the principal and interest on the Bonds. The interest rate on the Series 2015 Bonds is a fixed rate of 1.82%. The amount payable is \$5,618,000 at September 30, 2016, with payment due annually in January for interest and July for principal and interest.

On May 29, 2009, the City issued a \$2,535,000 Public Improvement Revenue Note (PIRN), Series 2009, maturing on October 1, 2029, bearing interest at a per annum rate equal to 4.47%, payable semi-annually on April 1 and October 1 commencing October 1, 2009. Principal is payable annually on October 1, commencing October 1, 2010. Proceeds from the Note are being used for downtown street, curb and parking lot improvements. The principal and interest on the 2009 Note shall be a special obligation of the City payable from and collateralized by non-ad valorem revenues budgeted and appropriated pursuant to the Note Purchase and Loan Agreement between the City and Branch Banking and Trust Company (BB&T). The non-Ad Valorem revenues to pay the PIRN Note are from a department transfer from Community Redevelopment Agency. On March 12, 2013 the City Council approved the amendment of the 2009 PIRN Note, to execute prepayment of \$830,000 and the 2% corresponding prepayment penalty, to reduce the debt service. A name change in FY2014 for the Community Redevelopment Agency (CRA) and Bank Loan 2009 also known as Public Improvement Revenue Note, Series 2009 (PIRN) to Community Redevelopment Agency/Public Improvement Revenue Note, Series 2009 (CRA/PIRN2009) was made. The amended amount payable is \$1,250,000 at September 30, 2016.

Notes to the Financial Statements  
September 30, 2016

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Note 4. Detailed Notes on all Funds (continued)

*Business-Type Activities Debt*

On February 25, 2010, the City issued \$40,385,000 Water and Sewer Revenue Refunding Bonds, Series 2010, maturing on October 1, 2024, bearing a true interest cost at a per annum rate equal to 3.997%. Principal is paid annually on October 1, 2010 through October 1, 2024. Interest is paid semi-annually on April 1 and October 1, commencing April 1, 2010. Proceeds from the Water and Sewer Revenue Refunding Bonds, Series 2010 were used to refund all of the City's Water and Sewer Revenue Bonds, Series 1998 outstanding of \$43,030,000. They paid the costs of issuance associated with this refunding. The 2010 Bonds possess an underlying credit rating of "A+" from Standard & Poor's. In addition, the 2010 Bonds possess an "AAA" rating from Standard & Poor's based on the Assured Guaranty Insurance Policy. The amount payable is \$27,800,000 at September 30, 2016.

*State Revolving Fund Loans*

On December 18, 2009, the City entered into a financing agreement for construction of approximately 75,000 linear feet of new 20-inch diameter transmission main that will convey raw water from the Area IV Well Field to the City's Mourning Dove Water Treatment Plant. The City received financing through the State Revolving Fund Loan for this project. As part of that program, the City would be obligated to only pay back 57% of the amount received; the remaining 43% is "forgiven".

On December 28, 2012 the City closed out the project and received the final amendment to the loan agreement with payments being made semi-annually on June 15 and December 15. Payments are based on an amortization schedule from The Florida Department of Environmental Protection.

Each of the loans through the Florida Department of Environmental Protection, as described above, are federal grants and are recorded in the financial statements as current and noncurrent liabilities. The balance as of September 30, 2016 is \$3,827,793.

The City is required to maintain rates and charges for the services furnished by the Water and Sewer Systems which will be sufficient to provided pledged revenues equal to or exceeding 1.15 times the sum of the semi-annual loan payments due in each fiscal year. The City shall satisfy the coverage requirements of all senior and parity debt obligations. As of September 30, 2016, management believes the City complies with this covenant.

Notes to the Financial Statements  
September 30, 2016

Note 4. Detailed Notes on all Funds (continued)

*Debt Service Requirements on All Outstanding Debt*

The annual requirements to pay principal and interest on all long-term debt outstanding at September 30, 2016, excluding interfund advances and compensated absences, to maturity are as follows:

Year Ending	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2017	\$ 646,000	\$ 156,670	\$ 2,761,180	\$ 1,334,375	\$ 4,898,225
2018	661,000	143,079	2,897,087	1,195,718	4,896,884
2019	675,000	129,081	3,038,144	1,050,161	4,892,386
2020	688,000	114,809	3,179,355	897,700	4,879,864
2021	701,000	100,166	3,335,725	737,580	4,874,471
2022-2026	3,060,000	269,313	15,234,995	1,328,278	19,892,586
2027-2031	437,000	40,118	1,181,308	88,237	1,746,663
Total	\$ 6,868,000	\$ 953,236	\$ 31,627,794	\$ 6,632,049	\$ 46,081,079

G. Leases

*Capital Leases*

On November 9, 2010, the City entered into a lease-purchase agreement in the amount of \$462,719 with SunTrust Leasing Corporation for the acquisition of public safety vehicles. The agreement has a five year fixed term rate of 2.52% and calls for semi-annual payments of \$49,539. The cost of the public safety vehicles and the depreciation expense has been recorded into the Governmental Activities.

On February 23, 2012, the City entered into a lease-purchase agreement in the amount of \$706,000 with SunTrust Leasing Corporation for the acquisition of the New World Public Safety Software. The agreement has a five year fixed term rate of 1.8047% and calls for semi-annual payments of \$74,291. The cost of the software equipment and depreciation expense has been recorded in Governmental Activities.

On August 17, 2012, the City entered into a lease-purchase agreement in the amount of \$599,760 with SunTrust Leasing Corporation for the acquisition of carts for the Automated Recycling Program. The agreement has a five year fixed term rate of 2.239% and calls for monthly payments of \$10,575. The cost of the carts and the depreciation expense has been recorded in the Solid Waste Fund.

On August 30, 2013, the City entered into a lease-purchase agreement in the amount of \$680,000 with SunTrust Leasing Corporation for the acquisition of a Pierce Fire Truck. The agreement has a seven year fixed term rate of 2.13% and calls for semi-annual payments of \$52,163. The cost of the fire truck and the depreciation expense has been recorded in Governmental Activities.



Notes to the Financial Statements  
September 30, 2016

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**Note 4. Detailed Notes on all Funds (continued)**

On November 25, 2013, the City entered into a lease-purchase agreement in the amount of \$153,591 with Key Government Finance Inc. for the acquisition of a new phone system. The agreement has a five year fixed term rate of 3.3243% and calls for monthly payment of \$2,799. The cost of the new phone system and depreciation expense has been recorded in Internal Service Funds.

On September 15, 2014, the City entered into a lease-purchase agreement in the amount of \$540,000 with SunTrust Leasing Corporation for the acquisition of one ambulance, one dump truck, one tractor and one backhoe. The agreement has a five year fixed term rate of 1.9046% and calls for bi-annual payments of \$56,401. The cost of the equipment and depreciation expense has been recorded in Governmental Activities.

On May 14, 2015, the City entered into a lease-purchase agreement in the amount of \$713,182 with SunTrust Leasing Corporation for the acquisition of one bucket truck, one patch truck, ten public safety vehicles and four code enforcement vehicles. The agreement has a five year fixed term rate of 2.275% and calls for bi-annual payments of \$75,975. The cost of the equipment and depreciation expense has been recorded in Governmental Activities.

On March 7, 2016, the City entered into a lease-purchase agreement in the amount of \$383,727 with Environmental Products of Florida Corporation for the acquisition of one Vactor Sewer Cleaner. This agreement has a six year fixed term rate of 3.12% and calls for annual payments of \$68,144 with a final payment of \$77,000. The cost of the equipment and depreciation expense has been recorded in Stormwater Fund.

On May 12, 2016, the City entered into a lease-purchase agreement in the amount of \$381,134 with SunTrust Leasing Corporation for the acquisition of eleven public safety vehicles and one tractor. The agreement has five year fixed term rate of 1.99% and calls for bi-annual payment of \$56,772. The cost of the equipment and depreciation expense has been recorded in Governmental Activities.

City of Titusville, Florida

Notes to the Financial Statements  
September 30, 2016

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The following is a schedule of future minimum lease payments:

Year Ending September 30,	Governmental Activities	Business-Type Activities
2017	\$ 571,235	\$ 184,472
2018	389,065	68,144
2019	340,456	68,144
2020	216,870	68,144
2021	18,784	77,000
Total minimum lease payments	1,536,410	465,904
Less: amount representing interest	(61,361)	(32,289)
Present value of minimum lease payments	\$ 1,475,049	\$ 433,615

Assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities
Assets:		
Equipment	\$ 3,765,224	\$ 983,487
	3,765,224	983,487
Less: Accumulated depreciation	(1,686,598)	(352,526)
Assets net of accumulated depreciation	\$ 2,078,626	\$ 630,961

Notes to the Financial Statements  
September 30, 2016

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Note 4. Detailed Notes on all Funds (continued)

*Operating Leases*

The City leases copier equipment and certain vehicles under operating leases with varying duration. The total cost of Governmental Activity Leases was \$185,089 for the year ended September 30, 2016. Based on non-renewal options, future minimum lease payments for such operating leases were nominal in amount at September 30, 2016.

The City leases copier equipment and certain vehicles under operating leases with varying duration. The total cost of Business-type Activity Leases was \$107,272 for the year ended September 30, 2016. Based on non-renewal options, future minimum lease payments for such operating leases were nominal in amount at September 30, 2016.

The following are future minimum operating lease payments:

Year Ending September 30,	Governmental Activities	Business-type Activities
2017	\$ 185,089	\$ 107,272
2018	185,089	107,272
Total minimum lease payments	<u>\$ 370,178</u>	<u>\$ 214,544</u>

*Arbitrage Rebate*

Certain City long-term debt obligations are subject to Section 148 of the Internal Revenue Code that requires that interest earned on debt proceeds from tax-exempt debt be rebated to the federal government to the extent that those earnings exceed the interest cost on the related tax-exempt debt. The City has no arbitrage rebate liability at September 30, 2016.

Notes to the Financial Statements  
September 30, 2016

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**Note 5. Other Matters**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. During fiscal year 2016:

- There were no significant reductions in insurance coverage from the previous year.
- No settlements in excess of insurance coverage in the three fiscal years ended September 30, 2016.

Liabilities of the funds (Loss Fund and G.R.I.T. Fund) are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR's) if such information is available. The result of the process to estimate the claims liability is not an exact amount as it depends on many factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent settlement trends and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other adjustment expenses regardless of whether allocated to specific claims. An estimated recovery, for example subrogation, is another component of the claims liability estimate. An excess coverage insurance policy covers individual property and liability claims in excess of \$50,000.

In 1998, the City established the Self-Insured Loss Fund covering workers compensation, and various lines of property and liability policies and claims for the City. The program provides for self-insurance coverage for property and liability insurance up to \$50,000 and \$350,000 for workers compensation, per claim. The Self-Insured Loss Fund is accounted for as an Internal Service Fund and is funded by the charges to other funds in amounts determined to finance the claims, including administration, and to pay excess insurance policy premiums.

Charges under the Self-Insured Loss Fund for the years ended September 30, 2016 and 2015 are summarized as follows:

	Self-Insured Loss Fund	
	FY2016	FY2015
General Fund	\$ 704,828	\$ 636,996
Special Revenue Funds	104	-
Enterprise Funds	804,940	763,550
Internal Service Funds	78,715	68,780
Trust Funds	300	300
Total Charges	1,588,887	1,469,626
Claims Settlements	238,892	285,830
Total Charges/Claims Settlements	\$ 1,827,779	\$ 1,755,456

City of Titusville, Florida

Notes to the Financial Statements  
September 30, 2016

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**Note 5. Other Matters (continued)**

Changes in the balance of claims liability during the past three years based on actuarial analysis and discounted at a rate of 3.5% are as follows:

	Self-Insured Loss Fund	
	FY2016	FY2015
Unpaid claims, beginning of the year	\$ 1,235,000	\$ 1,151,000
Incurred claims (including IBNR's)	1,294,422	1,571,174
Claim payments	(1,404,425)	(1,487,174)
Unpaid claims, end of year	<u>\$ 1,124,997</u>	<u>\$ 1,235,000</u>

The City's G.R.I.T Fund is accounted for as an Internal Service Fund. At this time, the fund has one remaining recipient with no known expiration. The changes in the balance in the last two years are:

	Workers Comp G.R.I.T. Fund	
	FY2016	FY2015
Unpaid claims, beginning of the year	\$ 15,683	\$ 15,683
Incurred claims (including IBNR's)	32,583	41,061
Claim payments	(32,583)	(41,061)
Unpaid claims, end of year	<u>\$ 15,683</u>	<u>\$ 15,683</u>

# City of Titusville, Florida

## Notes to the Financial Statements September 30, 2016

### Note 5. Other Matters (continued)

In October 2009, the City entered into an agreement with The Crowne Group, Care Here and Parrish Medical Center to establish an employer health center program with a shift to a Partially Self-Insured Health Fund cost arrangement, which provides medical insurance benefits to its employees and their eligible dependents. In accordance with Section 112.0801 of the Florida Statutes, the City is also required to provide retirees with the opportunity to participate in this plan. The Partially Self-Insured Health Fund is accounted for as an Internal Service Fund. Premiums are paid into the fund and are available to pay claims, claims reserves and administrative costs of the program.

	Partially Self- Insured Health	
	FY2016	FY2015
General Fund	\$ 2,103,982	\$ 1,807,073
Enterprise Funds	1,227,323	1,054,125
Internal Service Funds	175,332	150,589
Employees / Retirees	951,396	1,158,044
Total Charges	4,458,033	4,169,831
Miscellaneous	293,869	357,795
Total Charges/Miscellaneous	\$ 4,751,902	\$ 4,527,626

The City purchased a Stop-Loss Policy to reduce the City's exposure to large losses on health insurance claims. This policy reimburses the City for expenses related to claims exceeding \$135,000. Settlements for Partially Self-Insured Health Insurance Fund have not exceeded coverage for each of the three fiscal years ended September 30, 2016. Changes in the balance during the past two year's based on an actuarial analysis are as follows:

	Partially Self-Insured Health	
	FY2016	FY2015
Unpaid claims, beginning of the year	\$ 502,038	\$ 502,038
Incurred claims (including IBNR's)	5,591,800	5,707,632
Claim payments	(5,591,800)	(5,707,632)
Unpaid claims, end of year	\$ 502,038	\$ 502,038

Notes to the Financial Statements  
September 30, 2016

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**Note 5. Other Matters (continued)**

In addition, the City has a Self-Insured Dental Fund, also accounted for as an Internal Service Fund. Premiums are paid into the fund and are available to pay claims, claim reserves and administrative costs of the program. Resources accumulated in the Self-Insured Dental Fund are dedicated to pay future dental claims of employees.

	Self-Insured Dental	
	FY2016	FY2015
General Fund	\$ 199,463	\$ 187,234
Special Revenue Funds	3,562	3,344
Enterprise Funds	113,978	106,990
Internal Service Funds	14,248	13,374
Employees	24,932	23,404
Total Charges	<u>\$ 356,183</u>	<u>\$ 334,346</u>

City Council approved a reserve of \$70,000 to be set aside for future dental claims. Changes in the balance of claims liability during the past two years are as follows:

	Self-Insured Dental	
	FY2016	FY2015
Unpaid claims, beginning of the year	\$ 86,923	\$ 84,787
Incurred claims (including IBNR's)	281,430	276,825
Claim payments	(285,922)	(274,689)
Unpaid claims, end of year	<u>\$ 82,431</u>	<u>\$ 86,923</u>

**B. Other Post Employment Benefits**

**Post Employment Benefits Other than Pension Benefits**

Effective for the fiscal year ended September 30, 2009, the City implemented the requirements of GASB Statement No. 43, *Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans* and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*, on a prospective basis. Accordingly, the Unfunded Actuarial Accrued Liability (UAAL) of \$45,591,206 (based on the actuarial valuation report as of October 1, 2015) is being amortized over a 30 year period. For financial reporting purposes the UAAL is a component of the City's Annual Required Contribution (ARC) of \$3,793,192 for fiscal year 2016.

Notes to the Financial Statements  
September 30, 2016

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Note 5. Other Matters (continued)

*Summary of Significant Accounting Policies*

**Basis of Accounting:** The financial statements of the City's Other Post Employment Benefits (OPEB) Fiduciary Trust Fund are prepared on the accrual basis of accounting. Plan members and employer contributions are recognized as revenues in the period in which the contributions are due; benefits are recognized as expenses when they are payable. The City established a new OPEB Fiduciary Trust Fund (the Trust) under Ordinance No. 1-2009 on January 27, 2009 pursuant to the requirements of implementing GASB 43 and GASB 45 for fiscal year 2009 governed by Section 115 of Internal Revenue Code. The OPEB Trust Fund is accounted for as a separate fiduciary fund of the City and governed by a five-member board of trustees (the Board) solely responsible for the oversight of the assets of the Trust; the Board does not have any other expressed or implied authority regarding the OPEB Plan. The City Council is solely responsible for the OPEB Plan itself.

**Plan Description:** The City administers a single-employer defined benefit plan (the OPEB Plan) and can amend both benefit provisions and funding levels. Under the OPEB Plan, retired employees, active employees and eligible dependents participate in the OPEB Plan wherein the City subsidizes the cost of post employment benefits of health, dental and life insurance benefits to its retirees. The City subsidizes the premium rates paid by retirees by allowing them to participate in the plans at a reduced or blended group (implicitly subsidized) premium rate for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. Medicare eligible retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The City of Titusville contributes a portion (either 75% or 100%) of the active health and dental premiums for retirees participating in the City's group insurance plans who were hired prior to October 1, 2003. For retirees hired after October 1, 2003 the City provides an \$8/month credit for every year of service, up to a maximum of \$200/month toward the health-care premium under the City's medical insurance plans. Any additional limitations can be found in the OPEB Plan. Life Insurance is offered to the retiree in increments of \$1,000 up to \$10,000 in which the retiree pays 100% of the retiree premium rate. Vesting is the same as the City's Pension Plan as set forth in Note 5C Employee Retirement Pension Plans.



City of Titusville, Florida

Notes to the Financial Statements  
September 30, 2016

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Note 5. Other Matters (continued)

No separate financial statements are issued by the Trust Fund; the Trust Fund is reporting herein as a Fiduciary Fund of the City only.

City of Titusville, Florida  
Statement of Fiduciary Net Position  
Other Post-Employment Benefits Trust Fund  
September 30, 2016

Assets		
Cash	\$	35,731
Investments:		
Money market funds		16,360
Mutual funds-bonds		666,600
Mutual funds-equity		1,350,677
Total investments		<u>2,033,637</u>
Total assets		<u>2,069,368</u>
Net Position		
Restricted for other post-employment benefits	\$	<u><u>2,069,368</u></u>

Notes to the Financial Statements  
September 30, 2016

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Note 5. Other Matters (continued)

Statement of Changes in Fiduciary Net Position  
Other Post-Employment Benefits Trust Fund  
For Fiscal Year Ended September 30, 2016

Additions	
Contributions:	
Employer	\$ 1,323,677
Employee	378,374
Total contributions	<u>1,702,051</u>
Investment earnings	
Interest and dividends	40,475
Net change in the fair value of investments	<u>150,330</u>
Total investment income (loss)	<u>190,805</u>
Total	<u>1,892,856</u>
Deductions	
Pension and other employee benefits	1,702,051
Administrative expenses	<u>23,722</u>
Total	<u>1,725,773</u>
Change in net position	<u>167,083</u>
Net position – beginning of year	<u>1,902,285</u>
Net position – end of Year	<u><u>\$ 2,069,368</u></u>

Notes to the Financial Statements  
September 30, 2016

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**Note 5. Other Matters (continued)**

As of October 1, 2015, the date of the latest interim actuarial valuation, plan participation consisted of the following:

Number of Active Participants	393
Average Current Age	43
Average Age at Employment	35
Average Past Service	9
Number of Retirees (with medical coverage)	
Pre-Medicare	125
Post-Medicare	156
Total	281
Average Current Age of Retirees	66
Number of Covered Spouses (with medical coverage)	
Pre-Medicare	26
Post-Medicare	8
Total	34
Average Current Age of Spouses	61

**Funding Policy:** The City has the authority to establish and amend funding policy. For the fiscal year ended September 30, 2016, the City's net contribution under the OPEB Plan was \$1,702,051 based on the October 1, 2015 actuarial valuation, which resulted in a net OPEB obligation of \$10,333,797 on a City-wide basis. This amount was computed based on the City's policy to fund other post employment benefits on a "pay-as-you-go" basis. This amount includes both the OPEB Plan explicit and implicit subsidies as computed by the actuary as of October 1, 2015. The City Council amended this funding policy in May 2008 to begin to fully fund the Annual Requirement Contribution (ARC) on an actuarial basis over a three-year period pursuant to a ladder approach prepared by the City's financial advisors. Under the first year of this funding plan an additional \$276,744 was contributed to the Trust as of September 30, 2010. The City Council adhered to this three-year ladder funding policy through FY2011. Due to budgetary constraints, City Council funded FY2012 at the second level. It is the City Council's intent to base future Trust Contributions on the ARC in subsequent annual actuarial reports; however, no Trust Contributions are legally or contractually required. The City did not fund the Trust in FY2013 nor FY2014 due to budget constraints and has funded the Trust in FY2015 at a partial funding of the Annual Required Contribution. In FY2016 the City did not fund the Trust, due to budget constraints.

City of Titusville, Florida

Notes to the Financial Statements  
September 30, 2016

Note 5. Other Matters (continued)

*Annual OPEB Cost and Net OPEB Obligation*

The annual cost of the City's OPEB Plan is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize the \$45 million UAAL over a period of 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

		Fiscal Year Ended September 30, 2016
Annual Required Contribution (ARC)	\$	3,793,192
Interest on Net OPEB obligation		403,691
Adjustment to annual required contribution		(523,719)
Annual OPEB Cost		3,673,164
Contributions made		(2,310,293)
Change in net OPEB obligation		1,362,871
Net OPEB obligation, beginning of year		8,970,926
Net OPEB obligation, end of year	\$	10,333,797

The City's annual OPEB one year cost trend, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of September 30, 2016, the most recent actuarial valuation date, is as follows:

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percent of Annual OPEB Cost	Net OPEB Obligation
9/30/2016	\$ 3,673,164	\$ 2,310,293	62.9%	\$ 10,333,797
9/30/2015	\$ 3,649,934	\$ 3,128,244	85.7%	\$ 8,970,926
9/30/2014	\$ 3,557,985	\$ 3,190,398	89.7%	\$ 8,449,236

At September 30, 2016 the City recognized a net OPEB obligation of \$6,668,502 for Governmental Activities, \$3,361,280 for its Business-type Activities and \$304,015 from its Internal Service Funds, for an entity-wide total of \$10,333,797. The OPEB Plan is a function of annual required contributions, interest, adjustments to the annual required contribution, pension costs and actual employers' contributions made to the plan.

Notes to the Financial Statements  
September 30, 2016

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Note 5. Other Matters (continued)

*Funded Status and Funding Progress.*

The funded status as of October 1, 2015, the most recent actuarial valuation date, is as follows and for the year ended September 30, 2016:

Funded Status as of Valuation Date	
Actuarial Accrued Liability (AAL)	\$ 47,493,491
Actuarial Value of Assets (AVA)	<u>1,902,285</u>
Unfunded Actuarial Accrued Liability (UAAL)	\$ 45,591,206
Funded Ratio	4.0%
Covered Payroll	\$ 15,879,468
Ratio of UAAL to Covered Payroll	287.1%

*Actuarial Methods and Assumptions.*

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

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

Notes to the Financial Statements  
September 30, 2016

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**Note 5. Other Matters (continued)**

The following table provides information concerning actuarial methods and assumptions:

Valuation Date	October 1, 2015
Actuarial Cost Method	Entry Age Normal (level percentage of pay)
Valuation Interest Rate	4.5%
Inflation Assumption	3.0%
Salary Increase Rate	6.0%
Health Care Inflation	8% in fiscal 2016, then 8.75% in 2017, grading down to the ultimate trend rate of 4% in fiscal 2073
Payroll Growth/Inflation Assumption	1.5%
Amortization of UAAL	Level Percentage of Payroll (Closed Amortization over 30 Years)

**C. Employee Retirement Pension Plans**

The City maintains two contributory single-employer defined benefit pension plans, which are maintained as pension trust funds and are reported herein as components of the City's reporting entity. Separate stand-alone financial statements for the two plans are not prepared. Separate boards of trustees independently govern each system. Assets may not be transferred from one plan to another or used for any purpose other than to benefit each system's participants as defined in their authorizing ordinances.

*Summary of Significant Accounting Policies*

**Basis of accounting:** The City'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 each 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 each plan. Administrative expenses and fees attributable to each plan are deducted from the plan assets.

**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.

Notes to the Financial Statements  
September 30, 2016

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Note 5. Other Matters (continued)

General Employees' Pension Plan

*Plan Description*

The Plan is a single-employer defined pension plan administered by a Board of Trustees comprised of: three full-time General Employees of the system elected by the membership, one General Employee appointed by the Board and confirmed by the City Manager, one citizen selected by the Board and appointed by the City Council as a ministerial duty.

*Plan Membership as October 1, 2015:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	335
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	93
Active Plan Members	<u>270</u>
	<u>698</u>

The General Employees' Pension Plan covers all permanent, full-time City employees (excluding firefighters and sworn police officers). Civilians, clerical, and other non-combat employees of the police and fire departments are also included in the General Employees' Pension Plan. The City is required to contribute funds as necessary to maintain the plan actuarially.

The annual required contribution for the current year was determined as part of the October 1, 2014 actuarial valuation report, which incorporated any changes to the pension plan provisions, using the entry age normal actuarial cost method with the initial unfunded actuarial accrued liability determined by the entry age actuarial cost method, and amortization of unfunded past service liability over a 29 year period. The actuarial assumptions included: (a) 8% investment rate of return (net of administrative expenses), (b) projected salary increase of 5% per year, and (c) 2.5% annual inflation. The assumptions did not include post-retirement benefit increases.

*Benefits Provided*

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

Normal Retirement:

*For the frozen accrued benefit for all Members and for all benefits for Members with at least 10 Years of Service as of August 26, 2013:*

Date: First of the month coinciding with or following the earlier of: 1) age 58 and the completion of 7.5 years of Credited Service, or 2) the completion of 28 years of Credited Service, regardless of age.

Benefit: 2.482% of Average Final Compensation as of August 26, 2013 times Credited Service through

City of Titusville, Florida

Notes to the Financial Statements  
September 30, 2016

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Note 5. Other Matters (continued)

August 26, 2013 (Members who are eligible for Normal Retirement as of August 26, 2013 continue to accrue benefits under the old benefit structure).

Form of Benefit: Life Annuity (options available).

*For the benefits accrued on and after August 26, 2013:*

Date: First of the month coinciding with or following the earlier of: 1) age 58 and the completion of 7.5 years of Credited Service, or 2) the completion of 28 years of Credited Service, regardless of age.

Benefit: 2.0% of Average Final Compensation times Credited Service on and after August 26, 2013.

Form of Benefit: Life Annuity with 120 payments guaranteed (options available).

*For the benefits accrued on and after August 26, 2013 for Members with less than 10 Years of Service as of that date:*

Date: First of the month coinciding with or following the earlier of: 1) age 62 and the completion of 10 years of Credited Service, or 2) the completion of 30 years of Credited Service, regardless of age.

Early Retirement:

*For the frozen accrued benefit for all Members and for all benefits for Members with at least 10 Years of Service as of August 26, 2013:*

Date: Later of age 48 and the completion of 7.5 years of Credited Service.

Benefit: Same as for Normal Retirement but reduced 3% for each year that Early Retirement precedes Normal Retirement.

*For benefits accrued on and after August 26, 2013 for Members with less than 10 Years of service as of that date:*

Date: Later of age 52 and the completion of 10 years of Credited Service.

Benefit: Same as for Normal Retirement but actuarially reduced for Early Retirement.

Vesting:

Schedule: 0% for less than 10 years, 100% after 10 years. Members are 100% vested in their frozen accrued benefit as of August 26, 2013.

Benefit: Vested accrued benefit (determined as for Normal Retirement) paid beginning at the otherwise Normal Retirement Date.

Disability:

Eligibility: Total and permanent (as determined by the Board) after completion of 10 years of Credited Service.

Benefit: Accrued Benefit (determined as for Normal Retirement).



## City of Titusville, Florida

### Notes to the Financial Statements September 30, 2016

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#### Note 5. Other Matters (continued)

Maximum: Total of Plan, Workers Compensation, and Social Security benefits shall not exceed 100% of Average Final Compensation.

#### Death Benefits:

Vested: Beneficiary receives a monthly benefit which is the actuarial equivalent of 50% of the Member's accrued benefit at the date of death.

Prior to Vesting: None.

#### Contributions

Members: 2.5% of Salary

City: Remaining amount necessary to pay the Normal Cost and fund the accrued, past service liability over 30 years.

#### Net Pension Liability

The measurement date is September 30, 2016.

The measurement period for the pension expense was October 1, 2015 to September 30, 2016.

The reporting period is October 1, 2015 through September 30, 2016.

The Sponsor's Net Pension Liability was measured as of September 30, 2016.

The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

#### *Actuarial Assumptions*

The total pension liability was determined by an actuarial valuation as of October 1, 2015 updated to September 30, 2016 using the following actuarial assumptions applied to all measurement periods.

Inflation	2.50%
Salary Increases	5.00%
Discount Rate	8.00%
Investment Rate of Return	8.00%

#### *Mortality Rate Healthy Lives:*

RP2000 Fully Generational with Scale BB, with collar and annuitant adjustments as follows:

Males - 50% Annuitant White Collar, 50% Annuitant Blue Collar.

Females - 100% Annuitant White Collar.

#### *Mortality Rate Disabled Lives:*

Mortality Table - RP2000 without projection, with the following adjustments:

Males - 100% Disabled Male with four year setback.

Females - 100% Disable Female with two year set forward.

Notes to the Financial Statements  
September 30, 2016

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**Note 5. Other Matters (continued)**

The most recent actuarial experience study used to review the other significant assumptions was dated August 6, 2009.

Investments:

*Investment Policy*

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, 2016 are summarized in the following table:

Asset Class	Target Allocations	Long Term Expected Real Rate of Return
Opportunistic Value	25.00 %	7.50%
Index Core	5.00 %	7.50%
Large-Cap Domestic Stocks	12.00 %	7.50%
Opportunistic Growth	13.00 %	7.50%
International Equity	10.00 %	8.50%
Fixed Income	15.00 %	2.50%
Global Fixed Income	5.00 %	3.50%
TIPS	5.00 %	2.50%
Real Estate	10.00 %	4.50%
Total	100.00 %	

Discount Rate:

The projection of cash flows used to determine the discount rate assumed that the plan member contributions are made at the current contribution rate and sponsor contributions are 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 are applied to all periods of projected benefit payments to determine the total pension liability.

City of Titusville, Florida

Notes to the Financial Statements  
September 30, 2016

Note 5. Other Matters (continued)

City of Titusville, Florida Schedule of Changes in Net Pension Liability General Employees' Retirement Trust Fund For fiscal year ended September 30, 2016						
	Total Pension Liability	Net Plan Position	Net Pension Liability	Deferred Inflow	Deferred Outflow	Pension Expense
Reporting Period Ending September 30, 2015	\$ 58,768,777	\$ 50,218,500	\$ 8,550,277	\$ 580,666	\$ 1,829,580	\$ -
Changes for the Year:						
Service Cost	821,468	-	821,468	-	-	821,468
Interest	4,552,082	-	4,552,082	-	-	4,552,082
Difference Expected/Actual Experience	5,321	-	5,321	-	5,321	-
Changes of Assumptions	1,589,756	-	1,589,756	-	1,589,756	-
Current Year Amortization of Experience Difference	-	-	-	-	(529,918)	529,918
Changes of benefit terms	(88,592)	-	(88,592)	-	-	(88,592)
Current Year Amortization of change in Assumptions	-	-	-	(290,333)	(1,773)	(288,560)
Contributions - Employer	-	2,659,078	(2,659,078)	-	-	-
Contributions - Employee	-	274,825	(274,825)	-	-	(274,825)
Contributions buy back	11,869	11,869	-	-	-	-
Net Investment Income	-	3,924,690	(3,924,690)	-	-	(3,924,690)
Difference between Projected and Actual Earnings on Pension Plan Investments	-	1,457,740	(1,457,740)	-	(1,457,740)	-
Current Year Amortization	-	-	-	-	(47,696)	47,696
Benefit Payments/Refunds	(5,201,251)	(5,201,251)	-	-	-	-
Administrative Expense	-	(64,283)	64,283	-	-	64,283
Net Changes	1,690,653	3,062,668	(1,372,015)	(290,333)	(442,050)	1,438,780
Balance at September 30, 2016	\$ 60,459,430	\$ 53,281,168	\$ 7,178,262	\$ 290,333	\$ 1,387,530	\$ 1,438,780

City of Titusville, Florida

Notes to the Financial Statements  
September 30, 2016

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Note 5. Other Matters (continued)

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

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Net Pension Liability	\$ 13,270,368	\$ 7,178,262	\$ 2,030,873

For the year ended September 30, 2016, the City recognized pension expense of \$1,438,780 for the General Employees' Pension Plan. On September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to the General Employees Pension Plan from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 3,548	\$ 290,333
Changes of assumptions	1,059,838	-
Net difference between projected and actual earnings on pension plan investments	324,144	-
Total	\$ 1,387,530	\$ 290,333

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,	
2017	\$ 289,057
2018	\$ 579,389
2019	\$ 520,299
2020	\$ (291,548)

Money-Weighted Rate of Return:

For the fiscal year ended September 30, 2016, the annual money-weighted rate of return on Plan investments was 10.92%.

Notes to the Financial Statements  
September 30, 2016

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Note 5. Other Matters (continued)

Plan Descriptions

**Police Officers' and Firefighters' Pension Plan**

*Plan Administration*

**Board of Trustees:**

The Plan is administered by a Board of Trustees comprised of:  
Police Chief, Fire Chief, Commander designated by Police Chief, Division Chief designated by Fire Chief, two elected members from each department, one citizen selected by a majority of other members and appointed by the City Council as a ministerial duty.

*Plan Membership as of October 1, 2015:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	121
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	33
Active Plan Members	<u>132</u>
	<u>286</u>

The Police Officers' and Firefighters' Pension Plan covers all permanent, full-time employees classified as combat firefighters and sworn police officers and became a contributory plan on December 22, 1986. The plan requires participating employees to contribute 8% of gross earnings to the Police Officers' and Firefighters' Pension Fund by its members, and earns interest at the rate of 8% per annum compounded as of the first of January of each calendar year. The payments are deducted from the employees' wages and remitted by the City to the fund bi-weekly. If a police officer or firefighter terminates prior to vesting, he/she is entitled to withdraw their portion of the contributions plus normal interest. The State of Florida also contributes payments to the Police Officers' and Firefighters' Plan as provided in Chapters 175 and 185 of the Florida Statutes. This contribution by the State of Florida is first recognized as revenue in the General Fund before being transferred to the Pension Fund. The City contributes the amount necessary to pay the normal cost and fund the actuarial-accrued liability over not more than a 30 year period.

Notes to the Financial Statements  
September 30, 2016

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Note 5. Other Matters (continued)

*Benefits Provided*

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

Normal Retirement:

*Benefit for Service Prior to June 1, 2013:*

Date: First of the month coinciding with or following the earlier of age 55 and the completion of eight (8) years of Credited Service or the completion of twenty-five (25) years of Credited Service regardless of age.

Benefit: 3.0% of Average Final Compensation (Before June 1, 2013) times Credited Service.

*Benefit Accrued for Service After June 1, 2013:*

Date: Remains the same for those with at least ten (10) years of service as of this date. For members with less than ten (10) years of service, is the earlier of age 55 and the completion of ten (10) years of Credited Service or age 52 with twenty-five (25) years of Credited Service.

Benefit: 2.5% of Average Final Compensation (5-Years) times Credit Service.

Members eligible for retirement prior to June 1, 2013 will continue to follow the same structure as before these amendments were adopted.

Early Retirement:

Eligibility: With at least ten (10) years of Credited Service, age 50.

Benefit: Same as for Normal Retirement but reduced by 3% per year prior to age 55 to reflect early payment.

Vesting:

Schedule: Before June 1, 2013: 0% for first seven (7) years, 100% after eight (8) years.

After June 1, 2013: 100% for ten (10) years (All members are 100% vested in their frozen accrued benefit as of June 1, 2013).

Benefit: Before June 1, 2013: Frozen vested accrued benefit as of June 1, 2013 paid beginning at age 55.

After June 1, 2013: Vested accrued benefit based on service earned after June 1, 2013.

Terminated vested members may elect a refund of contributions or a monthly annuity payable upon reaching age 55.

Non-vested members receive a refund of contributions.

Disability:

Eligibility: Total and permanent (as determined by the Board). Members covered from date of hire (Service incurred) or after completion of ten (10) years of Credited Service (Non-service incurred).

Notes to the Financial Statements  
September 30, 2016

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**Note 5. Other Matters (continued)**

**Benefit:** Accrued benefit (determined as for Normal Retirement). Benefit shall not be less than 50% of Average Final Compensation for service incurred disability.

**Maximum:** Total of Plan and Workers Compensation benefits shall not exceed 100% of Average Monthly Wage.

**Death Benefits:**

**Service Incurred:** Coverage from date of employment; beneficiary receives greater of accrued benefit or 50% of Average Final Compensation for life, with a maximum payment period of twenty-five (25) years for non-spouse beneficiaries only.

**Non-Service Incurred:** Coverage after eight (8) years of service; same benefit as Service Incurred.

**Cost of Living Adjustment:**

**Eligibility:** Normal and Early Retirees (and Disability Retirees who otherwise meet the requirements for Normal or Early Retirement at the time of Disability Retirement) hired before June 1, 2013.

**Benefit:** 1.277% automatic lifetime COLA, beginning the first October 1 following one full year of retirement. For members not eligible for Normal Retirement as of June 1, 2013 shall only apply to credited service earned prior to June 1, 2013.

**Contributions**

**Members:** Before June 1, 2013: 6.5% of salary.

After June 1, 2013: 8.0% of salary.

**State:** Tax on premiums for fire and casualty insurance issued to residents of the City as provided in Chapter 175 and 185, Florida Statutes.

**City:** Remaining amount necessary to pay the normal cost and fund the accrued past service liability over 30 years.

**Net Pension Liability**

The measurement date is September 30, 2016.

The measurement period for the pension expense was October 1, 2015 to September 30, 2016.

The reporting period is October 1, 2015 through September 30, 2016.

The Sponsors' Net Pension Liability was measured as of September 30, 2016.

The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

Notes to the Financial Statements  
September 30, 2016

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Note 5. Other Matters (continued)

*Actuarial Assumptions*

The total pension liability was determined by an actuarial valuation as of October 1, 2015 using the following actuarial assumptions applied to all measurement periods.

Inflation	2.50%
Salary Increases	6.00%
Discount Rate	8.00%
Investment Rate of Return	8.00%

*Mortality Rate Healthy Lives:*

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

*Mortality Rate Disabled Lives:*

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.

Male: 60% RP2000 Disabled Male setback four year / 40% Annuitant White Collar with no setback, no projection scale.

The most recent actuarial experience study used to review the other significant assumptions was dated August 10, 2009.

Investments:

Investment Policy

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 are summarized in the following table:

Asset Class	Target Allocations	Long Term Expected Real Rate of Return
Opportunistic Value	17.50 %	7.50%
Index Core	10.00 %	7.50%
Opportunistic Growth	17.50 %	7.50%
International	15.00 %	8.50%
Fixed Income	20.00 %	2.50%
Global Fixed Income	5.00 %	3.50%
TIPS	5.00 %	2.50%
Real Estate	10.00 %	4.50%
Total	100.00 %	



City of Titusville, Florida

Notes to the Financial Statements  
September 30, 2016

Note 5. Other Matters (continued)

Discount Rate:

The projection of cash flows used to determine the discount rate assumed that plan member contributions are made at the current contribution rate and sponsor contributions are 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.

City of Titusville, Florida  
Schedule of Changes in Net Pension Liability  
Police Officers' and Firefighters' Retirement Trust Fund  
For fiscal year ended September 30, 2016

	Total Pension Liability	Net Plan Position	Net Pension Liability	Deferred Inflow	Deferred Outflow	Pension Expense
Reporting Period Ending September 30, 2015	\$ 58,747,475	\$ 48,598,096	\$ 10,149,379	\$ 820,598	\$ 3,189,029	\$ -
Changes for the Year:						
Service Cost	937,776	-	937,776	-	-	937,776
Interest	4,597,357	-	4,597,357	-	-	4,597,357
Change in Excess State Money	(214,112)	-	(214,112)	-	-	(214,112)
Difference Expected/Actual Experience	156,069	-	156,069	-	156,069	-
Changes of Assumptions	1,822,308	-	1,822,308	-	1,822,308	-
Current Year Amortization of Experience Difference	-	-	-	(273,532)	(39,018)	(234,514)
Changes of Benefit Terms	(4,647)	-	(4,647)	-	-	(4,647)
Current Year Amortization of change in Assumptions	-	-	-	-	(455,577)	455,577
Contributions - Employer	-	1,925,864	(1,925,864)	-	-	-
Contributions - State	-	731,350	(731,350)	-	-	-
Contributions - Employee	-	513,866	(513,866)	-	-	(513,866)
Contributions - Buy Back	-	-	-	-	-	-
Net Investment Income	-	3,851,845	(3,851,845)	-	-	(3,851,845)
Difference between Projected and Actual Earnings on Pension Plan Investments	-	1,736,291	(1,736,291)	-	(1,736,291)	-
Current Year Amortization	-	-	-	-	(374,031)	374,031
Benefit Payments/Refunds	(3,999,048)	(3,999,048)	-	-	-	-
Administrative Expenses	-	(72,096)	72,096	-	-	72,096
Net Changes	3,295,703	4,688,072	(1,392,369)	(273,532)	(626,540)	1,617,853
Balance at September 30, 2016	\$ 62,043,178	\$ 53,286,168	\$ 8,757,010	\$ 547,066	\$ 2,562,489	\$ 1,617,853

City of Titusville, Florida

Notes to the Financial Statements  
September 30, 2016

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Note 5. Other Matters (continued)

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

	1% Decreases 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Net Pension Liability	\$ 15,854,967	\$ 8,757,010	\$ 2,849,037

For the year ended September 30, 2016, the City of Titusville recognized pension expense of \$1,617,853 for the Police Officers' and Firefighters' Pension Plan. On September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to the Police Officers' and Firefighters' Pension Plan from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 117,051	\$ 547,066
Changes of assumptions	1,366,731	-
Net difference between projected and actual earnings on pension plan investments	1,078,707	-
Total	\$ 2,562,489	\$ 547,066

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:	
2017	\$ 595,092
2018	\$ 595,092
2019	\$ 1,172,497
2020	\$ (347,258)

Money-Weighted Rate of Return:

For the fiscal year ended September 30, 2016, the annual money-weighted rate of return on Plan investments was 11.65%.

City of Titusville, Florida

Notes to the Financial Statements  
September 30, 2016

Note 5. Other Matters (continued)

City of Titusville, Florida Statement of Fiduciary Net Position Pension Trust Funds September 30, 2016		
	General Employees' Retirement Trust	Police Officers' and Firefighters' Retirement Trust
<b>Assets</b>		
Interest Receivable	\$ 84,625	\$ 69,374
Investments:		
Cash with Fiscal Agent	1,149,028	1,066,555
Money Market Fund	809,689	54,935
Federal Agency Bonds/Notes	2,006,823	1,739,233
U.S. Treasury Bonds/Notes	923,124	3,231,944
Municipal Bonds/Notes	703,186	484,902
Corporate Bonds	4,185,011	3,798,412
Corporate Stock	27,686,212	25,749,463
Mutual Funds - Bonds	2,279,765	3,020,646
Mutual Funds - Equity	7,419,112	7,193,345
Real Estate	5,956,549	6,879,643
Total Investments	53,118,499	53,219,078
<b>Total Assets</b>	<b>53,203,124</b>	<b>53,288,452</b>
<b>Liabilities and Net Position</b>		
Liabilities:		
Accounts Payable	17	2,284
<b>Net Position</b>	<b>\$ 53,203,107</b>	<b>\$ 53,286,168</b>

Notes to the Financial Statements  
September 30, 2016

Note 5. Other Matters (continued)

City of Titusville, Florida  
Statement of Changes in Fiduciary Net Position  
Pension Trust Funds  
For Fiscal Year Ended September 30, 2016

	General Employees' Retirement Trust	Police Officers' & Firefighters' Retirement Trust
<b>Additions</b>		
<b>Contributions:</b>		
Employer	\$ 2,587,482	\$ 1,786,053
Employee	274,825	513,866
State of Florida	-	731,350
<b>Total Contributions</b>	<b>2,862,307</b>	<b>3,031,269</b>
<b>Investment Income:</b>		
Interest and Dividends	973,605	1,252,712
Net Change in Fair Value of Investments	4,643,215	4,470,532
<b>Total investment income (loss)</b>	<b>5,616,820</b>	<b>5,723,244</b>
Less Investment-related Expense (1)	(43,848)	(35,081)
Miscellaneous Revenue	23,743	4,400
<b>Total</b>	<b>8,459,022</b>	<b>8,723,832</b>
<b>Deductions</b>		
Pension and Other Employee Benefits	5,201,626	3,999,047
Administrative Expense	266,327	176,525
<b>Total</b>	<b>5,467,953</b>	<b>4,175,572</b>
<b>Change in Net Position</b>	<b>2,991,069</b>	<b>4,548,260</b>
<b>Net Position – beginning of year</b>	<b>50,212,038</b>	<b>48,737,908</b>
<b>Net Position – end of year</b>	<b>\$ 53,203,107</b>	<b>\$ 53,286,168</b>

(1) Investment related expenses include investment advisory, custodial and performance monitoring fees.

Notes to the Financial Statements  
September 30, 2016

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Note 5. Other Matters (continued)

D. Deferred Compensation Plans

The City offers its employees a choice of two deferred compensation plans created in accordance with Internal Revenue Code Section 457; i.e., International City Managers' Association (ICMA) or Nationwide Retirement Solutions (PEBSO). The plans are available to all City employees and permit employees to defer a portion of their salary until future years. Participation in either of the plans is optional. Deferred compensation withdrawals are not available to employees until termination, retirement, death or an unforeseeable emergency.

In accordance with current professional pronouncements, the City has not included such funds in its financial statements.

On June 11, 2013, the City approved Resolution 18-2013 adopting a Money Purchase Defined Contribution Plan that is qualified under Section 401 (a) of the Internal Revenue Code, to eligible employees who participate in the City's 457(b) Deferred Compensation Plan. Effective for plan years beginning June 30, 2013 for Police and Firefighters and August 26, 2013 for General Employees, the City has made matching contributions to the City's 401(a) Money Purchase Defined Contribution Plan on a dollar for dollar basis, up to three percent of the employee base pay that the employee contributes to the City's 457(b) plan.

The Plan will provide for immediate vesting of the employee contributions and earnings on employee contributions to the 457(b) plan, however, employer contributions and earnings on employer contributions to the 401(a) defined contribution plan is vested after five years of participation in the DC Plan.

E. Equity Interest in Joint Venture

On May 24, 2010, the City entered into a joint venture with Farmton Water Resources LLC (Farmton) for the purpose of establishing a cooperative arrangement for the construction, installation and operation of a well field for the supply of water to the benefit of existing and future customers. TIFA LLC (TIFA), a limited liability company, was created for that purpose. The City and Farmton are required to contribute 50% each to the cost of constructing and maintaining the well field. Business and affairs of TIFA are managed by a management committee that is made up of two members, designated by the City and Farmton, respectively. Distributions of the amount equal to all cash receipts less all cash expenditures will be made, no less frequently than annually, based on membership interest at the time. On dissolution, the net assets of TIFA will be distributed based on membership interest at the time. If the reader should require further information, such as the financial statements of the joint venture, please contact: Sean Stauffer, 555 S. Washington Avenue, Titusville, Florida 32781.

Notes to the Financial Statements  
September 30, 2016

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**Note 5. Other Matters (continued)**

**F. Contingent Liabilities**

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

The City is a defendant in various lawsuits. Although the outcomes of these lawsuits are not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

**Note 6. Commitments**

The City constructed approximately 75,000 linear feet of new 20-inch diameter transmission main that conveys raw water from the Area IV Well Field to the City's Mourning Dove Water Treatment Plant. The City has been awarded Drinking Water Revolving Fund financial assistance for this project. As part of that program, only 57% of the amount received will have to be paid back; the remaining 43% is "forgiven". With the construction of Phase 1 of the Area IV Well Field completed in December 2012, the City of Titusville began processing water from six wells providing 0.75 MGD (million gallons daily). The TIFA, LLC 2013 budget was forecasted to produce 0.76 MGD at a rate of \$1.86/1000 gallon. Funds for the Area IV Phase II Well Field construction were included in the City's FY2013 budget and construction began the summer of 2013. In October 2015, Phase II of the Area IV Well Field construction was completed and the City began processing water from nine additional wells providing 2.75 MDG to the City. There are no commitments to carry forward of encumbrances for FY2016.

**Note 7. Subsequent Events**

The City has committed to issuing debt of up to \$6.5 million for the development of the Titus Landing project, provided certain contractual commitments are met. The annual debt payment will be reimbursed to the City from the North Brevard Economic Development Zone. This debt will be issued in Fiscal Year 2017.

City of Titusville, Florida

Required Supplementary Information  
September 30, 2016

Schedule of Funding Progress

Other Post-Employment Benefits						
Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL)--Entry Age ( b )	Unfunded (AAL) ( b-a )	Funded Ratio ( a/b )	Covered Payroll ( c )	UAAL as % of Covered Payroll ((b-a)/c)
10/01/2015	\$ 1,902,285	\$ 47,493,491	\$ 45,591,206	4.01%	\$ 15,879,468	287.11%
10/01/2014	\$ 1,378,078	\$ 46,141,473	44,763,395	2.99%	\$ 14,611,776	306.35%
10/01/2013	\$ 1,378,078	\$ 46,141,473	44,763,395	2.99%	\$ 14,611,776	306.35%

Schedule of Contributions

Other Post-Employment Benefits			
Year Ended September 30	Annual	Required Contribution (ARC)	Percentage of ARC Contributed
2016	\$	3,793,192	63%
2015	\$	3,728,453	86%
2014	\$	3,586,294	90%

City of Titusville, Florida

Required Supplementary Information  
September 30, 2016

General Employees' Pension Trust

Schedule of Changes in Net Pension Liability and Related Ratios  
General Employees' Pension  
Last 10 Fiscal Years\*\*

	9/30/2016	9/30/2015	9/30/2014	9/30/2013
Total Pension Liability				
Service Cost	\$ 821,468	\$ 738,499	\$ 751,425	\$ 695,764
Interest	4,552,082	4,573,039	4,541,119	4,491,722
Changes of benefit terms	(88,592)	-	-	-
Differences between expected and actual experience	5,321	(870,999)	-	-
Changes of assumptions	1,589,756	-	-	-
Contributions - Buy Back	11,869	-	4,201	-
Benefit Payments, Including Refunds of Employee Contributions	(5,201,251)	(4,192,511)	(5,577,127)	(3,674,232)
Net Change in Total Pension Liability	1,690,653	248,028	(280,382)	1,513,254
Total Pension Liability - Beginning	58,768,777	58,520,749	58,801,131	57,287,877
Total Pension Liability - Ending (a)	60,459,430	58,768,777	58,520,749	58,801,131
Plan Fiduciary Net Position				
Contributions - Employer	2,659,078	3,260,781	3,318,730	2,696,739
Contributions - Employee	274,825	234,781	217,529	401,924
Contributions - Buy Back	11,869	-	4,201	-
Net Investment Income	5,382,430	(10,393)	6,042,957	6,162,982
Benefit Payments, Including Refunds of Employee Contributions	(5,201,251)	(4,192,511)	(5,577,127)	(3,674,232)
Administrative Expense	(64,283)	(66,386)	(63,273)	(56,206)
Net Change in Plan Fiduciary Net Position	3,062,668	(773,728)	3,943,017	5,531,207
Plan Fiduciary Net Position - Beginning	50,218,500	50,992,228	47,049,211	41,518,005
Plan Fiduciary Net Position - Ending (b)	53,281,168	50,218,500	50,992,228	47,049,212
Net Pension Liability - Ending (a) - (b)	\$ 7,178,262	\$ 8,550,277	\$ 7,528,521	\$ 11,751,919
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.13%	85.45%	87.14%	80.01%
Covered Employee Payroll*	\$ 10,993,097	\$ 9,798,102	\$ 8,701,160	\$ 8,550,218
Net Pension Liability as a Percentage of covered Employee Payroll	65.30%	87.26%	86.52%	137.45%

Notes to Schedule:

\*The Covered Employee Payroll numbers shown are in compliance with GASB 68, except for the 09/30/2015 measurement period which includes DROP payroll.

\*\*Information is not available prior to fiscal year 2013.

*Changes of benefit terms:*

For measurement date 09/30/2016, amounts reported as changes of benefit terms resulted from presuming passage of a proposed ordinance which clarifies that the normal form of payment for the benefit accrued on and after August 23, 2013 is a life annuity instead of a life annuity which the first 120 payments guaranteed. An Impact Statement was submitted for this proposed clarification.

*Changes of assumptions:*

For measurement date 09/30/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by Florida Retirement System.

The inflation assumption rate was lowered from 3.00% to 2.5%, matching the long-term inflation assumption utilized by the Plan's investment consultant.



General Employees' Pension Trust (continued)

Schedule of Investment Returns General Employees' Pension Last 10 Fiscal Years*		
Annual Money-Weighted Rate of Return Net of Investment Expense	2016	10.92%
	2015	-0.20%
	2014	12.97%
	2013	14.89%

Schedule of Contributions General Employees' Pension Last 10 Fiscal Years*				
	09/30/2016	9/30/2015	9/30/2014	9/30/2013
Actuarially Determined Contribution	\$ 2,659,078	\$ 3,260,781	\$ 3,318,730	\$ 2,696,739
Contributions in Relation to the				
Actuarially Determined Contributions	\$ 2,659,078	\$ 3,260,781	\$ 3,318,730	\$ 2,696,739
Contribution Excess(Deficiency)	-	-	-	-
Covered Employee Payroll	\$ 10,993,097	\$ 9,798,102	\$ 8,701,160	\$ 8,550,218
Contributions as a Percentage of				
Employee Payroll	24.19%	33.28%	38.14%	31.54%

\*Information is not available prior to fiscal 2013.

## General Employees' Pension Trust Notes to Schedules

Valuation Date to calculate actuarially determined contributions: 10/01/2014

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

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method. The following loads are applied for determination of the sponsor funding requirement: Interest - a half year, based on the current 8.0% assumption. Salary - a full year based on the current 5.0% assumption.
Amortization Method:	Level percentage of pay, closed.
Remaining Amortization Period:	27 Years (as of 10/01/2014).
Asset Valuation Method:	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4 year average Market Value return. It is possible that over time this technique will produce insignificant bias above or below Market Value.
Inflation:	3.0% per year.
Salary Increases:	5.0% per year until the assumed retirement age. For members eligible for Normal Retirement as of August 26, 2013: Projected salary at retirement is increased 25% to account for non-regular compensation. For members not eligible for Normal Retirement as of August 26, 2013 with at least ten (10) years of service as of that date: The projected frozen benefit as of August 26, 2013 includes a 25% load for the final year included in the averaging period. For members with less than ten (10) years of service as of August 26, 2013: No load is assumed.
Interest Rates:	8% per year compounded annually, net of investment related expenses.
Payroll Growth:	Up to the actual ten-year average payroll growth; 0% used for the October 1, 2014 valuation.
Retirement Age:	Those with at least ten (10) years of service as of August 26, 2013: Earlier of: 1) age 58 and 7.5 years of service or 2) twenty-eight (28) years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year. Those with less than ten (10) years of service as of August 26, 2013: Earlier of: 1) age 62 and ten (10) years of service or 2) thirty (30) years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
Early Retirement:	Commencing at eligibility for Early Retirement members are assumed to retire with an immediate benefit at the rate of 5% per year.
Mortality:	RP2000 Combined Healthy Table (sex distinct), projected to valuation date using scale AA (previously static). Disabled lives are set forward 5 years.
Termination and Disability Rate Tables:	

Age	%Terminating During the Year	% Becoming Disabled During the Year
20	38.0%	0.051%
30	24.0%	0.058%
40	13.2%	0.121%
50	7.0%	1.429%

City of Titusville, Florida

Required Supplementary Information  
September 30, 2016

Police Officers' and Firefighter's Pension Trust

Schedule of Changes in Net Pension Liability and Related Ratios  
Police Officers' and Firefighters' Pension  
Last 10 Fiscal Years\*\*

	9/30/2016	9/30/2015	9/30/2014	9/30/2013
Total Pension Liability				
Service Cost	\$ 937,776	\$ 879,893	\$ 844,189	\$ 781,656
Interest	4,597,357	4,548,755	4,489,894	4,427,655
Change in excess state money	(214,112)	-	-	-
Change in benefit terms	(4,647)	-	-	-
Differences between expected and actual experience	156,069	(1,094,130)	-	-
Changes of assumptions	1,822,308	-	-	-
Contribution - Buy Back	-	45,901	33,664	-
Benefit Payments, Including Refunds of Employee Contributions	(3,999,048)	(3,653,202)	(5,682,176)	(3,305,528)
Net Change in Total Pension Liability	3,295,703	727,217	(314,429)	1,903,783
Total Pension Liability - Beginning	58,747,475	58,020,258	58,334,687	56,430,904
Total Pension Liability - Ending (a)	62,043,178	58,747,475	58,020,258	58,334,687
Plan Fiduciary Net Position				
Contributions - Employer	1,925,864	2,320,434	2,445,395	2,200,133
Contributions - State	731,350	670,201	724,287	671,213
Contributions - Employee	513,866	495,762	451,474	447,451
Contributions - Buy Back	-	45,901	33,664	-
Net Investment Income	5,588,136	(1,138,997)	5,183,029	5,960,691
Benefit Payments, Including Refunds of Employee Contributions	(3,999,048)	(3,653,202)	(5,682,176)	(3,305,528)
Administrative Expense	(72,096)	(75,162)	(64,150)	(69,845)
Net Change in Plan Fiduciary Net Position	4,688,072	(1,335,063)	3,091,523	5,904,115
Plan Fiduciary Net Position - Beginning	48,598,096	49,933,159	46,841,636	40,937,521
Plan Fiduciary Net Position - Ending (b)	53,286,168	48,598,096	49,933,159	46,841,636
Net Pension Liability - Ending (a) - (b)	\$ 8,757,010	\$ 10,149,379	\$ 8,087,099	\$ 11,493,051
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.89%	82.72%	86.06%	80.30%
Covered Employee Payroll*	\$ 6,423,341	\$ 6,514,768	\$ 6,629,574	\$ 5,990,707
Net Pension Liability as a Percentage of Covered Employee Payroll	136.33%	155.79%	121.99%	191.85%

Notes to Schedule:

\*The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

\*\*Information is not available prior to fiscal year 2013.

Changes of benefit terms:

For measurement date 09/30/2016, amounts reported as changes of benefit terms resulted from an Actuarial Impact Statement dated February 10, 2017.

Changes of assumptions:

For measurement date 09/30/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by Florida Retirement System for special risk employees.

The inflation assumption rate was lowered from 3.00% to 2.5%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

Police Officers' and Firefighter's Pension Trust (continued)

**Schedule of Investment Returns**  
**Police Officers' and Firefighters' Pension**  
**Last 10 Fiscal Years\***

Annual Money-Weighted Rate of Return Net of Investment Expense	2016	11.65%
	2015	-2.27%
	2014	11.20%
	2013	14.41%

**Schedule of Contributions**  
**Police Officers' and Firefighters' Pension**  
**Last 10 Fiscal Years\***

	09/30/2016	9/30/2015	9/30/2014	9/30/2013
Actuarially Determined Contribution	\$ 2,544,678	\$ 2,990,635	\$ 3,169,682	\$ 2,871,346
Contributions in Relation to the				
Actuarially Determined Contributions	\$ 2,657,214	\$ 2,990,635	\$ 3,169,682	\$ 2,871,346
Contribution (Deficiency) Excess	112,536	-	-	-
Covered Employee Payroll	\$ 6,423,341	\$ 6,514,768	\$ 6,629,574	\$ 5,990,707
Contributions as a Percentage of				
Employee Payroll	41.37%	45.91%	47.81%	47.93%

\*Information is not available prior to fiscal 2013.

**Police Officers' and Firefighters' Pension Notes to Schedules**

Valuation Date to calculate actuarially determined contributions: 10/01/2014

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

Methods and assumptions used to determine contribution rates:

**Funding Method:** Entry Age Normal Actuarial Cost Method. The following loads are applied for determination of the Sponsor funding requirement:  
Interest - a half year, based on the current 8.0% assumption.  
Salary - a full year, based on the current 6.0% assumption.

**Amortization Method:** Level percentage of pay, closed.

**Remaining Amortization Period:** 27 Years (as of 10/01/2014).

**Asset Smoothing Methodology:** The Actuarial Value of Assets is brought forward using the four- year geometric average of Market Value returns (net-of-fees). Over time, this may result in a deminis bias that is above or below the Market Value of Assets.

**Inflation:** 3.0% per year.

**Salary Increases:** 6.0% per year until the assumed retirement age.  
For members eligible for retirement on June 1, 2013:  
Projected salary at retirement is increased 25% to account for non-regular compensation.

**Interest Rates:** 8.0% per year compounded annually, net of related expenses.

**Payroll Growth:** 1.5%

**Retirement Age:** Those with at least ten (10) years of service as of June 1, 2013:  
Earlier of: 1) age 55 and (8) years of service or (25) years regardless of age.  
Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.  
Those with less than ten (10) years of service as of June 1, 2013:  
Earlier of age 55 and ten (10) years of service or age 52 with twenty-five (25) years of service.  
Also, any member who has reached Normal Retirement is assumed to continued employment for one additional year.

**Early Retirement:** Commencing at eligibility for Early Retirement (age 50 with 10 years of service), members are assumed to retire with an immediate benefit at the rate of 5% per year. The assumption is 2% per year for members who have at least ten (10) years of service on June 1, 2013.

**Mortality:** RP2000 (combined healthy with no projection). Disabled lives are set forward 5 years. Based on a study of over 650 public safety funds, this reflects a 10% margin for future mortality improvements.

Termination and Disability Rate Tables:

Age	%Terminating During the Year	% Becoming Disabled During the Year
20	9.4%	0.14%
30	8.7%	0.19%
40	6.7%	0.32%
50	4.1%	1.10%
52	3.4%	1.31%

City of Titusville, Florida

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

General Fund

For the Fiscal Year Ended September 30, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget- Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 10,882,079	\$ 10,882,079	\$ 11,023,161	\$ 141,082
Local option gas tax	999,510	999,510	1,072,899	73,389
Utility and franchise taxes	8,312,178	8,312,178	8,640,128	327,950
Intergovernmental	4,490,331	4,633,931	4,721,921	87,990
Licenses and permits	1,187,000	1,187,000	1,281,937	94,937
Charges for services	3,634,398	3,795,400	4,335,423	540,023
Fines and forfeitures	208,300	208,300	258,655	50,355
Investment earnings (loss)	70,000	70,000	103,603	33,603
Miscellaneous revenue	253,575	273,575	171,492	(102,083)
<b>Total revenues</b>	<b>30,037,371</b>	<b>30,361,973</b>	<b>31,609,219</b>	<b>1,247,246</b>
<b>Expenditures</b>				
<b>Current:</b>				
Legislative	72,199	72,199	58,888	13,311
Executive	833,037	884,690	840,114	44,576
Legal counsel	421,769	421,769	407,095	14,674
Community development	2,271,874	2,516,643	2,250,738	265,905
Public works	3,032,529	3,036,410	2,755,122	281,288
<b>Public Safety:</b>				
Law enforcement	10,905,558	11,253,891	11,251,619	2,272
Fire and emergency services	6,116,728	6,237,838	6,167,575	70,263
Support Services	2,976,264	3,135,066	2,991,111	143,955
General administrative services	9,544,130	10,903,315	4,427,945	6,475,370
<b>Debt Service:</b>				
Principal	580,306	572,275	568,969	3,306
Interest	38,924	37,981	37,421	560
Debt cost/administration fees	-	1,500	1,907	(407)
Capital Outlay/Improvements	647,600	956,316	605,978	350,338
<b>Total expenditures</b>	<b>37,440,918</b>	<b>40,029,893</b>	<b>32,364,482</b>	<b>7,665,411</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(7,403,547)</b>	<b>(9,667,920)</b>	<b>(755,263)</b>	<b>8,912,657</b>
<b>Other financing sources (uses)</b>				
Transfers in	1,253,526	1,275,526	1,543,677	268,151
Transfers out	(874,031)	(2,601,418)	(2,601,416)	2
Capital leases	1,145,200	1,479,903	381,134	(1,098,769)
<b>Total other financing sources (uses)</b>	<b>1,524,695</b>	<b>154,011</b>	<b>(676,605)</b>	<b>(830,616)</b>
<b>Net change in fund balance</b>	<b>\$ (5,878,852)</b>	<b>\$ (9,513,909)</b>	<b>(1,431,868)</b>	<b>\$ 8,082,041</b>
<b>Beginning fund balances</b>			<b>8,899,486</b>	
<b>Ending fund balances</b>			<b>\$ 7,467,618</b>	

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

City of Titusville, Florida

**Required Supplementary Information**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**Downtown Community Redevelopment Agency Fund**  
**For the Fiscal Year Ended September 30, 2016**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget- Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 756,266	\$ 766,683	\$ 766,683	\$ -
Investment earnings (loss)	-	-	12,333	12,333
Miscellaneous revenue	125,574	774,918	-	(774,918)
<b>Total revenues</b>	<b>881,840</b>	<b>1,541,601</b>	<b>779,016</b>	<b>(762,585)</b>
<b>Expenditures</b>				
<b>Current:</b>				
Community development	513,773	614,104	289,984	324,120
Capital Outlay/Improvements	230,000	623,430	343,471	279,959
<b>Total expenditures</b>	<b>743,773</b>	<b>1,237,534</b>	<b>633,455</b>	<b>604,079</b>
Excess (deficiency) of revenues over (under) expenditures	138,067	304,067	145,561	(158,506)
<b>Other financing sources (uses)</b>				
Transfers in	230,000	280,000	-	(280,000)
Transfers out	(368,067)	(584,067)	(304,066)	280,001
<b>Total other financing sources (uses)</b>	<b>(138,067)</b>	<b>(304,067)</b>	<b>(304,066)</b>	<b>1</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(158,505)</b>	<b>\$ (158,505)</b>
Beginning fund balances			684,550	
Ending fund balances			<b>\$ 526,045</b>	

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

City of Titusville, Florida

**Required Supplementary Information**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**Roads & Streets Fund**  
**For the Fiscal Year Ended September 30, 2016**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget- Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 6,417,500	\$ 10,571,354	\$ 2,642,754	\$ (7,928,600)
Impact fees	25,000	25,000	-	(25,000)
Miscellaneous revenue	1,427,839	2,925,978	12,580	(2,913,398)
<b>Total revenues</b>	<b>7,870,339</b>	<b>13,522,332</b>	<b>2,655,334</b>	<b>(10,866,998)</b>
<b>Expenditures</b>				
General administrative services	1,427,839	1,391,208	10,154	1,381,054
Capital Outlay/Improvements	7,169,931	13,389,555	4,065,704	9,323,851
<b>Total expenditures</b>	<b>8,597,770</b>	<b>14,780,763</b>	<b>4,075,858</b>	<b>10,704,905</b>
Excess (deficiency) of revenues over (under) expenditures	(727,431)	(1,258,431)	(1,420,524)	(162,093)
<b>Other financing sources (uses)</b>				
Transfers in	727,431	1,258,431	1,258,431	-
<b>Total other financing sources (uses)</b>	<b>727,431</b>	<b>1,258,431</b>	<b>1,258,431</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(162,093)</b>	<b>\$ (162,093)</b>
Beginning fund balances			2,925,978	
Ending fund balances			<b>\$ 2,763,885</b>	

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



**City of Titusville, Florida**

**Notes to Required Supplementary Information  
Budgetary Reporting  
For the Fiscal Year Ended September 30, 2016**

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**Note A.      Budgetary Process**

See Note 3A for an explanation of the budgetary process.

**Note B.      Basis of Budgeting**

Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles ("GAAP") See Note 3A.

**Note C.      Reconciliation between Budget Basis and GAAP**

None required



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## City of Titusville, Florida

### Nonmajor Governmental Funds September 30, 2016

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**Special Revenue Funds** are used to account for revenue derived from specific taxes or other earmarked revenue sources (other than for major capital projects) that are restricted by law or administrative action to expenditures for specified purposes.

Impact Fee Fund – To account for impact fees assessed on all new development within the City, which are restricted to capital acquisitions – roads and streets, public safety and parks – as a result of new growth and development.

Forfeiture/Contraband Fund – To account for confiscated property/revenues. Funds may only be used in accordance with Florida Statutes 932.705.

Community Development Block Grant Fund (“CDBG”) – To account for grants received under Title 1 of the Housing and Community Development Act of 1974, Public Law 93-383, which are restricted to finance the City’s community development program activities.

Brevard County Home Investment Partnership Program Fund (“HOME”) – To account for financial assistance received from the U.S. Department of Housing and Urban Development for production of affordable housing- as authorized by the National Affordable Housing Act of 1990 and implemented through an interlocal agreement (pursuant to Florida Statute 163.01) with Brevard County.

State Housing Initiative Partnership Program Fund (“SHIP”) – To account for State grants received under the William E. Sadowski Affordable Housing Act (Florida Statute 420.901 and Rule 91-37 of the Florida Administrative Code) which are used to increase the availability of affordable housing to eligible citizens of Titusville.

Splash Pad - To account for donation received and expenditures during the construction of the Splash Pad Park.

**Debt Service Funds** are established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Multi-Purpose Debt Fund – To account for the pledged revenues and debt service on the Multi-Purpose Revenue Refunding Note, Series 2009.

General Obligation Bonds Series 2015 – To account for the pledged revenues and debt service on the Series 2015 General Obligation Bonds.

CRA PIRN Loan 2009 – To account for the debt service on the Public Improvement Revenue Note, Series 2012.

**Capital Projects Funds** are established to account for resources used for the acquisition and construction of capital facilities by the City, except for those financed by proprietary funds.

General Construction Fund – To account for the financing and construction of major capital facilities and improvements other than streets, sidewalks and drainage systems.

Riverfront Acquisition Fund – To account for the purchase, acquisition and improvement of real property on the Indian River within the City for Public use.

City of Titusville, Florida

Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2016

	Special Revenue Funds					
	Impact Fee	Forfeiture/ Contraband	CDBG	HOME	SHIP	Splash Pad
<b>Assets</b>						
Cash	\$ -	\$ 79,598	\$ 16,309	\$ 18,222	\$ 16,841	\$ 172,494
Investments	232,996	80,403	-	-	30,652	-
Receivables, net	-	4,472	8,775	-	-	-
Total assets	232,996	164,473	25,084	18,222	47,493	172,494
<b>Liabilities</b>						
Accounts payable	-	941	18,221	-	12,631	-
Unearned Revenue	-	-	6,853	18,222	-	-
Total liabilities	-	941	25,074	18,222	12,631	-
<b>Deferred Inflow of Resources</b>						
Unavailable resources	-	-	10	-	-	-
<b>Fund balance</b>						
Restricted	232,996	163,532	-	-	34,862	172,494
Total fund balance	232,996	163,532	-	-	34,862	172,494
Total liabilities, deferred inflows and fund balance	\$ 232,996	\$ 164,473	\$ 25,084	\$ 18,222	\$ 47,493	\$ 172,494

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

Debt Service		Capital Projects		Total Nonmajor Governmental Funds
General Obligation Bond Series 2015	CRA PIRN 2009	General Construction	Riverfront Acquisition	
\$ -	\$ 6,755	\$ 71,342	\$ -	\$ 381,561
111,831	-	503,109	552,955	1,511,946
94	-	-	-	13,341
111,925	6,755	574,451	552,955	1,906,848
-	11,556	7,542	6,469	57,360
-	-	-	-	25,075
-	11,556	7,542	6,469	82,435
-	-	-	-	10
111,925	(4,801)	566,909	546,486	1,824,403
111,925	(4,801)	566,909	546,486	1,824,403
\$ 111,925	\$ 6,755	\$ 574,451	\$ 552,955	\$ 1,906,848

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

City of Titusville, Florida

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Fiscal Year Ended September 30, 2016

	Special Revenue Funds					
	Impact Fee	Forfeiture/ Contraband	CDBG	HOME	SHIP	Splash Pad
Revenues						
Taxes:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	255,591	95,790	215,842	-
Charges for services	-	-	6,169	-	-	-
Fines and forfeitures	-	97,237	-	-	-	-
Investment earnings (loss)	2,232	-	-	-	40	-
Impact fees	80,835	-	-	-	-	-
Miscellaneous revenue	-	1,209	-	-	11,770	172,494
Total revenues	83,067	98,446	261,760	95,790	227,652	172,494
Expenditures						
Current:						
Community Development	-	-	261,760	95,790	221,015	-
General Administrative Services	-	-	-	-	-	-
Public safety	-	118,229	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Debt cost/administration fees	-	-	-	-	-	-
Capital Outlay/Improvements	-	-	-	-	-	-
Total expenditures	-	118,229	261,760	95,790	221,015	-
Excess (deficiency) of revenues over (under) expenditures	83,067	(19,783)	-	-	6,637	172,494
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	83,067	(19,783)	-	-	6,637	172,494
Beginning fund balances	149,929	183,315	-	-	28,225	-
Ending fund balances	\$ 232,996	\$ 163,532	\$ -	\$ -	\$ 34,862	\$ 172,494

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

Debt Service				Capital Projects		Total Nonmajor Governmental Funds
Multi Purpose Fund	General Obligation Bond Series 2015	CRA PIRN 2009	General Construction	Riverfront Acquisition		
\$	-	\$ 712,303	\$ -	\$ -	\$ -	712,303
	-	-	-	89,848	-	657,071
	-	-	-	-	-	6,169
	-	-	-	-	-	97,237
	-	4,068	-	-	-	6,340
	-	-	-	-	-	80,835
	-	-	-	-	-	185,473
	-	716,371	-	89,848	-	1,745,428
	-	-	-	-	-	578,565
	-	-	-	41,021	-	41,021
	-	-	-	-	-	118,229
	-	602,000	66,000	-	-	668,000
	-	94,337	57,350	-	-	151,687
	-	(1,874)	3,000	-	-	1,126
	-	-	-	353,014	9,692	362,706
	-	694,463	126,350	394,035	9,692	1,921,334
	-	21,908	(126,350)	(304,187)	(9,692)	(175,906)
	67,831	-	123,350	317,600	-	508,781
	(397,905)	-	-	-	-	(397,905)
	(330,074)	-	123,350	317,600	-	110,876
	(330,074)	21,908	(3,000)	13,413	(9,692)	(65,030)
	330,074	90,017	(1,801)	553,496	556,178	1,889,433
\$	-	\$ 111,925	\$ (4,801)	\$ 566,909	\$ 546,486	\$ 1,824,403

City of Titusville, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual

Impact Fee

Annually - Budgeted Nonmajor Special Revenue Funds

For the Fiscal Year Ended September 30, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Investment earnings (loss)	\$ -	\$ -	\$ 2,232	\$ 2,232
Impact fees	-	-	80,835	80,835
Miscellaneous revenue	108,762	149,929	-	(149,929)
Total revenues	108,762	149,929	83,067	(66,862)
Expenditures				
Current:				
General Administrative Services	108,762	149,929	-	149,929
Total expenditures	108,762	149,929	-	149,929
Net change in fund balance	\$ -	\$ -	83,067	\$ 83,067
Beginning fund balances			149,929	
Ending fund balances			\$ 232,996	

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



City of Titusville, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Forfeiture Contraband  
 Annually - Budgeted Nonmajor Special Revenue Funds  
 For the Fiscal Year Ended September 30, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Fines and forfeitures	\$ -	\$ -	\$ 97,237	\$ 97,237
Miscellaneous revenue	65,321	183,315	1,209	(182,106)
Total revenues	65,321	183,315	98,446	(84,869)
Expenditures				
Current:				
Public safety	65,321	183,315	118,229	65,086
Total expenditures	65,321	183,315	118,229	65,086
Net change in fund balance	\$ -	\$ -	(19,783)	(19,783)
Beginning fund balances			183,315	
Ending fund balances			\$ 163,532	

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

City of Titusville, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual

CDBG

Annually - Budgeted Nonmajor Special Revenue Funds

For the Fiscal Year Ended September 30, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ 475,644	\$ 255,591	\$ (220,053)
Charges for services	-	7,247	6,169	(1,078)
Miscellaneous revenue	-	43,217	-	(43,217)
Total revenues	-	526,108	261,760	(264,348)
Expenditures				
Current:				
Community Development	-	526,108	261,760	264,348
Total expenditures	-	526,108	261,760	264,348
Net change in fund balance	\$ -	\$ -	-	\$ -
Beginning fund balances			-	
Ending fund balances			\$ -	

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

City of Titusville, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual

HOME

Annually - Budgeted Nonmajor Special Revenue Funds

For the Fiscal Year Ended September 30, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ 200,086	\$ 95,790	\$ (104,296)
Total revenues	-	200,086	95,790	(104,296)
Expenditures				
Current:				
Community Development	-	200,086	95,790	104,296
Total expenditures	-	200,086	95,790	104,296
Net change in fund balance	\$ -	\$ -	-	\$ -
Beginning fund balances			-	
Ending fund balances			\$ -	

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

City of Titusville, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual

SHIP

Annually - Budgeted Nonmajor Special Revenue Funds

For the Fiscal Year Ended September 30, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ 437,429	\$ 215,842	\$ (221,587)
Investment earnings (loss)	-	35	40	5
Miscellaneous revenue	-	67,485	11,770	(55,715)
Total revenues	-	504,949	227,652	(277,297)
Expenditures				
Current:				
Community Development	-	504,949	221,015	283,934
Total expenditures	-	504,949	221,015	283,934
Net change in fund balance	\$ -	\$ -	6,637	\$ 6,637
Beginning fund balances			28,225	
Ending fund balances			\$ 34,862	

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

City of Titusville, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Splash Pad  
Annually - Budgeted Nonmajor Special Revenue Funds  
For the Fiscal Year Ended September 30, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Miscellaneous revenue	\$ -	\$ -	\$ 172,494	\$ 172,494
Total revenues	-	-	172,494	172,494
Net change in fund balance	\$ -	\$ -	172,494	\$ 172,494
Beginning fund balances			-	
Ending fund balances			\$ 172,494	

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

## City of Titusville, Florida

### Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Multi Purpose Fund Debt Service Annually - Budgeted Nonmajor Debt Service Funds For the Fiscal Year Ended September 30, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Expenditures				
General Administrative Services	\$ -	\$ 67,831	\$ -	\$ 67,831
Total expenditures	-	67,831	-	67,831
Excess (deficiency) of revenues over expenditures	-	(67,831)	-	67,831
Other financing sources (uses)				
Transfers in	-	67,831	67,831	-
Transfers out	-	-	(397,905)	(397,905)
Total other financing sources	-	67,831	(330,074)	(397,905)
Net change in fund balances	\$ -	\$ -	(330,074)	\$ (330,074)
Beginning fund balances			330,074	
Ending fund balances			\$ -	

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

## City of Titusville, Florida

### Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual General Obligation Bond Series 2015 Debt Service Annually - Budgeted Nonmajor Debt Service Funds For the Fiscal Year Ended September 30, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Property taxes	\$ 761,788	\$ 761,788	\$ 712,303	\$ (49,485)
Investment earnings (loss)	-	-	4,068	4,068
Miscellaneous revenue	102,984	90,017	-	(90,017)
Total revenues	864,772	851,805	716,371	(135,434)
Expenditures				
General Administrative Services	103,984	151,967	-	151,967
Principal	510,000	602,000	602,000	-
Interest and fiscal charges	250,788	94,338	94,337	1
Debt cost/administration fees	-	3,500	(1,874)	5,374
Total expenditures	864,772	851,805	694,463	157,342
Net change in fund balances	\$ -	\$ -	21,908	\$ 21,908
Beginning fund balances			90,017	
Ending fund balances			\$ 111,925	

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

## City of Titusville, Florida

### Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual CRA PIRN 2009 Debt Service Annually - Budgeted Nonmajor Debt Service Funds For the Fiscal Year Ended September 30, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Miscellaneous revenue	\$ 11,000	\$ (1,801)	\$ -	\$ 1,801
Total revenues	11,000	(1,801)	-	1,801
Expenditures				
General Administrative Services	10,999	(4,802)	-	(4,802)
Principal	66,000	66,000	66,000	-
Interest and fiscal charges	57,351	57,351	57,350	1
Debt cost/administration fees	-	3,000	3,000	-
Total expenditures	134,350	121,549	126,350	(4,801)
Excess (deficiency) of revenues over expenditures	(123,350)	(123,350)	(126,350)	(3,000)
Other financing sources (uses)				
Transfers in	123,350	123,350	123,350	-
Total other financing sources	123,350	123,350	123,350	-
Net change in fund balances	\$ -	\$ -	(3,000)	\$ (3,000)
Beginning fund balances			(1,801)	
Ending fund balances			\$ (4,801)	

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



## City of Titusville, Florida

### Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual General Construction Capital Projects Fund Annually - Budgeted Nonmajor Capital Projects Funds For the Fiscal Year Ended September 30, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ -	\$ 89,848	\$ 89,848
Miscellaneous revenue	-	553,496	-	(553,496)
<b>Total revenues</b>	<b>-</b>	<b>553,496</b>	<b>89,848</b>	<b>(463,648)</b>
Expenditures				
Current:				
General Administrative Services	-	100,761	41,021	59,740
Capital Outlay/Improvements	146,600	770,335	353,014	417,321
<b>Total expenditures</b>	<b>146,600</b>	<b>871,096</b>	<b>394,035</b>	<b>477,061</b>
Excess (deficiency) of revenues over (under) expenditures	(146,600)	(317,600)	(304,187)	13,413
Other Financing Sources (Uses)				
Transfers in	146,600	317,600	317,600	-
<b>Total other financing sources (uses):</b>	<b>146,600</b>	<b>317,600</b>	<b>317,600</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>13,413</b>	<b>\$ 13,413</b>
Beginning fund balances			553,496	
Ending fund balances			<u>\$ 566,909</u>	

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

## City of Titusville, Florida

### Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Riverfront Acquisition Capital Projects Fund Annually - Budgeted Nonmajor Capital Projects Funds For the Fiscal Year Ended September 30, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ 19,675	\$ -	\$ (19,675)
Miscellaneous revenue	577,124	536,503	-	(536,503)
<b>Total revenues</b>	<b>577,124</b>	<b>556,178</b>	<b>-</b>	<b>(556,178)</b>
Expenditures				
Current:				
General Administrative Services	577,124	536,503	-	536,503
Capital Outlay/Improvements	-	19,675	9,692	9,983
<b>Total expenditures</b>	<b>577,124</b>	<b>556,178</b>	<b>9,692</b>	<b>546,486</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(9,692)</b>	<b>\$ (9,692)</b>
Beginning fund balances			556,178	
Ending fund balances			<u>\$ 546,486</u>	

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

## **City of Titusville, Florida**

### **Internal Service Funds**

**September 30, 2016**

**Internal Service Funds** are used to account for the financing of centralized services to City departments on a cost-reimbursement basis (including depreciation).

**Fleet** - To account for the cost of operating a maintenance facility for automotive equipment used by other City departments/divisions.

**Information Technology** - To account for data processing operations and the cost of computer services used by other City departments/divisions.

**Self-Insured Dental** - To account for the accumulation of resources to be used for group dental coverage for City employees and their dependents.

**Self-Insured Loss Fund** - To account for various lines of property and liability coverage.

**Workers' Comp G.R.I.T.** - To account for workers' compensation coverage and for accounting for workers' compensation claims abandoned by the Governmental Risk Insurance Trust bankruptcy.

**Fully Insured Health** - To account for health benefits as provided by Connecticut General Life Insurance Co. ("CIGNA").

**Partially Self-Insured Health** - To account for the accumulation of resources to be used for group health coverage for City employees and their dependents as a cost savings measure.

**Health Clinic** - To account for cost savings measures to reduce the health program costs for the City by providing an operational health clinic those employees can visit during working hours.

City of Titusville, Florida

Combining Statement of Net Position  
Internal Service Funds  
September 30, 2016

	Fleet	Information Technology	Self-Insured Dental	Self-Insured Loss Fund
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 73,824	\$ 72,169	\$ 49,354	\$ 120,156
Investments	429,054	204,891	203,593	1,378,572
Receivables, net	-	77,893	-	4,896
Inventories	73,813	-	-	-
Current restricted cash and cash equivalents	-	-	-	75,000
<b>Total current assets</b>	<b>576,691</b>	<b>354,953</b>	<b>252,947</b>	<b>1,578,624</b>
Noncurrent assets:				
Capital assets:				
Buildings and improvements	104,206	-	-	-
Improvements other than buildings	148,541	-	-	-
Furniture and equipment	228,565	4,051,473	-	-
Less accumulated depreciation	(374,811)	(3,448,628)	-	-
<b>Total capital assets (net of accumulated depreciation)</b>	<b>106,501</b>	<b>602,845</b>	<b>-</b>	<b>-</b>
<b>Total noncurrent assets</b>	<b>106,501</b>	<b>602,845</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>683,192</b>	<b>957,798</b>	<b>252,947</b>	<b>1,578,624</b>
Deferred Pension Outflow	82,320	96,812	-	-
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	15,039	28	-	-
Accrued payroll liabilities	12,777	14,894	-	-
Contracts payable	41,237	8,739	-	742
Self-insured claims payable	-	-	82,431	204,197
Capital Leases Payable	-	31,475	-	-
Compensated absences	18,008	23,378	-	-
<b>Total current liabilities</b>	<b>87,061</b>	<b>78,514</b>	<b>82,431</b>	<b>204,939</b>
Noncurrent liabilities:				
Noncurrent compensated absences	13,211	56,400	-	-
Noncurrent claims payable	-	-	-	920,800
Net OPEB obligation	273,156	30,859	-	-
Long-term capital leases payable	-	46,417	-	-
Net pension liability	166,104	193,575	-	-
<b>Total liabilities</b>	<b>539,532</b>	<b>405,765</b>	<b>82,431</b>	<b>1,125,739</b>
Deferred Pension Inflow	56,846	67,069	-	-
<b>Net Position</b>				
Net investment in capital assets	106,501	602,845	-	-
Unrestricted	62,633	(21,069)	170,516	452,885
<b>Total net position</b>	<b>\$ 169,134</b>	<b>\$ 581,776</b>	<b>\$ 170,516</b>	<b>\$ 452,885</b>

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

Workers Comp G.R.I.T.	Fully Insured Health	Partially Self-Insured Health	Health Clinic	Total
\$ -	\$ -	\$ -	\$ -	315,503
24,858	40,742	1,737,013	101,107	4,119,830
-	-	128	-	82,917
-	-	-	-	73,813
-	-	117,000	-	192,000
24,858	40,742	1,854,141	101,107	4,784,063
-	-	-	-	104,206
-	-	-	-	148,541
-	-	-	-	4,280,038
-	-	-	-	(3,823,439)
-	-	-	-	709,346
-	-	-	-	709,346
24,858	40,742	1,854,141	101,107	5,493,409
-	-	-	-	179,132
-	-	41,441	4,964	61,472
-	-	-	-	27,671
768	-	233,782	10,376	295,644
15,683	-	502,038	-	804,349
-	-	-	-	31,475
-	-	-	-	41,386
16,451	-	777,261	15,340	1,261,997
-	-	-	-	69,611
-	-	-	-	920,800
-	-	-	-	304,015
-	-	-	-	46,417
-	-	-	-	359,679
16,451	-	777,261	15,340	2,962,519
-	-	-	-	123,915
-	-	-	-	709,346
8,407	40,742	1,076,880	85,767	1,876,761
\$ 8,407	\$ 40,742	\$ 1,076,880	\$ 85,767	\$ 2,586,107

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

City of Titusville, Florida

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Internal Service Funds**  
**For the Fiscal Year Ended September 30, 2016**

	Fleet	Information Technology	Self-Insured Dental	Self-Insured Loss Fund
Operating revenues:				
Charges for sales and services	\$ 2,551,226	\$ 1,980,663	\$ 356,183	\$ 1,588,887
Claims settlements	-	-	-	238,892
Operating expenses:				
Salaries and employee benefits	612,477	606,982	-	-
Supplies and materials	1,718,543	65,652	-	30,628
Contract services	477	1,159	37,775	86,471
Other services and charges	233,659	911,558	287,482	1,497,687
Depreciation	7,270	355,625	-	-
Total operating expenses	2,572,426	1,940,976	325,257	1,614,786
Operating income (loss)	(21,200)	39,687	30,926	212,993
Nonoperating revenues (expenses):				
Investment earnings	-	-	-	14,076
Miscellaneous	1,840	-	-	17,166
Interest expense	-	(33,588)	-	-
Total nonoperating revenues (expenses)	1,840	(33,588)	-	31,242
Transfers and Contributions:				
Capital contributions	45	5	-	-
Transfers in	-	-	-	-
Transfers out	(32,721)	(32,721)	-	-
Total transfers and contributions	(32,676)	(32,716)	-	-
Change in net position	(52,036)	(26,617)	30,926	244,235
Total net position - beginning	221,170	608,393	139,590	208,650
Total net position - end	\$ 169,134	\$ 581,776	\$ 170,516	\$ 452,885

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

Workers Comp G.R.I.T.	Fully Insured Health	Partially Self-Insured Health	Health Clinic	Total
\$ -	\$ 669,159	\$ 4,458,033	\$ 163,686	\$ 11,767,837
-	-	-	-	238,892
-	-	-	-	1,219,459
-	-	-	71,739	1,886,562
-	9,350	287,324	212,889	635,445
21,605	664,434	6,157,693	-	9,774,118
-	-	-	-	362,895
21,605	673,784	6,445,017	284,628	13,878,479
(21,605)	(4,625)	(1,986,984)	(120,942)	(1,871,750)
-	-	-	-	14,076
-	-	293,869	-	312,875
-	-	-	-	(33,588)
-	-	293,869	-	293,363
-	-	-	-	50
-	-	1,570,579	-	1,570,579
-	-	84,442	(19,000)	-
-	-	1,655,021	(19,000)	1,570,629
(21,605)	(4,625)	(38,094)	(139,942)	(7,758)
30,012	45,367	1,114,974	225,709	2,593,865
\$ 8,407	\$ 40,742	\$ 1,076,880	\$ 85,767	\$ 2,586,107

City of Titusville, Florida

Combining Statement of Cash Flows  
Internal Service Funds  
For the Fiscal Year Ended September 30, 2016

	Fleet Management	Information Technology	Self-Insured Dental	Self-Insured Loss Fund
Cash flows from Operating Activities				
Receipts-customers and users	\$ 2,551,226	\$ 2,011,110	\$ 356,183	\$ 1,985,086
Payments-suppliers	(2,010,248)	(983,074)	(337,322)	(1,725,872)
Payments-employees	(555,689)	(627,364)	-	-
Net cash provided (used) by operating activities	(14,711)	400,672	18,861	259,214
Cash flows from Noncapital Financing Activities				
Net Advances/Transfers	(32,721)	(32,721)	-	-
Miscellaneous revenue	1,841	-	-	17,166
Net cash provided by noncapital financing activities	(30,880)	(32,721)	-	17,166
Cash flows from Capital and related Financing Activities				
Acquisition and construction of capital assets	(111,584)	(221,173)	-	-
Interest payments on debt	-	(33,588)	-	-
Capital Contributions	45	5	-	-
Proceeds from capital lease	-	-	-	-
Payment on capital lease	-	(31,476)	-	-
Net cash provided (used) by capital and related financing activities	(111,539)	(286,232)	-	-
Cash flows from Investing Activities				
Interest on Investments	-	-	-	14,076
Purchase of investment securities	-	-	(48,446)	(293,312)
Sale of investment securities	158	(16,532)	-	-
Net cash provided (used) by investing activities	158	(16,532)	(48,446)	(279,236)
Net Increase(decrease) in cash and cash equivalents	(156,972)	65,187	(29,585)	(2,856)
Beginning cash and cash equivalents	230,796	6,982	78,939	198,012
Ending cash and cash equivalents	\$ 73,824	\$ 72,169	\$ 49,354	\$ 195,156
Reconciliation of operating (loss) income to net cash provided (used) by operating activities:				
Operating income(loss)	\$ (21,200)	\$ 39,687	\$ 30,926	\$ 212,993
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	7,270	355,625	-	-
Net changes in Deferred Outflows	6,262	(7,583)	-	-
Net changes in Deferred Inflows	10,039	12,157	-	-
Changes in assets and liabilities:				
(Increase) decrease in receivables-net	-	30,447	-	157,307
(Increase) decrease in inventory	9,320	-	-	-
(Increase) decrease in Deferred Outflows Pension	-	-	-	-
Increase (decrease) in accounts payable	(33,996)	(11,536)	(7,573)	(1,083)
Increase (decrease) in accrued liabilities	1,262	2,257	(4,492)	(110,003)
Increase (decrease) in compensated absences	11,113	18,586	-	-
Increase (decrease) in Net Pension Liability	(34,155)	(41,362)	-	-
Increase (decrease) in net OPEB obligation	29,374	2,394	-	-
Total Adjustments	6,489	360,985	\$ (12,065)	\$ 46,221
Net cash provided (used) by operating activities	(14,711)	400,672	18,861	259,214
Noncash investing, capital and financing activities:				
Change in fair value of investments	\$ (158)	\$ 16,532	\$ 48,446	\$ 293,312



Workers Comp G.R.I.T.	Fully Insured Health	Partially Self-Insured Health	Health Clinic	Total
\$ -	\$ 669,159	4,507,872	\$ 163,686	\$ 12,244,322
(20,837)	(673,784)	(6,237,684)	(280,223)	(12,269,044)
-	-	-	-	(1,183,053)
(20,837)	(4,625)	(1,729,812)	(116,537)	(1,207,775)
-	-	1,655,021	(19,000)	1,570,579
-	-	293,869	-	312,876
-	-	1,948,890	(19,000)	1,883,455
-	-	-	-	(332,757)
-	-	-	-	(33,588)
-	-	-	-	50
-	-	-	-	-
-	-	-	-	(31,476)
-	-	-	-	(397,771)
-	-	-	-	14,076
-	-	-	-	-
20,837	4,625	(219,078)	121,265	(430,483)
20,837	4,625	(219,078)	121,264	(416,407)
-	-	-	(14,273)	(138,499)
-	-	117,000	14,273	646,002
\$ -	\$ -	\$ 117,000	\$ -	\$ 507,504

\$ (21,605)	\$ (4,625)	\$ (1,986,984)	\$ (120,942)	(1,871,750)
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-	-	-	-	362,895
-	-	-	-	(1,321)
-	-	-	-	22,196
-	-	49,839	-	187,754
-	-	-	-	9,320
768	-	207,333	4,405	(54,188)
-	-	-	-	101,530
-	-	-	-	29,699
-	-	-	-	70,842
-	-	-	-	(31,768)
768	-	257,172	4,405	810,334
\$ (20,837)	\$ (4,625)	\$ (1,729,812)	\$ (116,537)	\$ (1,207,775)
\$ (20,837)	\$ (4,625)	\$ 219,078	\$ (121,265)	\$ 416,407

City of Titusville, Florida

Other Supplemental Information  
September 30, 2016

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Fiduciary Funds - Trust and Agency Funds

Combining Statement of Fiduciary Net Position - Trust Funds

Combining Statement of Changes in Fiduciary Net Position - Trust Funds

Statement of Changes in Assets and Liabilities - Agency Funds

# City of Titusville, Florida

## Combining Statement of Fiduciary Net Position Fiduciary Funds September 30, 2016

	General Employees' Retirement Trust	Police Officers' and Firefighters' Retirement Trust	Other Post- Employment Benefits Trust	Total
<b>Assets</b>				
Cash	\$ -	\$ -	\$ 35,731	\$ 35,731
Interest Receivable	84,625	69,374		153,999
Investments				
Cash with fiscal agent	1,149,028	1,066,555	-	2,215,583
Money market	809,689	54,935	16,360	880,984
Federal agency bonds/notes	2,006,823	1,739,233	-	3,746,056
U.S. Treasury bond/notes	923,124	3,231,944	-	4,155,068
Municipal bonds/notes	703,186	484,902	-	1,188,088
Corporate bonds	4,185,011	3,798,412	-	7,983,423
Corporate stock	27,686,212	25,749,463	-	53,435,675
Mutual fund - bonds	2,279,765	3,020,646	666,600	5,967,011
Mutual fund - equity	7,419,112	7,193,345	1,350,677	15,963,134
Real estate	5,956,549	6,879,643	-	12,836,192
Total investments	53,118,499	53,219,078	2,033,637	108,371,214
Total assets	53,203,124	53,288,452	2,069,368	108,560,944
<b>Liabilities</b>				
Accounts payable	17	2,284	-	2,301
Total liabilities	17	2,284	-	2,301
<b>Net Position</b>				
Restricted for pension other post-employment	\$ 53,203,107	\$ 53,286,168	\$ 2,069,368	\$ 108,558,643

# City of Titusville, Florida

## Combining Statement of Changes in Fiduciary Net Position

### Fiduciary Funds

For the Fiscal Year Ended September 30, 2016

	General Employees' Retirement Trust	Police Officers' and Firefighters' Retirement Trust	Other Post- Employment Benefits Trust	Total
Additions				
Contributions:				
Employer	\$ 2,587,482	\$ 1,786,053	\$ 1,323,677	\$ 5,697,212
Employee	274,825	513,866	378,374	1,167,065
State of Florida	-	731,350	-	731,350
<b>Total contributions</b>	<b>2,862,307</b>	<b>3,031,269</b>	<b>1,702,051</b>	<b>7,595,627</b>
Investment earnings:				
Interest & dividends	973,605	1,252,712	40,475	2,266,792
Net change in the fair value of investments	4,643,215	4,470,532	150,330	9,264,077
<b>Total investment income</b>	<b>5,616,820</b>	<b>5,723,244</b>	<b>190,805</b>	<b>11,530,869</b>
Less invest-related expense	(43,848)	(35,081)	-	(78,929)
Misc revenue	23,743	4,400	-	28,143
<b>Total</b>	<b>8,459,022</b>	<b>8,723,832</b>	<b>1,892,856</b>	<b>19,075,710</b>
Deductions				
Pension and other employee benefits	5,201,623	3,999,047	1,702,051	10,902,721
Administrative expenses	266,330	176,525	23,722	466,577
<b>Total</b>	<b>5,467,953</b>	<b>4,175,572</b>	<b>1,725,773</b>	<b>11,369,298</b>
<b>Change in net position</b>	<b>2,991,069</b>	<b>4,548,260</b>	<b>167,083</b>	<b>7,706,412</b>
Net position - beginning of year	50,212,038	48,737,908	1,902,285	100,852,231
Net position - end of year	\$ 53,203,107	\$ 53,286,168	\$ 2,069,368	\$ 108,558,643

City of Titusville, Florida

**Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended September 30, 2016**

		<b>Performance Bonds</b>			
		Balance September 30, 2015	Additions	Deductions	Balance September 30, 2016
Assets					
Cash		\$ 37,739	\$ 58,054	\$ -	\$ 95,793
<b>Total Assets</b>		<b>37,739</b>	<b>58,054</b>	<b>-</b>	<b>95,793</b>
Liabilities					
Deposits held in Custody for others		37,739	58,054	-	95,793
<b>Total Liabilities</b>		<b>\$ 37,739</b>	<b>\$ 58,054</b>	<b>\$ -</b>	<b>\$ 95,793</b>

City of Titusville, Florida

Other Supplemental Schedules

September 30, 2016

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Capital Assets - Used in the Operations of Governmental Funds (does not include Internal Service Funds)

Schedule by Source

Schedule by Function and Activity

Schedule of Changes by Function and Activity

**City of Titusville, Florida**

**Capital Assets Used in the Operation of Governmental Funds (does not include Internal Service Funds)**  
**Schedule by Source**  
**September 30, 2016**

Land	\$	29,836,869
Easements		199,220
Buildings		4,833,681
Improvements other than buildings		100,230,043
Machinery and equipment		9,749,077
Construction in progress		4,166,298
Total governmental funds capital assets	\$	149,015,188

Investments in governmental funds capital assets by source:

General revenues	\$	97,664,343
Special revenue funds		47,553,314
Contributed capital		3,797,531
Total governmental funds capital assets	\$	149,015,188

City of Titusville, Florida

**Capital Assets Used in the Operation of Governmental Funds (does not include Internal Service Funds)**  
**Schedule by Function and Activity**  
**September 30, 2016**

Function and Activity	Land	Buildings	Improvement Other Than Buildings	Easements	Machinery and Equipment	Construction in Progress	Total
General Government:							
Legislative	\$ -	\$ -	\$ -	\$ -	\$ 22,703	\$ -	\$ 22,703
Legal council	-	-	6,128	-	-	-	6,128
Executive	-	-	-	-	7,784	-	7,784
Support services	-	-	32,434	-	115,727	-	148,161
Community development	-	276,767	181,381	-	101,762	-	559,910
Public works	-	1,312,697	1,989,392	-	968,674	4,166,298	8,437,061
Total general governmental	-	1,589,464	2,209,335	-	1,216,650	4,166,298	9,181,747
Public Safety:							
Law enforcement	552,177	2,050,000	3,850,361	-	3,378,943	-	9,831,481
Fire rescue/protection	197,898	905,152	4,332,556	-	3,297,068	-	8,732,674
Total public safety	750,075	2,955,152	8,182,917	-	6,676,011	-	18,564,155
Economic environment:							
Community development	-	-	140,792	-	84,681	-	225,473
Total economic environment	-	-	140,792	-	84,681	-	225,473
Capital Improvements							
Streets, drainage and sidewalks	28,776,886	289,065	88,775,799	199,220	1,651,955	-	119,692,925
Pier and waterfront development	309,908	-	921,200	-	119,780	-	1,350,888
Total capital improvements	29,086,794	289,065	89,696,999	199,220	1,771,735	-	121,043,813
Total government funds capital assets	\$ 29,836,869	\$ 4,833,681	\$ 100,230,043	\$ 199,220	\$ 9,749,077	\$ 4,166,298	\$ 149,015,188



City of Titusville, Florida

**Capital Assets Used in the Operation of Governmental Funds (does not include Internal Service Funds)**  
**Schedule of Changes by Function and Activity**  
**September 30, 2016**

Function and activity	Governmental Funds Capital Assets 10/01/15	Additions	Deletions	Governmental Funds Capital Assets 09/30/16
General government:				
Legislative	\$ 22,703	\$ -	\$ -	\$ 22,703
Legal Council	6,128	-	-	6,128
Executive	71,765	-	63,981	7,784
Support Services	221,255	44,660	117,754	148,161
Community development	547,198	124,979	112,267	559,910
Public works	6,227,030	4,469,776	2,259,745	8,437,061
Total general government	7,096,079	4,639,415	2,553,747	9,181,747
Public Safety:				
Law enforcement	9,752,081	269,135	189,735	9,831,481
Fire rescue/protection	8,411,863	564,349	243,538	8,732,674
Total public safety	18,163,944	833,484	433,273	18,564,155
Economic environment:				
Community redevelopment agency	230,760	-	5,287	225,473
Total economic environment	230,760	-	5,287	225,473
Capital improvements:				
Streets, drainage and sidewalks	117,890,052	2,513,771	710,898	119,692,925
Recreation and waterfront development	1,350,888	-	-	1,350,888
Total capital improvements	119,240,940	2,513,771	710,898	121,043,813
Total governmental capital assets	\$ 144,731,723	\$ 7,986,670	\$ 3,703,205	\$ 149,015,188



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## Statistical Section

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

<b><u>Contents</u></b>	<b><u>Pages</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	<b>149-153</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax, and the municipal sales tax.	<b>154-158</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	<b>159-164</b>
<b>Economic and Demographic Information</b> These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	<b>165-167</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	<b>168-169</b>
<b>Secondary Market Disclosure</b> The City of Titusville is required to provide ongoing disclosure for its holders of Water and Sewer Revenue Bonds, Series 2010. Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission Annual Financial Report for the fiscal year ended September 30, 2016.	<b>170-174</b>

**Sources:** Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant fiscal year. Schedules presenting government-wide information include information beginning in that fiscal year.



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**City of Titusville, Florida**  
**Schedule 1 - Net Position by Component**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 54,951,652	\$ 51,072,498	\$ 49,475,070	\$ 46,883,144	\$ 45,356,791	\$ 45,094,612	\$ 43,519,306	\$ 42,751,470	\$ 44,034,160	\$ 44,615,315
Restricted	5,660,781	5,758,186	6,566,912	7,368,140	9,337,169	10,094,003	5,610,284	3,680,535	2,785,540	4,787,491
Unrestricted	(10,200,449)	(9,257,410)	5,798,714	6,560,789	5,559,063	6,631,319	12,830,176	14,211,887	12,815,359	9,042,757
<b>Total Governmental Activities Net Position</b>	<b>\$ 50,411,984</b>	<b>\$ 47,573,274</b>	<b>\$ 61,840,696</b>	<b>\$ 60,812,073</b>	<b>\$ 60,253,023</b>	<b>\$ 61,819,934</b>	<b>\$ 61,959,766</b>	<b>\$ 60,643,892</b>	<b>\$ 59,635,059</b>	<b>\$ 58,445,563</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 50,397,886	\$ 48,047,333	\$ 43,639,537	\$ 41,594,206	\$ 43,460,824	\$ 38,892,756	\$ 40,456,284	\$ 34,641,921	\$ 33,750,076	\$ 29,445,788
Restricted	317,727	338,038	2,452,850	2,674,646	2,072,578	6,052,327	5,778,719	5,419,481	4,418,825	14,209,647
Unrestricted	30,866,489	29,212,802	31,675,735	30,812,872	28,026,303	26,593,402	21,843,093	21,641,543	22,661,609	10,507,628
<b>Total Business-Type Activities Net Position</b>	<b>\$ 81,582,102</b>	<b>\$ 77,598,173</b>	<b>\$ 77,768,122</b>	<b>\$ 75,081,724</b>	<b>\$ 73,559,705</b>	<b>\$ 71,538,485</b>	<b>\$ 68,078,096</b>	<b>\$ 61,702,945</b>	<b>\$ 60,830,510</b>	<b>\$ 54,163,063</b>
<b>Total</b>										
Net Investment in Capital Assets	\$ 105,349,538	\$ 99,119,831	\$ 93,114,607	\$ 91,242,789	\$ 88,817,615	\$ 83,987,368	\$ 83,975,590	\$ 77,393,391	\$ 77,784,236	\$ 74,061,103
Restricted	5,978,508	6,096,224	9,019,762	9,968,446	11,409,747	16,146,330	11,389,003	9,100,016	7,204,365	18,997,138
Unrestricted	20,666,040	19,955,392	37,474,449	34,682,562	33,585,366	33,224,721	34,673,269	35,853,430	35,476,968	19,550,385
<b>Total Net Position</b>	<b>\$ 131,994,086</b>	<b>\$ 125,171,447</b>	<b>\$ 139,608,818</b>	<b>\$ 135,893,797</b>	<b>\$ 133,812,728</b>	<b>\$ 133,358,419</b>	<b>\$ 130,037,862</b>	<b>\$ 122,346,837</b>	<b>\$ 120,465,569</b>	<b>\$ 112,608,626</b>

**City of Titusville, Florida**  
**Schedule 2 - Changes in Net Position**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services:										
General Administrative	\$ 3,588,417	\$ 3,956,986	\$ 3,497,639	\$ 3,262,044	\$ 3,442,739	\$ 3,275,826	\$ 3,290,168	\$ 3,193,982	\$ 3,475,602	\$ 3,645,510
Public Safety	776,506	588,621	527,916	543,183	532,621	570,601	623,573	1,025,386	121,759	637,429
Public Works	-	-	175	-	35	-	-	-	-	-
Support Services	286,799	137,057	113,746	104,649	-	-	-	-	-	-
Community Development	1,327,699	1,177,099	1,033,275	911,500	884,174	785,508	750,752	1,083,566	779,369	1,776,707
Operating Grants and Contributions	989,072	1,005,587	1,237,489	2,223,649	1,648,013	1,370,892	1,782,169	1,992,414	2,634,530	1,753,569
Capital Grants and Contributions	3,194,258	591,307	1,675,702	30,958	154,499	950,335	564,292	832,884	417,464	2,024,124
<b>Total Governmental Activities Program Revenues</b>	<b>\$ 10,162,751</b>	<b>\$ 7,456,657</b>	<b>\$ 8,085,942</b>	<b>\$ 7,075,983</b>	<b>\$ 6,662,081</b>	<b>\$ 6,953,162</b>	<b>\$ 7,010,954</b>	<b>\$ 8,128,232</b>	<b>\$ 7,428,724</b>	<b>\$ 9,837,339</b>
<b>Business-Type Activities:</b>										
Charges for Services:										
Water/Sewer Utility	\$ 21,451,871	\$ 20,728,148	\$ 20,166,475	\$ 19,512,508	\$ 19,266,027	\$ 19,252,970	\$ 17,859,619	\$ 17,487,635	\$ 17,197,091	\$ 18,613,883
Solid Waste System	4,223,943	4,275,839	4,320,466	4,059,381	4,267,136	4,626,040	4,516,941	4,605,739	4,626,708	4,611,050
Municipal Marina	911,231	894,958	1,059,994	1,074,298	1,004,520	1,060,283	1,094,918	815,859	967,195	1,264,145
Stormwater Utility	2,461,608	2,413,480	2,379,810	2,369,051	2,381,092	2,277,298	2,198,821	2,101,659	2,004,411	1,902,562
Operating Grants and Contributions	-	-	-	-	-	3,972	4,022	1,717	82,844	163,340
Capital Grants and Contributions	2,221,174	429,306	376,472	457,678	1,486,650	400,104	4,280,367	1,567,803	4,850,146	1,976,929
<b>Total Business-Type Activities Program Revenues</b>	<b>\$ 31,269,827</b>	<b>\$ 28,741,731</b>	<b>\$ 28,303,217</b>	<b>\$ 27,472,916</b>	<b>\$ 28,405,425</b>	<b>\$ 27,620,667</b>	<b>\$ 29,954,688</b>	<b>\$ 26,580,412</b>	<b>\$ 29,728,395</b>	<b>\$ 28,531,909</b>
<b>Total Government Program Revenues</b>	<b>\$ 41,432,578</b>	<b>\$ 36,198,388</b>	<b>\$ 36,389,159</b>	<b>\$ 34,548,899</b>	<b>\$ 35,067,506</b>	<b>\$ 34,573,829</b>	<b>\$ 36,965,642</b>	<b>\$ 34,708,644</b>	<b>\$ 37,157,119</b>	<b>\$ 38,369,248</b>
<b>Expenses</b>										
<b>Governmental Activities:</b>										
Legislative	\$ 68,246	\$ 69,301	\$ 62,698	\$ 60,891	\$ 66,184	\$ 60,124	\$ 60,110	\$ 61,212	\$ 94,871	\$ 80,291
Executive	901,634	870,317	1,220,863	1,123,711	971,969	998,729	992,245	1,039,530	981,220	1,099,704
Legal Counsel	433,632	385,562	382,983	388,022	334,304	342,187	405,337	406,253	389,444	410,601
Community Development	4,089,732	3,385,671	3,103,216	4,116,151	3,926,273	3,669,445	4,440,319	4,082,825	4,765,109	2,157,660
Public Works	3,693,211	2,745,407	2,891,833	2,531,435	2,796,167	3,022,985	3,086,678	4,916,977	4,629,485	7,704,520
Public Safety	18,428,899	17,027,210	17,286,390	18,248,965	17,683,764	17,488,239	16,702,507	17,229,267	16,311,514	15,632,344
Support Services	3,925,823	3,567,122	2,975,303	2,865,875	2,634,676	2,868,959	2,812,649	2,921,139	2,879,714	2,609,705
General Administrative	4,444,741	4,961,895	4,207,782	3,603,528	3,913,496	3,607,083	3,266,995	2,858,046	3,896,353	3,779,507
Interest on long-term debt	250,221	490,409	311,300	463,453	609,877	553,753	592,193	620,321	468,206	474,347
<b>Total Governmental Activities Expenses</b>	<b>\$ 36,236,139</b>	<b>\$ 33,502,894</b>	<b>\$ 32,442,368</b>	<b>\$ 33,402,031</b>	<b>\$ 32,936,710</b>	<b>\$ 32,611,504</b>	<b>\$ 32,359,033</b>	<b>\$ 34,135,570</b>	<b>\$ 34,415,916</b>	<b>\$ 33,948,679</b>
<b>Business-Type Activities:</b>										
Water/Sewer Utility	\$ 18,501,812	\$ 18,236,685	\$ 18,012,973	\$ 17,476,523	\$ 17,705,551	\$ 16,635,848	\$ 16,228,926	\$ 17,344,732	\$ 17,179,997	\$ 16,507,995
Solid Waste System	4,713,042	4,422,132	4,418,196	4,293,769	4,782,562	4,601,093	4,889,881	4,472,949	4,546,647	3,945,749
Municipal Marina	998,834	1,058,699	1,207,676	1,186,744	1,091,664	1,245,028	1,338,542	1,198,092	1,207,178	1,267,053
Stormwater Utility	2,035,386	1,891,378	1,801,318	1,865,072	2,638,085	1,690,681	1,754,865	1,515,873	1,283,918	1,380,081
<b>Total Business-Type Activities Expenses</b>	<b>\$ 26,249,074</b>	<b>\$ 25,608,894</b>	<b>\$ 25,440,163</b>	<b>\$ 24,822,108</b>	<b>\$ 26,217,862</b>	<b>\$ 24,172,650</b>	<b>\$ 24,212,214</b>	<b>\$ 24,531,646</b>	<b>\$ 24,217,740</b>	<b>\$ 23,100,878</b>
<b>Total Government Expenses</b>	<b>\$ 62,485,213</b>	<b>\$ 59,111,788</b>	<b>\$ 57,882,531</b>	<b>\$ 58,224,139</b>	<b>\$ 59,154,572</b>	<b>\$ 56,784,154</b>	<b>\$ 56,571,247</b>	<b>\$ 58,667,216</b>	<b>\$ 58,633,656</b>	<b>\$ 57,049,557</b>

**City of Titusville, Florida**  
**Schedule 2 - Changes in Net Position (continued)**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year									
	2,016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net (Expense)/Revenue										
Governmental Activities	\$ (26,073,388)	\$ (26,046,237)	\$ (24,356,426)	\$ (26,326,048)	\$ (26,274,629)	\$ (25,658,342)	\$ (25,348,079)	\$ (26,007,338)	\$ (26,987,192)	\$ (24,111,340)
Business-type Activities	5,020,753	3,132,837	2,863,054	2,650,808	2,187,563	3,448,017	5,742,375	2,048,766	5,510,655	5,431,031
<b>Total Governmental Net Expenses</b>	<b>\$ (21,052,635)</b>	<b>\$ (22,913,400)</b>	<b>\$ (21,493,372)</b>	<b>\$ (23,675,240)</b>	<b>\$ (24,087,066)</b>	<b>\$ (22,210,325)</b>	<b>\$ (19,605,704)</b>	<b>\$ (23,958,572)</b>	<b>\$ (21,476,537)</b>	<b>\$ (18,680,309)</b>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property taxes	\$ 12,502,147	\$ 11,719,825	\$ 11,171,994	\$ 10,676,406	\$ 10,442,608	\$ 11,566,134	\$ 12,494,811	\$ 12,040,727	\$ 12,353,308	\$ 11,292,350
Local option gas tax	1,072,899	1,036,494	919,352	969,484	1,060,039	846,739	830,802	810,221	897,128	832,434
Utility and franchise taxes	8,640,128	8,766,066	8,539,831	8,515,529	8,496,299	8,540,437	8,742,492	8,751,941	9,065,234	8,561,874
Intergovernmental shared revenue	4,300,071	4,799,583	3,837,111	4,675,341	3,511,077	3,364,937	3,416,290	4,213,944	4,394,868	4,775,225
Investment earnings	136,352	241,867	(44,612)	157,338	647,757	308,964	585,064	875,365	901,081	1,136,178
Miscellaneous	682,420	1,390,810	537,388	1,064,994	685,629	483,601	596,721	270,233	518,500	456,519
Transfers	1,578,081	430,737	423,985	826,006	(135,691)	407,698	(2,227)	53,740	46,569	(536,295)
<b>Total Governmental Activities</b>	<b>\$ 28,912,098</b>	<b>\$ 28,385,382</b>	<b>\$ 25,385,049</b>	<b>\$ 26,885,098</b>	<b>\$ 24,707,718</b>	<b>\$ 25,518,510</b>	<b>\$ 26,663,953</b>	<b>\$ 27,016,171</b>	<b>\$ 28,176,688</b>	<b>\$ 26,518,285</b>
Business-Type Activities:										
Intergovernmental shared revenue	\$ 3,821	\$ -	\$ -	\$ -	\$ -	\$ 28,100	\$ 13,262	\$ 62,631	\$ 10,527	\$ -
Investment earnings	372,001	457,664	178,680	385,778	522,934	390,091	585,940	1,038,939	1,168,458	1,321,629
Miscellaneous	165,435	140,564	68,649	-	51,982	1,879	31,347	7,952	-	-
Special Item: Valuation adjustment					-	-	-	(2,232,113)		
Transfers	(1,578,081)	(430,737)	(423,985)	(826,006)	135,691	(407,698)	2,227	(53,740)	(46,569)	536,295
<b>Total Business-Type Activities</b>	<b>\$ (1,036,824)</b>	<b>\$ 167,491</b>	<b>\$ (176,656)</b>	<b>\$ (440,228)</b>	<b>\$ 710,607</b>	<b>\$ 12,372</b>	<b>\$ 632,776</b>	<b>\$ (1,176,331)</b>	<b>\$ 1,132,416</b>	<b>\$ 1,857,924</b>
<b>Total Government</b>	<b>\$ 27,875,274</b>	<b>\$ 28,552,873</b>	<b>\$ 25,208,393</b>	<b>\$ 26,444,870</b>	<b>\$ 25,418,325</b>	<b>\$ 25,530,882</b>	<b>\$ 27,296,729</b>	<b>\$ 25,839,840</b>	<b>\$ 29,309,104</b>	<b>\$ 28,376,209</b>
Change in Net Position										
Governmental Activities	\$ 2,838,710	\$ 2,339,145	\$ 1,028,623	\$ 559,050	\$ (1,566,911)	\$ (139,832)	\$ 1,315,874	\$ 1,008,833	\$ 1,189,496	\$ 2,406,945
Business-Type Activities	3,983,929	3,300,328	2,686,398	2,210,580	2,898,170	3,460,389	6,375,151	872,435	6,643,071	7,288,955
<b>Total Government Change in Net Position</b>	<b>\$ 6,822,639</b>	<b>\$ 5,639,473</b>	<b>\$ 3,715,021</b>	<b>\$ 2,769,630</b>	<b>\$ 1,331,259</b>	<b>\$ 3,320,557</b>	<b>\$ 7,691,025</b>	<b>\$ 1,881,268</b>	<b>\$ 7,832,567</b>	<b>\$ 9,695,900</b>

**City of Titusville, Florida**  
**Schedule 3 - Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>General Fund</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,093	\$ 1,930,319	\$ 2,154,267	\$ 453,406
Non-Spendable	21,243	13,637	1,992	9,742	14,959	6,105	-	-	-	-
Restricted	216,116	188,115	155,054	175,420	585,668	581,370	-	-	-	-
Committed	4,931,532	5,312,635	5,060,285	5,060,285	5,057,410	4,816,060	-	-	-	-
Assigned	58,318	365,121	249,942	44,402	32,101	38,924	-	-	-	-
Unassigned	2,240,409	3,019,978	2,232,156	2,912,046	356,962	1,997,809	-	-	-	-
Unreserved	-	-	-	-	-	-	7,827,702	6,389,570	5,642,136	6,824,130
<b>Total General Fund</b>	<b>\$ 7,467,618</b>	<b>\$ 8,899,486</b>	<b>\$ 7,699,429</b>	<b>\$ 8,201,895</b>	<b>\$ 6,047,100</b>	<b>\$ 7,440,268</b>	<b>\$ 7,838,795</b>	<b>\$ 8,319,889</b>	<b>\$ 7,796,403</b>	<b>\$ 7,277,536</b>
<b>All Other Governmental Funds</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 797,654	\$ 1,596,896	\$ 2,614,909	\$ 4,369,420
Non-Spendable	-	-	-	622,633	752,246	371,259	-	-	-	-
Restricted	5,114,333	5,515,564	6,250,413	7,046,518	8,753,135	9,512,633	-	-	-	-
Committed	-	-	-	-	-	368,550	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	(15,603)	(31,876)	(170,586)	-	-	-	-	-	-
Unreserved, Reported in:										
Special revenue funds	-	-	-	-	-	-	1,962,978	1,969,416	1,467,953	743,490
Debt service funds	-	-	-	-	-	-	3,683,044	2,979,554	1,467,793	30,273
Capital projects funds	-	-	-	-	-	-	4,252,359	3,402,461	2,033,563	1,711,067
<b>Total All Other Governmental Funds</b>	<b>\$ 5,114,333</b>	<b>\$ 5,499,961</b>	<b>\$ 6,218,537</b>	<b>\$ 7,498,565</b>	<b>\$ 9,505,381</b>	<b>\$ 10,252,442</b>	<b>\$ 10,696,035</b>	<b>\$ 9,948,327</b>	<b>\$ 7,584,218</b>	<b>\$ 6,854,250</b>
<b>Total Governmental Funds</b>	<b>\$ 12,581,951</b>	<b>\$ 14,399,447</b>	<b>\$ 13,917,966</b>	<b>\$ 15,700,460</b>	<b>\$ 15,552,481</b>	<b>\$ 17,692,710</b>	<b>\$ 18,534,830</b>	<b>\$ 18,268,216</b>	<b>\$ 15,380,621</b>	<b>\$ 14,131,786</b>

The City adopted GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011. Previous years' amounts are shown at pre-GASB 54 definitions.



**City of Titusville, Florida**  
**Schedule 4 - Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	Fiscal Year									
	2016	2,015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Revenues</b>										
Property tax	\$ 12,502,147	\$ 11,719,825	\$ 11,171,994	\$ 10,676,406	\$ 10,442,608	\$ 11,566,134	\$ 12,494,811	\$ 12,040,727	\$ 12,353,308	\$ 11,292,350
Local option gas tax	1,072,899	1,036,494	919,352	969,484	1,060,039	846,739	830,802	810,221	897,128	832,434
Utility and franchise taxes	8,640,128	8,766,066	8,539,831	8,515,529	8,496,299	8,540,437	8,742,492	8,751,941	9,065,234	8,561,874
Intergovernmental	8,021,746	6,374,195	6,514,880	5,970,890	5,327,374	5,672,449	5,461,631	6,706,937	7,217,260	8,552,920
Licenses and permits	1,281,937	1,141,829	1,006,678	896,229	863,182	764,067	701,176	639,012	759,796	1,295,564
Charges for services	4,341,592	4,426,260	3,934,975	3,502,775	3,671,417	3,657,020	3,699,502	3,696,134	3,188,666	3,635,826
Fines and forfeitures	355,892	291,674	231,098	422,372	324,970	210,848	263,815	967,788	428,268	937,755
Investment earnings	122,276	184,271	(7,902)	130,557	584,769	260,651	499,474	763,106	775,960	1,136,178
Miscellaneous	369,545	1,023,940	496,535	1,175,055	1,203,391	13,207	301,074	270,233	518,500	456,519
Impact fees	80,835	41,162	42,505	30,800	28,267	483,601	596,721	332,017	229,229	190,496
<b>Total Revenues</b>	<b>\$ 36,788,997</b>	<b>\$ 35,005,716</b>	<b>\$ 32,849,946</b>	<b>\$ 32,290,097</b>	<b>\$ 32,002,316</b>	<b>\$ 32,015,153</b>	<b>\$ 33,591,498</b>	<b>\$ 34,978,116</b>	<b>\$ 35,433,349</b>	<b>\$ 36,891,916</b>
<b>Expenditures</b>										
<b>Current:</b>										
Legislative	\$ 58,888	\$ 60,434	\$ 59,497	54,397	63,570	56,126	55,186	53,326	52,995	71,836
Executive	840,114	796,335	1,158,533	1,003,882	930,817	932,318	916,904	915,779	899,240	983,894
Legal counsel	407,095	359,729	363,430	346,646	318,376	319,433	377,453	359,711	359,563	367,361
General administrative services	4,479,120	-	4,010,035	3,313,482	3,734,265	3,367,231	2,952,252	2,384,667	3,553,086	4,398,849
Community development	3,119,287	7,859,074	2,940,001	3,902,333	3,825,962	3,504,215	4,259,528	3,781,299	4,574,104	4,321,350
Public works	2,755,122	2,519,256	2,743,854	2,261,490	2,614,815	2,821,972	2,792,754	4,432,721	3,778,412	7,259,833
Public safety	17,537,423	16,520,680	16,403,815	16,315,530	17,228,841	16,340,757	15,695,291	15,479,805	15,265,256	14,060,306
Support services	2,991,111	2,771,222	2,506,870	2,282,104	2,394,636	2,444,810	2,360,491	2,303,324	2,321,000	2,334,877
<b>Debt service:</b>										
Principal	1,236,969	1,550,204	1,424,934	2,189,831	1,189,679	1,117,231	1,030,688	2,921,207	790,614	537,660
Interest and fiscal charges	192,141	412,449	399,907	472,249	501,240	560,316	582,421	587,143	463,719	518,288
Other	-	-	-	-	-	-	-	63,587	-	-
Capital outlay	5,377,859	2,818,771	3,977,310	1,500,974	1,261,347	2,263,281	2,923,809	3,729,863	2,526,890	5,283,238
<b>Total Expenditures</b>	<b>\$ 38,995,129</b>	<b>\$ 35,668,154</b>	<b>\$ 35,988,186</b>	<b>\$ 33,642,918</b>	<b>\$ 34,063,548</b>	<b>\$ 33,727,690</b>	<b>\$ 33,946,777</b>	<b>\$ 37,012,432</b>	<b>\$ 34,584,879</b>	<b>\$ 40,137,492</b>
<b>Excess of Revenues</b>										
Over (Under) Expenditures	\$ (2,206,132)	\$ (662,438)	\$ (3,138,240)	\$ (1,352,821)	\$ (2,061,232)	\$ (1,712,537)	\$ (355,279)	\$ (2,034,316)	\$ 848,470	\$ (3,245,576)
<b>Other Financing Sources (Uses)</b>										
Transfers In	3,310,889	\$ 3,197,670	\$ 2,811,747	\$ 2,019,051	\$ 1,512,125	\$ 1,750,773	\$ 2,979,373	\$ 11,475,448	\$ 8,948,087	\$ 9,381,914
Transfers Out	(3,303,387)	(2,766,933)	(2,402,530)	(1,224,251)	(1,591,122)	(1,343,075)	(2,357,480)	(11,390,383)	(8,897,518)	(10,088,103)
Capital lease	381,134	713,182	946,529	706,000	-	462,719	-	247,476	349,796	-
Proceeds of bond issue	-	6,220,000	-	-	-	-	-	4,589,370	-	-
Premium of bond issue	-	(6,220,000)	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 388,636</b>	<b>\$ 1,143,919</b>	<b>\$ 1,355,746</b>	<b>\$ 1,500,800</b>	<b>\$ (78,997)</b>	<b>\$ 870,417</b>	<b>\$ 621,893</b>	<b>\$ 4,921,911</b>	<b>\$ 400,365</b>	<b>\$ (706,189)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (1,817,496)</b>	<b>\$ 481,481</b>	<b>\$ (1,782,494)</b>	<b>\$ 147,979</b>	<b>\$ (2,140,229)</b>	<b>\$ (842,120)</b>	<b>\$ 266,614</b>	<b>\$ 2,887,595</b>	<b>\$ 1,248,835</b>	<b>\$ (3,951,765)</b>
<b>Debt Service as a Percentage of</b>										
<b>Noncapital Expenditures</b>	<b>4.23%</b>	<b>5.97%</b>	<b>5.70%</b>	<b>8.28%</b>	<b>5.15%</b>	<b>5.33%</b>	<b>5.20%</b>	<b>10.73%</b>	<b>3.91%</b>	<b>3.03%</b>

**City of Titusville, Florida**  
**Schedule 5 - Tax Revenues by Source of Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Local Option Gas Tax</u>	<u>Utility and Franchise Taxes</u>	<u>Total</u>
2016	\$ 12,502,147	\$ 1,072,899	\$ 8,640,128	\$ 22,215,174
2015	11,719,825	1,036,494	8,766,066	21,522,385
2014	11,171,994	919,352	8,539,831	20,631,177
2013	10,676,406	969,484	8,515,529	20,161,419
2012	10,442,608	1,060,039	8,496,299	19,998,946
2011	11,566,134	846,739	8,540,437	20,953,310
2010	12,494,811	830,802	8,742,492	22,068,105
2009	12,040,727	810,221	8,751,942	21,602,890
2008	12,353,308	897,128	9,065,234	22,315,670
2007	11,292,350	832,434	8,561,874	20,686,658

**City of Titusville, Florida**  
**Schedule 6 - Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year	Real Property (1)	Personal Property (1)	Centrally Assessed Property (1)	Estimated Actual Value (1)	Exemptions Real Property (1)	Total Taxable Assessed Value (1)	Total Direct Tax Rate (2)
2016	\$ 1,312,233,100	\$ 119,468,452	\$ 10,080,184	\$ 1,441,781,736	\$ 18,556,070	\$ 1,423,225,666	7.9011
2015	1,244,276,160	117,442,841	7,374,129	1,369,093,130	7,982,690	1,361,110,440	7.7000
2014	1,191,673,050	117,647,334	6,721,239	1,316,041,623	4,617,970	1,311,423,653	7.6000
2013	1,157,348,020	113,814,077	8,046,101	1,279,208,198	7,610,681	1,271,597,517	7.5000
2012	1,220,301,180	99,132,810	6,477,387	1,325,911,377	8,696,780	1,317,214,597	7.0000
2011	1,489,867,820	127,042,488	6,069,184	1,622,979,492	17,838,900	1,605,140,592	6.4196
2010	1,771,725,860	140,199,810	6,824,806	1,918,750,476	25,706,550	1,893,043,926	5.9107
2009	2,055,957,170	135,840,949	7,447,715	2,199,245,834	107,039,198	2,092,206,636	5.2693
2008	2,192,766,840	145,856,808	7,531,679	2,346,155,327	133,042,910	2,213,112,417	5.0263
2007	1,972,692,670	140,089,307	4,627,576	2,117,409,553	117,152,766	2,000,256,787	5.1999

Sources:

(1) Brevard County Certification of Taxable Value

(2) City of Titusville Ordinance No 31-2015

**City of Titusville, Florida**  
**Schedule 7 - Property Tax Rates**  
**Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>City of Titusville Millage</u>	<u>Debt Service Millage</u>	<u>Brevard County Millage (1)</u>	<u>Brevard County School District Millage</u>	<u>Other (2)</u>	<u>Total</u>
2016	7.9011	0.5020	8.7284	7.275	0.3343	24.7408
2015	7.7000	0.5799	8.9525	7.339	0.3509	24.9223
2014	7.6000	0.5930	7.3024	7.606	0.3628	23.4642
2013	7.5000	0.5930	7.4095	8.096	0.3658	23.9643
2012	7.0000	0.5645	7.4095	8.112	0.3658	23.4518
2011	6.4196	0.4923	6.5839	7.653	0.4503	21.5991
2010	5.9107	0.4200	5.7742	7.687	0.4503	20.2422
2009	4.9094	0.3600	5.9293	7.661	0.4503	19.3100
2008	4.7050	0.3213	5.9293	7.661	0.4503	19.0669
2007	4.8193	0.3806	6.3007	7.667	0.5005	19.6681

(1) Includes General Fund, Recreation District and Library District

(2) Includes Florida Inland Navigation District and St. Johns River Water Management District

Sources: Brevard County Property Appraiser's Office

Titusville City Ordinance No 31-2015

**City of Titusville, Florida**  
**Schedule 8 - Principal Taxpayers**  
**Current Year and Ten Years Ago**

Taxpayer	2016		2016		2007		2007	
	Real Property Assessed Valuation	Rank	Percentage of Total Assessed Valuation		Real Property Assessed Valuation	Rank	Percentage of Total Assessed Valuation	
Summerhill Partners LLC	\$ 14,000,000	1	0.98%	\$	14,500,000	2	0.72%	
BM Crossroads LLC	13,900,000	2	0.98%		2,350,000	12	0.12%	
Elroy Acquisition Company LLC	10,230,000	3	0.72%		19,700,000	1	0.98%	
Wal-Mart Stores East LP	8,857,000	4	0.62%		10,800,000	4	0.54%	
Timber Trace Apartments LTD	6,270,000	5	0.44%		2,220,000	13	0.11%	
Grissom Centroplex LLC	5,952,680	6	0.42%		523,300	16	0.03%	
Target Corporation	5,706,000	7	0.40%		1,610,000	15	0.08%	
Waterfront Co-Investment Fund	5,634,730	8	0.40%		-	17	0.00%	
Lowe's Home Centers Inc	5,612,000	9	0.39%		8,100,000	5	0.40%	
BLC Sand Point LLC	5,073,860	10	0.36%		4,780,000	6	0.24%	
Western National Life Ins Comp	4,841,100	11	0.34%		4,200,000	9	0.21%	
Publix Supermarkets Inc	4,777,760	12	0.34%		-	18	0.00%	
Titusville Lodging Associates LLP	4,600,000	13	0.32%		-	19	0.00%	
Home Depot USA Inc	4,466,000	14	0.31%		1,900,000	14	0.09%	
Sunbelt Titusville Investments LLC	3,907,320	15	0.27%		12,100,000	3	0.60%	
Boeing Company	3,600,000	16	0.25%		4,300,000	8	0.21%	
Milestone Hospitality	3,500,000	17	0.25%		-	20	0.00%	
RZ Dairy Plaza LLC	3,190,000	18	0.22%		4,000,000	10	0.20%	
DNC Parks & Resorts At KSC Inc	3,174,200	19	0.22%		4,700,000	7	0.23%	
Noble Properties LTD	2,760,000	20	0.19%		3,250,000	11	0.16%	
Total	<u>\$ 120,052,650</u>		<u>8.44%</u>		<u>\$ 99,033,300</u>		<u>4.95%</u>	
Total Assessed Valuation	<u>\$ 1,423,225,666</u>				<u>\$ 2,000,256,787</u>			

Source: Brevard County Property Appraiser's Office

**City of Titusville, Florida**  
**Schedule 9 - Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Total Tax Levy (1)</u>	<u>Current Tax Collections</u>	<u>Percent of Current Tax Collections To Tax Levy</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections To Tax Levy</u>
2016	\$ 11,410,505	\$ 10,999,775	96.40%	\$ 30,968	\$ 11,030,743	96.67%
2015	10,588,620	10,552,909	99.66%	35,711	10,588,620	100.00%
2014	10,000,599	9,677,806	96.77%	10,021	9,687,827	96.87%
2013	9,582,588	9,282,830	96.87%	9,398	9,292,228	96.97%
2012	9,294,768	9,000,745	96.84%	14,206	9,014,951	96.99%
2011	10,377,629	10,032,799	96.68%	38,951	10,071,750	97.05%
2010	11,188,233	10,851,509	96.99%	20,616	10,872,125	97.17%
2009	10,718,357	10,354,177	96.60%	35,235	10,389,412	96.93%
2008	10,759,863	10,402,436	96.68%	36,975	10,439,411	97.02%
2007	11,014,137	9,872,351	89.63%	39,604	9,911,955	89.99%

(1) 2006 forward includes voter approved Series 2005 General Obligation Bond. 2015 forward includes voter approved Series 2015 General Obligation Bonds.  
Source: Brevard County Property Appraiser and Tax Collector

**City of Titusville, Florida**  
**Schedule 10 - Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities							Business-Type Activities					Total	Percentage of Personal Income (1)	Debt Per Capita
	General Obligation Bonds	Multi-Purpose Revenue Bonds	Multi-Purpose Revenue Refunding Note	Public Improvement Revenue Note	Capital Leases	Water and Sewer Bonds	Unamortized Bond Premiums	Capital Leases	Multi-Purpose Revenue Bonds	Multi-Purpose Revenue Refunding Note	State Revolving Loan				
2016	\$ 5,618,000	\$ -	\$ -	\$ 1,250,000	\$ 1,475,049	\$ 27,800,000	\$ 1,488,232	\$ 433,615	\$ -	\$ -	\$ 3,827,793	\$ 41,894,705	3.85%	\$ 961.04	
2015	6,220,000	-	-	1,316,000	1,693,332	30,230,000	1,674,261	237,869	-	-	3,745,978	45,117,440	4.36%	1,012.58	
2014	6,605,000	-	500,000	1,378,000	1,510,307	32,570,000	1,860,290	357,985	-	-	3,299,637	48,081,219	4.73%	1,087.66	
2013	7,080,000	-	985,000	1,450,000	818,797	32,570,000	2,045,040	475,444	-	-	3,451,606	48,875,887	4.54%	1,112.33	
2012	7,535,000	-	1,450,000	2,369,000	463,628	34,845,000	2,229,791	108,856	-	-	3,614,935	52,616,210	4.86%	1,202.35	
2011	7,975,000	-	1,900,000	2,454,000	678,307	39,190,000	2,401,313	456,660	-	-	-	55,055,280	5.66%	1,258.09	
2010	8,405,000	-	1,654,370	2,535,000	386,819	41,067,907	2,572,835	1,191,164	-	661,835	-	58,474,930	5.74%	1,296.73	
2009	8,820,000	2,323,220	2,054,370	2,535,000	602,506	44,103,358	-	1,238,831	-	680,630	-	62,357,915	5.85%	1,371.98	
2008	9,220,000	2,631,293	2,054,370	2,535,000	553,018	45,752,297	-	1,648,629	776,781	-	-	65,171,388	4.29%	1,460.52	
2007	9,610,000	2,843,403	-	-	295,763	47,240,126	-	932,703	868,708	-	-	61,790,703	4.27%	1,388.37	

(1) See Demographic & Economic Statistics for personal income

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

**City of Titusville, Florida**  
**Schedule 11 - Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

General Bonded Debt Outstanding							
Fiscal Year	General Obligation Bonds	Multi-Purpose Revenue Bond	Less Debt Service Monies Available	Net Debt Payable	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)	
2016	\$ 5,618,000	\$ -	\$ 107,123	\$ 5,510,877	0.39%	\$ 123.76	
2015	6,220,000	-	88,216	6,131,784	0.46%	139.60	
2014	6,605,000	-	1,699,787	4,905,213	0.50%	149.41	
2013	7,080,000	-	2,327,693	4,752,307	0.56%	161.79	
2012	7,535,000	-	3,731,382	3,803,618	0.57%	172.19	
2011	7,975,000	-	3,915,145	4,059,855	0.50%	182.24	
2010	8,405,000	-	776,420	7,628,580	0.44%	186.39	
2009	8,820,000	2,323,220	-	11,143,220	0.53%	245.17	
2008	9,220,000	2,631,293	-	11,851,293	0.54%	265.59	
2007	9,610,000	2,843,403	3,238,532	9,214,871	0.62%	279.81	

(1) See assessed value and actual value of taxable property for total taxable assessed value

(2) Source: US Census Bureau Quick Facts

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.



**City of Titusville, Florida**  
**Schedule 12 - Direct and Overlapping Debt**  
**September 30, 2016**

Governmental Unit	Net Debt Outstanding	Percentage Applicable To This Government Unit(1)	Estimated Share of Overlapping Debt
School District	\$ 491,412,927	2.85%	\$ 14,005,268
Brevard County	\$ 79,072,359	2.85%	2,253,562
Subtotal, Overlapping Debt			16,258,830
City Direct Debt			8,343,049
Total Direct and Overlapping Debt			\$ 24,601,879

Source: Brevard County Property Appraiser and Brevard County Finance Department

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. The schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Titusville. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) For debt repaid with property taxes, the percentage of overlapping debt was determined by taking the City's assessed taxable value of \$1,441,781,736 and dividing it by Brevard County's assessed taxable value of \$47,678,128,049 for 2015.

**City of Titusville, Florida**  
**Schedule 13 - Legal Debt Margin Information**  
**Last Ten Fiscal Years**

Assessed Valuation	Fiscal Year				
	2016	2015	2014	2013	2012
Assessed taxable real property value	\$ 1,423,225,666	\$ 1,361,110,440	\$ 1,311,423,653	\$ 1,271,597,517	\$ 1,317,214,597
Add back: exempt real property	18,556,070	7,982,690	4,617,970	7,610,681	8,696,780
Total assessed value of real property	\$ 1,441,781,736	\$ 1,369,093,130	\$ 1,316,041,623	\$ 1,279,208,198	\$ 1,325,911,377
Legal debt margin:					
Debt limit	\$ 86,506,904	\$ 82,145,588	\$ 78,962,497	\$ 76,752,492	\$ 79,554,683
Total net debt applicable to limit	6,868,000	7,431,000	8,483,000	9,515,000	11,354,000
Legal debt margin	\$ 79,638,904	\$ 74,714,588	\$ 70,479,497	\$ 67,237,492	\$ 68,200,683
Total net debt applicable to the limit as a percentage of debt limit	7.94%	9.05%	10.74%	12.40%	14.27%

Notes: Per *Florida Statute* 215.98, the City's outstanding legal debt should not exceed six percent of total assessed property value of \$1,441,781,736.

Six percent of the total assessed property value is \$86,506,904 (legal debt limit) with the City's total debt applicable to this limit of \$6,868,000, or

7.94%. The City's total net debt is \$6,868,000 consists of \$5,618,000 General Obligation Bonds and \$1,250,000 Public Improvement Revenue Note.

**City of Titusville, Florida**  
**Schedule 13 - Legal Debt Margin Information (continued)**  
**Last Ten Fiscal Years**

Assessed Valuation	Fiscal Year				
	2011	2010	2009	2008	2007
Assessed taxable real property value	\$ 1,605,140,592	\$ 1,893,043,926	\$ 2,092,206,636	\$ 22,213,112,417	\$ 2,000,256,787
Add back: exempt real property	17,838,900	25,706,550	107,039,198	133,042,910	117,152,766
Total assessed value of real property	\$ 1,622,979,492	\$ 1,918,750,476	\$ 2,199,245,834	\$ 22,346,155,327	\$ 2,117,409,553
Legal debt margin:					
Debt limit	\$ 97,378,770	\$ 115,125,029	\$ 131,954,750	\$ 140,769,320	\$ 127,044,573
Total net debt applicable to limit	11,648,370	12,594,370	13,409,370	11,543,220	12,241,293
Legal debt margin	\$ 85,730,400	\$ 102,530,659	\$ 118,545,380	\$ 129,226,100	\$ 114,803,280
Total net debt applicable to the limit as a percentage of debt limit	11.96%	10.94%	10.16%	8.20%	9.64%

Notes: Per *Florida Statute 215.98*, the City's outstanding legal debt should not exceed six percent of total assessed property value of \$1,,441,781,736.

Six percent of the total assessed property value is \$86,506,904 (legal debt limit) with the City's total debt applicable to this limit of \$6,868,000, or

7.94%. The City's total net debt is \$6,868,000. It consists of \$5,816,000 General Obligation Bonds and \$1,250,000 Public Improvement Revenue Note

City of Titusville, Florida  
Schedule 14 - Pledged-Revenue Coverage  
Last Ten Fiscal Years  
(dollars in thousands)

Water and Sewer Series 2010 Refunding Bonds							
Fiscal Year	Gross Revenues (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service			Coverage (3)
				Principal	Interest	Total	
2016	\$ 22,114	\$ 13,229	8,885	\$ 2,430	\$ 1,365	\$ 3,795	2.34
2015	20,783	11,937	8,846	2,340	1,462	3,802	2.33
2014	20,644	11,994	8,650	-	1,555	1,555	5.56
2013	19,399	11,409	7,990	2,275	1,624	3,899	2.05
2012	20,126	12,862	7,264	4,345	1,861	6,206	1.17
2011	19,317	11,566	7,751	1,195	1,766	2,961	2.62
2010	18,031	12,029	6,002	1,915	2,106	4,021	1.49
2009	17,470	10,883	6,587	1,861	2,101	3,962	1.66
2008	17,607	11,375	6,232	1,835	2,115	3,950	1.58
2007	18,350	10,972	7,378	1,749	2,200	3,949	1.87

(1) According to the Resolution, Gross Revenues should exclude interest earnings on the Renewal and Replacement Fund and Construction Fund.

(2) Operating expenses excludes depreciation, amortization and overhead charges from other funds and cannot be calculated using the financial statements.

(3) Required coverage of 1.05 refers to the Series 2010 Refunding Bonds.

Notes: Detail regarding the City's outstanding debt can be found in the notes to the financial statements.

**City of Titusville, Florida**  
Schedule 15 - Demographic and Economic Statistics  
Last Ten Fiscal Years

Calendar Year	Titusville Population (1)	Total Personal Income (2)	Per Capita Personal Income (1)	Median Household Income (1)	Unemployment Rate (2)	School Enrollment (3)
2016	45,393	\$ 1,087,116,957	\$ 23,949	\$ 40,830	6.9%	8,669
2015	44,557	1,034,658,097	23,221	40,420	6.9%	8,731
2014	44,206	1,017,135,854	23,009	40,880	8.4%	8,798
2013	43,940	1,075,563,320	24,478	44,148	9.6%	9,073
2012	43,761	1,082,034,486	24,726	44,790	11.5%	9,358
2011	43,761	972,544,464	22,224	39,912	12.5%	8,126
2010	45,094	1,018,628,366	22,589	40,574	11.5%	8,495
2009	45,451	1,065,098,734	23,434	43,876	10.0%	8,456
2008	44,622	1,520,762,382	34,081	50,251	6.4%	8,268
2007	44,506	1,447,112,590	32,515	47,812	5.0%	8,268

Note: Some information may be estimated.

Sources:

(1) US Census Bureau Quick Facts

(2) US Dept of Labor, Bureau of Labor Statistics

(3) American Fact Finder US Census Bureau

Enrollment number includes public, charter, private, preschool, elementary, middle, high and other schools.

**City of Titusville, Florida**  
Schedule 16 - Principal Employers  
Current Year and Ten Years Ago

Employer	2016		2007	
	Number of Employees	Percentage of Total County Employment	Number of Employees	Percentage of Total County Employment
Brevard County School Board	9,520	4.80%	- (1)	0.00%
Health First, Inc	7,800	3.94%	6,100	2.44%
Harris Corporation	5,890	2.97%	6,500	2.60%
Brevard County Government	2,380	1.20%	- (1)	0.00%
Department of Defense	2,170	1.09%	- (1)	0.00%
NASA	2,067	0	- (1)	-
Eastern Florida State College	1,590	0	-	-
Northrop Grumman Corporation	1,345	0	2,000	0
Wuesthoff Medical Center	1,055	0	2,500	0
Rockwell Collins, Inc.	1,410	0	1,120	0
Florida Institute of Technology	1,280	0	740	0
Brevard County Sheriff Office	1,175	0	- (1)	-
Parrish Medical Center	1,075	0	1,040	0
GSI Call Center	876	0	- (1)	-
MC Assembly	649	0	1,200	0
Total	40,282	0	21,200	0
Total County Employment		198,208		250,233

(1) No information available for 2007.

Sources: UCF Economic Forecast, Spacecoast EDC,  
and Bureau of Labor Statistics

**City of Titusville, Florida**  
Schedule 17 - Full-Time Equivalent City Government Employees by Function/Program  
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>General Government:</b>										
Legislative	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Executive	13.0	13.5	13.5	13.5	12.0	12.0	15.0	15.5	18.0	13.5
Customer Service	11.0	9.0	9.0	9.0	9.0	9.0	9.0	7.0	7.0	7.0
City Attorney	3.5	3.0	2.5	2.5	2.5	3.0	3.0	3.0	3.0	3.5
Finance	11.5	11.0	11.0	11.0	11.0	11.0	11.0	13.0	14.0	19.0
Information Technology	8.0	8.0	7.0	7.0	7.0	8.0	8.0	8.0	8.0	7.0
Human Resources	6.0	6.0	6.0	6.0	5.5	5.5	5.5	5.5	5.5	6.0
Community Development	31.5	29.0	32.0	31.0	32.5	37.5	33.5	34.5	35.5	41.5
Support Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.5
<b>Public Safety:</b>										
Police Department	139.5	139.0	135.0	134.0	134.5	134.5	137.0	138.0	135.0	136.0
Fire Department	62.0	61.5	60.5	60.5	60.5	60.5	60.5	60.5	61.5	62.5
<b>Public Works</b>	90.0	79.0	83.0	84.0	84.0	86.0	96.0	97.0	111.0	114.0
<b>Water Resources</b>	98.0	111.0	111.0	111.0	111.5	110.5	114.0	116.5	117.5	117.5
Totals:	481.0	477.0	477.5	476.5	477.0	484.5	499.5	505.5	523.0	535.0

Source: City of Titusville, Florida 2015-2016 Annual Budgets

**City of Titusville, Florida**  
**Schedule 18 - Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>General Government</b>										
Land use applications	5	6	4	1	5	-	5	3	32	98
Acres of annexed property	1	2	6	-	-	-	-	15	14	15
Purchase orders issued	978	852	726	714	685	748	686	623	809	992
Checks issued	5,790	5,718	5,334	4,649	5,107	4,510	3,923	4,061	9,029	9,166
<b>Police Department</b>										
Traffic stops	5,277	6,495	8,208	7,116	9,978	15,794	13,430	14,274	17,058	16,055
Traffic citations issued	2,630	3,535	4,207	3,595	3,651	6,573	6,142	7,552	10,129	9,789
Recovered property	\$ 2,372,759	\$ 1,369,537	\$ 938,328	\$ 496,334	\$ 79,458	\$ 532,359	\$ 395,523	\$ 1,647,622	\$ 2,564,119	\$ 1,851,906
Physical arrests	1,360	3,497	1,258	1,049	1,206	1,269	1,519	1,633	1,606	1,507
Calls for service	72,675	68,250	65,568	72,668	107,961	90,215	120,927	90,928	98,175	88,594
<b>Fire Department</b>										
Emergency responses	7,632	7,281	7,175	6,557	6,160	5,872	6,767	5,700	6,260	6,152
Average response time - minutes	4	4	4	4	4	4	4	4	4	4
Fires extinguished	187	195	304	156	187	205	165	119	203	239
Fire inspections	1,804	1,672	1,606	1,481	1,366	1,508	1,419	1,493	1,307	1,412
Fees charged - false alarm calls	\$ 9,814	\$ 11,020	\$ 18,320	\$ 17,110	\$ 20,458	\$ 17,456	\$ 16,423	\$ 21,260	\$ 10,150	\$ 5,220
Child seat inspections	53	31	40	22	54	201	239	205	224	269
<b>Public Works</b>										
Miles of street - repaved	9	11	4	4	-	2	19	6	1	13
Sidewalks-new construction -lineal ft	2,600	1,400	19,242	5,485	500	18,810	350	-	2,363	10,770
Sidewalk repair - lineal feet	3,298	1,421	1,000	328	1,000	1,195	9,000	-	3,891	4,407
Number of street lights	6,179	6,179	6,179	6,179	6,179	6,179	6,179	6,213	6,197	6,078
Number of traffic signals	47	47	47	42	42	41	40	40	44	45
Pothole repairs	1,561	2,601	10,000	10,463	11,000	13,479	12,494	11,381	14,951	29,353
<b>Community Development</b>										
Occupational licenses issued	326	268	216	302	303	332	330	385	422	409
Building permits issued	2,952	2,713	2,156	2,139	2,072	1,779	1,570	1,501	1,787	2,379



**City of Titusville, Florida**  
**Schedule 18 - Operating Indicators by Function/Program**  
**Last Ten Fiscal Years (continued)**

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Water Resources</b>										
Water main breaks	24	18	19	19	4	8	25	25	10	21
Average daily consumption - mgd	4	4	4	4	4	4	4	4	4	5
Number of water customers	21,498	21,308	21,230	21,238	21,048	20,731	20,902	21,372	21,168	20,958
Wastewater treated - avg daily	3	4	3	3	4	3	3	3	3	3
Number of wastewater customers	18,906	18,798	19,158	18,894	18,346	18,776	18,679	18,587	18,550	18,186
<b>Stormwater Utility</b>										
Miles of storm drain maintained	75	60	60	60	60	60	59	59	59	59
Miles of ditches maintained	29	30	30	30	30	30	31	31	31	30
Lakes and ponds maintained	17	41	41	41	41	39	39	39	39	39
<b>Solid Waste</b>										
Tons of residential waste removed	11,654	16,881	17,696	10,284	10,869	12,330	12,201	11,929	21,824	22,772
Tons of commercial waste removed	14,083	22,536	12,822	10,967	11,345	12,201	12,330	13,568	15,352	16,395
<b>Municipal Marina</b>										
Transient dockage	2,165	1,557	1,794	1,710	1,700	2,159	1,601	1,591	1,522	2,309
Permanent dockage	200	162	163	152	200	200	200	200	200	200
Mooring buoy	30	27	31	33	35	-	-	-	-	-
Transient mooring	803	893	1,025	646	1,129	-	-	-	-	-
Percentage of available slips	90%	63%	74%	74%	64%	69%	71%	72%	74%	84%

Sources: Provided by the respective departments of the City of Titusville

**City of Titusville, Florida**  
**Schedule 19 - Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Police Department</b>										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	105	105	93	94	96	110	115	105	100	96
Patrol zones	4	4	4	4	4	4	4	4	4	4
<b>Fire Department</b>										
Fire stations	4	4	4	4	4	4	4	4	4	4
Fire vehicles	19	21	20	20	19	21	22	21	20	25
<b>Public Works</b>										
Streets (miles)	186	186	186	202	202	202	202	202	202	202
Number of street lights	6,179	6,179	6,179	6,179	6,179	6,179	6,179	6,213	6,197	6,078
Number of traffic signals	47	45	45	42	42	41	40	40	44	45
Vehicles	48	47	47	40	35	54	40	44	42	57
<b>Water Resources</b>										
Water mains (miles)	357	356	356	347	321	320	320	320	317	316
Fire hydrants	2,099	2,056	1,939	1,955	1,909	1,889	1,884	1,896	1,848	1,818
Vehicles	54	54	57	57	61	71	70	72	70	75
Storage capacity	6	6	6	4	4	4	4	4	4	4
Sanitary sewers (miles)	284	284	252	251	266	266	266	266	265	265
Treatment capacity-(mil of gals)	16	16	16	16	16	16	16	16	7	7
<b>Stormwater Utility</b>										
Miles of drains	75	60	60	60	60	60	59	59	59	59
Vehicles	18	14	14	13	11	19	16	18	18	18
Miles of ditches / canals	29	30	30	30	30	30	31	31	31	30
Number of lakes and ponds	17	41	41	41	41	39	39	39	39	39
<b>Solid Waste</b>										
Vehicles	42	41	41	38	44	42	40	38	38	38
<b>Municipal Marina</b>										
Vehicles	1	1	1	1	1	1	1	1	1	1
Boats	2	2	2	2	2	2	2	2	2	1
Slips	200	205	205	205	200	200	200	200	200	200
Moorings	30	77	77	75	35	-	-	-	-	-

Note: Information not available for prior years

Sources: Provided by the respective departments of the City of Titusville

**City of Titusville, Florida**  
**Secondary Market Disclosure**  
**Schedule 20 - System Growth**  
**For the Fiscal Year Ended September 30, 2016**

The City of Titusville is required to provide ongoing disclosure for its holders of Water and Sewer Revenue Bonds, Series 2010. Rule 15c2-12(b) (5) promulgated by the Securities and Exchange Commission requires ongoing disclosure for bonds sold on or after July 3, 1995. This report provides financial and operational data of the Water and Sewer Operation of the City of Titusville not disclosed elsewhere in the City of Titusville's Comprehensive Annual Financial Report for the fiscal year ended September 30, 2016.

*Customer Growth.* The following table sets forth the amount of water and wastewater system customers for the last ten fiscal years, the percentage increase from year to year and the average daily flow.

<u>Water System Customers Growth</u>			
<u>Last Ten Years</u>			
<u>Year</u>	<u>Number of Customers</u>	<u>Percent Inc/(Dec)</u>	<u>Average Daily Flow (mgd)</u>
2016	21,498	0.89	4.120
2015	21,308	0.37	3.982
2014	21,230	(0.04)	4.280
2013	21,238	0.90	4.169
2012	21,048	1.53	4.156
2011	20,731	(0.99)	4.108
2010	20,902	(2.20)	4.162
2009	21,372	0.99	4.306
2008	21,168	1.01	4.383
2007	20,958	4.26	4.530

<u>Waste Water System Customer Growth</u>			
<u>Last Ten Years</u>			
<u>Year</u>	<u>Number of Customers</u>	<u>Percent Inc/(Dec)</u>	<u>Average Daily Flow (mgd)</u>
2016	18,906	0.57	3.313
2015	18,798	(1.88)	3.673
2014	19,158	1.40	3.496
2013	18,894	2.99	3.243
2012	18,346	(2.29)	3.613
2011	18,776	0.52	3.151
2010	18,679	0.50	3.370
2009	18,587	0.19	3.420
2008	18,550	1.96	3.352
2007	18,186	2.29	3.338

Source: City of Titusville Water Resources and Customer Services Department

**City of Titusville, Florida**  
**Secondary Market Disclosure**  
**Schedule 21 - Significant Customers**  
**For the Fiscal Year Ended September 30, 2016**

The City of Titusville is required to provide ongoing disclosure for its holders of Water and Sewer Revenue Bonds, Series 2010. Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission requires ongoing disclosure for bonds sold on or after July 3, 1995. This report provides financial and operational data of the Water and Sewer Operations of the City of Titusville not disclosed elsewhere in the City of Titusville's Comprehensive Annual Financial Report for the year ended September 30, 2016.

**Ten Largest Water Customers**

Customer	Total Consumption (1,000 Gallons)	Total Sales	% of Total Revenues
Unifirst Corp	14,848	\$ 56,125	1.195%
Parrish Medical Center	14,422	54,515	1.161%
Parrish Medical Center	13,576	51,317	1.093%
City of Titusville	12,453	46,974	1.000%
Summerhill Partners LLC	10,144	31,357	0.668%
Space Coast Hotels of Cocoa	9,526	36,008	0.767%
Emerald Place Apts	9,497	36,423	0.776%
Harbor Pointe Condominium	7,496	23,323	0.497%
Royal Oak Condo Assoc Inc.	7,187	23,209	0.494%
Oak Point Trailer Park	5,307	20,060	0.427%

**Ten Largest Wastewater Customers**

Customer	Total Treated (1,000 Gallons)	Total Sales	% of Total Revenues
Unifirst Corp	14,848	127,693	1.604%
Parrish Medical Center	14,422	124,029	1.558%
Summerhill Partners LLC	10,144	72,935	0.916%
Space Coast Hotels of Cocoa	9,526	81,924	1.029%
Emerald Place Apartments	9,497	68,283	0.858%
Harbor Pointe Condo	7,496	53,896	0.677%
Royal Oak Condo Assoc Inc.	7,187	51,675	0.649%
Titusville Nursing & Convalescent	5,180	44,548	0.559%
KSK Investments, LLC	5,012	43,103	0.541%
Housing Care Svc/Forest Park	4,918	35,360	0.444%

Source: City of Titusville Water Resources and Customer Services Department

**City of Titusville, Florida**  
**Schedule 22 - Secondary Market Disclosure**  
**Sufficiency Analysis With Computation of Debt Service Coverage (\$000) (1)**  
**For the Fiscal Year Ended September 30, 2016**

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Water Sales	\$ 4,690	\$ 4,438	\$ 4,414	\$ 3,052	\$ 4,426	\$ 4,696	\$ 3,845	\$ 3,796	\$ 3,797	\$ 3,820
Sewer Service Charges	8,146	7,683	7,808	7,911	7,383	7,360	7,222	7,039	7,164	7,150
Utility Billing Charges	7,117	6,852	6,844	7,129	6,518	6,203	5,740	5,461	5,335	5,186
Total Rate Revenue	\$ 19,953	\$ 18,973	\$ 19,066	\$ 18,092	\$ 18,327	\$ 18,259	\$ 16,807	\$ 16,296	\$ 16,296	\$ 16,156
Other Revenues	\$ 1,826	\$ 1,558	\$ 1,489	\$ 1,533	\$ 1,768	\$ 988	\$ 1,468	\$ 1,003	\$ 961	\$ 1,755
Interest Income	335	301	264	223	328	704	416	806	947	1,088
Less:										
Interest on Renewal and Replacement Fund (2)	-	(49)	(175)	(160)	(297)	(634)	(660)	(635)	(597)	(649)
Gross Revenues	\$ 22,114	\$ 20,783	\$ 20,644	\$ 19,688	\$ 20,126	\$ 19,317	\$ 18,031	\$ 17,470	\$ 17,607	\$ 18,350
Operating Expenses										
Total Support Services (3)	\$ 3,942	\$ 3,766	\$ 4,239	\$ 3,679	\$ 3,796	\$ 3,750	\$ 3,888	\$ 3,790	\$ 3,466	\$ 3,494
Less: Overhead charges from other funds (4)	-	-	-	-	-	(279)	(279)	(279)	(190)	(190)
Support Service charges for coverage	3,942	3,766	4,239	3,679	3,796	3,471	3,609	3,511	3,276	3,304
Water System	3,517	3,649	3,644	3,227	3,522	3,352	3,074	3,132	3,303	3,090
Sewer System	3,502	3,672	3,532	3,067	3,553	3,345	3,501	3,406	3,741	3,625
Bad Debts and Other Misc Expenses	2,268	850	579	1,436	1,991	1,398	1,845	834	1,055	953
Total Operating Expense	\$ 13,229	\$ 11,937	\$ 11,994	\$ 11,409	\$ 12,862	\$ 11,566	\$ 12,029	\$ 10,883	\$ 11,375	\$ 10,972
Net Revenues Available for Debt Service	8,885	8,846	8,650	8,279	7,264	7,751	6,002	6,587	6,232	7,378
Parity Bond Debt Service										
Series 1994 Bonds (5)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Series 1998 Bonds	-	-	-	-	-	-	1,367	2,370	2,377	2,376
Series 2004 Refunding Note (7)	-	-	-	-	-	-	1,592	1,592	1,573	1,573
Series 2010 Refunding Note (8)	3,795	3,802	1,555	3,899	6,206	2,961	1,062	-	-	-
Total Senior lien debt service	\$ 3,795	\$ 3,802	\$ 1,555	\$ 3,899	\$ 6,206	\$ 2,961	\$ 4,021	\$ 3,962	\$ 3,950	\$ 3,949
<b>Debt Service Coverage (1.05 required) (6)</b>	<b>2.34</b>	<b>2.33</b>	<b>5.56</b>	<b>2.12</b>	<b>1.17</b>	<b>2.62</b>	<b>1.49</b>	<b>1.66</b>	<b>1.58</b>	<b>1.87</b>

(1) Unless otherwise noted, based on the City's Comprehensive Annual Financial Report for the years shown. Figures are presented in light of Resolution requirements and may differ from audited financial statements of the City. Rate Schedule change effective FY2004, implemented a higher fixed monthly charge for water and sewer services (utility billing charges), the water and sewer consumption has seen a decrease with the utility billing charges increasing.

(2) According to the Resolution, Gross Revenues should exclude interest earnings on the Renewal and Replacement Fund and Construction Fund. Such figures were provided by the City of Titusville finance department.

(3) Includes administration, laboratory services, customer service and engineering.

(4) Excluded from the definition of "Gross Revenues" in the Resolution.

(5) Issued July 1, 1994. Refunded Series 1965 Bonds and provided approximately \$55 million for new projects. A portion of such Series 1994 Bonds shall be refunded in connection with the issuance of the Series 1998 Bonds.

(6) Required coverage of 1.05 refers to the Series 1994, 1998, and 2010 Bonds.

(7) During 2005, the City issued \$7,147,000 Water and Sewer Revenue Refunding Note, Series 2004 to refund the remaining maturities of the City's Water and Sewer Revenue Bonds, Series 1994.

(8) During 2010, the City issued \$40,385,000 Water and Sewer Revenue refunding Note, Series 2010 to refund the remaining maturities of the City's Water and Sewer Revenue Bond, Series 1998.

Notes: During this reporting period indebtedness payable in whole or in part from the Pledged Funds (as defined in the Official Statement) has remained unchanged. In addition, there have been no significant events which would warrant notification to the MRMSIRs or the Municipal Securities Rulemaking Board (the "MSRB") and to the SID.

**City of Titusville, Florida**  
**Secondary Market Disclosure**  
**Schedule 23 - Current Water and Sewer System Rates and Charges**  
**at September 30, 2016**

**WATER SERVICE**

Fixed Monthly Charges

Meter Size	Residential	Multifamily	
		Per Residential Unit	Commercial
5/8 x 3/4"	\$ 9.31	\$ 7.90	\$ 12.85
1"	19.96	7.90	28.84
1 1/2"		7.90	55.52
2"		7.90	87.50
3"		7.90	162.15
4"		7.90	268.84
6"		7.90	535.49
8"		7.90	855.47

Usage Charge Per 1,000 Gallons:

Block 1:	0	to	5,000	Gallons Per Month	\$ 3.02	\$ 3.78
Block 2:	5,001	to	10,000	Gallons Per Month	4.53	3.78
Block 3:	10,001	to	15,000	Gallons Per Month	6.03	3.78
Block 4:	15,001	and over		Gallons Per Month	11.46	3.78

Usage Charge Per 1,000 Gallons Multi-Family:

Block 1:	0	to	3,000	Gallons Per Month	\$ 3.02
Block 2:	3,001	to	6,000	Gallons Per Month	4.53
Block 3:	6,001	to	9,000	Gallons Per Month	6.03
Block 4:	9,001	and over		Gallons Per Month	11.46

Irrigation:

Usage Charge Per 1,000 Gallons:

Block 1:	0	to	15,000	Gallons Per Month	\$ 6.03	\$ 6.03
Block 2:	15,001	and over		Gallons Per Month	11.46	11.46

**SEWER SERVICE**

Fixed Monthly Charges

Meter Size	Residential	Multifamily	
		Per Residential Unit	Commercial
5/8 x 3/4"	\$ 13.57	\$ 11.55	\$ 19.42
1"	31.10	11.55	45.68
1 1/2"		11.55	89.46
2"		11.55	141.96
3"		11.55	264.51
4"		11.55	439.59
6"		11.55	877.29
8"		11.55	1,402.52

Usage Charge Per 1,000 Gallons:

Block 1:	0	to	5,000	Gallons Per Month	\$ 7.19	Per Unit	\$ 8.60
Block 2:	5,001	to	10,000	Gallons Per Month	7.19	7.19	8.60
Block 3:	10,001	to	15,000	Gallons Per Month	7.19	7.19	8.60
Block 4:	15,001	and over		Gallons Per Month			

The above table sets forth the current rates and charges for system services pursuant to City Ordinance No. 33-2015.



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City of Titusville  
Schedule of Expenditures of Federal Awards and State Financial Assistance  
Fiscal Year Ended September 30, 2016

	<u>CFDA/CSFA</u> <u>Number</u>	<u>Grant/Contract Number</u>	<u>Expenditures</u>
<b><u>Federal/State Agency, Pass-Through Entity, Federal Program/State Project</u></b>			
<b>US Department of Housing and Urban Development</b>			
CDBG Entitlement Grants Cluster	14.218	B-11-MC-15-0021	\$ 242,228
<b>Total for CDBG Grant Cluster</b>			<u>242,228</u>
<b>Pass through Brevard County</b>			
HOME Investment Partnership Program	14.239	M-11-DC-15-0200	<u>58,738</u>
<b>Total US Department of Housing and Urban Development</b>			<u>300,966</u>
<b>US Department of the Interior - Fish &amp; Wildlife Service</b>			
<b>Pass through Florida Department of Environmental Protection</b>			
Clean Vessel Act Grant - Titusville Municipal Marina Pump-Out Project	15.616	CVA 14-726, MV152	<u>3,821</u>
<b>Total Department of the Interior - Fish and Wildlife Services</b>			<u>3,821</u>
<b>US Department of Justice</b>			
<i>Passed through Florida Office of Attorney General, Crime Victim Assistance:</i>			
Victims of Crime Act Grant (VOCA) 2015/2016	16.575	V174-14255	48,623
Bulletproof Vest Partnership Program - 2015	16.607	2015BUBX15079043	7,344
Edward Byrne Memorial Justice Assistance Grant (JAG) 2015	16.738	2015-DJ-BX-0722	<u>16,839</u>
<b>Total US Department of Justice</b>			<u>72,806</u>
<b>US Department of Transportation - Federal Highway Administration</b>			
<i>Passed through Florida Department of Transportation:</i>			
Highway Planning and Construction Cluster - East Central Florida Regional Rail Trail Project, Phase 2	20.205	ARF 62	2,939,221
Hopkins Avenue Complete Streets	20.205	435430-1-38-01	<u>2,520</u>
<b>Total US Department of Transportation - Federal Highway Administration</b>			<u>2,941,741</u>
<b>US Environmental Protection Agency</b>			
Draa Field Stormwater Park - FDEP Section 319 Grant	66.460	G0416	388,825
Littoral Zone Vegetation Planting	66.460	G0433	42,289
ARRA - Water Plant Filter Rehab Project	66.468	DW050300	<u>37,610</u>
<b>Total US Environmental Protection Agency</b>			<u>468,724</u>
<b>US Department of Homeland Security</b>			
FEMA Hazard Mitigation Grant Program - Fire Stations, wind retrofit	97.039	11HM-3E-06-15-02-020	<u>49,756</u>
<b>Total US Department of Homeland Security</b>			<u>49,756</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 3,837,814</u>
<b><u>STATE GRANTS</u></b>			
<b>State of Florida Department of Environmental Protection</b>			
Draa Field Stormwater Park - Statewide Surface Water Restoration and Wastewater Project	37.039	G0416	\$ 800,000
<b>Total State of Florida Department of Environmental Protection</b>			<u>800,000</u>
<b>State of Florida Housing Finance Corporation</b>			
State Housing Initiatives Program (SHIP)	52.901	N/A	<u>220,995</u>
<b>Total State of Florida Housing Finance Corporation</b>			<u>220,995</u>
<b>Total Expenditures of State Financial Assistance</b>			<u>1,020,995</u>
<b>Total Expenditures of Federal &amp; State Financial Assistance</b>			<u>\$ 4,858,809</u>



**City of Titusville**

**Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance  
For The Fiscal Year Ended September 30, 2016**

**Note 1. General**

The accompanying schedule of expenditures of federal awards (the "schedule") presents the activity of all federal, state and awards of the City for the ended September 30, 2016. The City's reporting entity is defined in Note 1 of the City's basic financial statements.

**Note 2. Basis of Accounting**

The schedule is presented using the modified accrual basis of accounting for expenditures in the governmental funds and the accrual basis of accounting for expenditures in the proprietary funds, which is described in Note 1 of the City's basic financial statements. The information in the accordance to requirements by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and Chapter 10.550.

The City did not elect to use the 10% de minimus indirect cost rates. There is no loan and/or loan guarantee program in effect for the City as described in 2 CFR section 200.502(b) included in rules of the Auditor General. Also the City did not have any sub-recipient for federal award as of end of September 30, 2016.



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**Report of Independent Auditor on Compliance for Each Major  
Federal Program and State Financial Assistance Project and on  
Internal Control Over Compliance Required by the Uniform Guidance  
and Chapter 10.550, Rules of the Auditor General**

Honorable Mayor and City Council  
City of Titusville, Florida:

**Report on Compliance for Each Major Federal Program and State Financial Assistance Project**

We have audited the compliance of the City of Titusville, Florida (the "City") with the types of compliance requirements described in the *OMB Compliance Supplement* and the State of Florida Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on the City's major federal award program and state financial assistance project for the year ended September 30, 2016. The City's major federal award program and state financial assistance project are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal awards programs and state financial assistance projects.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal award programs and state financial assistance projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Auditor General*. Those standards, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal award program or state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal award program and state financial assistance project. However, our audit does not provide a legal determination of the City's compliance.

**Opinion on each Major Federal Program and State Financial Assistance Project**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal award programs and state financial assistance projects for the year ended September 30, 2016.

## Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with requirements that could have a direct and material effect on each major federal award program and state financial assistance project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal award program and state financial assistance project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Cheryl Behrman" followed by a stylized flourish or initials.

Orlando, Florida  
March 10, 2017



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**CITY OF TITUSVILLE, FLORIDA****SCHEDULE OF FINDINGS AND QUESTIONED COSTS -****FEDERAL AWARD PROGRAM AND STATE FINANCIAL ASSISTANCE PROJECT***FOR THE YEAR ENDED SEPTEMBER 30, 2016*

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**Part I - Summary of Auditor's Results****Financial Statement Section**

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

           yes            x       no

Significant deficiency(ies) identified?

           yes            x       none reportedNoncompliance material to financial  
statements noted?           yes            x       no**Federal Award and State Project Section**

Internal control over major programs:

Material weakness(es) identified?

           yes            x       no

Significant deficiency(ies) identified?

           yes            x       none reportedType of auditor's report on compliance for  
major federal program and state project:UnmodifiedAny audit findings disclosed that are required  
to be reported in accordance with Section  
2 CFR 200.516(a) and Chapter 10.550?           yes            x       no

Identification of major federal program and state project:

Federal Program:

Name of Program or ClusterCFDA NumberDepartment of TransportationHighway Planning and Construction Cluster20.205

State Project:

Name of ProjectCSFA NumberFlorida Department of Environmental ProtectionStatewide Surface Water Restoration and Wastewater Projects37.039

# CITY OF TITUSVILLE, FLORIDA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS -

## FEDERAL AWARD PROGRAM AND STATE FINANCIAL ASSISTANCE PROJECT

FOR THE YEAR ENDED SEPTEMBER 30, 2016

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### Part I - Summary of Auditor's Results (continued)

Dollar threshold used to determine Type A programs:

Federal	\$ 750,000
State	\$ 300,000

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

### Part II - Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

### Part III - Federal Award and State Project Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major federal programs, as required to be reported by 2 CFR 200.516(a) and Chapter 10.550, Rules of the Auditor General - Local Governmental Entity Audits.

There were no findings required to be reported by 2 CFR 200.516(a) and Chapter 10.550, Rules of the Auditor General - Local Governmental Entity Audits.

## **CITY OF TITUSVILLE**

### **SCHEDULE OF PRIOR AUDIT FINDING AND CORRECTIVE ACTION PLAN**

*YEAR ENDED SEPTEMBER 30, 2016*

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#### **Prior Year Audit Findings:**

There were no findings reported in the prior year.

#### **Corrective Action Plan:**

There are no audit findings reported in the Schedule of Findings and Questioned Costs for the year ended September 30, 2016; therefore, a Corrective Action Plan is not required.





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## **Independent Auditor's Management Letter**

Honorable Mayor and City Council  
City of Titusville, Florida

### **Report of the Financial Statements**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Titusville, Florida (the "City"), as of and for the year ended September 30, 2016, and have issued our report thereon dated March 10, 2017. We did not audit the financial statements of TIFA, LLC, a joint venture project in which the City has a 50% ownership interest and represents approximately 5% of the assets and less than 1% of the revenues of the business-type activities and water and sewer utility funds, respectively. The joint venture was audited by another auditor whose report has been furnished to us and our opinions, insofar as they relate to the amounts included for the Investment in TIFA, LLC, are based solely on the report of the other auditor.

### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

### **Other Reports and Schedule**

We have issued our Report of Independent Auditor 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*, Report of Independent Auditor on Compliance for Each Major Federal Program and State Financial Assistance Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, Report of Independent Accountant on Compliance with Local Government Investment Policies and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 10, 2017, 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. There were no findings in the preceding financial audit report.

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

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

## **Financial Condition**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit of the financial statements of the City, the results of our tests did not indicate the City met any of the specified conditions of a financial emergency described in Section 218.503(1), Florida Statutes.

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

## **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. Our comparison of these two reports resulted in no material differences.

## **Other Matters**

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, such recommendations are disclosed in Attachment A. We did not audit the City's responses to the recommendations, which are also included in Attachment A, and, accordingly, we express no opinion on them.

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

## **Purpose of this Letter**

The purpose of this management letter is to communicate certain matters prescribed by Chapter 10.550, Rules of the Auditor General. Accordingly, this management letter is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Cheryl Behrman" followed by a stylized monogram or initials.

Orlando, Florida  
March 10, 2017

# **CITY OF TITUSVILLE, FLORIDA**

## **APPENDIX A - MANAGEMENT LETTER COMMENTS**

*YEAR ENDED SEPTEMBER 30, 2016*

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### **Major Fund Determination**

*Statement of Condition 2016-A:* During our review of major funds, we noted the City did not present the Roads and Streets fund as a major governmental fund.

*Cause of Condition:* The City did not perform a calculation to determine which funds should be presented as major in the financial statements.

*Criteria:* The City should have a process to evaluate which funds should be presented as major, since major funds can vary from year to year based on activity in the funds.

*Effect of Condition:* Prior to auditor review, the City's presentation of major funds in the financial statements did not include the Roads and Streets fund, which had an increased amount of construction related activity this fiscal year. Instead, this fund was included within the nonmajor governmental fund category.

*Recommendation:* We recommend that the Finance Department implement a process to ensure all funds are evaluated annually to determine which should be presented as major based on accounting standards.

*Management's Response:* Management concurs with this recommendation and has established procedures to ensure all funds are evaluated annually.

### **Net Position**

*Statement of Condition 2016-B:* During our review of net position classifications for governmental and business-type activities, we noted revisions were necessary to reclassify balances between the net investment in capital assets, restricted and unrestricted net position.

*Cause of Condition:* The City's net position balances were calculated incorrectly, as the calculations did not incorporate all of the appropriate components.

*Criteria:* The City should ensure calculations reflect all necessary elements, in order to arrive at appropriate balances for each net position category.

*Effect of Condition:* Prior to reclassification entries, the business-type activities investment in capital assets net position category was overstated and unrestricted net position was understated. In addition, the governmental activities investment in capital assets category was understated, restricted net position was understated, and unrestricted net position was overstated.

*Recommendation:* We recommend the City establish a process for ensuring net position balances are correctly categorized based on supporting calculations.

*Management's Response:* Management concurs with this recommendation and has established procedures to ensure net position categories are correctly categorized.

**Report of Independent Accountant on Compliance  
With Local Government Investment Policies**

Honorable Mayor and City Council  
City of Titusville, Florida:

**Report on Compliance**

We have examined the City of Titusville, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, for the year ended September 30, 2016. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

**Scope**

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

**Opinion**

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.



Orlando, Florida  
March 10, 2017



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**Report of Independent Auditor 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 City Council  
City of Titusville, Florida:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Titusville, Florida (the "City") as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 10, 2017. We did not audit the financial statements of TIFA, LLC, a joint venture project in which the City has a 50% ownership interest and represents approximately 5% of the assets and less than 1% of the revenues of the business-type activities and water and sewer utility funds, respectively. The joint venture was audited by another auditor whose report has been furnished to us and our opinions, insofar as they relate to the amounts included for the Investment in TIFA, LLC, are based solely on the report of the other auditor. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported separately by that auditor.

### **Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

A handwritten signature in black ink, reading "Cheryl Behrman" followed by a stylized flourish.

Orlando, Florida  
March 10, 2017