

CITY OF TITUSVILLE, FLORIDA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended September 30, 2018

Prepared by the Finance Department



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City of Titusville

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Gateway to Nature & Space
www.titusville.com

March 26, 2019

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 ending September 30, 2018, 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.

James Moore, 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, 2018. 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 46,263 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 City Council

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

- assures that all laws and ordinances are enforced
- appoints and remove department heads and employees on the basis of merit
- exercises control over all departments
- advises the City Council on the financial condition of the City government
- informs the public on the 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; storm water 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 City 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 continues to diversify its economy which includes tourism, higher education, aerospace, health care, retirement living, retail trade, commercial and recreational sport fishing, boating, and cycling. Major industries that influence the economy include the Kennedy Space Center, Port Canaveral logistics and tourism commerce, satellite processing facilities, aerospace manufacturing, wireless communications services, weapons manufacturing, space experiment research, helicopter flight training, national wildlife refuge and seashore, and the Central Florida tourist attractions. Titusville is the County Seat of Brevard County which stretches almost 73 miles and is considered the Space Coast. The City is a key component of the Central Florida/Orlando metropolitan area.

Titusville’s local economy continues to benefit from the steady economic growth as the community continues its transformation to diversify its tax base. The City staff and elected

officials have worked with multiple partners to secure new companies in our growing business community. With a focus on growth in the areas of economic development, business retention and expansion, and revitalization, the City is experiencing a steady increase in retail development and housing starts. Lockheed Martin Space is in the process of moving their Fleet Ballistic Missile program to Titusville from California and have purchase substantial holdings in the Spaceport Commerce Park. The Fleet Ballistic Missile program serves the U.S. Navy, including work on the Trident II D5 Missile. The project has projections of adding over 1,000 jobs to area over the future.

The Palm Bay-Melbourne-Titusville Metropolitan Statistical Area (MSA) is expected to show varying strengths in the following economic indicators. Personal income growth is expected to average 5.5% each year. Real per capita income levels should average \$43,800. Average annual wage growth is expected to be 3.8%. Average annual wage levels should be at \$59,200. Population growth is expected to be an average of 1.4%. Employment growth is forecasted to average 1.7% each year. The metro will see an average unemployment rate of 3.3 percent.

Some highlights of these endeavors include:

- unemployment rate of 3.4% average for the 2018 year seasonally adjusted- 9,332 unemployed people out of a civilian labor force of 275,475 in the Palm Bay – Melbourne – Titusville MSA
- a steady growth of residential construction
- increased property values over last nine years

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 Fiscal Year 2018, 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 Fiscal Year 2018. The General Fund operating budget adopted in September 2018 at a millage tax rate of \$7.7900, is an increase of 8.13% 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 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. Along these lines, the City's Other Post Employment Benefit (OPEB) costs and liability have risen substantially, due to changes in the City contribution and assumptions associated with the implementation of GASB 75. To stabilize these costs in the future, the City has implemented changes in healthcare plan design and has discontinued all OPEB subsidies for employees hired after October 1, 2017. For the first time, the City's pension funds maintain funding levels close to ninety percent. 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 around ninety 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. Included in these long term capital needs are road resurfacing and 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 a 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 prioritizes 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 2018, 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:

- added School Resource Officers to all public schools in the City
- maintained emergency response times at levels below the national average
- completed over six miles of road resurfacing
- completed Riverfront Park improvements
- awarded Trail Town designation by the Florida Department of Environmental Protection
- improved efficiency of water meter readings by resequencing all routes
- furthered citywide continuous improvement initiatives saving resources and increasing efficiencies through cultural changes in our workforce.

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 fiscal year ended September 30, 2017. This was the thirty-fifth consecutive year that the City of Titusville has received this prestigious award. This report must satisfy both Generally Accepted Accounting Principles (GAAP) 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 auditors who prepared this very comprehensive and 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



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Government Finance Officers Association

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

Presented to

**City of Titusville
Florida**

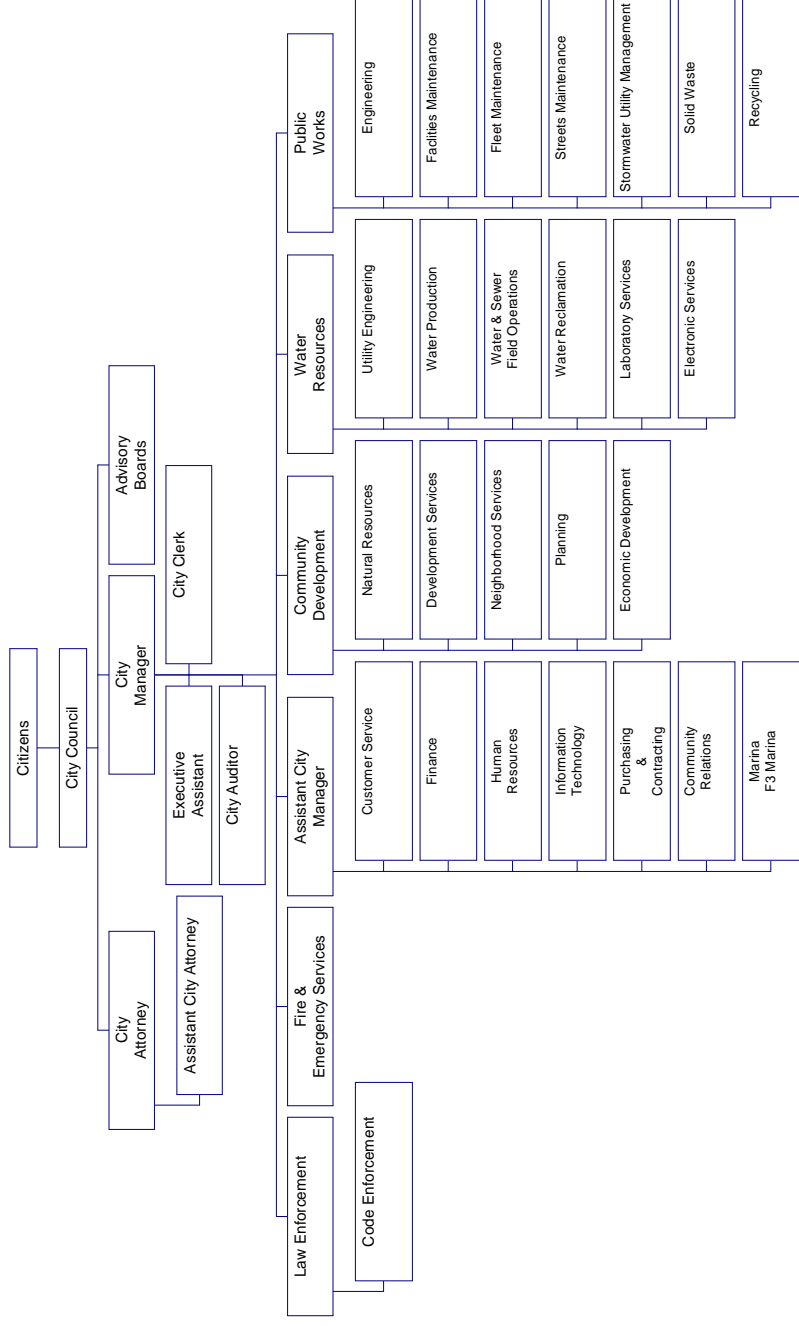
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO

City-Wide Organization Chart



CITY OF TITUSVILLE, FLORIDA
List of Elected and Appointed Officials

CITY COUNCIL

Walt Johnson, Jr., Mayor

Dan Diesel, Vice-Mayor
Sarah Stoeckel, Member

Robert Jordan, Member
Jo Lynn Nelson, 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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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council Members
of the 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 2% 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinions

In our opinion, based on our audit and the report of the other auditors, 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 City of Titusville, Florida, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and 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

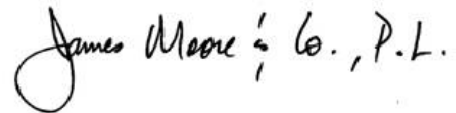
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and other schedules, fiduciary fund schedules, statistical section,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

The combining and individual nonmajor fund financial statements and other schedules, fiduciary fund schedules, and 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 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 information is fairly stated in all material respects in relation to the 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 26, 2019 on our consideration of City of Titusville, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large initial "J" and a stylized "M".

Daytona Beach, Florida
March 26, 2019

City of Titusville, Florida

Management's Discussion and Analysis

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, 2018. 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 \$106.7 million invested in capital assets, restricted net position of \$3.9 million for capital improvement projects, debt service and special revenues, and the remaining unrestricted net position of negative \$(23.8) million due to a combination of GASB 75 implementation as well as significant change in City's policy for retiree healthcare funding.
- There was a net increase of \$5.2 million in net position reported in connection with the City's governmental activities. The Fleet fund deficit of \$1.29 million represents consequences due to the restatement of the OPEB liability. The City will seek to reduce the OPEB liability by reforming health care cost and also contributing to the OPEB trust fund. The Worker Comp fund deficit of \$7,276 will be eliminated as this fund is closed.
- There was a net increase of \$4.8 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. There is a deficit in the Solid Waste Fund of \$(1.28) million which represents consequences due to the restatement of OPEB liability.

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:

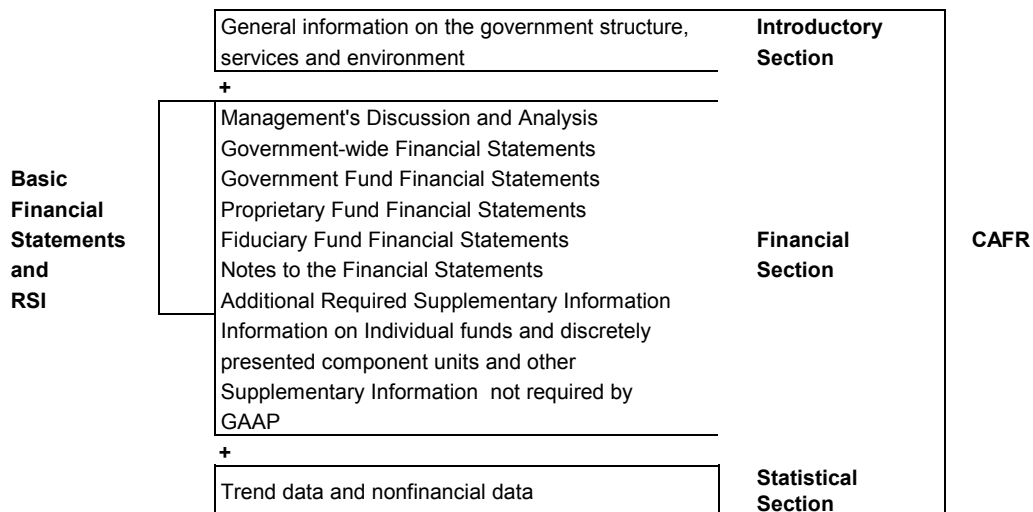
1. Government-wide financial statements
2. Fund financial statements and
3. Notes to the financial statements.

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

**Relationship Between Comprehensive Annual
Financial Report (CAFR)
And
Basic Financial Statements and Required
Supplementary Information (RSI)**



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

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 30-32 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 35 and 37.

The City maintains thirteen 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 34 and 36 of this report. General Fund, 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 122-123.

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 118-119 and 120-136, respectively, to demonstrate compliance with the budget.

Management's Discussion and Analysis

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 38-43 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 137-143 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 44-45 and 144-147 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 46-104 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 105-112 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 118-136 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 \$86.8 million at the close of fiscal year 2018.

As shown in the table below, the largest portion of the City's net position, 123% 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

City of Titusville, Florida

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 to Trails project, repairs to the Main Street East Coast Crossing, the Harrison Street 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	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 19,181,649	\$ 18,101,799	\$ 37,173,073	\$ 36,084,710	\$ 56,354,722	\$ 54,186,509
Capital Assets	67,056,448	65,514,445	83,437,788	82,287,506	150,494,236	147,801,951
Non-current assets	-	-	5,098,340	5,240,305	5,098,340	5,240,305
Total Assets	\$ 86,238,097	\$ 83,616,244	\$ 125,709,201	\$ 123,612,521	\$ 211,947,298	\$ 207,228,765
Deferred outflow of resources	\$ 2,004,056	\$ 1,074,097	\$ 825,464	\$ 1,398,057	\$ 2,829,520	\$ 2,472,154
Current Liabilities	\$ 8,329,111	\$ 5,572,880	\$ 7,979,939	\$ 6,752,596	\$ 16,309,050	\$ 12,325,476
Non-Current Liabilities	53,801,202	63,447,463	42,337,268	48,297,821	96,138,470	111,745,284
Total Liabilities	\$ 62,130,313	\$ 69,020,343	\$ 50,317,207	\$ 55,050,417	\$ 112,447,520	\$ 124,070,760
Deferred Inflows of resources	\$ 11,074,515	\$ 5,840,461	\$ 4,428,630	\$ 2,923,751	\$ 15,503,145	\$ 8,764,212
Net Position:						
Net investment in capital assets	51,637,754	50,852,623	55,083,599	52,212,889	106,721,353	103,065,512
Restricted *						
Roads & Streets	-	1,482,415	-	-	-	1,482,415
Public Safety	702,189	695,797	-	-	702,189	695,797
City Hall	8,586	7,070	-	-	8,586	7,070
Community Development	1,387,869	3,056,708	-	-	1,387,869	3,056,708
Water Conservation	-	-	284,046	302,986	284,046	302,986
Debt Service	152,204	157,256	-	-	152,204	157,256
Grants	201,103	-	-	-	201,103	-
Capital Projects	1,219,166	138,820	-	-	1,219,166	138,820
Unrestricted	(40,271,546)	(46,561,152)	16,421,183	14,520,535	(23,850,363)	(32,040,617)
Total Net Position	\$ 15,037,325	\$ 9,829,537	\$ 71,788,828	\$ 67,036,410	\$ 86,826,153	\$ 76,865,947

The City has restricted net position of \$3.9 million for capital improvement projects, debt service, and special revenues.

There was a net increase of \$5.2 million in net position reported in connection with the City's governmental activities. A detailed explanation is provided, beginning on page 20 of this report.

City of Titusville, Florida

Management's Discussion and Analysis

There was a net increase of \$4.8 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 22 of this report.

There was an overall increase in the City's net position of \$10.0 million. A comparative analysis of government-wide changes in net position is presented in the following table:

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for services	\$ 2,977,465	\$ 5,006,624	\$ 31,541,337	\$ 30,181,436	\$ 34,518,802	\$ 35,188,060
Operating grants and contributions	1,592,945	1,463,814	1,087,087	-	2,680,032	1,463,814
Capital grants and contributions	373,716	652,698	831,266	704,285	1,204,982	1,356,983
General Revenues:						
Taxes:						
Property	14,309,785	12,999,764	-	-	14,309,785	12,999,764
Local option gas tax	966,174	1,185,532	-	-	966,174	1,185,532
Utility and franchise taxes	9,360,451	8,785,489	-	-	9,360,451	8,785,489
Intergovernmental	4,224,693	6,066,481	-	365,125	4,224,693	6,431,606
Investment earnings	126,327	114,824	887,567	646,178	1,013,894	761,002
Miscellaneous revenue	171,239	117,284	343,746	344,540	514,985	461,824
Total revenues	34,102,795	36,392,510	34,691,003	32,241,564	68,793,798	68,634,074
Expenses						
Program Activities:						
Governmental Activities:						
Legislative	55,138	77,155	-	-	55,138	77,155
Executive	971,371	1,093,220	-	-	971,371	1,093,220
Legal counsel	478,511	514,173	-	-	478,511	514,173
Community development	3,712,123	3,738,409	-	-	3,712,123	3,738,409
Public works	3,245,500	3,663,000	-	-	3,245,500	3,663,000
Public safety	17,128,416	22,514,517	-	-	17,128,416	22,514,517
Support services	3,464,954	3,846,468	-	-	3,464,954	3,846,468
General government	1,068,191	5,817,554	-	-	1,068,191	5,817,554
Interest on debt	452,808	423,457	-	-	452,808	423,457
Business-type activities:						
Water/sewer utility	-	-	19,932,981	18,572,285	19,932,981	18,572,285
Solid waste system	-	-	5,264,382	4,905,446	5,264,382	4,905,446
Municipal marina	-	-	1,038,877	1,054,554	1,038,877	1,054,554
Stormwater utility	-	-	2,020,340	2,262,651	2,020,340	2,262,651
Total expenses	30,577,012	41,687,953	28,256,580	26,794,936	58,833,592	68,482,889
Excess before transfers	3,525,783	(5,295,443)	6,434,423	5,446,628	9,960,206	151,185
Transfers	1,682,005	2,080,049	(1,682,005)	(2,080,049)	-	-
Increase in net position	5,207,788	(3,215,394)	4,752,418	3,366,579	9,960,206	151,185
Cumulative effect of accounting change	-	(37,367,053)	-	(17,912,271)	-	(55,279,324)
Net position-beginning	9,829,537	50,411,984	67,036,410	81,582,102	76,865,947	131,994,086
Net position-ending	\$ 15,037,325	\$ 9,829,537	\$ 71,788,828	\$ 67,036,410	\$ 86,826,153	\$ 76,865,947

Management's Discussion and Analysis

Governmental Activities

As mentioned previously, governmental activities increased the City's net assets by \$5.2 million. The key elements of the activities decrease are as follows:

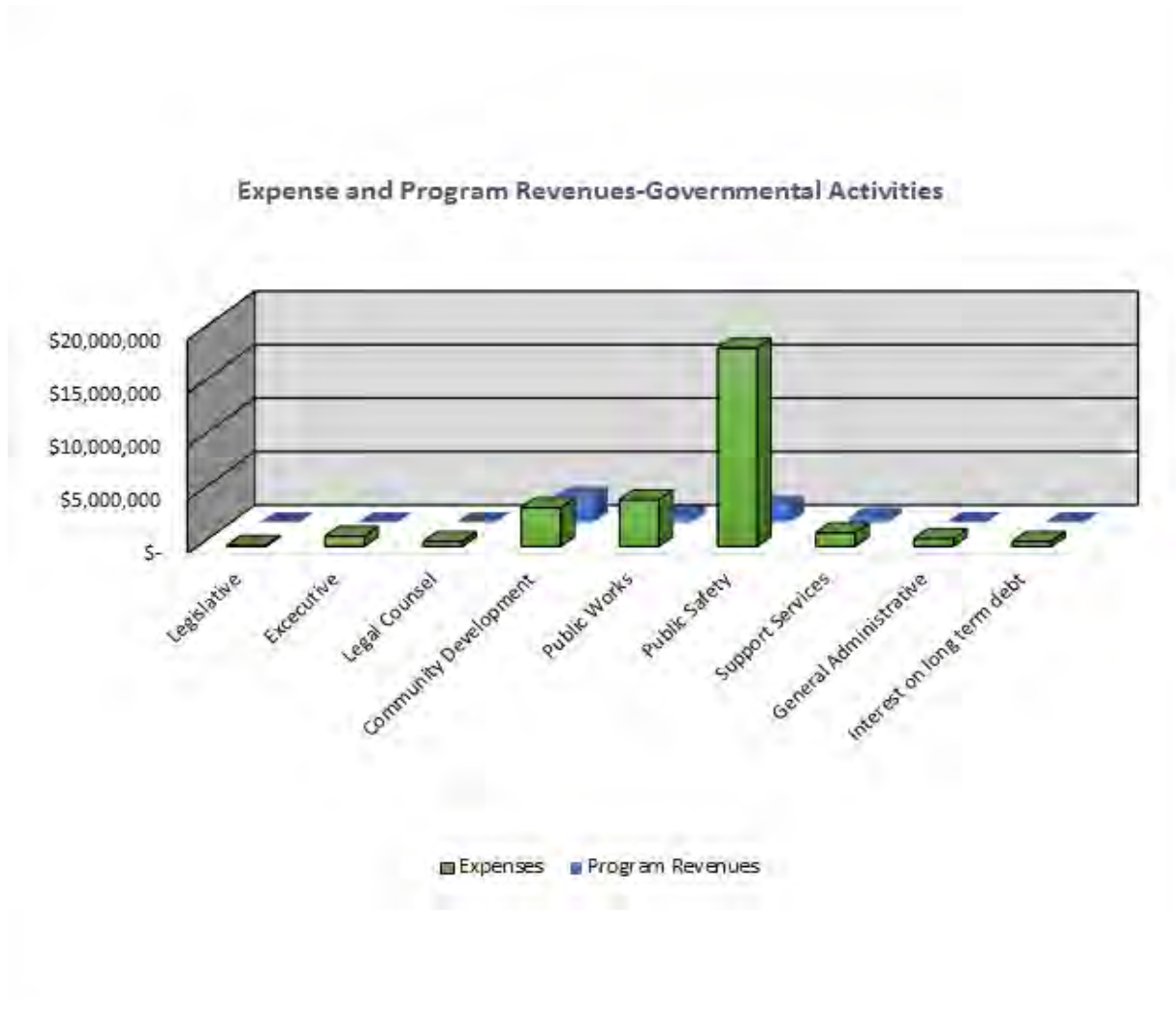
- Capital grants decreased by \$(0.3) million or (43)% reflecting a decrease of federal and state funded grant projects.
- Property tax revenues increased by \$1.3 million or 10.1%.
- Charges for services decreased by \$(2.0) million or (40.5)% due to community development services activities.
- Intergovernmental revenues decreased \$(1.8) million or (30.4)%.
- Investment earnings increased by \$0.01 million due to market changes.
- Miscellaneous revenues decreased by \$(0.1) million.
- OPEB liability increased by \$0.6 million.

The following tables show expenses and program revenue and the components of program and 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	\$ 55,138	0.18%	\$ -	0.0%	\$ (55,138)
Executive	971,371	3.18%	-	0.0%	(971,371)
Legal counsel	478,511	1.56%	-	0.0%	(478,511)
Community development	3,712,123	12.14%	2,370,440	47.9%	(1,341,683)
Public works	3,245,500	10.61%	571,736	11.6%	(2,673,764)
Public safety	17,128,416	56.02%	1,538,177	31.1%	(15,590,239)
Support services	3,464,954	11.33%	440,453	8.9%	(3,024,501)
General administrative	1,068,191	3.49%	23,320	0.5%	(1,044,871)
Interest on long-term debt	452,808	1.48%	-	0.0%	(452,808)
	\$ 30,577,012	100.0%	\$ 4,944,126	100.0%	\$ (25,632,886)

Management's Discussion and Analysis



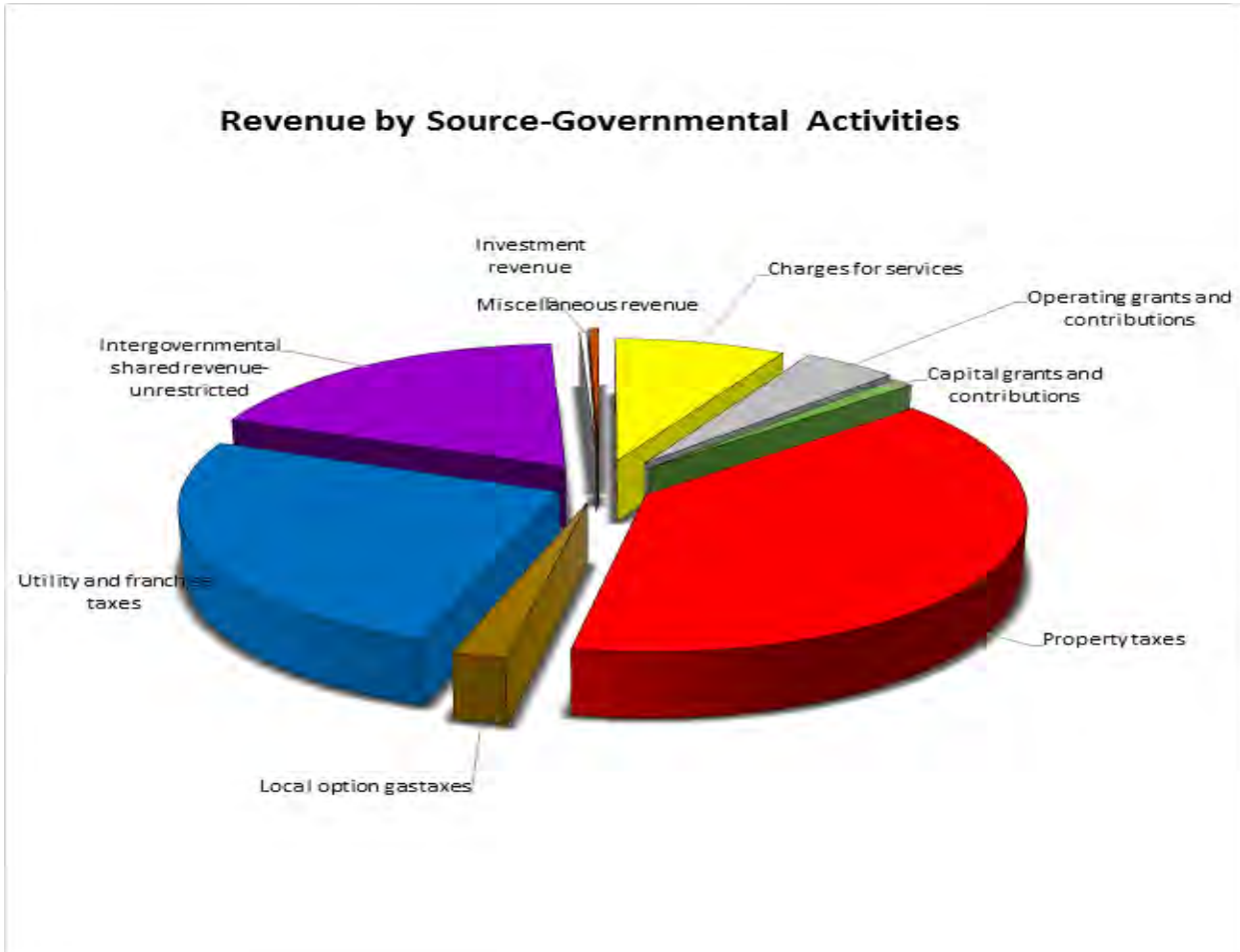
Revenue by Source - Governmental Activities

Program revenues:

Charges for services	\$ 2,977,465	8.32%
Grants and contributions	1,592,945	4.45%
Capital grants and contributions	373,716	1.04%

General revenues:

Property taxes	14,309,785	39.99%
Local option gas tax	966,174	2.70%
Utility and franchise taxes	9,360,451	26.16%
Intergovernmental shared revenue - unrestricted	4,224,693	11.81%
Investment earnings	126,327	0.35%
Miscellaneous revenue	171,239	0.48%
Transfers	1,682,005	4.70%
Total	\$ 35,784,800	100.00%



Business-Type Activities

As mentioned, business-type activities net position increased by \$4.8 million. This compared to an decrease in 2017 of \$ (14.5) million, before considering the cumulative effect of an accounting change. Key elements of the change in business-type activities are as follows:

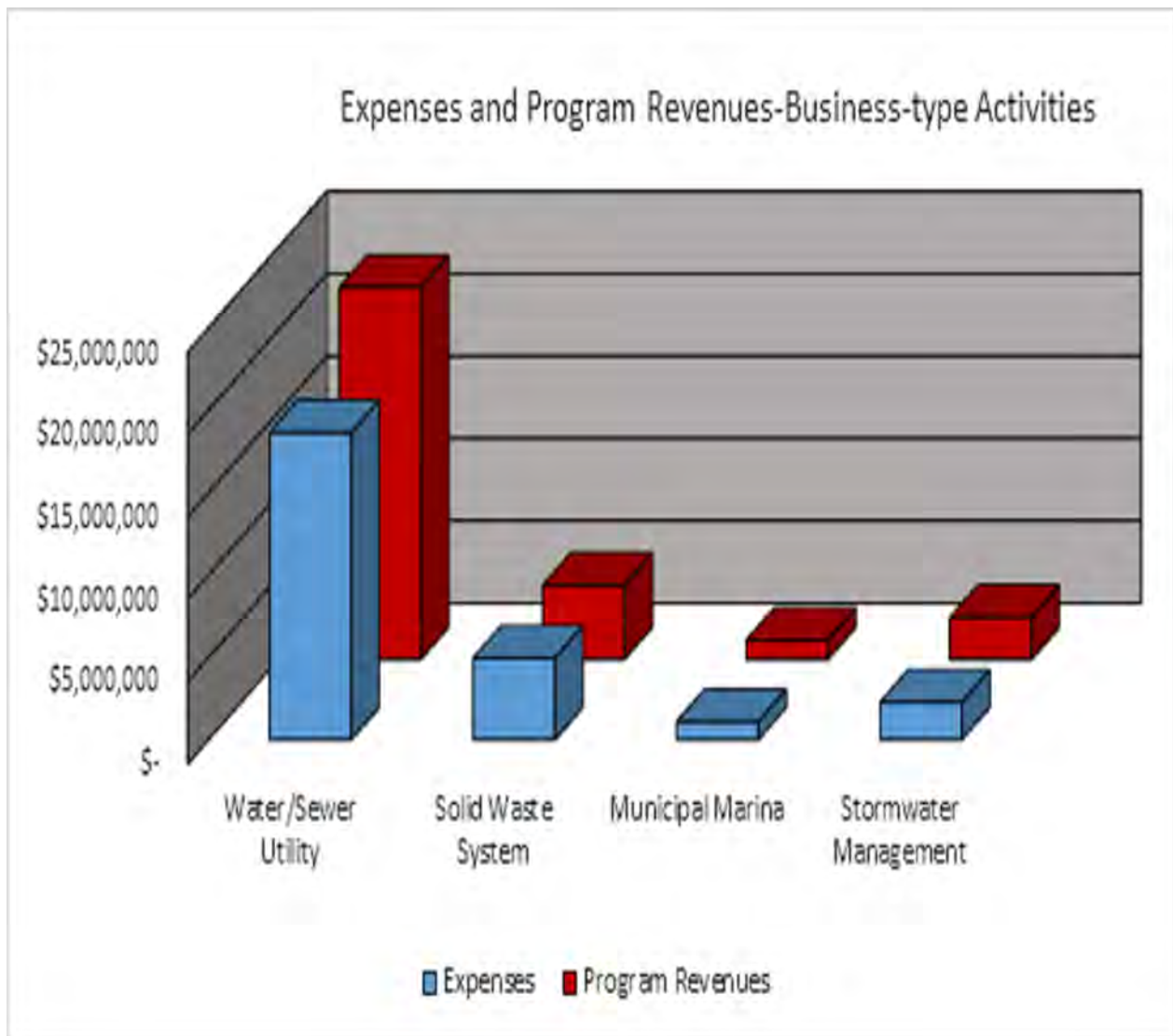
- An increase in Stormwater grant revenue of \$156,384;
- An increase in contributions from FEMA for Hurricanes Mathew and Irma \$1.1 million.
- A increase in operating expense of \$1.4 million;

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

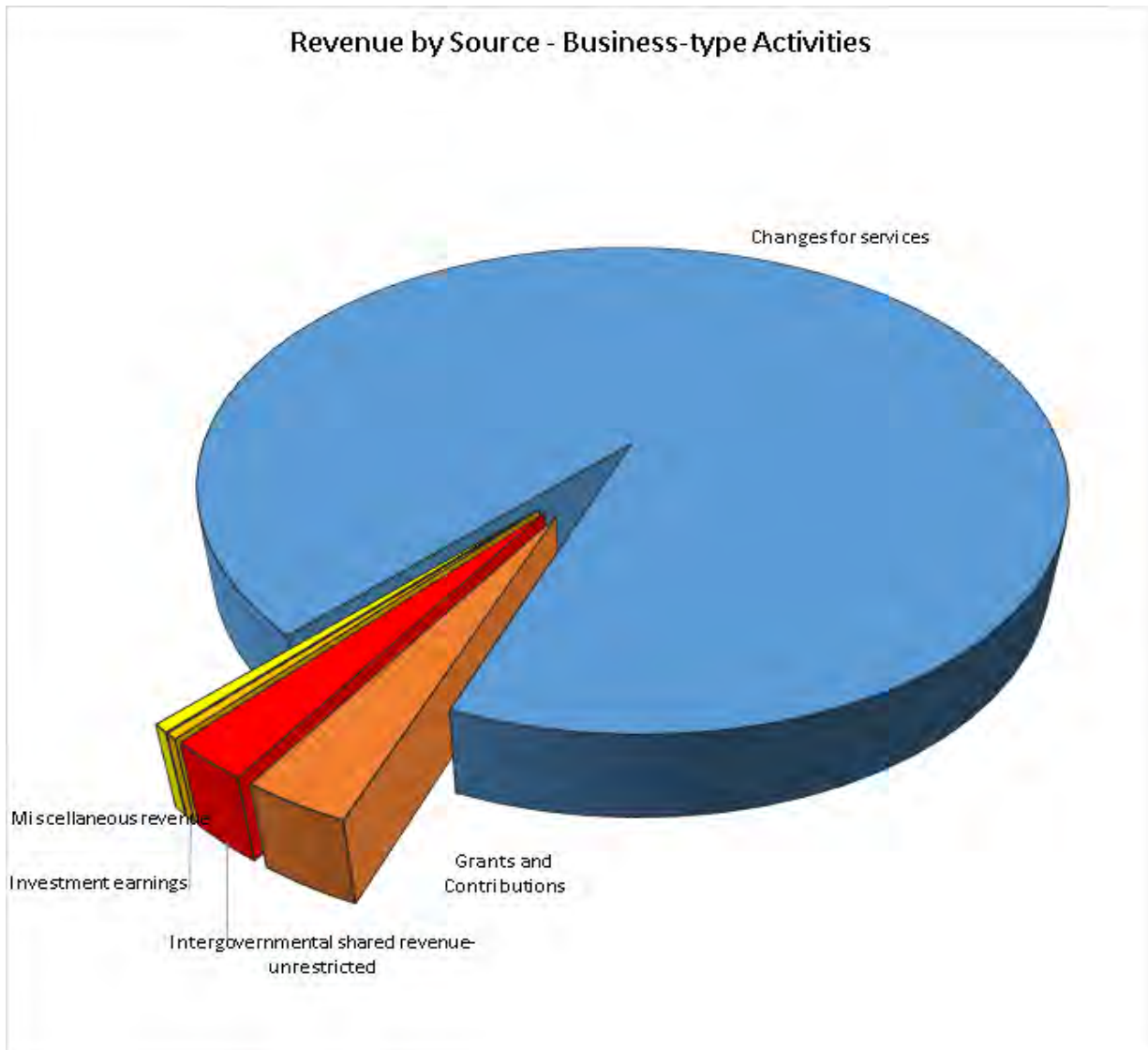
Functions/Programs	Expenses	% of Total	Program Revenues	% of Total	Net (Expenses) Revenue
Water / Sewer Utility	\$ 19,932,981	70.5%	\$ 23,725,051	70.9%	\$ 3,792,070
Solid Waste System	5,264,382	18.6%	5,382,702	16.1%	118,320
Municipal Marina	1,038,877	3.7%	1,313,344	3.9%	274,467
Stormwater Management	2,020,340	7.1%	3,038,593	9.1%	1,018,253
	\$ 28,256,580	100%	\$ 33,459,690	100%	\$ 5,203,110



Management's Discussion and Analysis

Revenue by Source - Business-type Activities

Revenue		
Charges for services	\$ 31,541,337	95.6%
Grants and contributions	1,918,353	5.8%
Intergovernmental shared revenue -unrestricted	-	-%
Investment earnings	887,570	2.7%
Miscellaneous revenue	343,746	1.0%
Transfers	(1,682,005)	(5.1)%
	<u>\$ 33,009,001</u>	<u>100.0%</u>



Management's Discussion and Analysis

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 2018, the City's governmental funds reported combined ending fund balances of \$11.9 million, which is an increase of \$1.0 million when compared to the prior year. Intergovernmental revenue increased by \$0.5 million and taxes increased by \$1.3 million, with the total expenditures decreased by \$(6.1) million. Unassigned fund balance is \$2.1 million and is available for spending, subject to regulatory, statutory, and budgetary restrictions. The remainder of the fund balances is \$0.09 million for nonspendable inventories, \$3.6 million is restricted, \$5.8 million is committed and \$0.21 million is assigned.

The General Fund is the chief operating fund of the City. At the end of fiscal year 2018, unassigned fund balance of the General Fund was \$2.1 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 5.7% of the total fund expenditures, which is a increase of 4.8.% from fiscal year 2017. The fund balance of the City's General Fund increased by \$2.7 million during the current fiscal year due to increases in revenues of \$2.4 million and decreases of expenses of \$(0.2) million, which are outlined in the General Fund budgetary highlights beginning on page 26 of this report.

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 \$16.4 million or 22.9% 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 \$0.6 million for the fiscal year of 2018 versus an operating loss of \$0.5 million in 2017 due to additional operating costs. The Municipal Marina reported an operating income of \$(0.2) million for the fiscal year 2018 as compared to an operating income of \$0.1 million in 2017. The Stormwater Utility reported a net position increase of \$0.8 million for fiscal year 2018. Stormwater utility operating income was \$0.7 million in 2018 versus \$0.3 million in 2017. Water/Sewer utility income before capital contributions and transfers was \$4.2 million in 2018 versus \$4.2 million in 2017.

Management's Discussion and Analysis

General Fund Budgetary Highlights

The General Fund expenditure budget totals \$38.2 million, representing an increase of \$0.7 million or 2.0% from fiscal year 2017. 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 were less than 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 \$1.5 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, 2018, the City had \$150.5 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 \$2.7 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	
	2018	2017	2018	2017	2018	2017
Land	\$ 29,679,024	\$ 29,836,869	\$ 4,477,859	\$ 4,477,859	\$ 34,156,883	\$ 34,314,728
Buildings	1,283,380	1,378,486	5,658	5,963	1,289,038	1,384,449
Easements	199,220	199,220	99,554	99,554	298,774	298,774
Improvements other than buildings	28,901,856	27,553,340	20,016,846	19,801,215	48,918,702	47,354,555
Machinery and equipment	4,438,316	3,695,910	4,989,917	4,917,464	9,428,233	8,613,374
Utility plant	-	-	48,338,581	49,906,278	48,338,581	49,906,278
Construction in progress	2,554,652	2,850,620	5,509,373	3,079,173	8,064,025	5,929,793
Total	\$ 67,056,448	\$ 65,514,445	\$ 83,437,788	\$ 82,287,506	\$ 150,494,236	\$ 147,801,951

Major events include the following:

- Continuation of Road Resurfacing program totaling \$.4 million.
- General construction totaling \$1.6 million.
- Outlay of \$3.8 million to improve and maintain the infrastructure in the Water & Sewer Utility.
- Completed \$1.7 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 72-75 of this report.

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds Series 2015	\$ 4,446,000	\$ 5,037,000	\$ -	-	\$ 4,446,000	\$ 5,037,000
Public Improvement Revenue Note Series 2009	1,115,000	1,185,000	-	-	1,115,000	1,185,000
Capital Improvement Revenue Bond, Series 2017	6,535,000	6,535,000	-	-	6,535,000	6,535,000
State Revolving Fund Loan Series 2010	-	-	3,345,944	3,589,771	3,345,944	3,589,771
2010 Water/Sewer Refunding	-	-	22,620,000	25,275,000	22,620,000	25,275,000
Total	\$ 12,096,000	\$ 12,757,000	\$ 25,965,944	\$ 28,864,771	\$ 38,061,944	\$ 41,621,771

Management's Discussion and Analysis

Economic Factors and Next Year's Budgets and Rates

Fiscal Year 2018 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 2018. 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 2019.

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, 2018

	<u>Governmental Type Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash	\$ 1,546,710	\$ 567,494	\$ 2,114,204
Investments	15,035,447	27,512,040	42,547,487
Restricted Assets:			
Cash	217,000	3,425,826	3,642,826
Receivables, net	2,268,406	5,049,836	7,318,242
Inventories	114,086	617,877	731,963
Total Current Assets	<u>19,181,649</u>	<u>37,173,073</u>	<u>56,354,722</u>
Noncurrent Assets:			
Restricted:			
Investment in TIFA, LLC	-	5,098,340	5,098,340
Capital assets not being depreciated:			
Land and land rights	29,679,024	4,477,859	34,156,883
Easements	199,220	99,554	298,774
Construction in progress	2,554,652	5,509,373	8,064,025
Capital assets, net of depreciation			
Buildings and improvements	1,283,380	5,658	1,289,038
Improvements other than buildings	28,901,856	20,016,846	48,918,702
Furniture and equipment	4,438,316	4,989,917	9,428,233
Utility plant	-	48,338,581	48,338,581
Total Noncurrent Assets	<u>67,056,448</u>	<u>88,536,128</u>	<u>155,592,576</u>
Total Assets	<u>86,238,097</u>	<u>125,709,201</u>	<u>211,947,298</u>
DEFERRED OUTFLOWS			
Deferred loss on refunding	-	495,710	495,710
Deferred pension outflows	2,004,056	329,754	2,333,810
	<u>2,004,056</u>	<u>825,464</u>	<u>2,829,520</u>

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

City of Titusville, Florida

Statement of Net Position
September 30, 2018

	Governmental Type Activities	Business Type Activities	Total
LIABILITIES			
Current Liabilities:			
Accounts payable and other current liabilities	\$ 1,152,505	\$ 1,451,494	\$ 2,603,999
Accrued liabilities	906,361	284,833	1,191,194
Accrued interest payable	129,637	552,750	682,387
Payable from Restricted Assets:			
Contracts payable	313,428	-	313,428
Deposits	-	1,662,007	1,662,007
Claims payable	2,015,160	-	2,015,160
Compensated absences	1,512,149	775,607	2,287,756
Bonds payable	1,265,000	3,039,828	4,304,828
Capital leases payable	1,034,871	213,420	1,248,291
Total Current Liabilities	<u>8,329,111</u>	<u>7,979,939</u>	<u>16,309,050</u>
Noncurrent Liabilities:			
Compensated Absences	1,263,457	-	1,263,457
Net OPEB liability	34,950,110	16,805,909	51,756,019
Net Pension Liability	4,468,812	776,837	5,245,649
Bonds Payable	10,831,000	24,042,289	34,873,289
Capital Leases Payable	2,287,823	712,233	3,000,056
Total Noncurrent Liabilities	<u>53,801,202</u>	<u>42,337,268</u>	<u>96,138,470</u>
Total Liabilities	<u>62,130,313</u>	<u>50,317,207</u>	<u>112,447,520</u>
DEFERRED INFLOWS			
Deferred inflows/pension	11,074,515	999,324	12,073,839
Deferred OPEB inflows	-	3,429,306	3,429,306
	<u>11,074,515</u>	<u>4,428,630</u>	<u>15,503,145</u>
NET POSITION			
Net Investment in Capital Assets	51,637,754	55,083,599	106,721,353
Restricted			
Public safety	702,189	-	702,189
City hall	8,586	-	8,586
Community development	1,387,869	-	1,387,869
Water conservation	-	284,046	284,046
Debt service	105,189	-	105,189
Capital projects	1,219,166	-	1,219,166
Grants	248,118	-	248,118
Unrestricted	(40,271,546)	16,421,183	(23,850,363)
Total Net Position	<u>\$ 15,037,325</u>	<u>\$ 71,788,828</u>	<u>\$ 86,826,153</u>

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, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
Legislative	\$ 55,138	\$ -	\$ -	\$ -	\$ (55,138)	\$ -	\$ (55,138)
Executive	971,371	-	-	-	(971,371)	-	(971,371)
Legal counsel	478,511	-	-	-	(478,511)	-	(478,511)
Community development	3,712,123	1,447,903	788,853	133,684	(1,341,683)	-	(1,341,683)
Public works	3,245,500	94,898	349,068	127,770	(2,673,764)	-	(2,673,764)
Public safety	17,128,416	997,183	431,704	109,290	(15,590,239)	-	(15,590,239)
Support services	3,464,954	437,481	-	2,972	(3,024,501)	-	(3,024,501)
General administrative	1,068,191	-	23,320	-	(1,044,871)	-	(1,044,871)
Interest on long-term debt	452,808	-	-	-	(452,808)	-	(452,808)
Total Governmental Activities	30,577,012	2,977,465	1,592,945	373,716	(25,632,886)	-	(25,632,886)
Business-type Activities:							
Water / sewer utility	19,932,981	22,939,943	269,941	515,167	-	3,792,070	3,792,070
Solid waste system	5,264,382	4,677,036	705,666	-	-	118,320	118,320
Stormwater utility	2,020,340	2,722,494	-	316,099	-	1,018,253	1,018,253
Municipal marina	1,038,877	1,201,864	111,480	-	-	274,467	274,467
Total Business-type Activities	28,256,580	31,541,337	1,087,087	831,266	-	5,203,110	5,203,110
Total Primary Government	\$ 58,833,592	\$ 34,518,802	\$ 2,680,032	\$ 1,204,982	(25,632,886)	5,203,110	(20,429,776)
General Revenues:							
Property Tax					14,309,785	-	14,309,785
Local Option Gas Tax					966,174	-	966,174
Utility and Franchise Taxes					9,360,451	-	9,360,451
Intergovernmental Shared Revenue - unrestricted					4,224,693	-	4,224,693
Investment Earnings					126,327	887,567	1,013,894
Miscellaneous					171,239	343,746	514,985
Transfers					1,682,005	(1,682,005)	-
Total General Revenues and Transfers					30,840,674	(450,692)	30,389,982
Change in Net Position					5,207,788	4,752,418	9,960,206
Net Position - Beginning					9,829,537	67,036,410	76,865,947
Net Position - Ending					\$ 15,037,325	\$ 71,788,828	\$ 86,826,153

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, 2018**

	Major Funds			
	General Fund	Downtown Community Redevelopment Agency	Non Major Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 878,076	\$ 24,673	\$ 495,523	\$ 1,398,272
Investments	6,589,931	711,087	2,845,380	10,146,398
Receivables, net	2,171,881	-	17,575	2,189,456
Advances to other funds	60,905	-	-	60,905
Inventories	28,278	-	-	28,278
Total assets	9,729,071	735,760	3,358,478	13,823,309
Liabilities				
Accounts payable	393,373	107,005	444,386	944,764
Accrued liabilities	855,366	3,756	-	859,122
Advances from other funds	-	60,905	-	60,905
Total liabilities	1,248,739	171,666	444,386	1,864,791
Deferred Inflow of Resources				
Unavailable resources	82,551	-	-	82,551
Fund balance				
Nonspendable	89,183	-	-	89,183
Restricted	192,589	564,094	2,784,886	3,541,569
Committed	5,810,774	-	-	5,810,774
Assigned	205,276	-	-	205,276
Unassigned	2,099,959	-	-	2,099,959
Grants	-	-	129,206	129,206
Total fund balance	8,397,781	564,094	2,914,092	11,875,967
Total liabilities, deferred inflows and fund balance	\$ 9,729,071	\$ 735,760	\$ 3,358,478	\$ 13,823,309

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, 2018

Total governmental funds fund balance \$ 11,875,967

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

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

Total governmental capital assets	157,085,338	
Less accumulated depreciation	(90,476,046)	66,609,292

On the governmental fund statements, a net pension liability is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the statement of net position, the City's net pension liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.

Net pension liability	(4,356,579)	
Deferred outflows related to pensions	1,956,414	
Deferred inflows related to pensions	(3,798,446)	(6,198,611)

On the governmental fund statements, a net OPEB liability is not recorded unless an amount is due and payable (no such liability exists at the end of the current fiscal year). On the Statement of Net Position, the City's net OPEB liability is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to OPEB are also reported.

Net OPEB liability	(33,369,123)	
Deferred inflows related to OPEB	(6,809,086)	(40,178,209)

Internal service funds are used by management to charge the costs of data processing, insurance, fleet lease and maintenance, building maintenance, and internal loans to individual funds. These assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

1,039,897

Because some property taxes and other revenues will not be collected for several months after the close of the City's fiscal year end, they are not considered as "available" revenues in the governmental funds, and therefore, reported as deferred inflows of unavailable revenues. In the statement of net position, which is presented on an accrual basis, no deferral is reported since the revenue is fully recognized in the statement of activities.

82,551

Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities, deferred outflows, and other debt-related deferred charges consist of the following:

Bonds and notes payable	(12,096,000)	
Capital leases	(3,308,815)	
Accrued interest payable	(129,637)	
Compensated absences	(2,659,110)	(18,193,562)

Total net position of governmental activities \$ 15,037,325

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, 2018

	Major Funds			Total Governmental Funds
	General Fund	Downtown Community Redevelopment Agency	Non Major Governmental Funds	
Revenues				
Taxes:				
Property taxes	\$ 12,769,755	\$ 867,986	\$ 672,044	\$ 14,309,785
Local option gas tax	966,174	-	-	966,174
Utility and franchise taxes	9,360,451	-	-	9,360,451
Intergovernmental	6,020,516	-	578,804	6,599,320
Licenses and permits	1,567,410	-	-	1,567,410
Charges for services	4,301,555	-	-	4,301,555
Fines and forfeitures	430,799	-	65,614	496,413
Investment earnings (loss)	107,710	5,483	5,448	118,641
Impact fees	-	-	119,813	119,813
Miscellaneous revenue	114,916	6,188	220,875	341,979
Total revenues	35,639,286	879,657	1,662,598	38,181,541
Expenditures				
Current:				
Legislative	70,629	-	-	70,629
Executive	940,270	-	-	940,270
Legal counsel	445,561	-	-	445,561
Community development	2,651,817	316,757	530,128	3,498,702
General administrative services	4,302,908	-	-	4,302,908
Public works	3,156,957	-	-	3,156,957
Public safety	19,019,955	-	48,403	19,068,358
Support Services	3,401,153	-	-	3,401,153
Debt Service				
Principal	925,078	-	661,000	1,586,078
Interest	51,553	-	276,761	328,314
Debt cost/administration fees	-	-	555	555
Capital Outlay/Improvements	1,688,297	516,584	2,104,804	4,309,685
Total expenditures	36,654,178	833,341	3,621,651	41,109,170
Excess (deficiency) of revenues over (under) expenditures	(1,014,892)	46,316	(1,959,053)	(2,927,629)
Other Financing Sources (Uses)				
Transfers in	1,722,742	-	381,797	2,104,539
Transfers out	(379,330)	(138,798)	(18,172)	(536,300)
Capital leases	2,364,834	-	-	2,364,834
Total other financing sources (uses)	3,708,246	(138,798)	363,625	3,933,073
Net change in fund balances	2,693,354	(92,482)	(1,595,428)	1,005,444
Beginning fund balances	5,704,427	656,576	4,509,520	10,870,523
Ending fund balances	\$ 8,397,781	\$ 564,094	\$ 2,914,092	\$ 11,875,967

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

City of Titusville, Florida

**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, 2018**

Net change in fund balances - total governmental funds		\$ 1,005,444
Differences in amounts reported for governmental activities in the statement of activities are:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Capital outlay expenditures	4,309,685	
Depreciation expense	(2,547,329)	
Contributed capital assets	<u>\$ 56,082</u>	1,818,438
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, CIP project abandoned) is to decrease net position.		
		(172,804)
Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position. These amounts are as follows:		
Principal repayment of general long-term debt	1,586,078	
Issuance of governmental long-term debt	<u>(2,382,217)</u>	(796,139)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds		
		(749,515)
Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension/OPEB plans reduces future net pension/OPEB liability. Also included in pension/OPEB expense in the statement of activities are amounts required to be amortized		
Change in net pension liability and deferred inflows/outflows related to pensions	2,399,496	
Change in net OPEB liability and deferred inflows/outflows related to OPEB	<u>1,578,383</u>	3,977,879
Under the modified accrual basis of accounting used in the governmental funds, expenditure are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:		
Change in accrued interest on long-term debt	(90,351)	
Change in compensated absences liability	<u>(82,747)</u>	(173,098)
Principal repayments		
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue/expense of internal service funds is reported within governmental activities.		
		297,583
Change in net position of governmental activities		<u>\$ 5,207,788</u>

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, 2018

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
Assets						
Current assets:						
Cash and Cash Equivalents	\$ 347,525	\$ -	\$ -	\$ 219,969	\$ 567,494	\$ 148,438
Investments	24,671,439	600,859	2,239,742	-	27,512,040	4,889,049
Receivables, net	3,141,622	1,359,636	458,167	90,411	5,049,836	78,950
Inventories	587,532	-	-	30,345	617,877	81,793
Restricted current assets:						
Prepaid Items	-	-	-	-	-	4,015
Current Restricted Cash and Cash Equivalents	3,425,826	-	-	-	3,425,826	217,000
Total current assets	32,173,944	1,960,495	2,697,909	340,725	37,173,073	5,419,245
Noncurrent assets:						
Investment in TIFA, LLC	5,098,340	-	-	-	5,098,340	-
Advances to Other Fund	-	130,000	-	-	130,000	-
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	23,096,087	-	12,100,930	4,673,161	39,870,178	148,542
Furniture and Equipment	8,820,517	7,192,514	1,874,661	170,423	18,058,115	4,211,665
Utility Plant	116,815,892	-	1,456,969	-	118,272,861	-
Construction in Progress	3,780,393	-	1,728,980	-	5,509,373	-
Less Accumulated Depreciation	(95,626,138)	(4,885,519)	(4,215,601)	(2,179,876)	(106,907,134)	(4,017,257)
Total capital assets (net of accumulated depreciation)	64,426,109	2,306,995	13,942,508	2,762,176	83,437,788	447,156
Total noncurrent assets	69,524,449	2,436,995	13,942,508	2,762,176	88,666,128	447,156
Total assets	101,698,393	4,397,490	16,640,417	3,102,901	125,839,201	5,866,401
Deferred outflows of resources						
Deferred Loss on Refunding	495,710	-	-	-	495,710	-
Deferred Pension Outflow	229,829	65,879	34,048	-	329,756	47,642
Total deferred outflows of resources	\$ 725,539	\$ 65,879	\$ 34,048	\$ -	\$ 825,466	\$ 47,642

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, 2018

	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	708,950	-	241,391	33,987	984,328	207,741
Interest Payable from Restricted Assets	552,750	-	-	-	552,750	-
Accrued Payroll Liabilities	195,004	59,622	24,947	-	279,573	47,239
Contracts Payable	422,324	15,650	26,211	8,241	472,426	313,428
Customer Deposits	1,058,727	563,606	-	39,674	1,662,007	-
Self-Insured Claims Payable	-	-	-	-	-	2,015,160
Capital Leases Payable	-	151,534	61,886	-	213,420	13,879
Compensated Absences	258,948	96,192	29,945	-	385,085	74,585
Current Revenue Bonds Payable/Restricted Assets	3,039,828	-	-	-	3,039,828	-
Total current liabilities	6,236,531	886,604	384,380	81,902	7,589,417	2,672,032
Noncurrent liabilities:						
Noncurrent Compensated Absences	362,992	12,738	14,792	-	390,522	41,911
Advance from Other Funds	-	-	-	130,000	130,000	-
Net OPEB Liability	11,108,392	3,255,191	1,586,851	855,475	16,805,909	1,580,987
Long-Term Capital Leases Payable	-	573,747	138,487	-	712,234	-
Long-Term Debt Payable	24,042,289	-	-	-	24,042,289	-
Net Pension Liability	541,433	155,195	80,209	-	776,837	112,233
Total noncurrent liabilities	36,055,106	3,996,871	1,820,339	985,475	42,857,791	1,735,131
Total liabilities	42,291,637	4,883,475	2,204,719	1,067,377	50,447,208	4,407,163
Deferred inflows of resources						
Deferred Pension Inflow	696,500	199,643	103,181	-	999,324	144,377
Deferred OPEB Inflow	2,266,706	664,234	323,803	174,563	3,429,306	322,606
Total deferred inflows of resources	2,963,206	863,877	426,984	174,563	4,428,630	466,983
Net Position						
Net Investment in Capital Assets	37,183,708	1,566,066	13,579,889	2,753,933	55,083,596	447,156
Restricted:						
Water Conservation	284,046	-	-	-	284,046	-
Unrestricted	19,701,335	(2,850,049)	462,873	(892,972)	16,421,187	592,741
Total net position	\$ 57,169,089	\$ (1,283,983)	\$ 14,042,762	\$ 1,860,961	\$ 71,788,829	\$ 1,039,897

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, 2018

	Business-Type Activities - Enterprise Funds						Governmental Activities Internal Service Funds
	Major Funds			Non-Major Funds		Total	
	Water/Sewer Utility	Solid Waste System	Stormwater Utility	Municipal Marina			
Operating revenues:							
Charges for sales and services	\$ 22,939,943	\$ 4,677,036	\$ 2,722,494	\$ 1,201,864	\$ 31,541,337	\$ 14,392,155	
Claims settlements	-	-	-	-	-	168,505	
Total operating revenues	22,939,943	4,677,036	2,722,494	1,201,864	31,541,337	14,560,660	
Operating expenses:							
Salaries and employee benefits	5,884,336	1,989,082	856,871	15,398	8,745,687	1,321,084	
Supplies and materials	1,383,822	59,540	62,689	301,001	1,807,052	2,277,860	
Contract services	222,366	136,863	55,332	449,097	863,658	581,521	
Other services and charges	6,888,275	2,323,461	417,422	94,875	9,724,033	9,943,725	
Depreciation	4,475,045	745,034	619,893	172,011	6,011,983	228,715	
Total operating expenses	18,853,844	5,253,980	2,012,207	1,032,382	27,152,413	14,352,905	
Operating income (loss)	4,086,099	(576,944)	710,287	169,482	4,388,924	207,755	
Nonoperating revenues (expenses):							
Investment earnings	845,068	(7,115)	49,614	-	887,567	7,686	
Miscellaneous	32,953	74,612	2,007	3,208	112,780	1,324	
Intergovernmental revenue	269,941	705,666	-	111,480	1,087,087	-	
Interest expense	(1,079,137)	(10,401)	(8,133)	(6,495)	(1,104,166)	(33,588)	
Gain (loss) on disposal of assets	33,750	197,216	-	-	230,966	640	
Total nonoperating revenues (expenses)	102,575	959,978	43,488	108,193	1,214,234	(23,938)	
Income/(loss) before transfers and capital contributions	4,188,674	383,034	753,775	277,675	5,603,158	183,817	
Capital contributions	515,167	-	316,099	-	831,266	-	
Transfers in	-	167,575	-	25,425	193,000	113,766	
Transfers out	(1,589,177)	-	(285,828)	-	(1,875,005)	-	
Change in net position	3,114,664	550,609	784,046	303,100	4,752,419	297,583	
Total net position - beginning	54,054,425	(1,834,592)	13,258,716	1,557,861	67,036,410	742,314	
Total net position - ending	\$ 57,169,089	\$ (1,283,983)	\$ 14,042,762	\$ 1,860,961	\$ 71,788,829	\$ 1,039,897	

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, 2018**

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Major Funds			Non-Major Fund	Total	
	Water/ Sewer Utility	Solid Waste System	Stormwater Utility	Municipal Marina		
Cash flows from operating activities:						
Receipts-customers and users	\$ 23,968,490	\$ 3,973,149	\$ 2,430,726	\$ 1,143,259	\$ 31,515,624	\$ 15,437,001
Payments-suppliers	(7,598,619)	(2,495,101)	(508,568)	(836,888)	(11,439,176)	(12,466,293)
Payments-employees	(6,238,696)	(2,247,667)	(1,074,833)	(139,165)	(9,700,361)	(1,223,228)
Net cash provided (used) by operating activities	9,072,448	(1,828,346)	847,325	127,532	8,218,959	1,747,480
Cash flows from noncapital financing activities:						
Transfers to other funds	(1,589,177)	-	(285,828)	-	(1,875,005)	(25,243)
Transfers from other funds	-	167,575	-	25,425	193,000	139,009
Intergovernmental and Impact fees	269,941	705,666	-	111,480	1,087,087	-
Internal balances	-	50,000	-	(77,414)	(27,414)	-
Repayment of advance	-	-	-	-	-	-
Net cash provided (used) by noncapital financing activities	(1,319,236)	923,241	(285,828)	59,491	(622,332)	113,766
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(4,308,393)	-	(1,796,626)	(149,751)	(6,254,770)	(125,083)
Interest payments on debt	(959,483)	(10,401)	(8,133)	(6,495)	(984,512)	(33,588)
Capital contributions	515,167	-	-	-	515,167	-
Proceeds from sale of property	33,750	197,216	-	-	230,966	640
Payment - capital lease	(3,200,069)	(137,219)	(60,012)	-	(3,397,300)	(32,538)
Principal paid on debt	-	862,499	-	-	862,499	-
Proceeds from debt issued	-	-	316,099	-	316,099	-
Net cash (used) by capital and related financing activities	(7,919,028)	912,095	(1,548,672)	(156,246)	(8,711,851)	(190,569)
Cash flows from investing activities:						
Investment earnings(loss)	(891,844)	(7,115)	49,614	-	(849,345)	7,686
Investment in joint venture	141,965	-	-	-	141,965	-
Purchase of investment securities	-	-	-	-	-	(1,779,761)
Sale of investment securities	-	-	937,561	-	937,561	-
Net cash provided (used) by investing activities	(749,879)	(7,115)	987,175	-	230,181	(1,772,075)
Net increase (decrease) in cash and cash equivalents	(915,695)	(125)	-	30,777	(885,043)	(101,398)
Beginning cash and cash equivalents	4,689,046	125	-	189,192	4,878,363	466,821
Ending cash and cash equivalents	\$ 3,773,351	\$ 0	\$ -	\$ 219,969	\$ 3,993,320	\$ 365,423

City of Titusville, Florida

Statement of Cash Flows (Continued)
 Proprietary Funds
 For the Fiscal Year Ended September 30, 2018

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Major Funds			Non-Major Fund	Total	
	Water/ Sewer Utility	Solid Waste System	Stormwater Utility	Municipal Marina		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 4,086,099	\$(576,945)	\$ 710,287	\$ 169,482	\$ 4,388,923	\$ 207,756
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	4,475,045	745,034	619,893	172,011	6,011,983	228,715
Net deferred Outflows	32,953	74,612	2,007	3,208	112,780	1,323
Net deferred inflows					-	
(Increase) decrease in assets						
Accounts receivables, net	223,877	(1,170,482)	14,941	(3,870)	(935,534)	862,033
Inventories	117,298	-	-	(6,198)	111,100	34,356
Increase (decrease) in liabilities						
Accounts payable	(245,361)	(592,132)	(306,709)	(89,366)	(1,233,568)	10,308
Accrued liabilities	(133,634)	(9,179)	1,763	1,804	(139,246)	292,191
Customer deposits	(8,696)	-	-	(5,043)	(13,739)	-
Net OPEB liability	(116,608)	(282,020)	(202,677)	(114,496)	(715,801)	14,288
Net pension liability	(175,469)	(17,234)	7,820	-	(184,883)	(44,287)
Total adjustments	4,169,405	(1,251,401)	137,038	(41,950)	3,013,092	1,398,927
Net cash provided/(used) by operating activities	\$ 8,255,504	\$ (1,828,346)	\$ 847,325	\$ 127,532	\$ 7,402,015	\$ 1,606,683
Noncash investing, capital and financing activities:						
Transfer of assets to joint venture, net of proceeds	141,965	-	-	-	141,965	-
Change in fair value of investments	\$ 1,736,912	\$ 269,278	\$(937,562)	\$ -	1,068,628	\$ 1,772,074

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, 2018

	<u>Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash	\$ 39,820	\$ 132,890
Interest Receivable	158,236	
Investments		
Cash with fiscal agent	1,696,431	-
Money market	747,393	-
Federal agency bonds/notes	3,147,422	-
U.S. Treasury bond/notes	7,943,171	-
Municipal bonds/notes	625,211	-
Corporate bonds	5,378,416	-
Corporate stock	65,726,192	-
Mutual fund - bonds	6,358,472	-
Mutual fund - equity	19,059,927	-
Real estate	15,142,512	-
Total investments	<u>125,825,147</u>	<u>-</u>
Total assets	<u>126,023,203</u>	<u>132,890</u>
Liabilities		
Accounts payable	<u>5,209</u>	<u>132,890</u>
Total liabilities	<u>5,209</u>	<u>132,890</u>
Net Position		
Restricted for pension other post-employment	<u>\$ 126,017,994</u>	<u>\$ -</u>

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, 2018**

	<u>Trust Funds</u>
Additions	
Contributions:	
Employer	\$ 5,567,789
Employee	1,257,501
State of Florida	724,200
Total contributions	<u>7,549,490</u>
Investment earnings:	-
Net change in the fair value of investments	9,310,114
Interest & dividends	2,070,128
Total investment income	<u>11,380,242</u>
Less investment related expense	(115,526)
Miscellaneous revenue	
Total	<u>18,814,206</u>
Deductions	-
Pension and other employee benefits	11,775,157
Administrative expenses	576,944
Total	<u>12,352,101</u>
Change in net position	<u>6,462,105</u>
Net position - beginning of year	<u>119,555,889</u>
Net position - end of year	<u>\$ 126,017,994</u>

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

Notes to the Financial Statements
September 30, 2018

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 46,263 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, 2018

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, 2018, the City's membership interest was 50%. The City's investment in TIFA as of December 31, 2017, 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, 2017 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, 2018

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, 2018

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 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, 2018

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 Fund* accounts 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, 2018

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 December 15, 2015, the City adopted the provisions of GASB Statement No. 77, *Tax Abatement Disclosures*. The City enters into property tax abatement agreements with local business under Florida Statue Chapter 196.1995 (Economic Development AD Valorem Tax Exemption Regulation of Titusville, Florida, Ordinance No. 3-1995). Under the Ordinance, localities may grant property tax abatements of up to 100% of a business' property tax bill for the purpose of attracting or retaining business within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the City.

For the fiscal year ending September 30, 2018, the City abated property taxes totaling \$84,827 under this program, including the following tax abatement agreements that each exceeded the 10% of the total amount abated:

- 100% property tax abatement to an industrial business for increasing its size and employment = \$74,503
- 90% property tax abatement to a direct marketing company for increasing its size and employment = \$10,324
- 85% property tax abatement to a manufacturing facility for purchasing and opening an empty business, and increasing its size and employment = \$0

Government Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions (OPEB)*; was issued January 2015 and was early implemented for the City, beginning with its year ending September 30, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for OPEB. This Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, as well as the requirements of GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plan, for OPEB*, as they relate to OPEB liabilities being recorded in the statements of net position.

Notes to the Financial Statements
September 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

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.

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.

Notes to the Financial Statements
September 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

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:

	<u>Years</u>
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, 2018

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/inflows 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 deferred outflows/inflows related to pensions and OPEB are calculated in accordance with GASB Statement No. 68 and GASB Statement No. 75. The deferred outflows/inflows related to pension and OPEB will be recognized as a component of pension/OPEB expense in future reporting years. Details on the composition of deferred outflows/inflows related to pensions and OPEB are reported in subsequent notes.

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.

City of Titusville, Florida

Notes to the Financial Statements
September 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

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 \$5,311,173 for the Stabilization Fund, which is equal to 45 days of annually budgeted operating expenditures.

Below is a table of fund balance categories and classifications at September 30, 2018 for the City's governmental funds:

	General Fund	Downtown Community Redevelopment Agency	Non Major Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Advance	\$ 60,905	-	-	\$ 60,905
Inventories	28,278	-	-	28,278
Restricted for:				
Public Safety	61,920	-	640,269	702,189
Community Development	122,083	564,094	701,511	1,387,688
Debt Service	-	-	152,204	152,204
Roadway Improvements	-	-	1,219,166	1,219,166
Grants	-	-	201,103	201,103
U.S. Flag Memorial Services	7,409	-	-	7,409
U.S. Flag Replacement	1,177	-	-	1,177
Committed to:				
Stabilization/Disaster Fund	5,311,173	-	-	5,311,173
Tree/Landscape Mitigation	409,551	-	-	409,551
New Landscape Enhancement	90,050	-	-	90,050
Assigned to:				
Community Development	204,888	-	-	204,888
Student Advisory Council	388	-	-	388
Unassigned:				
Total Fund Balances	2,099,959	-	(161)	2,099,798
	<u>8,397,781</u>	<u>\$ 564,094</u>	<u>\$ 2,914,092</u>	<u>\$ 11,875,967</u>

Notes to the Financial Statements
September 30, 2018

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, 2018

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.

City of Titusville, Florida

Notes to the Financial Statements September 30, 2018

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, 2018, was 7.7900 and the Series 2015 General Obligation Bond voted debt millage was 0.4079 for a total millage of 8.1979.

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, 2018

Note 4. Detailed Notes on all Funds

A. Deposits

At September 30, 2018, the carrying amount of the City's bank deposits and petty cash for governmental and business-type activities was \$5,757,030 and the trust funds' carrying amount of bank deposits was \$35,531. The bank balance at September 30, 2018 was \$2,307,461, 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, 2018.

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.

City of Titusville, Florida

**Notes to the Financial Statements
September 30, 2018**

Note 4. Detailed Notes on all Funds (continued)

As of September 30, 2018, 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	\$ 42,928	\$ 42,928	\$ -
Commercial Paper	1,996,537	1,996,537	-
Federal Agency Bonds/Notes	7,232,333	537,318	6,695,015
Supra-National Agency Bond Note	1,531,232		1,531,232
Asset-Backed Security/Collateralized	6,966,714		6,966,714
Municipal Bonds/Notes	469,098	-	469,098
U.S. Treasury Bonds/Notes	15,169,651	-	15,169,651
Corporate Debt	9,138,994	852,929	8,286,065
Total Investments	<u>\$ 42,547,487</u>	<u>\$ 3,429,712</u>	<u>\$ 39,117,775</u>

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, 2018:

- U.S. Treasury Bonds of \$15.1 million are valued using a matrix pricing model (Level 2 inputs)
- Corporate Debt of \$9.1 million are valued using a matrix pricing model (Level 2 inputs).
- Federal Agency Bond of \$7.2 million are valued using a matrix pricing model (Level 2 inputs)
- Municipal Bonds of \$469,098 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 &

City of Titusville, Florida

Notes to the Financial Statements

September 30, 2018

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.

Note 4. Detailed Notes on all Funds (continued)

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

As of September 30, 2018, 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+	37.01%
Corporate Debt	BBB+	2.67%
Corporate Debt	AA	18.83%
Municipal Bonds/Notes	AA-	1.09%
Commercial Paper	A-1	4.70%
U.S. Treasury Bonds/Notes	AA+	35.70%
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, 2018, 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, 2018

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, 2018, 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, 2018

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, 2018, 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	\$ 1,696,431	\$ 1,696,431	\$ -	\$ -	-
Money Market Mutual Funds	747,393	747,393	-	-	-
Federal Agency Bonds/Notes	3,147,422	-	297,643	897,980	1,951,799
U.S. Treasury Bonds/Notes	7,943,171	1,178,553	2,584,946	4,179,672	-
Municipal Bonds/Notes	625,211	104,617	520,594	-	-
Corporate Debt	5,378,416	516,341	2,923,921	1,341,167	596,987
	<u>\$ 19,538,044</u>	<u>\$ 4,243,335</u>	<u>\$ 6,327,104</u>	<u>\$ 6,418,819</u>	<u>\$ 2,548,786</u>
Other Investments:					
Corporate Stock	65,726,192				
Mutual Funds - Bonds	6,358,472				
Mutual Funds - Equity	19,059,927				
Real Estate Funds	15,142,512				
Total Investments	<u>\$ 125,825,147</u>				

The carrying value of cash with fiscal agent and money market mutual funds is based on amortized cost. The City has the following recurring fair value measurements as of September 30, 2018:

- U.S. Treasury Bonds of \$7.9 million are valued using a matrix pricing model (Level 2 inputs)
- Corporate Debt of \$5.4 million are valued using a matrix pricing model (Level 2 inputs).
- Federal Agency Bond of \$3.1 million are valued using a matrix pricing model (Level 2 inputs)
- Municipal Bonds of \$625,211 are valued using a matrix pricing model (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 5.05% 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.

City of Titusville, Florida

Notes to the Financial Statements
September 30, 2018

Note 4. Detailed Notes on all Funds (continued)

The following table discloses credit ratings of debt securities by investment type, as of September 30, 2018, as applicable:

Security Type	Credit Rating	% of Portfolio Subject to Credit Risk
Agency MBS	AAA	13.0%
Agency MBS	AA+	2.2%
Corporate Bonds	AA+	0.5%
Corporate Bonds	AA	0.5%
Corporate Bonds	A+	1.5%
Corporate Bonds	A	0.6%
Corporate Bonds	A-	1.9%
Corporate Bonds	BBB+	1.0%
Corporate Notes	AAA	1.2%
Corporate Notes	AA+	0.7%
Corporate Notes	AA	0.7%
Corporate Notes	AA-	0.2%
Corporate Notes	A	5.8%
Corporate Notes	A+	2.0%
Corporate Notes	A-	4.9%
Corporate Notes	BBB	2.3%
Corporate Notes	BBB+	7.0%
Corporate Notes	BBB-	1.0%
Federal Agency Bonds	AAA	3.5%
Federal Agency Bonds	AA+	2.8%
Municipal Bonds	AA+	0.6%
Municipal Bonds	AA-	1.3%
Municipal Bonds	A+	0.9%
U.S. Government Bonds	AA+	44.1%
Total		100.0%

Custodial Credit Risk

As of September 30, 2018, 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.

City of Titusville, Florida

Notes to the Financial Statements
September 30, 2018

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, 2018, 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:

Governmental Funds	General Fund	Downtown CRA	Non-major Funds	Total
Receivables:				
Accounts	\$ 1,269,503	\$ -	\$ 79	\$ 1,269,582
Special Assessments	-	-	10,267	10,267
Intergovernmental	1,007,224	-	7,229	1,014,453
Gross receivables	2,276,727	-	17,575	2,294,302
Less: allowance for uncollectibles	(104,846)	-	-	(104,846)
Net total receivables	\$ 2,171,881	\$ -	\$ 17,575	\$ 2,189,456

Business-Type Funds	Water and Sewer	Solid Waste	Stormwater	Non-major Marina Fund	Total
Receivables:					
Accounts	\$ 5,525,169	\$ 1,056,429	\$ 753,663	\$ -	\$ 7,335,261
Intergovernmental	360,105	851,580	458,167	90,411	1,760,263
Gross receivables	5,885,274	1,908,009	1,211,830	90,411	9,095,524
Less: Allowance for uncollectibles	(2,743,652)	(548,373)	(753,663)	-	(4,045,688)
Net total receivables	\$ 3,141,622	\$ 1,359,636	\$ 458,167	\$ 90,411	\$ 5,049,836

City of Titusville, Florida

Notes to the Financial Statements
September 30, 2018

Note 4. Detailed Notes on all Funds (continued)

D. Interfund Receivables, Payables and Transfers

The composition of Interfund Balances as of September 30, 2018, is as follows:

Fund	Receivable	Payable
Major Funds:		
General Fund	\$ 60,905	\$ -
CRA	-	60,905
Solid Waste	130,000	-
Municipal Marina	-	130,000
Total	<u>\$ 190,905</u>	<u>\$ 190,905</u>

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, 2018

Note 4. Detailed Notes on all Funds (continued)

	General Funds	Nonmajor Governmental Funds	Water and Sewer	Solid Waste	Municipal Marina	Internal Service Funds	Total
Transfers Out:							
General Fund	\$ -	\$ 251,205	\$ -	\$ -	\$ 25,425	\$ 102,700	\$ 379,330
Downtown Community Development	14,717	124,081	-	-	-	-	138,798
Nonmajor Governmental Funds	595	6,511	-	-	-	11,066	18,172
Water and Sewer	1,589,177	-	-	-	-	-	1,589,177
Stormwater	118,253	-	-	167,575	-	-	285,828
Total	\$ 1,722,742	\$ 381,797	\$ -	\$ 167,575	\$ 25,425	\$ 113,766	\$ 2,411,305

The funds transferred to the General Fund are to finance various programs that the City must account for in accordance with budgetary authorizations such Administrative Costs. The transfer to Nonmajor Governmental Funds is related to funding the maintenance of streets & sidewalks. The Marina from General Fund is to cover Retiree Healthcare Costs. The transfer for Internal Service is due to additional cost for health insurance. The Stormwater transfer is to cover the cost of new equipment.

City of Titusville, Florida

Notes to the Financial Statements
September 30, 2018

Note 4. Detailed Notes on all Funds (continued)

E. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities: (includes Internal Service Funds)				
Capital assets not being depreciated:				
Land	\$ 29,836,869	\$ 5,750	\$ (163,595)	\$ 29,679,024
Easements	199,220	-	-	199,220
Construction in progress	2,850,615	2,551,711	(2,847,674)	2,554,652
Total assets not being depreciated	32,886,704	2,557,461	(3,011,269)	32,432,896
Capital assets being depreciated:				
Buildings and improvements	4,937,887	-	-	4,937,887
Improvement other than buildings	104,207,624	2,858,994	-	107,066,618
Furniture and equipment	15,874,473	1,959,507	(721,630)	17,112,350
Total assets being depreciated	125,019,984	4,818,501	(721,630)	129,116,855
Less accumulated depreciation for:				
Buildings and improvements	(3,559,401)	(95,106)	-	(3,654,507)
Improvement other than buildings	(76,654,284)	(1,510,476)	-	(78,164,760)
Furniture and equipment	(12,178,563)	(1,170,462)	674,989	(12,674,036)
Total accumulated depreciation	(92,392,248)	(2,776,044)	674,989	(94,493,303)
Total capital assets, being depreciated, net	32,627,736	2,042,457	(46,641)	34,623,552
Governmental activities capital assets, net	\$ 65,514,440	\$ 4,599,918	\$ (3,057,910)	\$ 67,056,448
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 4,477,859	\$ -	\$ -	\$ 4,477,859
Easements	99,554	-	-	99,554
Construction in progress	3,079,172	5,690,946	(3,260,745)	5,509,373
Total assets not being depreciated	7,656,585	5,690,946	(3,260,745)	10,086,786
Capital assets being depreciated:				
Buildings and improvements	4,056,982	-	-	4,056,982
Improvement other than buildings	38,321,481	1,548,697	-	39,870,178
Furniture and equipment	17,546,966	1,693,874	(1,182,725)	18,058,115
Utility Plant	116,592,125	1,680,736	-	118,272,861
Total assets being depreciated	176,517,554	4,923,307	(1,182,725)	180,258,136
Less accumulated depreciation for:				
Buildings and improvements	(4,051,019)	(304)	-	(4,051,323)
Improvement other than buildings	(18,520,266)	(1,333,063)	-	(19,853,329)
Furniture and equipment	(12,629,503)	(1,430,180)	991,482	(13,068,201)
Utility Plant	(66,685,847)	(3,248,436)	-	(69,934,283)
Total accumulated depreciation	(101,886,635)	(6,011,983)	991,482	(106,907,136)
Total capital assets, being depreciated, net	74,630,919	(1,088,676)	(191,243)	73,351,000
Business-type activities capital assets, net	\$ 82,287,504	\$ 4,602,270	\$ (3,451,988)	\$ 83,437,786

City of Titusville, Florida

Notes to the Financial Statements
September 30, 2018

Note 4. Detailed Notes on all Funds (continued)

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

Governmental activities:

Legislative	\$	5,222
Executive		69,535
Legal Counsel		32,950
Community Development		196,109
Public Works		233,454
Public Safety		1,406,580
Support Services		251,524
General Administrative		351,955
Capital Assets held by the government's internal service fund are charged to the various functions based on their usage of the assets		228,715
Total depreciation expense - governmental activities	\$	<u>2,776,044</u>

Business-type activities:

Water Sewer Utility	\$	4,475,045
Solid Waste System		745,034
Stormwater System		619,893
Municipal Marina		172,011
Total depreciation expense - business-type activities	\$	<u>6,011,983</u>

City of Titusville, Florida

Notes to the Financial Statements
September 30, 2018

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, 2018 are as follows:

	Balance 10/1/2017	Additions	Deletions	Balance 9/30/2018	Due Within One Year (Current)
<i>Governmental Activities</i>					
Bonds Payable:					
Capital Improvement Revenue Bond, Series 2017	\$ 6,535,000	\$ -	\$ -	\$ 6,535,000	\$ 590,000
General Obligation Bonds Series 2015	5,037,000	-	(591,000)	4,446,000	600,000
Public Improvement Revenue Note Series 2009	1,185,000	-	(70,000)	1,115,000	75,000
Total bonds payable	12,757,000	-	(661,000)	12,096,000	1,265,000
Compensated absences	2,707,139	1,097,858	(1,029,391)	2,775,606	1,263,457
Capital leases	2,701,728	1,294,045	(957,616)	3,038,157	1,034,871
Total governmental activities	\$ 18,165,867	\$ 2,391,903	\$ (2,648,007)	\$ 17,909,763	\$ 3,563,328

Changes in long-term liabilities for Business-type Activities for the fiscal year ended September 30, 2018 are as follows:

	Balance 10/1/2017	Additions	Deletions	Balance 09/30/2018	Due Within One Year (Current)
<i>Business-Type Activities</i>					
Bonds Payable:					
2010 Water/Sewer Bonds	\$ 25,275,000	\$ -	\$ (2,655,000)	\$ 22,620,000	\$ 2,790,000
State Revolving Fund Loans	3,589,771	-	(243,827)	3,345,944	249,828
Unamortized bond premiums	1,302,202	-	(186,029)	1,116,173	-
Total bonds payable	30,166,973	-	(3,084,856)	27,082,117	3,039,828
Compensated absences	719,302	107,085	(50,780)	775,607	385,085
Capital leases	260,385	1,024,970	(359,702)	925,653	213,420
Total business-type activities	\$ 31,146,660	\$ 1,132,055	\$ (3,495,338)	\$ 28,783,377	\$ 3,638,333

Notes to the Financial Statements
September 30, 2018

Note 4. Detailed Notes on all Funds (continued)

Governmental Activities Debt

During 2017, the City issued \$6,535,000 in Capital Improvement Revenue Bonds, Series 2017. The Bonds were issued to provide funds relating to the financing of public improvements for the Miracle City Mall Redevelopment Project (Titus Landing Project). The Bonds constitutes obligations of the City, with an Interlocal Agreement between the City of Titusville and The North Brevard Economic Development District (NBEDD). NBEDD is to provide for the transfer to the City, of a pledged portion of its tax increment for repayment of principal and interest of the Bond. The interest rate on the Series 2017 Bonds is a fixed rate of 2.28%. The amount payable is \$6,535,000 at September 30, 2018, with payments due annually in November for principal and interest and May for interest.

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 \$4,446,000 at September 30, 2018, 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 amount payable is \$1,115,000 at September 30, 2018.

City of Titusville, Florida

Notes to the Financial Statements September 30, 2018

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 \$22,620,000 at September 30, 2018.

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, 2018 is \$3,345,944

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, 2018, management believes the City complies with this covenant.

City of Titusville, Florida

Notes to the Financial Statements September 30, 2018

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, 2018, excluding interfund advances and compensated absences, to maturity are as follows:

Year Ending	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2019	1,265,000	271,353	3,039,808	1,048,496	5,624,657
2020	1,293,000	243,458	3,180,948	896,107	5,613,513
2021	1,316,000	214,907	3,337,241	736,064	5,604,212
2022	1,347,000	185,809	3,493,691	590,864	5,617,364
2023	1,378,000	155,944	3,640,302	416,002	5,590,248
2024-2028	5,268,000	344,006	8,579,722	366,732	14,558,460
2029-2031	229,000	10,303	694,232	32,481	966,016
Total	\$ 12,096,000	\$ 1,425,780	\$ 25,965,944	\$ 4,086,746	43,574,470

G. Leases

Capital Leases

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 \$48,611. The cost of the equipment and depreciation expense has been recorded in Governmental Activities.

On October 1, 2013, the City entered into a lease-purchase agreement in the amount of \$449,118 with Leasing 2, Inc. for the acquisition of two Elgin Street Sweepers. This agreement has a 5 year fixed term rate of 2.66% and calls for annual payments of \$77,972 with a final payment of \$166,800. The cost of the equipment and depreciation expense has been recorded in Solid Waste Fund.

On May 14, 2015, the City entered into a lease-purchase agreement in the amount of \$709,463 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 \$74,975. 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 \$68,344 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 \$540,515 with SunTrust Leasing Corporation for the acquisition of eleven public safety vehicles and one tractor. The agreement has a 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.

Notes to the Financial Statements
September 30, 2018

Note 4. Detailed Notes on all Funds (continued)

On May 26, 2017, the City entered into a lease-purchase agreement in the amount of \$749,771 with SunTrust Leasing Corporation for the acquisition of twenty public safety vehicles, 10 public safety radios, one fire truck, one fire vehicle and four water resource vehicles. The agreement has a five year fixed term rate of 2.080% and calls for bi-annual payments of \$171,496. The cost of the equipment and depreciation expense has been recorded in Governmental Activities.

On October 2, 2016, the City entered into a lease-purchase agreement in the amount of \$581,954 with Leasing 2, Inc. for the acquisition of two Elgin Street Sweepers. This agreement has a 5 year fixed term rate of 3.08% and calls for annual payments of \$137,327 with a final payment of \$174,586. The cost of the equipment and depreciation expense has been recorded in Solid Waste Fund.

On May 31, 2018 the City entered into a lease-purchase agreement in the amount of \$1,859,045 with City National Capital Finance, Inc for the acquisition of 10 police vehicles, 1 code enforcement vehicle, 1 fire vehicle, 1 solid waste sideloader, 1 public works vehicle, 1 backhoe and police and fire communication equipment. The agreement has a five year fixed term rate of 2.99% and calls for bi-annual payment of \$198,562. The cost of vehicles, equipment, and depreciation has been recorded in Governmental Activities, except for the solid waste sideloader which will be recorded in the Business-Type Activities.

City of Titusville, Florida

Notes to the Financial Statements
September 30, 2018

Note 4. Detailed Notes on all Funds (continued)

The following is a schedule of future minimum lease payments:

Year Ending September 30,	Governmental Activities	Business-Type Activities
2019	\$ 1,110,614	\$ 241,400
2020	973,035	241,400
2021	736,960	250,255
2022	508,692	234,515
2023	168,593	29,965
Total minimum lease payments	3,497,894	997,535
Less: amount representing interest	(175,200)	(71,882)
Present value of minimum lease payments	<u>\$ 3,322,694</u>	<u>\$ 925,653</u>

Assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities
Assets:		
Equipment	\$ 5,397,264	\$ 1,246,226
Less: Accumulated depreciation	(1,853,489)	(203,407)
Assets net of accumulated depreciation	<u>3,543,775</u>	<u>1,042,819</u>

City of Titusville, Florida

Notes to the Financial Statements
September 30, 2018

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 \$12,820 for the year ended September 30, 2018. Based on non-renewal options, future minimum lease payments for such operating leases were nominal in amount at September 30, 2018.

The City leases copier equipment and certain vehicles under operating leases with varying duration. The total cost of Business-type Activity Leases was \$4,047 for the year ended September 30, 2018. Based on non-renewal options, future minimum lease payments for such operating leases were nominal in amount at September 30, 2018

The following are future minimum operating lease payments:

Year Ending September 30,	Governmental Activities	Business-type Activities
2019	\$ 12,820	\$ 4,047
2020	12,820	4,047
Total minimum lease payments	<u>\$ 25,640</u>	<u>\$ 8,094</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, 2018.

Notes to the Financial Statements
September 30, 2018

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 2018:

- 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, 2018.

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, 2018 and 2017 are summarized as follows:

	Self-Insured Loss Fund	
	FY2018	FY2017
General Fund	\$ 631,490	\$ 745,748
Special Revenue Funds	792	113
Enterprise Funds	717,522	862,195
Internal Service Funds	64,968	87,179
Trust Funds	300	300
Total Charges	1,415,072	1,695,535
Claims Settlements	168,505	326,708
Total Charges/Claims Settlements	<u>\$ 1,583,577</u>	<u>\$ 2,022,243</u>

City of Titusville, Florida

**Notes to the Financial Statements
September 30, 2018**

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	
	FY2018	FY2017
Unpaid claims, beginning of the year	\$ 1,175,000	\$ 1,124,997
Incurred claims (including IBNR's)	566,449	761,627
Claim payments	(439,449)	(711,624)
Unpaid claims, end of year	<u>\$ 1,302,000</u>	<u>\$ 1,175,000</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	
	FY2018	FY2017
Unpaid claims, beginning of the year	\$ 15,683	\$ 15,683
Incurred claims (including IBNR's)	-	32,583
Claim payments	(15,683)	(32,583)
Unpaid claims, end of year	<u>\$ -</u>	<u>\$ 15,683</u>

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	
	FY2018	FY2017
General Fund	\$ 2,847,986	\$ 2,514,531
Enterprise Funds	1,661,325	1,466,810
Internal Service Funds	237,332	209,544
Employees / Retirees	1,046,112	962,626
Total Charges	<u>5,792,755</u>	<u>5,153,511</u>
Miscellaneous	574,197	4,746,376
Total Charges/Miscellaneous	<u>\$ 6,366,952</u>	<u>\$ 9,899,887</u>

City of Titusville, Florida

Notes to the Financial Statements
September 30, 2018

Note 5. Other Matters (continued)

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, 2018. Changes in the balance during the past two year's based on an actuarial analysis are as follows:

	Partially Self-Insured Health	
	FY2018	FY2017
Unpaid claims, beginning of the year	\$ 602,000	\$ 502,038
Incurred claims (including IBNR's)	5,253,157	4,875,902
Claim payments	(5,253,157)	(4,775,940)
Unpaid claims, end of year	<u>\$ 602,000</u>	<u>\$ 602,000</u>

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	
	FY2018	FY2017
General Fund	\$ 199,859	\$ 200,999
Special Revenue Funds	3,569	3,590
Enterprise Funds	114,205	114,856
Internal Service Funds	14,276	14,358
Employees	24,982	25,124
Total Charges	<u>\$ 356,891</u>	<u>\$ 358,927</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	
	FY2018	FY2017
Unpaid claims, beginning of the year	\$ 81,665	\$ 82,431
Incurred claims (including IBNR's)	271,266	266,277
Claim payments	(257,454)	(267,043)
Unpaid claims, end of year	<u>\$ 95,477</u>	<u>\$ 81,665</u>

Notes to the Financial Statements
September 30, 2018

Note 5. Other Matters (continued)

B. Other Post-Employment Benefits

Post-Employment Benefits Other than Pension Benefits (OPEB)

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. The GASB 74/75 disclosure results are developed using an October 1, 2017 valuation date. For purposes of GASB 75 reporting, the measurement date is September 30, 2018, with the measurement period equal to the fiscal year reporting period (consistent with the GASB 68 methodology used for the pension plan).

Summary of Significant Accounting Policies

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 of Titusville's Retiree Health Care Plan (Plan) is a single-employer defined benefit post-employment health care plan that covers eligible retired employees. The Plan, which is administered by the City, allows employees who retire and meet retirement eligibility requirements under one of the City's retirement plans to continue medical and dental coverage as a participant in the City's plan.

Employees covered by benefit terms. At October 1, 2017, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	288
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Active Plan Members	<u>386</u>
	<u>674</u>

Benefits Provided

The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All employees of the City of Titusville are eligible to receive post-employment health care benefits. Coverage for retirees and their spouses and dependents is provided for the life of the retiree. The Trust was established to advance fund benefits provided under the Plan.

City of Titusville, Florida

Notes to the Financial Statements September 30, 2018

Note 5. Other Matters (continued)

Contributions

The City of Titusville adopted health-related benefit changes during 2013 with effective dates varying by employee class (December 2013 for service workers represented by LIUNA, April 2014 for Fire and Non- represented employees, and June 2014 for Police employees).

For employees who retire after the effective dates listed above, the City of Titusville will contribute the greater of 50% of the active health premium or \$8/month for every year of service for retirees participating in the City's group insurance plans. This benefit is capped at \$500 a month.

For retirees who were hired after 10/1/2003, the City provides a credit of \$8/month for every year of service, up to a maximum of \$200/month, toward the premium of the City's group insurance plans. The retiree is responsible for 100% of the costs of dental coverage.

For all retirements prior to the effective dates listed above, the City of Titusville will continue to contribute 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 10/1/2003. The City's subsidy is no longer capped for these retirees, per the City Council's decision to rescind the cap at its May 9, 2017 meeting. For retirees who were hired after 10/1/2003, the

City provides a credit of \$8/month for every year of service, up to a maximum of \$200/month, toward the premium of the City's group insurance plans.

Retirees may purchase spouse coverage through the City's group insurance plans at their own expense.

An employer-provided implicit subsidy for the health plan will still exist even for those participants receiving 50%, 75% or 100% of the premium paid by the City.

In future years, contributions are assumed to increase at the same rate as premiums.

Note that the projected premiums for the dental benefit are assumed to cover the entire cost of the program.

Net OPEB Liability

The measurement date for GASB 75 reporting is September 30, 2018.

The measurement period for the OPEB expense was October 1, 2017 to September 30, 2018.

The reporting period is October 1, 2017 through September 30, 2018.

The Sponsor's Net OPEB Liability was measured as of September 30, 2018.

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

Note - The Sponsor's Net OPEB Liability for the City of Titusville's ledger adjustment was measured as of September 30, 2018 using a discount rate of 4.18%.

City of Titusville, Florida

Notes to the Financial Statements September 30, 2018

Note 5. Other Matters (continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of October 1, 2017 using the following actuarial assumptions.

Inflation	2.50%
Salary Increase Rates	6.00%
Discount Rate	4.18%
Initial Trend Rate	8.50%
Ultimate Trend Rate	4.00%
Years to Ultimate	55
Investment Rate of return	7.00%

Mortality Rate Healthy Lives:

For general employees, mortality rates were based on the RP-2000 mortality tables. For female lives, 100% of the white collar table was used. For male lives, a 50% white collar table, 50% blue collar table blend was used. All tables include fully generational adjustments for mortality improvements using improvement scale BB. For disabled lives, mortality rates were based on the RP-2000 sex-distinct disabled mortality tables with female lives set forward two (2) years, males lives set back four (4) years. Disabled mortality has not been adjusted for mortality improvements.

For police and fire employees, mortality rates were also based on various RP-2000 mortality tables. For female lives, 100% of the white collar table was used. For male lives, a 10% white collar table, 90% blue collar table blend was used. All tables include fully generational adjustments for mortality improvements using improvement scale BB. For disabled female lives, a blend of 60% of the RP-2000 disabled female mortality table set forward two (2) years, and 40% of the white collar table with no setback was used. For disabled male lives, a blend of 60% of the RP-2000 disabled male mortality table set back four (4) years and 40% of the white collar table with not setback was used. Disabled mortality has not been adjusted for mortality improvements.

The long-term expected rate of return on OPEB Plan investments was determined using the Investment Policy approved by council on March 14, 2017.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocations	Actual Allocation	Long Term Expected Real Rate of Return
Domestic Equity	42%	45%	7.50%
International Equity	23%	23%	8.50%
Fixed Income	35%	30%	2.50%
Cash Equivalent	0%	2%	0.00%
Total	100.00%	100.00%	

City of Titusville, Florida

Notes to the Financial Statements
September 30, 2018

Note 5. Other Matters (continued)

Asset Class allocations were provided by the City. Long term expected real rates of return by asset class match those used in the pension valuation for the respective asset classes.

Discount Rate:

The City contributes a portion of the ARC to the fund annually, but otherwise funds benefits on a pay-as-you-go basis. The expected rate of return on trust investments is 7.00%. This rate was used to discount projected benefit payments for 0 years at which point the trust will become insolvent. The remaining projected benefit payments were discounted at a municipal bond rate. The high quality municipal bond rate, 4.18% was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Services' Aa2 rating and Standard & Poor's Corp's AA.

City of Titusville, Florida
Schedule of Changes in Net OPEB Liability
Other Post employment Benefits Trust Fund
For fiscal year ended September 30, 2018

	Total OPEB Liability	Net Plan Position	Net OPEB Liability
Reporting Period Ending Sept. 30, 2017	\$ 62,801,304	\$ 2,526,828	\$ 60,274,476
Changes for the Year:			
Service Cost	990,753	-	990,753
Interest	2,217,837	-	2,217,837
Differences Between Expected and Actual Experience	(1,608,563)	-	(1,608,563)
Changes of Assumptions	(8,119,717)	-	(8,119,717)
Explicit Contributions - Employer	-	1,527,293	(1,527,293)
Implicit Contributions - Employer	-	1,003,129	(1,003,129)
Explicit Contributions - Retiree	482,054	482,054	-
Net Investment Income	-	204,104	(204,104)
Explicit Gross Benefit Payments	(2,009,347)	(2,009,347)	-
Implicit Net Benefit Payments	(1,003,129)	(1,003,129)	-
Administrative Expense	-	(42,143)	42,143
Other	-	(693,616)	693,616
Net Changes	(9,050,112)	(531,655)	(8,518,457)
Balance at September 30, 2018	\$ 53,751,192	\$ 1,995,173	\$ 51,756,019

Notes to the Financial Statements
September 30, 2018

Note 5. Other Matters (continued)

The following presents the Net OPEB Liability of the Sponsor, as well as what the Sponsor's Net OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

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

	1% Decrease 3.18%	Current Discount Rate 4.18%	1% Increase 5.18%
Net OPEB Liability	\$ 59,809,179	\$ 51,756,019	\$ 45,269,578

The following presents the Net OPEB Liability of the Sponsor, as well as what the Sponsor's Net OPEB Liability would be if it were calculated using a healthcare cost trend rates that is one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

Sensitivity of the Net Pension Liability to the Changes in the Healthcare Cost Trend Rates

	1% Decrease 3.00% - 7.75%	Current Discount Rate 4.00% - 8.50%	1% Increase 5.00% - 9.50%
Net OPEB Liability	\$ 45,493,135	\$ 51,756,019	\$ 59,284,118

For the year ended September 30, 2018, the City recognized OPEB Expense of \$250,528. On September 30, 2018, the Sponsor reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred inflows of resources	Deferred outflows of resources
Difference between expected and actual experience	\$ -	\$ 1,206,422
Changes of assumptions	-	9,343,893
Net difference between projected and actual earnings on OPEB plan investments	-	10,683
Total	\$ 0	\$ 10,560,998

Notes to the Financial Statements
September 30, 2018

Note 5. Other Matters (continued)

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,	
2019	\$(3,518,418)
2020	\$(3,518,418)
2021	\$(3,518,421)
2022	\$(5,741)
2023	\$ -

Money-Weighted Rate of Return:

For the fiscal year ended September 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 8.19%.

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, 2018

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, 2017:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	342
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	127
Active Plan Members	<u>289</u>
	<u>758</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, 2017 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

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

City of Titusville, Florida

**Notes to the Financial Statements
September 30, 2018**

Note 5. Other Matters (continued)

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).

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

City of Titusville, Florida

**Notes to the Financial Statements
September 30, 2018**

Note 5. Other Matters (continued)

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, 2018.

The measurement period for the pension expense was October 1, 2017 to September 30, 2018.

The reporting period is October 1, 2017 through September 30, 2018.

The Sponsor's Net Pension Liability was measured as of September 30, 2018.

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, 2017 updated to September 30, 2018 using the following actuarial assumptions applied to all measurement periods.

Inflation	2.50%
Salary Increases	Service Based
Discount Rate	7.75%
Investment Rate of Return	7.75%

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.

The most recent actuarial experience study used to review the other significant assumptions was dated August 20, 2018.

Notes to the Financial Statements
September 30, 2018

Note 5. Other Matters (continued)

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, 2018 are summarized in the following table:

Asset Class	Target Allocations	Long Term Expected Real Rate of Return
All Cap Value Equity	27.50%	7.50%
Broad Growth Equity	27.50%	7.50%
Foreign Equity Securities	10.00%	8.50%
Broad Market Fixed Income	20.00%	2.50%
Global Fixed Income	5.00%	3.50%
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, 2018

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, 2018

	Total Pension Liability	Net Plan Position	Net Pension Liability
Reporting Period Ending September 30, 2017	\$ 61,692,350	\$ 58,318,169	\$ 3,374,181
Changes for the year			
Service Cost	989,921	-	989,921
Interest	4,831,550	-	4,831,550
Difference Expected/Actual Experience	(355,627)	-	(355,627)
Changes of assumptions	1,044,973	-	1,044,973
Changes of benefit terms	-	-	-
Contributions - Employer	-	2,358,577	(2,358,577)
Contributions - Employee	-	312,111	(312,111)
Contributions buy back	28,879	28,879	-
Net Investment Income	-	5,338,971	(5,338,971)
Benefit Payments/Refunds	(4,575,782)	(4,575,782)	-
Administrative Expense	-	(89,003)	89,003
Net Changes	1,963,914	3,373,753	(1,409,839)
Balance at September 30, 2018	\$ 63,656,264	\$ 61,691,922	\$ 1,964,342

City of Titusville, Florida

Notes to the Financial Statements
September 30, 2018

Note 5. Other Matters (continued)

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

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Sponsor's Net Pension Liability	\$ 8,412,106	\$ 1,964,342	\$ (3,490,827)

For the year ended September 30, 2018, the City recognized pension expense of \$1,168,481 for the General Employees' Pension Plan. On September 30, 2018, 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	\$ 137,184	\$ 237,084
Changes of assumptions	696,648	-
Net difference between projected and actual earnings on pension plan investments	-	2,289,847
Total	\$ 833,832	\$ 2,526,931

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,	
2019	\$ 97,874
2020	\$(851,157)
2021	\$(789,391)
2022	\$(150,425)
2023	\$ -

Money-Weighted Rate of Return:

For the fiscal year ended September 30, 2018, the annual money-weighted rate of return on Plan investments was 9.29%.

City of Titusville, Florida

Notes to the Financial Statements
September 30, 2018

Note 5. Other Matters (continued)

Police Officers' and Firefighters' Pension Plan

Plan Description

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, 2018:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	122
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	42
Active Plan Members	<u>133</u>
	<u>297</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.

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.

Notes to the Financial Statements
September 30, 2018

Note 5. Other Matters (continued)

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).

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.

City of Titusville, Florida

**Notes to the Financial Statements
September 30, 2018**

Note 5. Other Matters (continued)

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: 6.5% 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, 2018.

The measurement period for the pension expense was October 1, 2017 to September 30, 2018.

The reporting period is October 1, 2017 through September 30, 2018.

The Sponsors' Net Pension Liability was measured as of September 30, 2018.

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, 2017 using the following actuarial assumptions applied to all measurement periods.

Inflation	2.50%
Salary Increases	Service Based
Discount Rate	7.75%
Investment Rate of Return	7.75%

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 17, 2018.

City of Titusville, Florida

Notes to the Financial Statements
September 30, 2018

Note 5. Other Matters (continued)

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
All Cap Value Equity	22.50%	7.50%
Broad Growth Equity	22.50%	7.50%
Foreign Equity Securities	15.00%	8.50%
Broad Market Fixed Income	25.00%	2.50%
Global Fixed Income	5.00%	3.50%
Real Estate	10.00%	4.50%
Total	<u>100.00%</u>	

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

Notes to the Financial Statements
September 30, 2018

Note 5. Other Matters (continued)

City of Titusville, Florida
Schedule of Changes in Net Pension Liability
Police Officers' and Firefighters' Retirement Trust Fund
For fiscal year ended September 30, 2018

	Total Pension Liability	Net Plan Position	Net Pension Liability
Reporting Period Ending September 30, 2017	\$ 63,092,670	\$ 58,521,107	\$ 4,571,563
Changes for the year			
Service Cost	996,049	-	996,049
Interest	4,948,098	-	4,948,098
Difference Expected/Actual Experience	(140,006)	-	(140,006)
Changes of Assumptions	1,178,390	-	1,178,390
Contributions - Employer	-	1,681,919	(1,681,919)
Contributions - State	-	724,200	(724,200)
Contributions - Employee	-	463,439	(463,439)
Net Investment Income	-	5,490,249	(5,490,249)
Benefit Payments/Refunds	(4,474,998)	(4,474,998)	-
Administrative Expense	-	(87,020)	87,020
Net Changes	2,507,533	3,797,789	(1,290,256)
Balance at September 30, 2018	\$ 65,600,203	\$ 62,318,896	\$ 3,281,307

City of Titusville, Florida

Notes to the Financial Statements
September 30, 2018

Note 5. Other Matters (continued)

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

	1% Decreases 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Net Pension Liability	\$ 10,971,272	\$ 3,281,307	\$(3,121,840)

For the year ended September 30, 2018, the City of Titusville recognized pension expense of \$968,308 for the Police Officers' and Firefighters' Pension Plan. On September 30, 2018, 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	\$ 101,689	\$ 112,004
Changes of assumptions	1,398,289	-
Net difference between projected and actual earnings on pension plan investments	-	2,303,212
Total	\$ 1,499,978	\$ 2,415,216

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:	
2019	\$ 591,975
2020	\$(927,780)
2021	\$(611,858)
2022	\$ 32,425
2023	\$ -

Money-Weighted Rate of Return:

For the fiscal year ended September 30, 2018, the annual money-weighted rate of return on Plan investments was 9.55%.

City of Titusville, Florida

Notes to the Financial Statements
September 30, 2018

Note 5. Other Matters (continued)

City of Titusville, Florida
Statement of Fiduciary Net Position
Pension Trust Funds
September 30, 2018

	General Employees' Retirement Trust	Police Officers' and Firefighters' Retirement Trust
Assets		
Cash	\$ -	\$ 4,289
Interest Receivable	76,326	81,910
Investments:		
Cash with Fiscal Agent	938,755	757,676
Money Market Fund	564,096	161,257
Federal Agency Bonds/Notes	1,759,139	1,388,283
U.S. Treasury Bonds/Notes	2,580,686	5,362,485
Municipal Bonds/Notes	398,700	226,511
Corporate Bonds	2,500,878	2,877,538
Corporate Stock	36,416,103	29,310,089
Mutual Funds - Bonds	2,347,906	3,413,850
Mutual Funds - Equity	6,989,316	10,729,725
Real Estate	7,120,224	8,022,288
Total Investments	<u>61,615,803</u>	<u>62,249,702</u>
	-	-
Total Assets	<u>61,692,129</u>	<u>62,335,901</u>
Liabilities and Net Position		
Liabilities:		
Accounts Payable	207	5,002
Net Position	<u>\$ 61,691,922</u>	<u>\$ 62,330,899</u>

City of Titusville, Florida

Notes to the Financial Statements
September 30, 2018

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, 2018

	General Employees' Retirement Trust	Police Officers' & Firefighters' Retirement Trust
Additions		
Contributions:		
Employer	\$ 2,358,577	\$ 1,681,919
Employee	312,111	463,335
State of Florida	-	724,200
Total Contributions	<u>2,670,688</u>	<u>2,869,454</u>
Investment Income:		
Net Change in Fair Value of Investments	4,598,277	4,563,743
Interest and Dividends	912,869	1,045,706
Total investment income (loss)	<u>5,511,146</u>	<u>5,609,449</u>
Less Investment-related Expense (1)	(57,777)	(57,749)
Miscellaneous Revenue	53,125	2,417
Total	<u>8,177,182</u>	<u>8,423,571</u>
Deductions		
Pension and Other Employee Benefits	4,609,382	4,462,811
Administrative Expense	310,385	224,415
Total	<u>4,919,767</u>	<u>4,687,226</u>
Change in Net Position	<u>3,257,415</u>	<u>3,736,345</u>
Net Position – beginning of year	58,434,507	58,594,554
Net Position – end of year	<u>\$ 61,691,922</u>	<u>\$ 62,330,899</u>

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

Notes to the Financial Statements
September 30, 2018

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 (PEBSCO). 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.

City of Titusville, Florida

Notes to the Financial Statements September 30, 2018

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 FY2018.

Note 7. Subsequent Events

The City was hit by two hurricanes, Matthew in October 2016 and Irma in September 2017. Project Worksheets (PW's) submitted for Hurricane Matthew totaled \$714,240. In Fiscal Year 2018, we received \$357,429 and \$90,411 in Fiscal Year 2019. The City expects to receive an additional \$266,400 from the Federal Emergency Management Agency (FEMA) for Hurricane Matthew. For Hurricane Irma, PW's total \$957,474 of which, FEMA obligated \$16,806 in Fiscal Year 2018 and \$83,857 in Fiscal Year 2019. The City anticipates an additional \$856,812 to be obligated.

Note 8. New Accounting Pronouncements

- a. GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, in March 2016, which requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. GASB 81 enhances comparability of financial statements by providing accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary. The provisions in GASB 81 are effective for fiscal years beginning after December 15, 2016.

- b. GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, in November 2016. GASB 83

Notes to the Financial Statements
September 30, 2018

addresses accounting and financial reporting for certain asset retirement obligations (AROs), which are legally enforceable liabilities associated with the retirement of a tangible capital asset. The provisions in GASB 83 are effective for periods beginning after June 15, 2018.

- c. GASB issued Statement No. 84, *Fiduciary Activities*, in January 2017. GASB 84 improves guidance regarding the identification and reporting of fiduciary activities. The provisions in GASB 84 are effective for periods beginning after December 15, 2018.
- d. GASB issued Statement No. 85, *Omnibus 2017*, in March 2017. GASB 85 improves guidance addressing several different accounting and financial reporting issues identified during the implementation and application of certain GASB pronouncements. The provisions in GASB 85 are effective for periods beginning after June 15, 2017.
- e. GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, in May 2017. GASB 86 improves consistency in accounting for financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources. The provisions in GASB 86 are effective for periods beginning after June 15, 2017.
- f. GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 aims to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The provisions in GASB 87 are effective for periods beginning after December 15, 2019.
- g. GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, in April 2018. GASB 88 improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The provisions in GASB 88 are effective for periods beginning after June 15, 2018.
- h. GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, in June 2018. GASB 89 enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The provisions in GASB 89 are effective for periods beginning after December 15, 2019.
- i. GASB issued Statement No. 90, *Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61*, in August 2018. GASB 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The provisions in GASB 90 are effective for periods beginning after December 15, 2018.

City of Titusville, Florida

Required Supplementary Information
September 30, 2018

Schedule of Funding Progress

Schedule of Changes in Net OPEB Liability and Related Ratios
Other Post-Employment Benefits Trust Fund
Last 10 Fiscal Years*

	9/30/2018	9/30/2017
Total Pension Liability		
Service Cost	\$ 990,753	\$ 1,097,474
Interest	2,217,837	2,062,341
Changes of benefit terms	-	-
Differences between expected and actual experience	(1,608,563)	-
Changes of assumptions	(8,119,717)	(5,423,507)
Explicit Gross Benefit Payments	(2,009,347)	(1,884,080)
Explicit Contributions - Retiree	482,054	-
Implicit Net Benefit Payments	(1,003,129)	(566,062)
Net Change in Total OPEB Liability	\$(9,050,112)	\$(4,713,834)
Total Pension Liability - Beginning	62,801,304	67,515,138
Total Pension Liability - Ending (a)	53,751,192	62,801,304
Plan Fiduciary Net Position		
Explicit Contributions - Employer	1,527,293	1,657,884
Implicit Contributions - Employer	1,003,129	566,062
Explicit Contributions - Employee	482,054	443,463
Net Investment Income	204,104	263,882
Explicit Gross Benefit Payments	(2,009,347)	(1,884,080)
Implicit Net Benefit Payments	(1,003,129)	(566,062)
Other	(693,616)	-
Administrative Expense	(42,143)	(23,689)
Net Change in Plan Fiduciary Net Position	(531,655)	457,460
Plan Fiduciary Net Position - Beginning	2,526,828	2,069,368
Plan Fiduciary Net Position - Ending (b)	1,995,173	2,526,828
Net Pension Liability - Ending (a) - (b)	51,756,019	60,274,476
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	3.71%	4.02%
Covered Payroll*	\$ 18,754,131	\$ 16,889,001
Net Pension Liability as a Percentage of Covered Payroll	275.97%	356.89%

*10 years of data will be presented as it becomes available

City of Titusville, Florida

**Required Supplementary Information
September 30, 2018**

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, 2018

Assets		
Cash	\$	35,531
Investments:		
Money market funds		22,040
Mutual funds-bonds		596,716
Mutual funds-equity		1,340,886
Total investments		<u>1,959,642</u>
Total assets		<u>1,995,173</u>
Net Position		
Restricted for other post-employment benefits	\$	<u>1,995,173</u>

City of Titusville, Florida

Required Supplementary Information
September 30, 2018

Statement of Changes in Fiduciary Net Position
Other Post-Employment Benefits Trust Fund
For Fiscal Year Ended September 30, 2018

Additions	
Contributions:	
Employer	\$ 1,527,293
Employee	482,054
Total contributions	<u>2,009,347</u>
Investment earnings	
Interest and dividends	56,011
Net change in the fair value of investments	148,094
Total investment income (loss)	<u>204,105</u>
Total	<u>2,213,452</u>
Deductions	
Pension and other employee benefits	2,702,964
Administrative expenses	42,143
Total	<u>2,745,107</u>
Change in net position	<u>(531,655)</u>
Net position – beginning of year	2,526,828
Net position – end of Year	<u>\$ 1,995,173</u>

City of Titusville, Florida

Required Supplementary Information
September 30, 2018

General Employees' Pension Trust

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

	9/30/2018	9/30/2017	9/30/2016
Total Pension Liability			
Service Cost	\$ 989,921	\$ 933,328	\$ 821,468
Interest	4,831,550	4,718,214	4,552,082
Changes of benefit terms	-	-	(88,592)
Differences between expected and actual experience	(355,627)	411,551	5,321
Changes of assumptions	1,044,973	-	1,589,756
Contributions - Buy Back	28,879	-	11,869
Benefit Payments, Including Refunds of Employee Contributions	(4,575,782)	(4,830,173)	(5,201,251)
Net Change in Total Pension Liability	1,963,914	1,232,920	1,690,653
Total Pension Liability - Beginning	61,692,350	60,459,430	58,768,777
Total Pension Liability - Ending (a)	63,656,264	61,692,350	60,459,430
Plan Fiduciary Net Position			
Contributions - Employer	2,358,577	2,293,318	2,659,078
Contributions - Employee	312,111	296,609	274,825
Contributions - Buy Back	28,879	-	11,869
Net Investment Income	5,338,971	7,364,236	5,382,430
Benefit Payments, Including Refunds of Employee Contributions	(4,575,782)	(4,830,173)	(5,201,251)
Administrative Expense	(89,003)	(86,989)	(64,283)
Net Change in Plan Fiduciary Net Position	3,373,753	5,037,001	3,062,668
Plan Fiduciary Net Position - Beginning	58,318,169	53,281,168	50,218,500
Plan Fiduciary Net Position - Ending (b)	61,691,922	58,318,169	53,281,168
Net Pension Liability - Ending (a) - (b)	\$ 1,964,342	\$ 3,374,181	\$ 7,178,262
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.91%	94.53%	88.13%
Covered Payroll*	\$ 12,485,720	\$ 11,864,349	\$ 10,993,097
Net Pension Liability as a Percentage of Covered Payroll	15.73%	28.44%	65.30%

City of Titusville, Florida

Required Supplementary Information
September 30, 2018

General Employees' Pension Trust (continued)

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

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

City of Titusville, Florida

Required Supplementary Information
September 30, 2018

General Employees' Pension Trust (continued)

Notes to Schedule:

*The Covered 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 09/30/2018, amounts reported as changes of assumptions resulted from the following changes:

1. The investment return assumption was reduced from 8.00% to 7.75% per year, net of investment-related expenses.
2. The assumptions for salary increases, withdrawal, disability, Early Retirement, and Normal Retirement were updated to better align with anticipated future plan experience.

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.

Schedule of Investment Returns
General Employees' Pension
Last 10 Fiscal Years*

Annual Money-Weighted Rate of Return Net of Investment Expense

2018	9.29%
2017	14.08%
2016	10.92%
2015	-0.02%
2014	12.97%
2013	14.89%

City of Titusville, Florida

Required Supplementary Information
September 30, 2018

General Employees' Pension Trust (continued)

Schedule of Investment Contributions
General Employees' Pension
Last 10 Fiscal Years*

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contributions	Contribution Excess (Deficiency)	Covered Payroll (1)	Contributions as a Percentage of Covered Payroll
9/30/2018	\$ 2,358,554	\$ 2,358,577	\$(23)	\$ 12,485,720	18.89%
9/30/2017	2,293,207	2,293,318	(111)	11,864,349	19.33%
9/30/2016	2,659,078	2,659,078	-	10,993,097	24.19%
9/30/2015	3,260,781	3,260,781	-	9,798,102	33.28%
9/30/2014	3,318,730	3,318,730	-	8,701,160	38.14%
9/30/2013	2,696,739	2,696,739	-	8,550,218	31.54%

*Information is not available prior to fiscal 2013.

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

City of Titusville, Florida

Required Supplementary Information September 30, 2018

General Employees' Pension Trust Notes to Schedules

Valuation Date to calculate actuarially determined contributions: 10/01/2016

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

Methods and assumptions used to determine contribution rates:

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:	29 Years (as of 10/01/2016).
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%	0.429%

City of Titusville, Florida

Required Supplementary Information
September 30, 2018

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**

	9/30/2018	9/30/2017	9/30/2016
Total Pension Liability			
Service Cost	\$ 996,049	\$ 978,374	\$ 937,776
Interest	4,948,098	4,845,726	4,597,357
Change in excess state money	-	-	(214,112)
Change in benefit terms	-	-	(4,647)
Differences between expected and actual experience	(140,006)	125,344	156,069
Changes of assumptions	1,178,390	-	1,822,308
Contribution - Buy Back	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(4,474,998)	(4,899,952)	(3,999,048)
Net Change in Total Pension Liability	2,507,533	1,049,492	3,295,703
Total Pension Liability - Beginning	63,092,670	62,043,178	58,747,475
Total Pension Liability - Ending (a)	65,600,203	63,092,670	62,043,178
Plan Fiduciary Net Position			
Contributions - Employer	1,681,919	1,662,032	1,925,864
Contributions - State	724,200	681,740	731,350
Contributions - Employee	463,439	475,109	513,866
Contributions - Buy Back	-	-	-
Net Investment Income	5,490,249	7,397,792	5,588,136
Benefit Payments, Including Refunds of Employee Contributions	(4,474,998)	(4,899,952)	(3,999,048)
Administrative Expense	(87,020)	(81,782)	(72,096)
Net Change in Plan Fiduciary Net Position	3,797,789	5,234,939	4,688,072
Plan Fiduciary Net Position - Beginning	58,521,107	53,286,168	48,598,096
Plan Fiduciary Net Position - Ending (b)	62,318,896	58,521,107	53,286,168
Net Pension Liability - Ending (a) - (b)	\$ 3,281,307	\$ 4,571,563	\$ 8,757,010
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.00%	92.75%	85.89%
Covered Payroll*	\$ 7,123,928	\$ 6,666,701	\$ 6,423,341
Net Pension Liability as a Percentage of Covered Payroll	46.06%	68.57%	136.33%

City of Titusville, Florida

Required Supplementary Information
September 30, 2018

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

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

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

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

Notes to Schedule:

*The Covered 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 09/30/2018, amounts reported as changes of assumptions resulted from the August 20, 2018 experience study.

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.

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

Annual Money-Weighted Rate of Return Net of Investment Expense		
	2018	9.55%
	2017	14.17%
	2016	11.65%
	2015	-2.27%
	2014	11.20%
	2013	14.41%

City of Titusville, Florida

Required Supplementary Information
September 30, 2018

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

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

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contributions	Contribution (Deficiency) Excess	Covered Payroll (1)	Contributions as a Percentage of Covered Payroll
9/30/2018	\$ 2,413,269	\$ 2,406,119	\$ 7,150	\$ 7,123,928	33.78%
9/30/2017	2,378,374	2,343,772	34,602	6,666,701	35.16%
9/30/2016	2,544,678	2,657,214	(112,536)	6,423,341	41.37%
9/30/2015	2,990,635	2,990,635	-	6,514,768	45.91%
9/30/2014	3,169,682	3,169,682	-	6,629,574	47.81%
9/30/2013	2,871,346	2,871,346	-	5,990,707	47.93%

*Information is not available prior to fiscal 2013.

Required Supplementary Information
September 30, 2018

Police Officers' and Firefighters' Pension Notes to Schedules

Valuation Date to calculate actuarially determined contributions: 10/01/2016

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

Methods and assumptions used to determine contribution rates:

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: 29 Years (as of 10/01/2016).

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, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget- Positive (Negative)
Revenues				
Property taxes	\$ 12,513,775	\$ 12,513,775	\$ 12,769,755	\$ 255,980
Local option gas tax	1,011,049	1,011,049	966,174	(44,875)
Utility and franchise taxes	8,365,635	8,631,569	9,360,451	728,882
Intergovernmental	5,610,182	5,760,887	6,020,516	259,629
Licenses and permits	1,816,231	1,816,231	1,567,410	(248,821)
Charges for services	3,980,542	4,097,542	4,301,555	204,013
Fines and forfeitures	238,000	354,931	430,799	75,868
Investment earnings (loss)	100,000	100,000	107,710	7,710
Miscellaneous revenue	155,192	197,935	114,916	(83,019)
Total revenues	33,790,606	34,483,919	35,639,286	1,155,367
Expenditures				
Current:				
Legislative	81,066	81,066	70,629	10,437
Executive	946,021	947,953	940,270	7,683
Legal counsel	465,480	465,480	445,561	19,919
Community development	2,747,222	3,049,447	2,651,817	397,630
Public works	3,360,077	3,252,542	3,156,957	95,585
Public Safety:				
Law enforcement	12,074,192	12,313,304	12,297,988	15,316
Fire and emergency services	6,960,689	6,853,518	6,721,967	131,551
Support Services	3,461,065	3,479,201	3,401,153	78,048
General administrative services	4,683,166	4,829,561	4,302,908	526,653
Debt Service:				
Principal	907,086	925,579	925,078	501
Interest	67,970	51,554	51,553	1
Capital Outlay/Improvements	1,647,794	1,909,852	1,688,297	221,555
Total expenditures	37,401,828	38,159,057	36,654,178	1,504,879
Excess (deficiency) of revenues over (under) expenditures	(3,611,222)	(3,675,138)	(1,014,892)	2,660,246
Other financing sources (uses)				
Transfers in	2,172,147	2,172,742	1,722,742	(450,000)
Transfers out	(220,425)	(379,330)	(379,330)	-
Capital leases	1,578,500	1,950,655	2,364,834	414,179
Total other financing sources (uses)	3,530,222	3,744,067	3,708,246	(35,821)
Net change in fund balance	\$ (81,000)	\$ 68,929	2,693,354	\$ 2,624,425
Beginning fund balances			5,704,427	
Ending fund balances			<u>8,397,781</u>	

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, 2018**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget- Positive (Negative)
Revenues				
Property taxes	\$ 867,986	\$ 867,986	\$ 867,986	\$ -
Investment earnings (loss)	-	-	5,483	5,483
Miscellaneous revenue	-	-	6,188	6,188
Total revenues	<u>867,986</u>	<u>867,986</u>	<u>879,657</u>	<u>11,671</u>
Expenditures				
Current:				
Community development	386,388	347,888	316,757	31,131
Capital Outlay/Improvements	312,500	811,927	516,584	295,343
Total expenditures	<u>698,888</u>	<u>1,159,815</u>	<u>833,341</u>	<u>326,474</u>
Excess (deficiency) of revenues over (under) expenditures	<u>169,098</u>	<u>(291,829)</u>	<u>46,316</u>	<u>338,145</u>
Other financing sources (uses)				
Transfers in	312,500	383,534	-	(383,534)
Transfers out	(448,622)	(522,332)	(138,798)	383,534
Total other financing sources (uses)	<u>(136,122)</u>	<u>(138,798)</u>	<u>(138,798)</u>	<u>-</u>
Net change in fund balances	<u>\$ 32,976</u>	<u>\$ (430,627)</u>	<u>(92,482)</u>	<u>\$ 338,145</u>
Beginning fund balances			<u>656,576</u>	
Ending fund balances			<u>\$ 564,094</u>	

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, 2018**

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

City of Titusville, Florida

Nonmajor Governmental Funds September 30, 2018

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.

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

Capital Improvement Series 2017 Fund - To account for the revenue provided by debt for the production of the Titusville Landing project. The expenses will be reimbursed to the City by the North Brevard Economic Development Board.

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.

Roads and Streets Fund - To account for construction of major capital facility and improvements to roads and streets.

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, 2018

	Special Revenue Funds					Debt Service
	Impact Fee	Forfeiture/ Contraband	CDBG	HOME	SHIP	General Obligation Bond Series 2015
Assets						
Cash	\$ 15,806	\$ 27,370	\$ 166,980	\$ 90,678	\$ 170,712	\$ -
Investments	469,976	130,403	-	-	30,652	145,040
Receivables, net	-	-	7,143	86	-	79
Total assets	485,782	157,773	174,123	90,764	201,364	145,119
Liabilities						
Accounts payable	-	3,286	174,123	90,764	261	-
Total liabilities	-	3,286	174,123	90,764	261	-
Deferred Inflow of Resources						
Fund balance						
Restricted	485,782	154,487	-	-	71,897	145,119
Grants	-	-	-	-	129,206	-
ant						
Total fund balance	485,782	154,487	-	-	201,103	145,119
Total liabilities, deferred inflows and fund balance	\$ 485,782	\$ 157,773	\$ 174,123	\$ 90,764	\$ 201,364	\$ 145,119

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

Debt Service		Capital Projects			Total Nonmajor Governmental Funds
Capital Improv Bond 2017	CRA PIRN 2009	General Construction	Roads and Streets	Riverfront Acquisition	
\$ 4,407	\$ 2,678	\$ 16,734	\$ -	\$ 158	\$ 495,523
-	-	853,109	1,215,655	545	2,845,380
-	-	-	10,267	-	17,575
4,407	2,678	869,843	1,225,922	703	3,358,478
-	-	168,332	6,756	864	444,386
-	-	168,332	6,756	864	444,386
4,407	2,678	701,511	1,219,166	(161)	2,784,886
-	-	-	-	-	129,206
4,407	2,678	701,511	1,219,166	(161)	2,914,092
\$ 4,407	\$ 2,678	\$ 869,843	\$ 1,225,922	\$ 703	\$ 3,358,478

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, 2018

	Special Revenue Funds					Debt Service
	Impact Fee	Forfeiture/ Contraband	CDBG	HOME	SHIP	General Obligation Bond Series 2015
Revenues						
Taxes:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	672,044
Intergovernmental	-	-	139,972	5,129	198,400	-
Fines and forfeitures	-	65,614	-	-	-	-
Investment earnings (loss)	1,199	-	-	-	791	3,458
Impact fees	119,813	-	-	-	-	-
Miscellaneous revenue	15	-	126,982	49,162	44,255	-
Total revenues	121,027	65,614	266,954	54,291	243,446	675,502
Expenditures						
Current:						
Community development	-	-	296,954	54,291	178,883	-
Public safety	-	48,403	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	591,000
Interest and fiscal charges	-	-	-	-	-	91,674
Debt cost/administration fees	-	-	-	-	-	-
Capital Outlay/Improvements	-	70,458	-	-	-	-
Total expenditures	-	118,861	296,954	54,291	178,883	682,674
Excess (deficiency) of revenues over (under) expenditures	121,027	(53,247)	(30,000)	-	64,563	(7,172)
Other Financing Sources (Uses)						
Transfers in	-	-	30,000	-	3,000	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	30,000	-	3,000	-
Net change in fund balances	121,027	(53,247)	-	-	67,563	(7,172)
Beginning fund balances	364,755	207,734	-	-	133,540	152,291
Ending fund balances	\$ 485,782	\$ 154,487	\$ -	\$ -	\$ 201,103	\$ 145,119

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

Debt Service		Capital Projects			Total Nonmajor Governmental Funds
Capital Improv Bond 2017	CRA PIRN 2009	General Construction	Roads and Streets	Riverfront Acquisition	
\$ -	\$ -	\$ -	\$ -	\$ -	672,044
133,684	-	-	101,619	-	578,804
-	-	-	-	-	65,614
-	-	-	-	-	5,448
-	-	-	-	-	119,813
-	-	-	461	-	220,875
133,684	-	-	102,080	-	1,662,598
-	-	-	-	-	530,128
-	-	-	-	-	48,403
-	70,000	-	-	-	661,000
133,684	51,403	-	-	-	276,761
555	-	-	-	-	555
-	-	1,601,776	420,934	11,636	2,104,804
134,239	121,403	1,601,776	420,934	11,636	3,621,651
(555)	(121,403)	(1,601,776)	(318,854)	(11,636)	(1,959,053)
-	124,081	23,363	195,000	6,353	381,797
-	-	(17,438)	(576)	(158)	(18,172)
-	124,081	5,925	194,424	6,195	363,625
(555)	2,678	(1,595,851)	(124,430)	(5,441)	(1,595,428)
4,962	-	2,297,362	1,343,596	5,280	4,509,520
\$ 4,407	\$ 2,678	\$ 701,511	\$ 1,219,166	\$ (161)	\$ 2,914,092

City of Titusville, Florida

**Schedule of Revenues, Expenditures, and Changes Fund Balances
Budget and Actual
Impact Fee
Annually - Budgeted Nonmajor Special Revenue Funds
For the Fiscal Year Ended September 30, 2018**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Investment earnings (loss)	\$ -	\$ -	\$ 1,199	\$ 1,199
Impact fees	20,000	20,000	119,813	99,813
Miscellaneous revenue	-	-	15	15
Current:				
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>121,027</u>	<u>101,027</u>
Net change in fund balance	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>121,027</u>	<u>\$ 101,027</u>
Beginning fund balances			364,755	
Ending fund balances			<u>\$ 485,782</u>	

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

City of Titusville, Florida

**Schedule of Revenues, Expenditures, and Changes Fund Balances
Budget and Actual
Forfeiture Contraband
Annually - Budgeted Nonmajor Special Revenue Funds
For the Fiscal Year Ended September 30, 2018**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Fines and forfeitures	\$ -	\$ -	\$ 65,614	\$ 65,614
Total revenues	-	-	65,614	65,614
Expenditures				
Current:				
Public safety	15,000	51,000	48,403	2,597
Capital Outlay/Improvements	-	70,458	70,458	-
Total expenditures	15,000	121,458	118,861	2,597
Net change in fund balance	\$ (15,000)	\$ (121,458)	(53,247)	\$ 68,211
Beginning fund balances			207,734	
Ending fund balances			<u>\$ 154,487</u>	

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

City of Titusville, Florida

Schedule of Revenues, Expenditures, and Changes Fund Balances

Budget and Actual

CDBG

Annually - Budgeted Nonmajor Special Revenue Funds

For the Fiscal Year Ended September 30, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ 412,645	\$ 139,972	\$ (272,673)
Miscellaneous revenue	-	126,900	126,982	82
Total revenues	<u>-</u>	<u>539,545</u>	<u>266,954</u>	<u>(272,591)</u>
Expenditures				
Current:				
Community development	-	569,545	296,954	272,591
Total expenditures	<u>-</u>	<u>569,545</u>	<u>296,954</u>	<u>272,591</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Other Financing Sources (Uses):				
Transfers in	-	30,000	30,000	-
Total other financing sources (uses)	<u>-</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Beginning fund balances			-	
Ending fund balances			<u>\$ -</u>	

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

City of Titusville, Florida

Schedule of Revenues, Expenditures, and Changes Fund Balances

Budget and Actual

HOME

Annually - Budgeted Nonmajor Special Revenue Funds

For the Fiscal Year Ended September 30, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ 275,338	\$ 5,129	\$ (270,209)
Miscellaneous revenue	-	-	49,162	49,162
Total revenues	<u>-</u>	<u>275,338</u>	<u>54,291</u>	<u>(221,047)</u>
Expenditures				
Current:				
Community development	-	275,338	54,291	221,047
Total expenditures	<u>-</u>	<u>275,338</u>	<u>54,291</u>	<u>221,047</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Beginning fund balances			<u>-</u>	
Ending fund balances			<u>\$ -</u>	

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

City of Titusville, Florida

Schedule of Revenues, Expenditures, and Changes Fund Balances

Budget and Actual

SHIP

Annually - Budgeted Nonmajor Special Revenue Funds

For the Fiscal Year Ended September 30, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ 299,269	\$ 198,400	\$ (100,869)
Investment earnings (loss)	-	-	791	791
Miscellaneous revenue	-	-	44,255	44,255
Total revenues	-	299,269	243,446	(55,823)
Expenditures				
Current:				
Community development	-	302,269	178,883	123,386
Total expenditures	-	302,269	178,883	123,386
Excess (deficiency) of revenues over (under) expenditures	-	(3,000)	64,563	67,563
Other Financing Sources (Uses):				
Transfers in	-	3,000	3,000	-
Total other financing sources (uses)	-	3,000	3,000	-
Net change in fund balance	\$ -	\$ -	67,563	\$ 67,563
Beginning fund balances			133,540	
Ending fund balances			\$ 201,103	

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, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Property taxes	\$ 696,337	\$ 696,337	\$ 672,044	\$ (24,293)
Investment earnings (loss)	-	-	3,458	3,458
Total revenues	<u>696,337</u>	<u>696,337</u>	<u>675,502</u>	<u>(20,835)</u>
Expenditures				
Principal	591,000	591,000	591,000	-
Interest and fiscal charges	91,674	91,674	91,674	-
Total expenditures	<u>682,674</u>	<u>682,674</u>	<u>682,674</u>	<u>-</u>
Net change in fund balances	<u>\$ 13,663</u>	<u>\$ 13,663</u>	<u>(7,172)</u>	<u>\$ (20,835)</u>
Beginning fund balances			152,291	
Ending fund balances			<u>\$ 145,119</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 Capital Improv Bond 2017 Debt Service Annually - Budgeted Nonmajor Debt Service Funds For the Fiscal Year Ended September 30, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental	\$ 133,685	\$ 133,685	\$ 133,684	\$ (1)
Total revenues	133,685	133,685	133,684	(1)
Expenditures				
Interest and fiscal charges	133,685	133,685	133,684	1
Debt cost/administration fees	-	555	555	-
Total expenditures	133,685	134,240	134,239	1
Net change in fund balances	\$ -	\$ (555)	(555)	\$ -
Beginning fund balances			4,962	
Ending fund balances			<u>\$ 4,407</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 CRA PIRN 2009 Debt Service Annually - Budgeted Nonmajor Debt Service Funds For the Fiscal Year Ended September 30, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Expenditures				
Principal	\$ 70,000	\$ 70,000	\$ 70,000	\$ -
Interest and fiscal charges	51,405	54,081	51,403	2,678
Total expenditures	121,405	124,081	121,403	2,678
Excess (deficiency) of revenues over expenditures	(121,405)	(124,081)	(121,403)	2,678
Other financing sources (uses)				
Transfers in	121,405	124,081	124,081	-
Total other financing sources	121,405	124,081	124,081	-
Net change in fund balances	\$ -	\$ -	2,678	\$ 2,678
Beginning fund balances			-	
Ending fund balances			<u>\$ 2,678</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 General Construction Capital Projects Fund Annually - Budgeted Nonmajor Capital Projects Funds For the Fiscal Year Ended September 30, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Expenditures				
Current:				
Capital Outlay/Improvements	\$ -	\$ 2,293,589	\$ 1,601,776	\$ 691,813
Total expenditures	-	2,293,589	1,601,776	691,813
Excess (deficiency) of revenues over (under) expenditures	-	(2,293,589)	(1,601,776)	691,813
Other Financing Sources (Uses)				
Transfers in	-	23,363	23,363	-
Transfers out	-	(17,438)	(17,438)	-
Total other financing sources (uses):	-	5,925	5,925	-
Net change in fund balance	\$ -	\$ (2,287,664)	(1,595,851)	\$ 691,813
Beginning fund balances			2,297,362	
Ending fund balances			<u>\$ 701,511</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 Roads and Streets Capital Projects Fund Annually - Budgeted Nonmajor Capital Projects Funds For the Fiscal Year Ended September 30, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ 2,165,541	\$ 101,619	\$ (2,063,922)
Miscellaneous revenue	-	-	461	461
Total revenues	-	2,165,541	102,080	(2,063,461)
Expenditures				
Current:				
Debt Service:				
Capital Outlay/Improvements	319,000	3,693,960	420,934	3,273,026
Total expenditures	319,000	3,693,960	420,934	3,273,026
Excess (deficiency) of revenues over (under) expenditures	(319,000)	(1,528,419)	(318,854)	1,209,565
Other Financing Sources (Uses)				
Transfers in	195,000	195,000	195,000	-
Transfers out	-	(576)	(576)	-
Total other financing sources (uses):	195,000	194,424	194,424	-
Net change in fund balance	\$ (124,000)	\$ (1,333,995)	(124,430)	\$ 1,209,565
Beginning fund balances			1,343,596	
Ending fund balances			<u>\$ 1,219,166</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, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Expenditures				
Current:				
Capital Outlay/Improvements	\$ -	\$ 11,637	\$ 11,636	\$ 1
Total expenditures	-	11,637	11,636	1
Excess (deficiency) of revenues over (under) expenditures	-	(11,637)	(11,636)	1
Other Financing Sources (Uses)				
Transfers in	-	6,353	6,353	-
Transfers out	-	(158)	(158)	-
Total other financing sources (uses):	-	6,195	6,195	-
Net change in fund balance	\$ -	\$ (5,442)	(5,441)	\$ 1
Beginning fund balances			5,280	
Ending fund balances			<u>\$ (161)</u>	

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

City of Titusville, Florida

Internal Service Funds September 30, 2018

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, 2018

	Fleet	Information Technology	Self-Insured Dental	Self-Insured Loss Fund
Assets				
Current assets:				
Cash and Cash Equivalents	\$ -	\$ 23,608	\$ 24,521	\$ 50,712
Investments	427,222	629,891	278,593	1,602,713
Receivables, net	-	13,879	-	21,879
Inventories	81,793	-	-	-
Prepaid Items	-	-	-	4,015
Current Restricted Cash and Cash Equivalents	-	-	-	100,000
Total current assets	509,015	667,378	303,114	1,779,319
Noncurrent assets:				
Capital assets:				
Buildings and Improvements	104,206	-	-	-
Improvements Other than Buildings	148,542	-	-	-
Furniture and Equipment	294,031	3,917,634	-	-
Less Accumulated Depreciation	(407,568)	(3,609,689)	-	-
Total capital assets (net of accumulated depreciation)	139,211	307,945	-	-
Total noncurrent assets	139,211	307,945	-	-
Total assets	648,226	975,323	303,114	1,779,319
Deferred outflows of resources				
Deferred Pension Outflow	22,626	25,016	-	-
Total deferred outflows of resources	22,626	25,016	-	-
Liabilities				
Current liabilities:				
Accounts Payable	-	30,974	16,290	-
Accrued Payroll Liabilities	19,000	28,073	-	-
Contracts Payable	73,119	15,518	-	50,890
Self-Insured Claims Payable	-	-	95,477	1,302,000
Capital Leases Payable	-	13,879	-	-
Compensated Absences	23,432	51,153	-	-
Total current liabilities	115,551	139,597	111,767	1,352,890
Noncurrent liabilities:				
Noncurrent Compensated Absences	12,599	29,312	-	-
Net OPEB Liability	1,421,918	159,069	-	-
Net Pension Liability	53,302	58,931	-	-
Total liabilities	1,603,370	386,909	111,767	1,352,890
Deferred inflows of resources				
Deferred Pension Inflow	68,568	75,809	-	-
Deferred OPEB Inflow	290,147	32,459	-	-
Total deferred inflows of resources	358,715	108,268	-	-
Net Position				
Net Investment in Capital Assets	139,211	307,945	-	-
Unrestricted	(1,430,444)	197,217	191,347	426,429
Total net position	\$ (1,291,233)	\$ 505,162	\$ 191,347	\$ 426,429

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
\$ -	\$ 49,597	\$ -	\$ -	\$ 148,438
8,407	51,060	1,779,553	111,610	4,889,049
-	-	43,192	-	78,950
-	-	-	-	81,793
-	-	-	-	4,015
-	-	117,000	-	217,000
8,407	100,657	1,939,745	111,610	5,419,245
-	-	-	-	104,206
-	-	-	-	148,542
-	-	-	-	4,211,665
-	-	-	-	(4,017,257)
-	-	-	-	447,156
-	-	-	-	447,156
8,407	100,657	1,939,745	111,610	5,866,401
-	-	-	-	47,642
-	-	-	-	47,642
-	-	120,346	40,131	207,741
-	-	-	166	47,239
-	17,889	155,902	110	313,428
15,683	-	602,000	-	2,015,160
-	-	-	-	13,879
-	-	-	-	74,585
15,683	17,889	878,248	40,407	2,672,032
-	-	-	-	41,911
-	-	-	-	1,580,987
-	-	-	-	112,233
15,683	17,889	878,248	40,407	4,407,163
-	-	-	-	144,377
-	-	-	-	322,606
-	-	-	-	466,983
-	-	-	-	447,156
(7,276)	82,768	1,061,497	71,203	592,741
\$ (7,276)	\$ 82,768	\$ 1,061,497	\$ 71,203	\$ 1,039,897

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, 2018**

	Fleet	Information Technology	Self-Insured Dental	Self-Insured Loss Fund
Operating revenues:				
Charges for sales and services	\$ 3,325,054	\$ 2,301,126	\$ 356,891	\$ 1,415,072
Claims settlements	-	-	-	168,505
Total operating revenue	3,325,054	2,301,126	356,891	1,583,577
Operating expenses:				
Salaries and employee benefits	593,801	727,283	-	-
Supplies and materials	2,097,431	49,902	-	52,743
Contract services	-	-	39,117	103,496
Other services and charges	326,043	1,191,317	329,387	1,525,904
Depreciation	17,582	211,133	-	-
Total operating expenses	3,034,857	2,179,635	368,504	1,682,143
Operating income (loss)	290,197	121,491	(11,613)	(98,566)
Nonoperating revenues (expenses):				
Investment earnings	-	-	-	7,686
Miscellaneous	199	80	1,044	-
Interest expense	-	(33,588)	-	-
Gain (loss) on disposal of assets	640	-	-	-
Total nonoperating revenues (expenses)	839	(33,508)	1,044	7,686
Transfers and Contributions:				
Transfers in	-	113,766	-	-
Total transfers and contributions	-	113,766	-	-
Change in net position	291,036	201,749	(10,569)	(90,880)
Total net position - beginning	(1,582,269)	303,413	201,916	517,309
Total net position - end	\$ (1,291,233)	\$ 505,162	\$ 191,347	\$ 426,429

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
\$ -	\$ 883,969	\$ 5,792,754	\$ 317,289	\$ 14,392,155
-	-	-	-	168,505
-	883,969	5,792,754	317,289	14,560,660
-	-	-	-	1,321,084
-	-	-	77,784	2,277,860
-	30,816	198,458	209,634	581,521
1	820,697	5,750,376	-	9,943,725
-	-	-	-	228,715
1	851,513	5,948,834	287,418	14,352,905
(1)	32,456	(156,080)	29,871	207,755
-	-	-	-	7,686
1	-	-	-	1,324
-	-	-	-	(33,588)
-	-	-	-	640
1	-	-	-	(23,938)
-	-	-	-	113,766
-	-	-	-	113,766
-	32,456	(156,080)	29,871	297,583
(7,276)	50,312	1,217,577	41,332	742,314
\$ (7,276)	\$ 82,768	\$ 1,061,497	\$ 71,203	\$ 1,039,897

City of Titusville, Florida

**Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended September 30, 2018**

	Fleet Management	Information Technology	Self-Insured Dental	Self-Insured Loss Fund
Cash flows from Operating Activities				
Receipts-customers and users	\$ 3,329,366	\$ 2,343,675	\$ 357,020	\$ 1,575,252
Payments-suppliers	(2,438,217)	(1,208,494)	(352,214)	(1,652,968)
Payments-employees	(629,586)	(714,908)	14,856	127,000
Net cash provided (used) by operating activities	261,563	420,273	19,662	49,284
Cash flows from Noncapital Financing Activities				
Net Advances/Transfers	-	113,766	-	-
Miscellaneous revenue	-	-	-	-
Net cash provided by noncapital financing activities	-	113,766	-	-
Cash flows from Capital and related Financing Activities				
Acquisition and construction of capital assets	-	(125,083)	-	-
Interest payments on debt	-	(33,588)	-	-
Capital Contributions	-	-	-	-
Proceeds from capital lease	640	-	-	-
Principal paid on debt	-	(32,538)	-	-
Net cash provided (used) by capital and related financing activities	640	(191,209)	-	-
Cash flows from Investing Activities				
Interest on Investments	-	-	-	7,686
Purchase of investment securities	(262,203)	(325,000)	(25,000)	(220,442)
Sale of investment securities	-	-	-	-
Net cash provided (used) by investing activities	(262,203)	(325,000)	(25,000)	(212,756)
Net Increase(decrease) in cash and cash equivalents	-	17,830	(5,338)	(163,472)
Beginning cash and cash equivalents	-	5,778	29,859	314,184
Ending cash and cash equivalents	\$ -	\$ 23,608	\$ 24,521	\$ 150,712
Reconciliation of operating (loss) income to net cash provided (used) by operating activities:				
Operating income(loss)	\$ 294,351	\$ 117,840	\$(11,613)	\$(98,566)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	17,582	211,133	-	-
Nonoperating revenue (expenses)	199	80	1,044	-
Net changes in Deferred Outflows	-	-	-	-
Net changes in Deferred Inflows	-	-	-	-
Changes in assets and liabilities:				
(Increase) decrease in receivables-net	4,312	42,549	129	(8,325)
(Increase) decrease in inventory	34,356	-	-	-
(increase) decrease in Deferred Outflows Pension	-	-	-	-
Increase (decrease) in accounts payable	(34,471)	38,687	(16,290)	29,175
Increase (decrease) in accrued liabilities	-	-	-	-
Increase (decrease) in compensated absences	2,451	(16,731)	-	-
Increase (decrease) in Net Pension Liability	(16,719)	(27,568)	13,812	127,000
Increase (decrease) in net OPEB obligation	(36,344)	50,632	-	-
Total Adjustments	(28,634)	298,782	\$(1,305)	\$ 147,850
Net cash provided (used) by operating activities	265,717	416,622	(12,918)	49,284
Noncash investing, capital and financing activities:				
Change in fair value of investments	\$ 262,203	\$ 325,000	\$ 25,000	\$(212,756)

Workers Comp G.R.I.T.	Fully Insured Health	Partially Self-Insured Health	Health Clinic	Total
\$ -	\$ 883,969	6,630,445	\$ 317,289	\$ 15,437,016
-	(833,624)	(5,568,857)	(220,076)	(12,274,450)
-	-	-	-	(1,202,638)
-	50,345	1,061,588	97,213	1,959,928
-	-	-	-	113,766
-	-	-	-	-
-	-	-	-	113,766
-	-	-	-	(125,083)
-	-	-	-	(33,588)
-	-	-	-	-
-	-	-	-	640
-	-	-	-	(32,538)
-	-	-	-	(190,569)
-	-	-	-	7,686
-	(748)	(889,396)	(56,972)	(1,779,761)
-	-	-	-	-
-	(748)	(889,396)	(56,972)	(1,772,075)
-	49,597	172,192	40,241	(2,716)
-	-	117,000	-	466,821
\$ -	\$ 49,597	\$ 289,192	\$ 40,241	\$ 577,871
\$ -	\$ 32,456	\$(156,080)	\$ 29,871	\$ 208,259
-	-	-	-	228,715
-	-	-	-	1,323
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	837,691	-	876,356
-	-	-	-	34,356
-	-	-	-	-
-	17,889	207,785	27,101	269,876
-	-	-	-	-
-	-	-	-	(14,280)
-	-	-	-	96,525
-	-	-	-	14,288
-	17,889	1,045,476	27,101	1,507,159
-	14,567	(1,201,556)	2,770	(1,298,900)
\$ -	\$ 748	\$ 889,396	\$(56,972)	\$ (1,772,075)

City of Titusville, Florida

Other Supplemental Information
September 30, 2018

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
Pension and Other Post-Employment Benefits Trust Funds
September 30, 2018

	General Employees' Retirement Trust	Police Officers' and Firefighters' Retirement Trust	Other Post- Employment Benefits Trust	Total
Assets				
Cash	\$ -	\$ 4,289	\$ 35,531	\$ 39,820
Interest Receivable	76,326	81,910	-	158,236
Investments				
Cash with fiscal agent	938,755	757,676	-	1,696,431
Money market	564,096	161,257	22,040	747,393
Federal agency bonds/notes	1,759,139	1,388,283	-	3,147,422
U.S. Treasury bond/notes	2,580,686	5,362,485	-	7,943,171
Municipal bonds/notes	398,700	226,511	-	625,211
Corporate bonds	2,500,878	2,877,538	-	5,378,416
Corporate stock	36,416,103	29,310,089	-	65,726,192
Mutual fund - bonds	2,347,906	3,413,850	596,716	6,358,472
Mutual fund - equity	6,989,316	10,729,725	1,340,886	19,059,927
Real estate	7,120,224	8,022,288	-	15,142,512
Total investments	61,615,803	62,249,702	1,959,642	125,825,147
Total assets	61,692,129	62,335,901	1,995,173	126,023,203
Liabilities				
Accounts payable	207	5,002	-	5,209
Total liabilities	207	5,002	-	5,209
Net Position				
Restricted for pension other post-employment	\$ 61,691,922	\$ 62,330,899	\$ 1,995,173	\$ 126,017,994

See Notes to the Financial Statements.

City of Titusville, Florida

**Combining Statement of Changes in Fiduciary Net Position
Pension and Other Post Employment Benefits Trust Funds
For the Fiscal Year Ended September 30, 2018**

	General Employees' Retirement Trust	Police Officers' and Firefighters' Retirement Trust	Other Post- Employment Benefits Trust	Total
Additions				
Contributions:				
Employer	\$ 2,358,577	\$ 1,681,919	\$ 1,527,293	\$ 5,567,789
Employee	312,111	463,336	482,054	1,257,501
State of Florida	-	724,200	-	724,200
Total contributions	2,670,688	2,869,455	2,009,347	7,549,490
Investment earnings:				
Net change in the fair value of investments	4,598,277	4,563,743	148,094	9,310,114
Interest & dividends	912,869	1,045,706	56,011	2,014,586
Total investment income	5,511,146	5,609,449	204,105	11,324,700
Less invest-related expense	(57,777)	(57,749)	-	(115,526)
Misc revenue	53,125	2,417	-	55,542
Total	8,177,182	8,423,572	2,213,452	18,814,206
Deductions				
Pension and other employee benefits	4,609,382	4,462,811	2,009,348	11,081,541
Transfers Out	-	-	693,616	
Administrative expenses	310,385	224,416	42,143	576,944
Total	4,919,767	4,687,227	2,745,107	12,352,101
Change in net position	3,257,415	3,736,345	(531,655)	6,462,105
Net position - beginning of year	58,434,507	58,594,554	2,526,828	119,555,889
Net position - end of year	\$ 61,691,922	\$ 62,330,899	\$ 1,995,173	\$ 126,017,994

City of Titusville, Florida

**Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended September 30, 2018**

	Performance Bonds			
	Balance September 30, 2017	Additions	Deductions	Balance September 30, 2018
Assets				
Cash	\$ 132,890	\$ 14,828	\$ 1,763	\$ 145,955
Total Assets	<u>132,890</u>	<u>14,828</u>	<u>1,763</u>	<u>145,955</u>
Liabilities				
Deposits held in Custody for others	132,890	14,828	1,763	145,955
Total Liabilities	<u>\$ 132,890</u>	<u>\$ 14,828</u>	<u>\$ 1,763</u>	<u>\$ 145,955</u>

City of Titusville, Florida

Other Supplemental Schedules

September 30, 2018

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, 2018**

Land	\$	29,679,024
Easements		199,220
Buildings		4,833,681
Improvements other than buildings		106,918,076
Machinery and equipment		12,900,685
Construction in progress		2,554,652
Total governmental funds capital assets	\$	<u>157,085,338</u>
Investments in governmental funds capital assets by source:		
General revenues	\$	105,734,493
Special revenue funds		47,553,314
Contributed capital		3,797,531
Total governmental funds capital assets	\$	<u>157,085,338</u>

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, 2018**

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	-	132,504	-	164,938
Community development	-	276,767	181,381	-	10,599	-	468,747
Public works	-	1,312,696	2,599,888	-	1,017,520	2,554,652	7,484,756
Total general governmental	-	1,589,463	2,819,831	-	1,191,110	2,554,652	8,155,056
Public Safety:							
Law enforcement	552,177	2,050,000	3,910,658	-	5,273,106	-	11,785,941
Fire rescue/protection	197,898	905,152	4,417,884	-	4,418,618	-	9,939,552
Total public safety	750,075	2,955,152	8,328,542	-	9,691,724	-	21,725,493
Economic environment:							
Community development	-	-	164,094	-	84,680	-	248,774
Total economic environment	-	-	164,094	-	84,680	-	248,774
Capital Improvements							
Streets, drainage and sidewalks	28,619,041	289,066	94,589,498	199,220	1,908,302	-	125,605,127
Pier and waterfront development	309,908	-	1,016,111	-	24,869	-	1,350,888
Total capital improvements	28,928,949	289,066	95,605,609	199,220	1,933,171	-	126,956,015
Total government funds capital assets	\$ 29,679,024	\$ 4,833,681	\$ 106,918,076	\$ 199,220	\$ 12,900,685	\$ 2,554,652	\$ 157,085,338

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, 2018

Function and activity	Governmental Funds Capital Assets 10/01/17	Additions	Deletions	Governmental Funds Capital Assets 09/30/18
General government:				
Legislative	\$ 22,703	\$ -	\$ -	22,703
Legal Council	6,128	-	-	6,128
Executive	7,784	-	-	7,784
Support Services	146,161	18,777	-	164,938
Community development	468,747	-	-	468,747
Public works	7,245,418	3,137,471	(2,898,133)	7,484,756
Total general government	<u>7,896,941</u>	<u>3,156,248</u>	<u>(2,898,133)</u>	<u>8,155,056</u>
Public Safety:				
Law enforcement	10,619,490	1,399,812	(233,360)	11,785,942
Fire rescue/protection	9,653,018	286,534	-	9,939,552
Total public safety	<u>20,272,508</u>	<u>1,686,346</u>	<u>(233,360)</u>	<u>21,725,494</u>
Economic environment:				
Community redevelopment agency	236,307	12,468	-	248,775
Total economic environment	<u>236,307</u>	<u>12,468</u>	<u>-</u>	<u>248,775</u>
Capital improvements:				
Streets, drainage and sidewalks	123,410,335	2,358,385	(163,595)	125,605,125
Recreation and waterfront development	1,350,888	-	-	1,350,888
Total capital improvements	<u>124,761,223</u>	<u>2,358,385</u>	<u>(163,595)</u>	<u>126,956,013</u>
Total governmental capital assets	<u>\$ 153,166,979</u>	<u>\$ 7,213,447</u>	<u>\$ (3,295,088)</u>	<u>\$ 157,085,338</u>



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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.

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	155-159
Revenue Capacity 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.	160-164
Debt Capacity 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.	165-170
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	171-172
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	173-176
Secondary Market Disclosure 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 September 30, 2017.	177-180

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities										
Net Investment in Capital Assets	\$ 51,637,754	\$ 50,852,623	\$ 54,951,652	\$ 51,072,498	\$ 49,475,070	\$ 46,883,144	\$ 45,356,791	\$ 45,094,612	\$ 43,519,306	\$ 42,751,470
Restricted	3,671,117	5,538,066	5,660,781	5,758,186	6,566,912	7,368,140	9,337,169	10,094,003	5,610,284	3,680,535
Unrestricted	(40,271,546)	(46,561,152)	(10,200,449)	(9,257,410)	5,798,714	6,560,789	5,559,063	6,631,319	12,830,176	14,211,887
Total Governmental Activities Net Position	\$ 15,037,325	\$ 9,829,537	\$ 50,411,984	\$ 47,573,274	\$ 61,840,696	\$ 60,812,073	\$ 60,253,023	\$ 61,819,934	\$ 61,959,766	\$ 60,643,892
Business-Type Activities										
Net Investment in Capital Assets	\$ 55,083,599	\$ 51,973,123	\$ 50,397,886	\$ 48,047,333	\$ 43,639,537	\$ 41,594,206	\$ 43,460,824	\$ 38,892,756	\$ 40,456,284	\$ 34,641,921
Restricted	284,046	302,986	317,727	338,038	2,452,850	2,674,646	2,072,578	6,052,327	5,778,719	5,419,481
Unrestricted	16,421,187	14,760,301	30,866,489	29,212,802	31,675,735	30,812,872	28,026,303	26,593,402	21,843,093	21,641,543
Total Business-Type Activities Net Position	\$ 71,788,832	\$ 67,036,410	\$ 81,582,102	\$ 77,598,173	\$ 77,768,122	\$ 75,081,724	\$ 73,559,705	\$ 71,538,485	\$ 68,078,096	\$ 61,702,945
Total										
Net Investment in Capital Assets	\$ 106,721,353	\$ 102,825,746	\$ 105,349,538	\$ 99,119,831	\$ 93,114,607	\$ 91,242,789	\$ 88,817,615	\$ 83,987,368	\$ 83,975,590	\$ 77,393,391
Restricted	3,955,163	5,841,052	5,978,508	6,096,224	9,019,762	9,968,446	11,409,747	16,146,330	11,389,003	9,100,016
Unrestricted	(23,850,359)	(31,800,851)	20,666,040	19,955,392	37,474,449	34,682,562	33,585,366	33,224,721	34,673,269	35,853,430
Total Net Position	\$ 86,826,157	\$ 76,865,947	\$ 131,994,086	\$ 125,171,447	\$ 139,608,818	\$ 135,893,797	\$ 133,812,728	\$ 133,358,419	\$ 130,037,862	\$ 122,346,837

*Note the decrease in Net Position is due to implementation of GASB 75 and City's policy changes for retiree health care.

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Administrative	\$ -	\$ 2,372,680	\$ 3,588,417	\$ 3,956,986	\$ 3,497,639	\$ 3,262,044	\$ 3,442,739	\$ 3,275,826	\$ 3,290,168	\$ 3,193,982
Public Safety	997,183	684,559	776,506	588,621	527,916	543,183	532,621	570,601	623,573	1,025,386
Public Works	94,898	-	-	-	175	-	35	-	-	-
Support Services	437,481	210,094	286,799	137,057	113,746	104,649	-	-	-	-
Community Development	1,447,903	1,739,291	1,327,699	1,177,099	1,033,275	911,500	884,174	785,508	750,752	1,083,566
Operating Grants and Contributions	1,592,945	1,463,814	989,072	1,005,587	1,237,489	2,223,649	1,648,013	1,370,892	1,782,169	1,992,414
Capital Grants and Contributions	373,716	652,698	3,194,258	591,307	1,675,702	30,958	154,499	950,335	564,292	832,884
Total Governmental Activities Program Revenues	\$ 4,944,126	\$ 7,123,136	\$ 10,162,751	\$ 7,456,657	\$ 8,085,942	\$ 7,075,983	\$ 6,662,081	\$ 6,953,162	\$ 7,010,954	\$ 8,128,232
Business-Type Activities:										
Charges for Services:										
Water/Sewer Utility	\$ 22,939,943	\$ 22,022,657	\$ 21,451,871	\$ 20,728,148	\$ 20,166,475	\$ 19,512,508	\$ 19,266,027	\$ 19,252,970	\$ 17,859,619	\$ 17,487,635
Solid Waste System	4,677,036	4,472,488	4,223,943	4,275,839	4,320,466	4,059,381	4,267,136	4,626,040	4,516,941	4,605,739
Municipal Marina	1,201,864	1,157,687	911,231	894,958	1,059,994	1,074,298	1,004,520	1,060,283	1,094,918	815,859
Stormwater Utility	2,722,494	2,528,604	2,461,608	2,413,480	2,379,810	2,369,051	2,381,092	2,277,298	2,198,821	2,101,659
Grants and Contributions	1,087,087	-	-	-	-	-	-	3,972	4,022	1,717
Capital Grants and Contributions	831,266	704,285	2,221,174	429,306	376,472	457,678	1,486,650	400,104	4,280,367	1,567,803
Total Business-Type Activities Program Revenues	\$ 33,459,690	\$ 30,885,721	\$ 31,269,827	\$ 28,741,731	\$ 28,303,217	\$ 27,472,916	\$ 28,405,425	\$ 27,620,667	\$ 29,954,688	\$ 26,580,412
Total Government Program Revenues	\$ 38,403,816	\$ 38,008,857	\$ 41,432,578	\$ 36,198,388	\$ 36,389,159	\$ 34,548,899	\$ 35,067,506	\$ 34,573,829	\$ 36,965,642	\$ 34,708,644
Expenses										
Governmental Activities:										
Legislative	\$ 55,138	\$ 77,155	\$ 68,246	\$ 69,301	\$ 62,698	\$ 60,891	\$ 66,184	\$ 60,124	\$ 60,110	\$ 61,212
Executive	971,371	1,093,220	901,634	870,317	1,220,863	1,123,711	971,969	998,729	992,245	1,039,530
Legal Counsel	478,511	514,173	433,632	385,562	382,983	388,022	334,304	342,187	405,337	406,253
Community Development	3,712,123	3,738,409	4,089,732	3,385,671	3,103,216	4,116,151	3,926,273	3,669,445	4,440,319	4,082,825
Public Works	3,245,500	3,663,000	3,693,211	2,745,407	2,891,833	2,531,435	2,796,167	3,022,985	3,086,678	4,916,977
Public Safety	17,128,416	22,514,517	18,428,899	17,027,210	17,286,390	18,248,965	17,683,764	17,488,239	16,702,507	17,229,267
Support Services	3,464,954	3,846,468	3,925,823	3,567,122	2,975,303	2,865,875	2,634,676	2,868,959	2,812,649	2,921,139
General Administrative	1,068,191	5,817,554	4,444,741	4,961,895	4,207,782	3,603,528	3,913,496	3,607,083	3,266,995	2,858,046
Interest on long-term debt	452,808	423,457	250,221	490,409	311,300	463,453	609,877	553,753	592,193	620,321
Total Governmental Activities Expenses	\$ 30,577,012	\$ 41,687,953	\$ 36,236,139	\$ 33,502,894	\$ 32,442,368	\$ 33,402,031	\$ 32,936,710	\$ 32,611,504	\$ 32,359,033	\$ 34,135,570
Business-Type Activities:										
Water/Sewer Utility	\$ 19,932,981	\$ 18,572,285	\$ 18,501,812	\$ 18,236,685	\$ 18,012,973	\$ 17,476,523	\$ 17,705,551	\$ 16,635,848	\$ 16,228,926	\$ 17,344,732
Solid Waste System	5,264,382	4,905,446	4,713,042	4,422,132	4,418,196	4,293,769	4,782,562	4,601,093	4,889,881	4,472,949
Municipal Marina	1,038,877	1,054,554	998,834	1,058,699	1,207,676	1,186,744	1,091,664	1,245,028	1,338,542	1,198,092
Stormwater Utility	2,020,340	2,262,651	2,035,386	1,891,378	1,801,318	1,865,072	2,638,085	1,690,681	1,754,865	1,515,873
Total Business-Type Activities Expenses	\$ 28,256,580	\$ 26,794,936	\$ 26,249,074	\$ 25,608,894	\$ 25,440,163	\$ 24,822,108	\$ 26,217,862	\$ 24,172,650	\$ 24,212,214	\$ 24,531,646
Total Government Expenses	\$ 58,833,592	\$ 68,482,889	\$ 62,485,213	\$ 59,111,788	\$ 57,882,531	\$ 58,224,139	\$ 59,154,572	\$ 56,784,154	\$ 56,571,247	\$ 58,667,216

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net (Expense)/Revenue										
Governmental Activities	\$(25,632,886)	\$(34,564,817)	\$(26,073,388)	\$(26,046,237)	\$(24,356,426)	\$(26,326,048)	\$(26,274,629)	\$(25,658,342)	\$(25,348,079)	\$(26,007,338)
Business-type Activities	5,203,110	4,090,785	5,020,753	3,132,837	2,863,054	2,650,808	2,187,563	3,448,017	5,742,375	2,048,766
Total Governmental Net Expenses	\$(20,429,776)	\$(30,474,032)	\$(21,052,635)	\$(22,913,400)	\$(21,493,372)	\$(23,675,240)	\$(24,087,066)	\$(22,210,325)	\$(19,605,704)	\$(23,958,572)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property taxes	\$ 14,309,785	\$ 12,999,764	\$ 12,502,147	\$ 11,719,825	\$ 11,171,994	\$ 10,676,406	\$ 10,442,608	\$ 11,566,134	\$ 12,494,811	\$ 12,040,727
Local option gas tax	966,174	1,185,532	1,072,899	1,036,494	919,352	969,484	1,060,039	846,739	830,802	810,221
Utility and franchise taxes	9,360,451	8,785,489	8,640,128	8,766,066	8,539,831	8,515,529	8,496,299	8,540,437	8,742,492	8,751,941
Intergovernmental shared revenue	4,224,693	6,066,481	4,300,071	4,799,583	3,837,111	4,675,341	3,511,077	3,364,937	3,416,290	4,213,944
Investment earnings	126,327	114,824	136,352	241,867	(44,612)	157,338	647,757	308,964	585,064	875,365
Miscellaneous	171,239	117,284	682,420	1,390,810	537,388	1,064,994	685,629	483,601	596,721	270,233
Transfers	1,682,005	2,080,049	1,578,081	430,737	423,985	826,006	(135,691)	407,698	(2,227)	53,740
Total Governmental Activities	\$ 30,840,674	\$ 31,349,423	\$ 28,912,098	\$ 28,385,382	\$ 25,385,049	\$ 26,885,098	\$ 24,707,718	\$ 25,518,510	\$ 26,663,953	\$ 27,016,171
Business-Type Activities:										
Intergovernmental shared revenue	\$ -	\$ 365,125	\$ 3,821	\$ -	\$ -	\$ -	\$ -	\$ 28,100	\$ 13,262	\$ 62,631
Investment earnings	887,567	646,178	372,001	457,664	178,680	385,778	522,934	390,091	585,940	1,038,939
Miscellaneous	343,746	344,540	165,435	140,564	68,649	-	51,982	1,879	31,347	7,952
Special Item: Valuation adjustment					0	0	-	-	-	(2,232,113)
Transfers	(1,682,005)	(2,080,049)	(1,578,081)	(430,737)	(423,985)	(826,006)	135,691	(407,698)	2,227	(53,740)
Total Business-Type Activities	\$(450,692)	\$(724,206)	\$(1,036,824)	\$ 167,491	\$(176,656)	\$(440,228)	\$ 710,607	\$ 12,372	\$ 632,776	\$(1,176,331)
Total Government	\$ 30,389,982	\$ 30,625,217	\$ 27,875,274	\$ 28,552,873	\$ 25,208,393	\$ 26,444,870	\$ 25,418,325	\$ 25,530,882	\$ 27,296,729	\$ 25,839,840
Change in Net Position										
Governmental Activities	\$ 5,207,788	\$(3,215,394)	\$ 2,838,710	\$ 2,339,145	\$ 1,028,623	\$ 559,050	\$(1,566,911)	\$(139,832)	\$ 1,315,874	\$ 1,008,833
Business-Type Activities	4,752,419	3,199,222	3,983,929	3,300,328	2,686,398	2,210,580	2,898,170	3,460,389	6,375,151	872,435
Total Government Change in Net Position	\$ 9,960,207	\$(16,172)	\$ 6,822,639	\$ 5,639,473	\$ 3,715,021	\$ 2,769,630	\$ 1,331,259	\$ 3,320,557	\$ 7,691,025	\$ 1,881,268

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,093	\$ 1,930,319
Non-Spendable	89,183	11,233	21,243	13,637	1,992	9,742	14,959	6,105	-	-
Restricted	192,589	233,673	216,116	188,115	155,054	175,420	585,668	581,370	-	-
Committed	5,810,774	4,951,732	4,931,532	5,312,635	5,060,285	5,060,285	5,057,410	4,816,060	-	-
Assigned	205,276	180,122	58,318	365,121	249,942	44,402	32,101	38,924	-	-
Unassigned	2,099,959	327,667	2,240,409	3,019,978	2,232,156	2,912,046	356,962	1,997,809	-	-
Unreserved	-	-	-	-	-	-	-	-	7,827,702	6,389,570
Total General Fund	\$ 8,397,781	\$ 5,704,427	\$ 7,467,618	\$ 8,899,486	\$ 7,699,429	\$ 8,201,895	\$ 6,047,100	\$ 7,440,268	\$ 7,838,795	\$ 8,319,889
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 797,654	\$ 1,596,896
Non-Spendable	-	-	-	-	-	622,633	752,246	371,259	-	-
Restricted	3,348,980	5,166,096	5,114,333	5,515,564	6,250,413	7,046,518	8,753,135	9,512,633	-	-
Committed	-	-	-	-	-	-	-	368,550	-	-
Grants	129,206	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(15,603)	(31,876)	(170,586)	-	-	-	-
Unreserved, Reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	1,962,978	1,969,416
Debt service funds	-	-	-	-	-	-	-	-	3,683,044	2,979,554
Capital projects funds	-	-	-	-	-	-	-	-	4,252,359	3,402,461
Total All Other Governmental Funds	\$ 3,478,186	\$ 5,166,096	\$ 5,114,333	\$ 5,499,961	\$ 6,218,537	\$ 7,498,565	\$ 9,505,381	\$ 10,252,442	\$ 10,696,035	\$ 9,948,327
Total Governmental Funds	\$ 11,875,967	\$ 10,870,523	\$ 12,581,951	\$ 14,399,447	\$ 13,917,966	\$ 15,700,460	\$ 15,552,481	\$ 17,692,710	\$ 18,534,830	\$ 18,268,216

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Property tax	\$ 14,309,785	\$ 11,487,418	\$ 12,502,147	\$ 11,719,825	\$ 11,171,994	\$ 10,676,406	\$ 10,442,608	\$ 11,566,134	\$ 12,494,811	\$ 12,040,727
Local option gas tax	966,174	1,185,532	1,072,899	1,036,494	919,352	969,484	1,060,039	846,739	830,802	810,221
Utility and franchise taxes	9,360,451	8,785,489	8,640,128	8,766,066	8,539,831	8,515,529	8,496,299	8,540,437	8,742,492	8,751,941
Intergovernmental	6,599,320	4,924,838	8,021,746	6,374,195	6,514,880	5,970,890	5,327,374	5,672,449	5,461,631	6,706,937
Licenses and permits	1,567,410	1,705,748	1,281,937	1,141,829	1,006,678	896,229	863,182	764,067	701,176	639,012
Charges for services	4,301,555	4,439,720	4,341,592	4,426,260	3,934,975	3,502,775	3,671,417	3,657,020	3,699,502	3,696,134
Fines and forfeitures	496,413	282,275	355,892	291,674	231,098	422,372	324,970	210,848	263,815	967,788
Investment earnings	118,641	99,073	122,276	184,271	(7,902)	130,557	584,769	260,651	499,474	763,106
Miscellaneous	341,979	331,217	369,545	1,023,940	496,535	1,175,055	1,203,391	13,207	301,074	270,233
Impact fees	119,813	-	80,835	41,162	42,505	30,800	28,267	483,601	596,721	332,017
Total Revenues	\$ 38,181,541	\$ 33,241,310	\$ 36,788,997	\$ 35,005,716	\$ 32,849,946	\$ 32,290,097	\$ 32,002,316	\$ 32,015,153	\$ 33,591,498	\$ 34,978,116
Expenditures										
Current:										
Legislative	\$ 70,629	\$ 65,233	\$ 58,888	\$ 60,434	\$ 59,497	54,397	63,570	56,126	55,186	53,326
Executive	940,270	924,681	840,114	796,335	1,158,533	1,003,882	930,817	932,318	916,904	915,779
Legal counsel	445,561	434,923	407,095	359,729	363,430	346,646	318,376	319,433	377,453	359,711
General administrative services	4,302,908	4,889,996	4,479,120	-	4,010,035	3,313,482	3,734,265	3,367,231	2,952,252	2,384,667
Community development	3,498,702	2,458,018	3,119,287	7,859,074	2,940,001	3,902,333	3,825,962	3,504,215	4,259,528	3,781,299
Public works	3,156,957	3,096,985	2,755,122	2,519,256	2,743,854	2,261,490	2,614,815	2,821,972	2,792,754	4,432,721
Public safety	19,068,358	18,581,072	17,537,423	16,520,680	16,403,815	16,315,530	17,228,841	16,340,757	15,695,291	15,479,805
Support services	3,401,153	3,253,027	2,991,111	2,771,222	2,506,870	2,282,104	2,394,636	2,444,810	2,360,491	2,303,324
Debt service:										
Principal	1,586,078	746,801	1,236,969	1,550,204	1,424,934	2,189,831	1,189,679	1,117,231	1,030,688	2,921,207
Interest and fiscal charges	328,869	38,127	192,141	412,449	399,907	472,249	501,240	560,316	582,421	587,143
Other	-	500	-	-	-	-	-	-	-	63,587
Capital outlay	4,309,685	1,989,413	5,377,859	2,818,771	3,977,310	1,500,974	1,261,347	2,263,281	2,923,809	3,729,863
Total Expenditures	\$ 41,109,170	\$ 36,478,776	\$ 38,995,129	\$ 35,668,154	\$ 35,988,186	\$ 33,642,918	\$ 34,063,548	\$ 33,727,690	\$ 33,946,777	\$ 37,012,432
Excess of Revenues										
Over (Under) Expenditures	\$(2,927,629)	\$(3,237,466)	\$(2,206,132)	\$(662,438)	\$(3,138,240)	\$(1,352,821)	\$(2,061,232)	\$(1,712,537)	\$(355,279)	\$(2,034,316)
Other Financing Sources (Uses)										
Transfers In	2,104,539	\$ 1,284,706	\$ 3,310,889	\$ 3,197,670	\$ 2,811,747	\$ 2,019,051	\$ 1,512,125	\$ 1,750,773	\$ 2,979,373	\$ 11,475,448
Transfers Out	(536,300)	(659,431)	(3,303,387)	(2,766,933)	(2,402,530)	(1,224,251)	(1,591,122)	(1,343,075)	(2,357,480)	(11,390,383)
Capital lease	2,364,834	849,000	381,134	713,182	946,529	706,000	-	462,719	-	247,476
Proceeds of bond issue	-	-	-	6,220,000	-	-	-	-	-	4,589,370
Premium of bond issue	-	-	-	(6,220,000)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ 3,933,073	\$ 1,474,275	\$ 388,636	\$ 1,143,919	\$ 1,355,746	\$ 1,500,800	\$(78,997)	\$ 870,417	\$ 621,893	\$ 4,921,911
Net Change in Fund Balances	\$ 1,005,444	\$(1,763,191)	\$(1,817,496)	\$ 481,481	\$(1,782,494)	\$ 147,979	\$(2,140,229)	\$(842,120)	\$ 266,614	\$ 2,887,595
Debt Service as a Percentage of Noncapital Expenditures	5.33%	2.28%	4.25%	5.97%	5.70%	8.28%	5.15%	5.33%	5.20%	10.73%

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

Fiscal Year	Property Taxes	Local Option Gas Tax	Utility and Franchise Taxes	Total
2018	\$ 14,309,785	\$ 966,174	\$ 9,360,451	\$ 24,636,410
2017	13,107,683	1,185,532	8,677,570	22,970,785
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

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)
2018	\$ 1,552,285,487	\$ 119,223,963	\$ 11,319,401	\$ 1,682,828,851	\$ 27,205,930	\$ 1,655,622,921	7.7900
2017	1,417,424,364	115,939,437	10,845,755	1,544,209,556	13,493,990	1,530,715,566	7.6575
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

Sources:

(1) Brevard County Certification of Taxable Value

(2) City of Titusville Ordinance No 26-2017

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>
2018	7.7900	0.4079	6.4333	6.568	0.3044	21.5036
2017	7.6575	0.4711	6.6993	6.916	0.3205	22.0644
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

(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 18-2017

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

Taxpayer	2018		2018		2009		2009	
	Real Property Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Rank	Real Property Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Rank
The Solamere Grand LLC	\$ 24,441,600	1	1.48%		\$ -			
Titusville Harrison Once LLC	22,095,400	2	1.33%		7,000,000	9	0.33%	
Summerhill Partners LLC	15,000,000	3	0.91%		14,400,000	3	0.69%	
BM Crossroads LLC	13,668,070	4	0.83%		7,200,000	8	0.34%	
Elroy Acquisition Company LLC	11,250,540	5	0.68%		16,529,890	1	0.79%	
Wal-Mart Stores East LP	10,367,090	6	0.63%		9,857,310	4	0.47%	
Titusville Station LLC	10,312,980	7	0.62%		3,810,000	13	0.18%	
Timber Trace Apartments LTD	7,425,000	8	0.45%		8,200,000	6	0.39%	
Grissom Centroplex LLC	6,750,000	9	0.41%		392,480	15	0.02%	
Target Corporation	6,267,270	10	0.38%		9,000,000	5	0.43%	
AHF Windover Oaks LLC	6,250,000	11	0.38%		-			
Lowe's Home Centers Inc	6,148,250	12	0.37%		7,319,610	7	0.35%	
BLC Sand Point LLC	6,138,000	13	0.37%		6,127,750	10	0.29%	
Antigua Bay Development LLC	5,634,730	14	0.34%		15,462,090	2	0.74%	
Titusville Lodging Associates LLP	5,566,000	15	0.34%		-			
Publix Supermarkets Inc	5,484,200	16	0.33%		-			
Blue Sky Center LLC	4,922,520	17	0.30%		3,600,000	14	0.17%	
Home Depot USA Inc	4,893,460	18	0.30%		5,727,770	11	0.27%	
Milestone Hospitality LLC	4,235,000	19	0.26%		-			
Boeing Company, The	4,158,000	20	0.25%		4,500,000	12	0.22%	
Total	\$ 181,008,110		10.93%		\$ 119,126,900		5.69%	
Total Assessed Valuation	\$ 1,655,622,921				\$ 2,092,206,636			

Source: Brevard County Property Appraiser's Office

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Tax Levy
2018	\$ 13,175,372	\$ 12,702,862	96.41%	\$ 26,247	\$ 12,729,109	96.61%
2017	11,886,242	11,455,516	96.38%	30,353	11,485,869	96.63%
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%

(1) 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 Improvement Revenue Bond, Series 2017	Capital Leases	Water and Sewer Bonds	Unamortized Bond Premiums	Capital Leases	Multi-Purpose Revenue Refunding Note	State Revolving Loan				
2018	\$ 4,446,000	\$ -	\$ -	\$ 1,115,000	\$ 6,535,000	\$ 3,038,157	\$ 22,620,000	\$ 925,654	\$ -	\$ 3,345,944	\$ 42,025,755	3.66%	908.41		
2017	5,037,000	-	-	1,185,000	6,535,000	1,818,172	25,275,000	1,302,202	260,385	-	3,589,771	45,002,530	4.02%	977.91	
2016	5,618,000	-	-	1,250,000	-	1,475,049	27,800,000	1,488,232	433,615	-	3,827,793	41,892,689	3.85%	922.89	
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%	1,116.91	
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	

(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

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)
2018	\$ 4,446,000	\$ -	\$ 105,189	4,340,811	0.27%	\$ 96.10
2017	5,037,000	-	157,256	4,879,744	0.33%	109.45
2016	5,618,000	-	88,216	5,529,784	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

(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, 2018

Governmental Unit	Net Debt Outstanding	Percentage Applicable To This Government Unit(1)	Estimated Share of Overlapping Debt
School District	\$ 450,770,203	2.85%	\$ 12,846,951
Brevard County	\$ 46,145,107	2.85%	1,315,136
Subtotal, Overlapping Debt			<u>14,162,087</u>
City Direct Debt			<u>12,096,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 26,258,087</u></u>

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 \$1,530,715,566 and dividing it by Brevard County's assessed taxable value of \$53,645,296,948 for 2017.

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

Assessed Valuation	Fiscal Year				
	2018	2017	2016	2015	2014
Assessed taxable real property value	\$ 1,655,622,921	\$ 1,530,715,566	\$ 1,423,225,666	\$ 1,361,110,440	\$ 1,311,423,653
Add back: exempt real property	27,205,930	13,493,990	18,556,070	7,982,690	4,617,970
Total assessed value of real property	<u>\$ 1,682,828,851</u>	<u>\$ 1,544,209,556</u>	<u>\$ 1,441,781,736</u>	<u>\$ 1,369,093,130</u>	<u>\$ 1,316,041,623</u>
Legal debt margin:					
Debt limit	\$ 100,969,731	\$ 92,652,573	\$ 86,506,904	\$ 82,145,588	\$ 78,962,497
Total net debt applicable to limit	<u>12,096,000</u>	<u>6,222,000</u>	<u>6,868,000</u>	<u>7,431,000</u>	<u>8,483,000</u>
Legal debt margin	<u>\$ 88,873,731</u>	<u>\$ 86,430,573</u>	<u>\$ 79,638,904</u>	<u>\$ 74,714,588</u>	<u>\$ 70,479,497</u>
Total net debt applicable to the limit as a percentage of debt limit	11.98%	6.72%	7.94%	9.05%	10.74%

Notes: Per Florida Statute 215.98, the City's outstanding legal debt should not exceed six percent of total assessed property value of \$1,682,828,851. Six percent of the total assessed property value is \$100,969,731 (legal debt limit) with the City's total debt applicable to this limit of \$12,096,000 or 11.98%. The City's total net debt is \$5,561,000 consists of \$4,446,000 General Obligation Bonds and \$1,115,000 Public Improvement Revenue Note.

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

	Fiscal Year				
	2013	2012	2011	2010	2009
Assessed taxable real property value	\$ 1,271,597,517	\$ 1,317,214,597	\$ 160,514,052	\$ 1,893,043,926	\$ 2,092,206,636
Add back: exempt real property	7610681	8,696,780	-	25,706,550	107,039,198
Total assessed value of real property	<u>\$ 1,279,208,198</u>	<u>\$ 1,325,911,377</u>	<u>\$ 160,514,052</u>	<u>\$ 1,918,750,476</u>	<u>\$ 2,199,245,834</u>
Legal debt margin:					
Debt limit	76,752,492	\$ 79,554,683	\$ 96,308,436	\$ 115,125,029	\$ 131,954,750
Total net debt applicable to limit	<u>\$ 9,515,000</u>	<u>11,354,000</u>	<u>11,648,370</u>	<u>12,594,370</u>	<u>13,409,370</u>
Legal debt margin	<u>\$ 67,237,492</u>	<u>\$ 68,200,683</u>	<u>\$ 84,660,066</u>	<u>\$ 102,530,659</u>	<u>\$ 118,545,380</u>
Total net debt applicable to the limit as a percentage of debt limit	12.40%	14.27%	12.09%	10.94%	10.16%

Notes: Per Florida Statute 215.98, the City's outstanding legal debt should not exceed six percent of total assessed property value of \$1,682,828,851. Six percent of the total assessed property value is \$100,969,731 (legal debt limit) with the City's total debt applicable to this limit of \$12,096,000 or 11.98%. The City's total net debt is \$5,561,000 consists of \$4,446,000 General Obligation Bonds and \$1,115,000 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	
2018	\$ 24,686	\$ 14,032	10,654	\$ 2,655	\$ 1,105	3,760	2.83
2017	23,305	12,964	10,341	2,525	1,238	3,763	2.75
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

(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)
2018	46,263	\$ 1,148,016,345	\$ 24,815	\$ 42,561	4.4%	9,334
2017	46,019	1,119,458,194	24,326	42,064	5.3%	8,869
2016	45,393	1,087,116,957	23,949	40,830	6.9%	8,731
2015	44,557	1,034,658,097	23,221	40,420	6.9%	8,798
2014	44,206	1,017,135,854	23,009	40,880	8.4%	9,073
2013	43,940	1,075,563,320	24,478	44,148	9.6%	9,358
2012	43,761	1,082,034,486	24,726	44,790	11.5%	8,126
2011	43,761	972,544,464	22,224	39,912	12.5%	8,495
2010	45,094	1,018,628,366	22,589	40,574	11.5%	8,456
2009	45,451	1,065,098,734	23,434	43,876	10.0%	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	2018		2009	
	Number of Employees	Percentage of Total County Employment	Number of Employees	Percentage of Total County Employment
Brevard County School Board	9,000 - 9,999	4.48%	-	(1) -
Health First, Inc	8,000 - 8,999	4.01%	6,420	3.38%
Harris Corporation	6,000 - 6,999	3.06%	6,700	3.53%
Northrop Grumman Corporation	2,000 - 2,999	1.18%	1,640	0.86%
Department of Defense	2,000 - 2,999	1.18%	-	(1) -
NASA	1,000 - 1,999	0.71%	-	(1) -
Rockwell Collins, Inc.	1,000 - 1,999	0.71%	1,430	0.75%
Eastern Florida State College	1,000 - 1,999	0.71%	-	(1) -
Lockheed Martin Launch Operations	1,000 - 1,999	0.71%	810	0.43%
Florida Institute of Technology	1,000 - 1,999	0.71%	-	(1) -
Brevard County Sheriff Office	1,000 - 1,999	0.71%	-	(1) -
Steward Medical Group, Inc	1,000 - 1,999	0.71%	-	(1) -
Comprehensive Health Services Inc	1,000 - 1,999	0.71%	-	(1) -
Parrish Medical Center	750 - 999	0.41%	1,040	0.55%
Adecco USA Inc	750 - 999	0.41%	-	(1) -
Total	36,5000 - 49,985	20.41%	18,040	9.50%
Total County Employment		212,142		189,957

(1) No information available for 2009.

Source: Spacecoast Economic Development and Bureau of Labor Statistics

Note: Figures are for Brevard County. No City figures are available. Employers exclude retail operations.

Exact numbers are no longer available as of 2016 for security reasons per the EDC

Employers excluded retail operations.

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

Function/Program	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government:										
Legislative	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Executive	14.0	14.0	13.0	13.5	13.5	13.5	12.0	12.0	15.0	15.5
Customer Service	13.0	13.0	11.0	9.0	9.0	9.0	9.0	9.0	9.0	7.0
City Attorney	3.5	3.5	3.5	3.0	2.5	2.5	2.5	3.0	3.0	3.0
Finance	11.5	11.5	11.5	11.0	11.0	11.0	11.0	11.0	11.0	13.0
Information Technology	8.0	8.0	8.0	8.0	7.0	7.0	7.0	8.0	8.0	8.0
Human Resources	6.0	6.0	6.0	6.0	6.0	6.0	5.5	5.5	5.5	5.5
Community Development	35.5	34.5	31.5	29.0	32.0	31.0	32.5	37.5	33.5	34.5
Support Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Public Safety:										
Police Department	146.0	142.5	139.5	139.0	135.0	134.0	134.5	134.5	137.0	138.0
Fire Department	73.0	63.0	62.0	61.5	60.5	60.5	60.5	60.5	60.5	60.5
Public Works	93.0	93.0	90.0	79.0	83.0	84.0	84.0	86.0	96.0	97.0
Water Resources	99.0	99.0	98.0	111.0	111.0	111.0	111.5	110.5	114.0	116.5
Totals:	509.5	495.0	481.0	477.0	477.5	476.5	477.0	484.5	499.5	505.5

Source: City of Titusville, Florida 2017-2018 Annual Budgets

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

Function/Program	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government										
Land use applications	13	10	5	6	4	1	5	-	5	3
Acres of annexed property	-	-	1	2	6	-	-	-	-	15
Purchase orders issued	982	1,006	978	852	726	714	685	748	686	623
Checks issued	5,808	5,616	5,790	5,718	5,334	4,649	5,107	4,510	3,923	4,061
Police Department										
Traffic stops	4,697	4,682	5,277	6,495	8,208	7,116	9,978	15,794	13,430	14,274
Traffic citations issued	2,082	1,140	2,630	3,535	4,207	3,595	3,651	6,573	6,142	7,552
Recovered property	\$ 1,790,812	\$ 2,155,567	\$ 2,372,759	\$ 1,369,537	\$ 938,328	\$ 496,334	\$ 79,458	\$ 532,359	\$ 395,523	\$ 1,647,622
Physical arrests	1,132	1,295	1,360	3,497	1,258	1,049	1,206	1,269	1,519	1,633
Calls for service	69,189	71,745	72,675	68,250	65,568	72,668	107,961	90,215	120,927	90,928
Fire Department										
Emergency responses	7,945	8,047	7,632	7,281	7,175	6,557	6,160	5,872	6,767	5,700
Average response time - minutes	4	4	4	4	4	4	4	4	4	4
Fires extinguished	168	225	187	195	304	156	187	205	165	119
Fire inspections	1,369	1,909	1,804	1,672	1,606	1,481	1,366	1,508	1,419	1,493
Fees charged - false alarm calls	\$ 16,419	\$ 32,560	\$ 9,814	\$ 11,020	\$ 18,320	\$ 17,110	\$ 20,458	\$ 17,456	\$ 16,423	\$ 21,260
Child seat inspections	94	57	53	31	40	22	54	201	239	205
Public Works										
Miles of street - repaved	2	9	9	11	4	4	-	2	19	6
Sidewalks-new construction -lineal ft	1,000	800	2,600	1,400	19,242	5,485	500	18,810	350	-
Sidewalk repair - lineal feet	2,000	4,106	3,298	1,421	1,000	328	1,000	1,195	9,000	-
Number of street lights	6,179	6,179	6,179	6,179	6,179	6,179	6,179	6,179	6,179	6,213
Number of traffic signals	47	47	47	47	47	42	42	41	40	40
Pothole repairs	1,600	1,232	1,561	2,601	10,000	10,463	11,000	13,479	12,494	11,381

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

Function/Program	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Community Development										
Occupational licenses issued	276	260	326	268	216	302	303	332	330	385
Building permits issued	4,525	3,599	2,952	2,713	2,156	2,139	2,072	1,779	1,570	1,501
Water Resources										
Water main breaks	23	21	24	18	19	19	4	8	25	25
Average daily consumption - mgd	4	4	4	4	4	4	4	4	4	4
Number of water customers	21,793	21,689	21,498	21,308	21,230	21,238	21,048	20,731	20,902	21,372
Wastewater treated - avg daily	5	4	3	4	3	3	4	3	3	3
Number of wastewater customers	19,103	19,019	18,906	18,798	19,158	18,894	18,346	18,776	18,679	18,587
Stormwater Utility										
Miles of storm drain maintained	75	75	75	60	60	60	60	60	59	59
Miles of ditches maintained	29	29	29	30	30	30	30	30	31	31
Lakes and ponds maintained	17	17	17	41	41	41	41	39	39	39
Solid Waste										
Tons of residential waste removed	21,630	19,487	11,654	16,881	17,696	10,284	10,869	12,330	12,201	11,929
Tons of commercial waste removed	16,171	14,938	14,083	22,536	12,822	10,967	11,345	12,201	12,330	13,568
Municipal Marina										
Transient dockage	1,292	1,601	2,165	1,557	1,794	1,710	1,700	2,159	1,601	1,591
Permanent dockage	194	200	200	162	163	152	200	200	200	200
Mooring buoy	17	14	30	27	31	33	35	-	-	-
Transient mooring	654	585	803	893	1,025	646	1,129	-	-	-
Percentage of available slips	91%	75%	90%	63%	74%	74%	64%	69%	71%	72%

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police Department										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	122	117	105	105	93	94	96	110	115	105
Patrol zones	8	8	4	4	4	4	4	4	4	4
Fire Department										
Fire stations	4	4	4	4	4	4	4	4	4	4
Fire vehicles	22	20	19	21	20	20	19	21	22	21
Public Works										
Streets (miles)	197	6	186	186	186	202	202	202	202	202
Number of street lights	6,179	6,179	6,179	6,179	6,179	6,179	6,179	6,179	6,179	6,213
Number of traffic signals	47	47	47	45	45	42	42	41	40	40
Vehicles	48	48	48	47	47	40	35	54	40	44
Water Resources										
Water mains (miles)	360	357	357	356	356	347	321	320	320	320
Fire hydrants	2,123	2,120	2,099	2,056	1,939	1,955	1,909	1,889	1,884	1,896
Vehicles	55	54	54	54	57	57	61	71	70	72
Storage capacity	6	6	6	6	6	4	4	4	4	4
Sanitary sewers (miles)	289	284	284	284	252	251	266	266	266	266
Treatment capacity-(mil of gals)	16	16	16	16	16	16	16	16	16	16
Stormwater Utility										
Miles of drains	75	75	75	60	60	60	60	60	59	59
Vehicles	20	19	18	14	14	13	11	19	16	18
Miles of ditches / canals	29	29	29	30	30	30	30	30	31	31
Number of lakes and ponds	17	17	17	41	41	41	41	39	39	39
Solid Waste										
Vehicles	38	38	42	41	41	38	44	42	40	38
Municipal Marina										
Vehicles	-	1	1	1	1	1	1	1	1	1
Boats	1	1	2	2	2	2	2	2	2	2
Slips	194	200	200	205	205	205	200	200	200	200
Moorings	17	14	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, 2018

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, 2018. *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.

Water System Customers Growth
Last Ten Years

<u>Year</u>	<u>Number of Customers</u>	<u>Percent Inc/(Dec)</u>	<u>Average Daily Flow (mgd)</u>
2018	21,793	0.48	4.468
2017	21,689	0.89	4.184
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

Waste Water System Customer Growth
Last Ten Years

<u>Year</u>	<u>Number of Customers</u>	<u>Percent Inc/(Dec)</u>	<u>Average Daily Flow (mgd)</u>
2018	19,103	0.44	4.69
2017	19,019	0.6	4.006
2016	18,906	0.57	3.313
2015	18,798	(1.88)	3.673
2014	19,158	1.4	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	0.5	3.37
2009	18,587	0.19	3.42

City of Titusville, Florida
 Secondary Market Disclosure
 Schedule 21 - Significant Customers
 For the Fiscal Year Ended September 30, 2018

Ten Largest Water Customers

<u>Customer</u>	<u>Total Consumption (1,000 Gallons)</u>	<u>Total Sales</u>	<u>% of Total Revenues</u>
Unifirst Corp	16,220	\$ 64,556	1.332%
Parrish Medical Center	14,339	57,069	1.178%
Parrish Medical Center	13,598	54,120	1.117%
Space Coast Hotels of Cocoa	10,314	41,050	0.847%
Summerhill Partners LLC	9,582	30,982	0.639%
Harbor Pointe Condominium	7,626	25,039	0.517%
Royal Oak Condo Assoc Inc.	6,658	21,860	0.451%
KSK Investments, LLC	5,680	22,606	0.466%
Titusville Nursing & Convaskilled	5,231	20,819	0.430%
Houseing Car Svc/Forest Park	4,960	20,301	0.419%

Ten Largest Wastewater Customers

<u>Customer</u>	<u>Total Treated (1,000 Gallons)</u>	<u>Total Sales</u>	<u>% of Total Revenues</u>
Unifirst Corp	16,220	\$ 146,467	1.708%
Parrish Medical Center	13,598	122,790	1.432%
Space Coast Hotels of Cocoa	10,314	93,135	1.086%
Summerhill Partners LLC	9,582	72,344	0.844%
Harbor Pointe Condo	7,626	57,576	0.672%
Royal Oak Condo Assoc Inc.	6,658	50,268	0.586%
KSK Investments, LLC	5,680	51,290	0.598%
Titusville Nursing & Convalskilled	5,231	47,236	0.551%
Housing Care Svc/Forest Park	4,960	37,448	0.437%
McMullen Holdings Inc	4,900	44,247	0.516%

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, 2018

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Water Sales	\$ 5,146	\$ 4,979	\$ 4,690	\$ 4,438	\$ 4,414	\$ 3,052	\$ 4,426	\$ 4,696	\$ 3,845	\$ 3,796
Sewer Service Charges	8,729	8,459	8,146	7,683	7,808	7,911	7,383	7,360	7,222	7,039
Utility Billing Charges	7,815	7,475	7,117	6,852	6,844	7,129	6,518	6,203	5,740	5,461
Total Rate Revenue	\$ 21,690	\$ 20,913	\$ 19,953	\$ 18,973	\$ 19,066	\$ 18,092	\$ 18,327	\$ 18,259	\$ 16,807	\$ 16,296
Other Revenues	\$ 2,151	\$ 1,704	\$ 1,826	\$ 1,558	\$ 1,489	\$ 1,533	\$ 1,768	\$ 988	\$ 1,468	\$ 1,003
Interest Income	845	688	335	301	264	223	328	704	416	806
Less:										
Interest on Renewal and Replacement Fund (2)		-	-	(49)	(175)	(160)	(297)	(634)	(660)	(635)
Gross Revenues	\$ 24,686	\$ 23,305	\$ 22,114	\$ 20,783	\$ 20,644	\$ 19,688	\$ 20,126	\$ 19,317	\$ 18,031	\$ 17,470
Operating Expenses										
Total Support Services (3)	\$ 4,628	\$ 4,202	\$ 3,942	\$ 3,766	\$ 4,239	\$ 3,679	\$ 3,796	\$ 3,750	\$ 3,888	\$ 3,790
Less: Overhead charges from other funds (4)		-	-	-	-	-	-	(279)	(279)	(279)
Support Service charges for coverage	4,628	4,202	3,942	3,766	4,239	3,679	3,796	3,471	3,609	3,511
Water System	3,586	3,500	3,517	3,649	3,644	3,227	3,522	3,352	3,074	3,132
Sewer System	4,126	3,749	3,502	3,672	3,532	3,067	3,553	3,345	3,501	3,406
Bad Debts and Other Misc Expenses	1,692	1,513	2,268	850	579	1,436	1,991	1,398	1,845	834
Total Operating Expense	\$ 14,032	\$ 12,964	\$ 13,229	\$ 11,937	\$ 11,994	\$ 11,409	\$ 12,862	\$ 11,566	\$ 12,029	\$ 10,883
Net Revenues Available for Debt Service	10,654	10,341	8,885	8,846	8,650	8,279	7,264	7,751	6,002	6,587
Parity Bond Debt Service										
Series 1994 Bonds (5)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Series 1998 Bonds	-	-	-	-	-	-	-	-	1,367	2,370
Series 2004 Refunding Note (7)	-	-	-	-	-	-	-	-	1,592	1,592
Series 2010 Refunding Note (8)	3,761	3,763	3,795	3,802	1,555	3,899	6,206	2,961	1,062	-
Total Senior lien debt service	\$ 3,761	\$ 3,763	\$ 3,795	\$ 3,802	\$ 1,555	\$ 3,899	\$ 6,206	\$ 2,961	\$ 4,021	\$ 3,962
Debt Service Coverage (1.05 required) (6)	2.83	2.75	2.34	2.33	5.56	2.12	1.17	2.62	1.49	1.66

(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, 2018

WATER SERVICE

Fixed Monthly Charges

<u>Meter Size</u>	<u>Residential</u>	<u>Multifamily Per Residential Unit</u>	<u>Commercial</u>
5/8 x 3/4"	\$ 9.79	\$ 8.30	\$ 13.50
1"	20.97	8.30	30.30
1 1/2"		8.30	58.33
2"		8.30	91.93
3"		8.30	170.35
4"		8.30	282.45
6"		8.30	562.59
8"		8.30	898.76

Usage Charge Per 1,000 Gallons:

		\$ 3.17		\$ 3.98
Block 1:	0 to 5,000 Gallons Per Month	4.76		3.98
Block 2:	5,001 to 10,000 Gallons Per Month	6.33		3.98
Block 3:	10,001 to 15,000 Gallons Per Month	12.04		3.98
Block 4:	15,001 and over Gallons Per Month			

Usage Charge Per 1,000 Gallons Multi-Family:

		\$ 3.17	
Block 1:	0 to 3,000 Gallons Per Month	4.76	
Block 2:	3,001 to 6,000 Gallons Per Month	6.33	
Block 3:	6,001 to 9,000 Gallons Per Month	12.04	
Block 4:	9,001 and over Gallons Per Month	11.69	

Irrigation:

Fixed Monthly Charges

<u>Meter Size</u>	<u>Residential</u>	<u>Multifamily Per Residential Unit</u>	<u>Commercial</u>
5/8 x 3/4"	\$ 9.79		\$ 13.50
1"	20.97		30.30
1 1/2"			58.30
2"			91.93
3"			170.35
4"			282.45
6"			562.59
8"			898.76

Usage Charge Per 1,000 Gallons:

			<u>Per Unit</u>	
Block 1:	0 to 15,000 Gallons Per Month	\$ 6.33		\$ 6.33
Block 2:	15,001 and over Gallons Per Month	12.04		12.04

SEWER SERVICE

Fixed Monthly Charges

<u>Meter Size</u>	<u>Residential</u>	<u>Multifamily Per Residential Unit</u>	<u>Commercial</u>
5/8 x 3/4"	\$ 14.26	\$ 12.13	\$ 20.40
1"	32.67	12.13	47.99
1 1/2"		12.13	93.99
2"		12.13	149.14
3"		12.13	277.89
4"		12.13	461.83
6"		12.13	921.69
8"		12.13	1,473.49

Usage Charge Per 1,000 Gallons:

			<u>Per Unit</u>	
Block 1:	0 to 15,000 Gallons Per Month	\$ 7.55	\$ 7.55	\$ 9.03

The above table sets forth the current rates and charges for system services pursuant to City Ordinance No. 13-2017.



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City of Titusville
 Schedule of Expenditures of Federal Awards and State Financial Assistance
 Fiscal Year through September 30th 2018

	<u>CFDA/C</u> <u>SFA</u> <u>Number</u>	<u>Grant/Contract Number</u>	<u>Expenditures</u>
<u>Federal Agency, Pass-Through Entity, Federal Program</u>			
US Department of Housing and Urban Development			
Direct Programs:			
Community Development Block Grant	14.218	B-17-MC-12-0021	129,613
Neighborhood Stabilization Program	14.218	B-11-MN-12-0037	3,236
Total CDBG-Entitlement Grants Cluster			<u>132,849</u>
Indirect Programs:			
<i>Pass-through Brevard County:</i>			
HOME Investment Partnership Program	14.239	M-17-DC-14-0200	5,654
Total US Department of Housing and Urban Development			<u>138,503</u>
US Department of the Interior - Fish & Wildlife Service			
Direct Programs:			
Clean Vessel Act	15.616	CVA16-782, MV236	8,918
Clean Vessel Act	15.616	CVA17-821, MV270	12,150
Total US Department of Justice			<u>21,068</u>
US Department of Justice			
Indirect Programs:			
<i>Pass-through Florida Office of Attorney General:</i>			
Crime Victim Assistance	16.575	VOCA-2017-Titusville Police Department-00371	47,182
Bulletproof Vest Partnership Program	16.607	No Contract Number	7,325
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	2017-DJ-BX-0198	5,132
Total US Department of Justice			<u>59,639</u>
US Department of Transportation			
Indirect Programs:			
<i>Passed-through Florida Department of Transportation Highway Planning and Construction:</i>	20.205	435430-1-38-01	50,875
Total Highway Planning and Construction Cluster			<u>50,875</u>
Total US Department of Transportation			<u>50,875</u>
US Environmental Protection Agency			
Indirect Programs:			
<i>Passed-through Florida Department of Environmental Protection:</i>			
Nonpoint Source Impementation Grants	66.460	G0442	298,918
US Department of Homeland Security			
Indirect Programs:			
<i>Passed-through Florida Department of Community Affairs</i>			
Hazard Mitigation Grant			19,207
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2016-FH-00146	241,349
Total US Department of Homeland Security			<u>260,556</u>
Total of Federal Awards			<u><u>829,559</u></u>
<u>STATE GRANTS</u>			
State of Florida Department of Environmental Protection			
Knox McRae Watershed Improvements	37.039	LP05031	8,271
Drinking Water State Revolving Fund -SRF Loan	37.076	DW050330	188,826
Total State of Florida Department of Environmental Protection			<u>197,097</u>
State of Florida Department of State, Division of Historical Resources			
City-Wide Survey of Historical Resources	45.032	18.h.sm.200.040	50,000
Total State of Florida Department of State, Division of Historical Resources			<u>50,000</u>
State of Florida Housing Finance Corporation			
State Housing Initiatives Program (SHIP)	52.901	N/A	175,883

Total State of Florida Housing Finance Corporation	<u>175,883</u>
Total Expenditures of State Assistance	<u>422,980</u>
Total Expenditures of Federal & State Assistance	<u>1,252,539</u>

City of Titusville

Schedule of Expenditures of Federal Awards and State Financial Assistance

Fiscal Year through September 30th 2018

Note 1. General

The accompanying schedule of expenditures of federal awards (the "schedule") presents the activity for all federal, state and awards of the city for the fiscal year ended September 30, 2018. 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 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.

Note 3. Deferred FEMA Expenditures

During the fiscal year ended September 30, 2018, the City incurred substantial cost related to Hurricane Irma. Per OMB Compliance Supplement, any reimbursements from the Federal Emergency Management Agency (FEMA) under CFDA 97.036 are not to be recognized as expenditures for the purposes of the schedule until the respective Project Worksheets (PWs) have been approved. At September 30, 2018, a portion of the City's PWs from this storm had been approved by FEMA totaling \$19,207. The balance of \$856,812 of expenditures and related revenue have been recorded for financial statement purposes and will be recognized on the schedule in future years once approved by FEMA.



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

To the Honorable Mayor and City Council Members
of the 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 as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 26, 2019. 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 2% 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.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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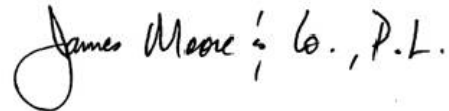
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Tallahassee, FL 32308-4386
Telephone: 850-386-6184

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 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 that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large initial "J" and a distinct "Co." followed by "P.L.".

Daytona Beach, Florida
March 26, 2019



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**CITY OF TITUSVILLE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

I. Summary of Auditors' Results:

Financial Statements:

Type of audit report issued on the financial statements: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards:

Internal control over major Federal programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's report issued on compliance for major Federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X none reported

Auditee qualified as a low-risk auditee? X yes _____ no

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Identification of major Federal programs:

<u>CFDA Number</u>	<u>Program Name</u>
66.460	Nonpoint Source Implementation Grant

- II. **Financial Statement Findings:** None
- III. **Federal Awards Programs Findings and Questioned Costs:** None
- IV. **State Financial Assistance Projects Findings and Questioned Costs:** None
- V. **Prior Audit Findings:** See schedule of prior audit findings as listed in the table of contents.
- VI. **Corrective Action Plan:** See corrective action plan as listed in the table of contents.



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FINANCE DEPARTMENT
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FAX (321) 383-5704
Gateway to Nature and Space
www.titusville.com

Management's Response to Auditor's Comments

OPEB Liability

Management's Response: Management concurs with this recommendation and began to address this liability in Fiscal Year 2019 through healthcare plan design changes and increased contributions to the OPEB Trust Fund. The City is planning to further address this liability in the Fiscal Year 2020 budget.



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

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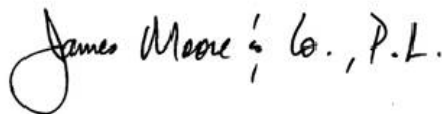
Report on Internal Control over Compliance

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 the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
March 26, 2019

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED
BY OFFICE OF THE AUDITOR GENERAL**

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

Report on the Financial Statements

We have audited the basic financial statements of the City of Titusville, Florida, as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated March 26, 2019. 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 2% 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.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in accordance with the Uniform Guidance; Schedule of Findings and Questioned Costs; and Independent Accountant's Examination Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 26, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No finding or recommendations remain uncorrected from the preceding or second preceding fiscal year. The following is a summary of prior year recommendations:

2017-001 Cutoff Revenue and Expense Transactions – Corrective action taken.

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2017-002 Budgetary Compliance – Corrective action taken.

2017-003 Fund Deficits and Net OPEB Liability – Similar items noted in current year. See repeat comment 2018-001.

2017-004 Utility Billing Customer Rate Classifications – Corrective action taken.

Official Title and Legal Authority

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

Financial Condition and Management

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

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.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we have the following recommendations:

2018-001 – Fund Deficits and Net OPEB Liability

We noted 3 funds (solid waste, fleet, workers' comp GRIT) with deficit fund balances/net position and an additional fund (municipal marina) with negative unrestricted net position. We also noted the City's governmental activities (driven by governmental fund and internal service fund activity) have a negative unrestricted net position of approximately \$40.4 million and only \$15.0 million in total net position. Much of this impact is due to the implementation of GASB 75, reflecting the City's net OPEB liability based on current policies regarding healthcare for retirees; the majority of the impact from GASB 75 was reflected in the increase liability in the City's governmental activities for the portion relating to general fund employees. We recommend the City consider these deficits and the impact of the net OPEB liability in planning for the FY2020 budget and beyond.

Additional Matters

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

Purpose of this Letter

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

Daytona Beach, Florida
March 26, 2019

James Moore & Co., P.L.

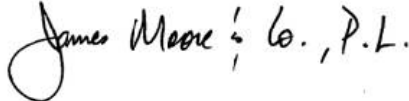
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

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

We have examined the City of Titusville, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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



Daytona Beach, Florida
March 26, 2019

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